



## Frequently Asked Questions Stocktake Procedures

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### IMPORTANT NOTES – BEFORE YOU START

## Quarantine Your Stock

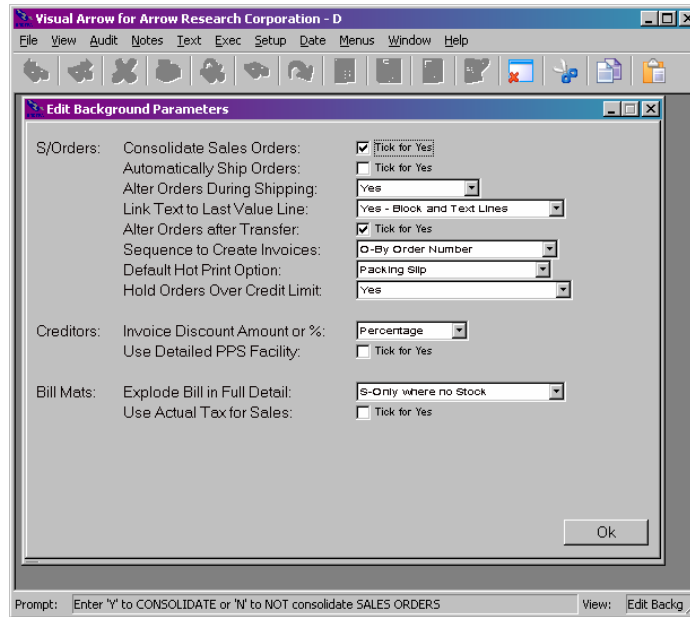
Arrow will calculate the on hand figure for each stock item. This can be calculated in a number of ways depending upon the background options set on your system and the modules you are using. Check the things to consider below BEFORE you start your stock take.

### 1. Sales Orders

For example, if you have the Sales Orders Module, and you have the Sales Order Background Parameter set to Automatically Ship Orders, then Arrow believes that every item on every sales order in your system has been "shipped". This means that it has left the building and should not be included in the On Hand Figure. **So, you need to quarantine any stock that is allocated on a sales order and NOT COUNT IT, as it has not been included in the on hand figure.**

If you do not have Automatically Ship Orders ticked on, then only Sales Orders that have been entered through Enter Shipping Details in the Sales Order module need to be Quarantined. **So, you need to quarantine any stock that has been processed thorough Enter Shipping Details and has not left the building and NOT COUNT IT, as it has not been included in the on hand figure. Stock that has been allocated on a sales order will be included.**

To check which option is set on your system, you need to look at the background parameters. This is found under Set Up, Background Parameters on the main menu. BE CAREFUL not to change any options set up here. The third or fourth screen in will display this option (see below)



## 2. Bill of Materials Module

If you are using the Bill of Materials Module, you must be careful with the stock count and your Enter/Confirm production entry. If the production order is completed, and you have not entered it into Arrow, Arrow will expect the component parts to be part of the count of those items, and it will not expect you to count the finished good, because Arrow does not know you've made it.

You can also have part completions, where you have told Arrow that some of the production order has been made. So, you need to be careful to count the component stock on the production line, if you need to and to count the finished goods if you need to.

## 3. Purchase Order Module

If you are using the Purchase Order Module, then you need to be careful with stock receipts from your suppliers. Especially if the purchase order background parameter "Update Stock Receipts to GL" is ticked on. If the Enter/Confirm Receipt was keyed with a date inside the stock take date, Arrow will include the "future stock receipt" in the "current on hand figure" for the purposes of counting the stock. You need to quarantine any stock that has not been keyed into Arrow, or was keyed AFTER the stock take date.

### What processing can take place during a stock take?

This is a difficult question, as theoretically once the stock take has been prepared and the stock physically counted, then you can start processing in Arrow again. However, this is sometimes impractical. If, for example, you had done the prepare and then counted the stock, but not yet entered the counts into the system and you had then started invoicing, how could you go back and check a count?





Some sites use sheets against stock items and when they take from the stock after the count they note that they have taken stock to work around this problem. Other

sites prefer to stop everything until the counts are entered and any re counts that are needed are performed.

As Arrow “snaps” the on hand qty and value when the prepare is done, there is no real reason to stop processing in the system. As long as the stock that needs to be quarantined from the count is quarantined and the counts are accurate in that regard, there is no system reason to stop processing. Remember when you make your decision that human beings are fallible and make mistakes.

## Basic Procedures for Stock takes

Listed below are the basic procedures for preparing and updating a stock take. You should have read the “important notes section” at the beginning of this document which details things to think about when you are doing a stock take and what processing can and cannot occur in other modules when a stock take is in progress.

1. You should take a BACKUP of your data before you prepare Arrow for a stock take.
2. The first step in the stock take process is to prepare the stock or multi location stock module for a stock take. This is achieved through the process menu option Stock take Update.
3. You can prepare an individual stock category or you can prepare all stock categories. You can use the DATAVIEW , FIND , PREV,  or NEXT  icons on the toolbar, click on the drop down box at the end of the field or F4, F9, F7 and F8 on the keyboard to locate a specific category or press enter for all Categories. If you select All, Arrow will then ask you if you want to prepare All or only the categories that you have not prepared yet, Unprepared stock categories.
4. **IT IS EXTREMELY IMPORTANT** that you remember how you prepared your stock take. If you prepared one category at a time, then you will be required to update one stock category at a time. If you choose to prepare all categories at once, then you must update them all at once.
5. When preparing for a stock take, **future balances** may also be either included or excluded. **This is an important question.** If you are preparing for a stock take that is being done today for example, 31st of May, and you have keyed in debtors invoices dated 1st June, that stock has left the building. So, you would need to include futures, as the stock on those invoices is not there to be counted, and this would pollute both your count and your stock holding.

If you have selected to **update stock receipts to the GL** in the background parameters, then any stock receipts (delivery dockets) processed through enter/confirm receipts in the Purchase Order Module, when the Arrow system date was less than or equal to the Stock take date will be included in the on hand figures regardless of your answer here.

6. **Enter the Stock take Date.** This date should be used when you key in the stock take counts into Arrow.
7. Arrow will then prepare your system for stock take. A “snap shot” is taken of the on hand figure and the unit cost at this point in time. When the update is run, these are the figures Arrow will use to create the adjustment.
8. You should then print **the stock take sheets** from the print menu, so people can record the stock take count. These stock take sheets may optionally be printed in ‘Bin Location’ sequence if required.
9. It is now necessary to enter the physical stock take counts. This is done through the menu option, **Enter Adjusts/S'take.**

Ensure that you choose **S'take** as the transaction type. Note that the cost and amount fields are ignored on this screen during stock take.

10. Once all the stock take counts have been entered, you should print the **Stock take Report** from the print menu. This report compares the physical stock counts entered against the on hand quantities that were recorded when the prepare for stock take was performed. You should investigate any variances, for example, someone may have noted the count for 125ml items against the 250ml items by mistake. If changes are required, edit the adjust/S'take that contains the stock take count figures.

Note that if you enter the same stock code more than once Arrow will add all the entries together, not over write them. This is to cater for different bin location counts.

11. Before you update the stock take it is advisable to perform a **BACK UP** first.
12. To **UPDATE** Arrow with the stock take counts, choose the **stock take update** option again from the **Process** menu. Once you enter the stock category or press enter (for all categories), you will notice that the prompts on this screen have changed from those when you initially prepared for stock take. This is because Arrow knows that you have a stock take in progress and the next step is to update.

Answer **Yes** to update stock take counts and Arrow will ask if you have **printed a Stock take Report**. You cannot print this report once you have run the update.

At this stage, you can tell Arrow to create an entry to **Zero items with no stock counts** entered against them, this saves you entering zero counts for items. If you answer **Y**, Arrow will assume a count of zero has been entered and make an adjustment accordingly. If you answer **N**, Arrow will leave these stock items alone, and they will remain with the on hand quantity that was there before the stock take.

13. During this Update process, Arrow will **generate adjustment transactions** for those stock items which have a **variance** between the on hand figure recorded when you processed the prepare and the stock count. This adjustment changes the On Hand quantity to the same as your physical count.
14. Once the update process is complete you should print the **Stock Valuation** report.
15. If you are not updating Stock Journals to the General Ledger, (set in the General Ledger Background Parameters) you should process the relevant journals for any variances between the Stock Valuation Report and the Stock on Hand account(s) in the General Ledger.

## Stock take Costing

When a prepare for stock take is processed, the On Hand and the applicable cost for each stock item is recorded in the stock item masterfile or stock location masterfile. When the stock take count is entered, this figure is also recorded against each stock item in the stock item master file or stock location masterfile.

The cost held is the cost field that is nominated as the Cost to use for Sales Costing in the Stock module parameters.

The costs keyed into the Stock take Adjusts program is ignored when you are entering a stock take count.