

Processing

The student has accurately prepared a FIFO inventory card.

Describing elements of the entity's inventory subsystem

Extracts

Before Miss H is able to purchase a new order she is required to get authorisation from both the principal Mr G, and the executive officer Mrs R but only if the order is over \$500. If the order is under \$500 Miss H does not need authorisation from the principal, only Mrs R. When the order arrives Miss H then checks the packing slips with the order to see if the order is correct. I think this is great because this is a way to make sure that the order or suppliers didn't mess the order up.

1

The uniform shop uses the perpetual inventory system which tells Miss H what is in the uniform shop and what was sold. She is required to put all inventory on the system and also needs to include all the sales too. This will give a clear indication of what the shop has in stock. The uniform shop uses the perpetual inventory system because this system allows them to keep a running record of all the stock in the shop at all times. This system requires running records of all the stock entering or leaving the shop. The uniform shop meets these requirements by using the MYOB retailing system. This does everything that is needed when using the perpetual system and is also very easy and useful to use. Miss H can simply type in what has been brought into the shop and what has left. I can also identify the profit.

2

Miss H reorders stock when stock is at a level where the shop will not run out nor will the shop have too much inventory. When the minimum inventory level is met Miss H then completes the order form which is then sent to the supplier. Miss H also keeps a copy to make sure the order is correct when it arrives. When the uniforms arrive Miss H will then check the goods and check the packing slip is correct then will sign the slip, which will then be given to the accountant to also check whether the order is correct. From there the accountant will update the inventory ledger. This is great because this will stop the uniform shop exceeding their maximum storage and will easily be maintained. It is also good because it will stop any theft that may have taken place during the procedures.

3

Miss H does not use the FIFO system because the uniform will always be the same unless the uniform changes, then Miss H will put a discount on all the old stock and will try and sell them first.

The school purchases their uniforms from a supplier called ISC Linco. It usually takes about 2-7 days before orders arrive. This supplier is good because it's really cheap, it doesn't take long before it gets sent and the supplier keeps the school's uniforms in stock.

Overall I think Miss H is doing a great job of being in charge of the uniform shop but the only problem I think the uniform shop is that there needs to be more people involved as this will stop any unnecessary purchases.