GUIDELINES FOR END-OF-THE-YEAR INVENTORY REPORTING

- I. <u>WHAT IS INCLUDED IN THE INVENTORY</u>. 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. <u>TIMING OF THE INVENTORY</u>. 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. <u>TIMING OF REPORTS</u>. 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. <u>APPROVAL OF REPORT</u>. 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. <u>INVENTORY REPORT</u>. 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.

			UNIVERSITY OF CALI Physical Inventor	FORNIA, LOS A			FORM A Page <u>1</u> o	f <u>1</u>	_	
Preparer's E-mail address: <u>ANN@SH.UCLA.EDU</u>				Prepared By:	ANN ASSIST	TANT	Ext. 43210			
Approver's E-mail address: BILL@SH.UCLA.EDU			Approved By:	BILL BOSS	Ext.	43211				
Acct/CC/Fund/Sub/Obj:4-725391-XX-66042-07-4700				Inventory Date: JUNE 30, 20XX						
Department: STORE HOUSE				Location: CENTRAL STOREHOUSE						
Method of	of Con	nputing Unit	Cost: (cost/selling price/others)	COST						
Inventory Method: (first-in first-out / last-in first-out / others)				FIRST-IN FIRST-OUT						
	Stock Number		Description		Unit of Measure	Unit Cost	Extensi	on	_	
	1	AB3266	ROL – LABEL – WHITE	25	BOX	0.0289		0 72	2	
	2	AB1782	ENVELOPES	35	PER 100	1.4	4	19 00	C	

FORM B Page _1 UNIVERSITY OF CALIFORNIA, LOS ANGELES Publication Inventory at June 30, 20XX											
Preparer's E-	mail address:	ROSE@GR.UCLA.E	DU	Prepared By:ROSE RED			E	Ext. <u>46</u>	302		
Approver's E	-mail address:	BIRCH@GR.UCLA.EDU		Approved By: BIRCH BROWN		RCH BROWN	E	Ext. <u>46</u>	304		
Acct/CC/Fund	d/Sub/Obj:	4-623841-XX-61032-05-6000		Inventory Date: JUNE 30, 20XX							
Department:		BIOLOGY	Location: 10 BIOLOGY BUIL			DING					
Method of Co	Method of Computing Unit Cost: (cost/selling price/others)					COST					
Inventory Me	LAST-IN FIRST-OUT										
	Name	e of Publication	Date or Vol No. of Issue	Age of Issue	Quantity	Unit Cost	Ext	tension	I		
1	GR	ASS ROOTS	VOL. 20-38	1 YEAR	308	2.50		770	00		

A. <u>Arithmetic</u>. 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:

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

Report Should Show

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.:

In inventory records onow.	Report offedia offew.						
	<u>Quantity</u>	<u>Unit</u>	<u>Cost</u>	<u>Total</u>			
25,000 ft @ \$50.00/mft 490 lbs. @ \$60.00/cwt	25,000 ft 490 lbs.	mft. cwt.	\$50.00 \$60.00	\$1,250.00 \$294.00			

Errors to avoid:

If Inventory Records Show

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).

- B. <u>Obsolete material</u>. If inventory taking reveals obsolete material, it should be included in the report, with a notation to that effect made in the margin at the side of each entry. General Accounting should be consulted about the possibility of reducing or writing off the inventory value.
- C. <u>Pricing</u>. Inventory should be recorded at the lower of historical cost or market. If there are any questions over valuation of inventory, please email the General Accounting team at <u>genacct@finance.ucla.edu</u> well in advance of your scheduled inventory.
- D. <u>Items with small unit value</u>. The value of inventory of items held in large quantity with unit values of less than fifty cents, such as screws and cotter pins, may be estimated.
- VI. <u>ACCRUAL OF INVENTORY RECEIVED BUT NOT RECORDED AS EXPENSE</u>. A campus activity that reports an inventory will probably find items which are included in the inventory or have been issued or consumed but for which invoices have not been approved and submitted to Accounts Payable by the deadline date set (in the annual letter regarding fiscal closing) for payments to be recorded as expense of the expiring year. Please submit a report of these items on the form provided, Form C, Materials Included in Physical Inventory but Not Recorded as Expense. If the cost is not yet known, use an estimate, based on purchase order if available. Estimates of cost should agree with inventory for the same item. A section of the proper form is shown below with a sample entry completed for reference:

UNIVERSITY OF CALIFORNIA, LOS ANGELES									FORM C Page <u>1</u> of <u>1</u>		
Materials Included in Physical Inventory but Not Recorded as Expense at June 30, 20XX											
Preparer's E-mail address: <u>ANN@SH.UCLA.EDU</u>			Prepared By: ANN ASSISTANT Ext. 43210								
Approve	r's E-n	nail address:	BILL@SH.UCLA.	EDU	Approved By: BILL BOSS				Ext.	43211	
Acct/CC/Fund/Sub/Obj: 4-7			4-725391-XX-660)42-07-4700	4700 Inventory Date: JUNE 30, 20XX			xx			
Department: S			STOREHOUSE		Location: CENTRAL STOREHOUSE						
Method of	Method of Computing Unit Cost: (cost / selling price / others)				COST						
Inventory	Inventory Method: (first-in first-out / last-in first-out / others)					FIRST-IN FIRST-OUT					
	Description		Purchase	Invoice No.	Refer to Phys. Inv.		Unit Cost	Amoun	t		
				Order No.		Page	Item No.				
	1	EN	/ELOPES	588888	1234	1	2	1.4	49	9 00	
	2										