**Banjo & Matilda – change to accounting method**

*We would like to change the method of accounting for stock on hand for Banjo;*

*Stock purchased is allocated to an Asset account (1-XXXX: Stock on Hand) at the cost value and held on balance sheet. Each month value of stock sold (wholesale and retail) is credited to Stock on Hand asset account and Debited from a COGS account, depending on sales type (5-XXXX: Stock Sold Retail, 5-XXXX Stock Sold Wholesale).*

*This will allow us to track GM on the P&L, improve the accuracy of the P&L and also hold our stock on the balance sheet.*

*You will need to source the stock value sold each month from the Magento reports, and also the closing balance of stock (to check against value on Balance sheet).*

*Ideally the stock value will be costed for GST / Duty etc.*

Plan:

1. Enter closing stock at 30 June 2012.
2. Enter open supplier invoices as at 30 June 2012.
3. Finalise 2012 accounts.
4. Create 2012 accounts in Xero or Saasu (if changing the software is required)
5. Process from 1 July onwards using accruals accounting method.

Things needed initially:

1. Complete item list – including supplier, standard cost, etc for each item that can be purchased and sold.
2. All purchase invoices (must show items purchased) from 1 July to date.
3. Monthly sales reports showing all items sold, sale price of each item, etc. (Magento?)

Things needed ongoing:

1. Purchase invoices showing items purchased.
2. Sales data – either daily or weekly (depending on how up to date reports need to be) – showing items sold and sale price. (Magento?)
3. Process for wholesale e.g. do we enter sales invoices per wholesale sale, or follow same process as web sales/retail.
4. Key- Any information required/requested must be provided ASAP otherwise figures will be useless

Ideally:

1. ALL sales and ALL purchases get entered into internal POS system
2. POS system tracks inventory levels
3. This would feed into accounting software to let us track payables/receivables

Software requirement:

1. Must handle multicurrency
2. We should set up VAT as a GST code for UK expenditure, with the linked account being VAT paid