GREENTARGET

INVENTORY AND COGS RECONCILIATION

The count agrees. The value does not.

FIFO, landed costs and owned inventory at cutoff

Owned inventory	USD
Before review	$5,630.00
Simulated adjusted	$14,891.18

December 2024
Fictional accounting correction

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Three differences explain the inventory value

The scenario separates a duplicate posting, an inbound freight allocation and an omitted shipment already owned.

Source finding	Supported simulated treatment
One dispatch, two cost postings	Reverse the duplicate $2,400 cost only
$1,800 inbound freight expensed	Allocate to purchase lots, then apply FIFO
Owned goods arrive in January	Record $6,000 inventory in transit and AP

Ownership follows the scenario contract. Arrival date alone does not establish the purchase cutoff.

The remaining layers support the closing value

Warehouse quantities reconcile first. FIFO and actual allocated freight then establish the value of unsold stock.

SKU	Closing units	Landed value
LT-100	220	$3,370.59
LT-200	150	$3,673.53
LT-300	180	$1,847.06
Warehouse total	550	$8,891.18

A separate transit lot adds $6,000.00. It is owned inventory, but it is excluded from the warehouse count.

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The inventory increase is larger than the profit effect

An omitted purchase adds an asset and a payable. It does not create profit.

Measure	Before	Simulated adjusted
Owned inventory	$5,630.00	$14,891.18
Product COGS	$18,720.00	$17,258.82
Operating expenses	$18,000.00	$16,200.00
Net income	$17,280.00	$20,541.18
Accounts payable	$18,000.00	$24,000.00

Inventory increases $9,261.18. Profit increases $3,261.18. Cash is unchanged by these entries. This is a simulated accounting effect, not a client saving.

A valuation the owner can trace

I review quantities and costs together, determine supported treatment and verify the effect on the ledger and reports.

Supporting work	Quantity roll-forward, FIFO layers, freight allocation and inventory-to-ledger reconciliation.
Correction evidence	Separate unadjusted records, source references, balanced entries and completion checks.
Monthly follow-through	Review new receipts, integration duplicates and ownership cutoffs before finalizing COGS.

Fictional source extracts and outcomes. No real inventory count, supplier confirmation or live QBO change is claimed.