

## GUIDELINES FOR END-OF-THE-YEAR INVENTORY REPORTING

- I. **WHAT IS INCLUDED IN THE INVENTORY.** The “stock in trade” of the activity, meaning all supplies, materials, or equipment of the activity for:
- A. Sales to other activities, departments or customers, either “as is” or in altered form; or
  - B. Direct consumption in rendering service or fabricating items for others on a charge basis.
- II. **TIMING OF THE INVENTORY.** It is intended that the inventory be a report of items actually on hand in the “stock in trade” of the activity on its last working day during the fiscal year.
- III. **TIMING OF REPORTS.** Complete the *Inventory Count Notification Form* online to give General Accounting advance notice as to the day and hour on which inventory-taking will begin. General Accounting and the University’s external auditors may send representatives to observe the methods and accuracy of the physical counting and recording of the inventory.
- IV. **APPROVAL OF REPORT.** When approving the report, the approver must make sure all items on hand on the inventory date, and no other items, are included in the inventory report, and the following information on the form(s) are properly completed:
- A. Inventory Date - Date on which the inventory was actually taken.
  - B. Method of Computing Unit Cost - Invoice price or the price at which the item will be sold.
  - C. Inventory Method - Method used to withdraw items from stock, e.g. first-in, first-out or last-in, first-out.
- V. **INVENTORY REPORT.** The inventory report should be submitted online, except for large inventory report, which may be emailed. Use **Form A** - Physical Inventory Report, for all inventories other than publications. Use **Form B** - Publications Inventory for publications inventories. Sections of both forms are shown with sample entries completed for reference.

FORM A						
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UNIVERSITY OF CALIFORNIA, LOS ANGELES						
<u>Physical Inventory at June 30, 20XX</u>						
Preparer's E-mail address:	<u>ANN@SH.UCLA.EDU</u>	Prepared By:	<u>ANN ASSISTANT</u>	Ext.	<u>43210</u>	
Approver's E-mail address:	<u>BILL@SH.UCLA.EDU</u>	Approved By:	<u>BILL BOSS</u>	Ext.	<u>43211</u>	
Acct/CC/Fund/Sub/Obj:	<u>4-725391-XX-66042-07-4700</u>	Inventory Date:	<u>JUNE 30, 20XX</u>			
Department:	<u>STORE HOUSE</u>	Location:	<u>CENTRAL STOREHOUSE</u>			
Method of Computing Unit Cost: (cost/selling price/others)	<u>COST</u>					
Inventory Method: (first-in first-out / last-in first-out / others)	<u>FIRST-IN FIRST-OUT</u>					
	<b>Stock Number</b>	<b>Description</b>	<b>Quantity</b>	<b>Unit of Measure</b>	<b>Unit Cost</b>	<b>Extension</b>
1	AB3266	ROL – LABEL – WHITE	25	BOX	0.0289	0 72
2	AB1782	ENVELOPES	35	PER 100	1.4	49 00

## Supplement I

UNIVERSITY OF CALIFORNIA, LOS ANGELES						
Publication Inventory at June 30, 20XX						
Preparer's E-mail address: <u>ROSE@GR.UCLA.EDU</u>		Prepared By: <u>ROSE RED</u>		Ext. <u>46302</u>		
Approver's E-mail address: <u>BIRCH@GR.UCLA.EDU</u>		Approved By: <u>BIRCH BROWN</u>		Ext. <u>46304</u>		
Acct/CC/Fund/Sub/Obj: <u>4-623841-XX-61032-05-6000</u>		Inventory Date: <u>JUNE 30, 20XX</u>				
Department: <u>BIOLOGY</u>		Location: <u>10 BIOLOGY BUILDING</u>				
Method of Computing Unit Cost: (cost/selling price/others)		<u>COST</u>				
Inventory Method: (first-in first-out / last-in first-out / others)		<u>LAST-IN FIRST-OUT</u>				
	Name of Publication	Date or Vol No. of Issue	Age of Issue	Quantity	Unit Cost	Extension
1	GRASS ROOTS	VOL. 20-38	1 YEAR	308	2.50	770.00

- A. Arithmetic. Special care must be taken to correlate the entries in the QUANTITY and UNIT COST columns, so as to produce a correct EXTENSION figure for each item. For instance, if there are 15 boxes of an item, each box containing a dozen, and the cost is expressed on the department's inventory records in terms of cost per box of a dozen, the report should show:

<b>Quantity:</b>	15
<b>Unit:</b>	box/12
<b>Cost:</b>	\$ 2.40
<b>Total:</b>	\$36.00

Gross errors of overstatement or understatement of value can result from failure to correlate these factors. For instance, in the foregoing sample, if it were thought that each item, rather than each box of 12, was worth \$2.40, then the total would have been erroneously stated as \$432.00 instead of \$36.00. Careful attention must also be given to the placement of decimal points in prices when typing, when calculating extensions, and when verifying extensions. Items recorded or priced by weight or length, rather than by item count, need careful watching, e.g.:

**If Inventory Records Show:****Report Should Show:**

	<u>Quantity</u>	<u>Unit</u>	<u>Cost</u>	<u>Total</u>
25,000 ft @ \$50.00/mft	25,000 ft	mft.	\$50.00	\$1,250.00
490 lbs. @ \$60.00/cwt	490 lbs.	cwt.	\$60.00	\$ 294.00

**Errors to avoid:**

Multiplying 25,000 times \$50.00, failing to note that the inventory record price is in terms of "mft." (per thousand feet), multiplying 490 times \$60.00, failing to note that the inventory record is in terms of "cwt." (per hundred pounds).

