

All Orders Inventory Valuation and Ledger (Rerecord)

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As you know QuickBooks valuation method is the weighted average cost (Average Cost). For most businesses that do not experience wide fluctuations in purchase cost or have now 'specific identification' requirements (more on that below), the Average Cost is an accurate means of inventory valuation and by extension, cost of goods calculation.

For businesses in which the purchase cost has fluctuations (i.e. precious metals) or have what is referred to as specific identification needs, All Orders has reports (i.e. the Inventory Ledger, Transactions and Inventory Ledger) that provide alternate information than that which is in QuickBooks.

The valuation method used in All Orders is as follows (please note the logic of the order);

- 1- for serialized or lot enabled items, we use actual costs
- 2- for the linked transaction, we use the actual costs
- 3- otherwise we use FIFO.

FIFO valuation depends on the date order of transactions in order to function properly. Imagine a stack of plates whereby each plate is a transaction. The FIFO ledger stacks those plates (transactions) by posting date order. What happens when you pull out a plate in the middle? It could, not always, de-sequence the FIFO. That's what happens when you delete a transaction, changed the date, undo an invoice, un-ship a ship doc etc.

Now you may ask, why don't we re-sequence the transactions after any change? Well originally the ledger did do that, but at a huge cost to performance so we took it out.

So how do other systems work around this issue? They don't! If a transaction is posted, you cannot delete it, you cannot modify it, you cannot change the date; you have to make an adjusting transaction and do a new transaction in the current posting period. That is the trade off for not having to do adjusting entries to correct mistakes.

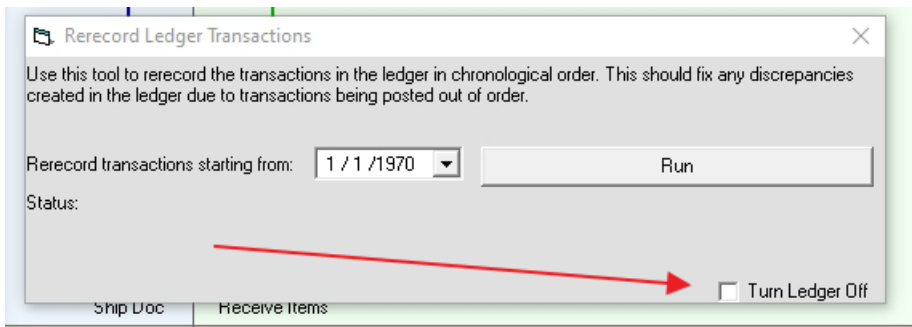
If you notice an issue with the data in the valuation report, keep in mind that it is a summary report. The Transactions report can be run and filtered for any item in question to audit how the valuation report came up with the incorrect numbers. This will give you the details and possibly highlight problematic or missing transactions. Once you have confirmed the issue you may need to rerecord part or all of the ledger entries.

For your convenience, we have developed a utility that will re-record transactions.

**Here are the steps to take to re-record:

1. Go to the menu File, Maintain, and Rerecord.

**Make sure that the check box for " tune ledger off" is UNCHECKED,



2. Select the start from date and run. A back-up will run.

3. Depending on the date you start from, it may take a while. Make sure everyone is logged off, and let it run overnight. When completed, do a sync. AO will fix the discrepancies in the ledger caused by being posted out of order.

*Because it takes time to re-sequence each transaction, we encourage you to run this utility over the weekend, when no one is using the program, then sync it once you return.

The final question in this article is

Can you use the All Orders valuation and do a journal entry in QuickBooks?

Yes as long 1) the quantities in QuickBooks are reconciled to All Orders and 2) there are no 'posting' timing differences (i.e. finished work orders, shipped ship docs, received customer returns, receivers, vendors returns, quantity adjustments and valuation adjustments) beyond the reconciliation date that have not be posted in QuickBooks.
