Procedure in The Edge to take in customer's jewelry for **THREE PURPOSES:**

1. Buy their scrap gold to be sent to the refiner or stones to be resold to a dealer.

2. Buy or trade their jewelry for inventory. An example would be buying their "estate" item for resale like a broach or tennis bracelet or buying their diamond engagement ring for resale in our store. **Important on this one: what we give the customer is going to be our cost and we will enter this amount as cost in The Edge**.

3. Trade in their jewelry towards buying our jewelry and we are giving them more credit for the item than its worth to us. **An important example: we give them $3500 for their old diamond towards ours but we figure it would** *really cost us $2500* **and the $2500 is what we will enter into The Edge as the cost, not the $3500**.

We will no longer use the *TRADE/BUY button in the Edge's POS screen.*

The reason for not using the trade/buy button:

If you don't select a "category" all jewelry you buy will be lumped into one mush category account in the Edge..
This category will collect good and bad jewelry and never be emptied out.
When we export to QuickBooks we don't have full control of where a trade/buy transaction will go. Typically all "trade/Buys" goes into Inventory in QuickBooks, which is not what we'd want every time.

So instead we will use two MISC SALE items we have made which will allow us to direct where the item will go in QuickBooks when we post for the day. The 2 choices of where we want to send the "buy' or "trade-in" in QuickBooks are:

- Inventory Edge   A current asset account on the balance sheet.
- Scrap Gold Cost of Goods   A COG account on the Profit & Loss Statement.

In the Edge we have two specific "Misc Sale" items:

Buy Customer's Gold (scrp)
When buying their jewelry we know in advance that we will be sending these items to the refiner to receive a check. On the POS screen this automatically is a negative number. The "(scrp)" means "scrap" and is shortened so as to not be as obvious to the customer on their receipt. When we post the **amount** we gave them on the POS screen that amount will go in QuickBooks to "Scrap Gold Cost of Goods".

Buy Customer's Gold (inv)
When buying their items we know in advance that we will be putting this into inventory in the Edge. On the POS screen this automatically is a negative number. The "(inv)" means "inventory" and is shortened so as to not be as obvious to the customer on their receipt. When we post to QuickBooks the **amount** we gave them will go in QuickBooks to "Inventory Edge" asset account.

(Note: If you gave them *more* than it's actual value, see "PROCEDURE WHEN WE GIVE THE CUSTOMER *MORE MONEY* FOR THEIR ITEM THA ITS WORTH" on page 3

So here are picture shots of what the staff should be using. You may want to print a copy of *this page*, cut out the picture and put it on the monitor where they will use the Edge.
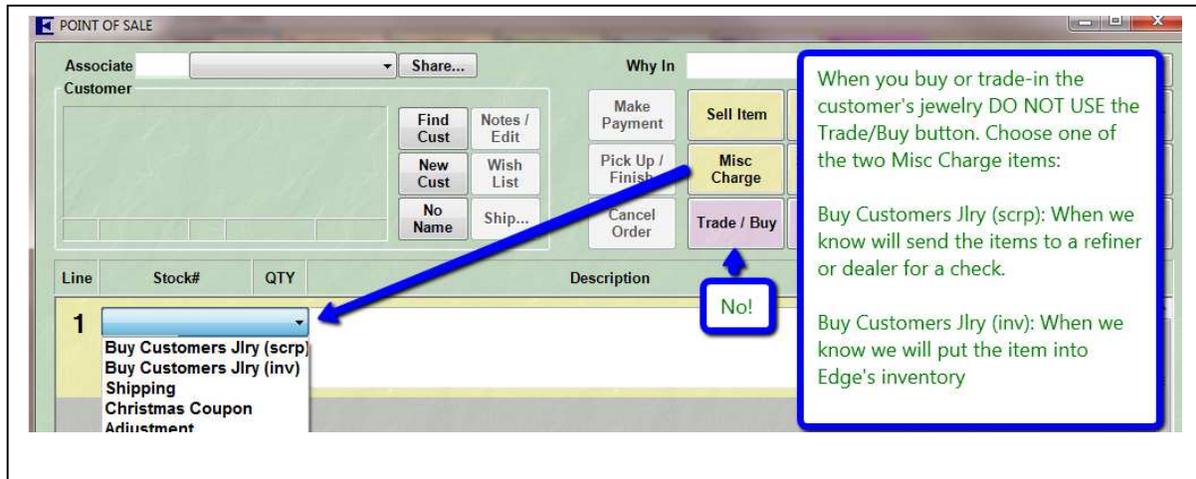
BOOKKEEPER & EDGE INVENTORY PERSON INFORMATION:

Buy Customers Jlry (scrp)
When you post to QuickBooks this amount will be sent to the Scrap Gold Cost of Goods account. This is your cost. When you receive your check from the refiner or dealer it will be posted to the Scrap Gold Sales income account and you'll now know your profit from buying and selling gold in QuickBooks.

Buy Customers Jlry (inv)
When you post to QuickBooks the amount will be sent to the Inventory Edge asset account. This is your cost for the item you bought. Inventory in QuickBooks is now increased by that amount and the Edge inventory person must now add it into the Edge.

When adding it into inventory in The Edge you'll put it in as the same cost as you gave the customer. **IMPORTANT:** Do not use "Stock" as the Stock Type. Use "Trade-In". Do not worry if you didn't really "trade it in". It means you didn't buy this item you now own from a typical jewelry vendor. You'll know when it sells that it can't be re-ordered and if you want to run a report of "engagement rings" you can now run the report *three ways:*

- Report of ALL engagement rings sold, items from real vendors and ones bought off the street.
- Report of engagement rings sold that were just bought "over the counter"
- Report of engagement rings sold just from traditional vendors.

If you enter the item as "stock" rather than "trade-in" you won't have this reporting advantage.

Now inventory levels in the Edge match levels in QuickBooks.

PROCEDURE WHEN WE GIVE THE CUSTOMER *MORE MONEY* FOR THEIR ITEM THAN ITS WORTH:

Many jewelers to help make a deal will give the customer a larger amount for their diamond when they buy our even larger diamond. We have "over paid" for a diamond.

Here's an example:

- We sell Mrs. Jones a diamond for $12,000.
- We take in trade her 1 carat diamond and give her a credit of $4500, she pays the difference of $7500.
- We *really are giving her $3000 for her diamond and we will put it into Edge inventory for $3000*. We "over paid" $1500 for the diamond.
- This really amounts to discounting the $12,000 diamond down to $10,500.

The problem is this:
You will put her diamond into the Edge as inventory for $3000 but when you export to QuickBooks it will go into inventory Edge at the $4500 and there will be a $1500 difference. This $1500 difference is really nothing more than you gave this customer a $1500 discount.

Solution?

We will lower Inventory Edge in QuickBooks by $1500 and send that amount to sales discounts, an income entry, which will be a negative number.

The Edge Inventory person will probably be told by the boss "I gave this lady $4500 for her diamond on trade in but put it into the Edge as $3000."

This needs to be told to the bookkeeper as well. See form at end of this document to give the bookkeeper notice. If the bookkeeper is not informed then inventory will be off in QuickBooks.

TWO PROCEDURES TO ACCOMPLISH THIS TASK:

1.   Open the Inventory in Edge account and lower it by $1500:

   a. Go to the chart of accounts (Control+A)
   b. Double click "Inventory Edge" account. Will look like a check register.
   c. In the decrease column type "1500.00"
   d. On the next line "account" find the Sales Discount income account or the
        suggested "Extra Discounts on Trade In" account.
   e. Click "record". Inventory will be lowered by $1500 and total inventory owned
        will match with the Edge.

Date	Ref	Payee		Decrease	✓	Increase	Balance
	Type	Account	Memo				
04/27/2012	NY706572	GEMSONE				10.00	381,881.0
	BILL	2000-Accounts Payable [split]					
04/27/2012	55009	REGO				5,043.00	386,924.0
	BILL	2000-Accounts Payable					
04/27/2012	Si0044306	HEARTS ON FIRE CO. LLC				2,245.00	389,169.0
	BILL	2000-Accounts Payable					
04/27/2012	NY706630	GEMSONE				15.00	389,184.0
	BILL	2000-Accounts Payable [split]					
05/12/2012	Ref	Payee		1,500.00		Increase	
	GENJRNL	4060-Extra Discount on Trade In					

Ending balance   389,184.0

Splits

☐ 1-Line

Sort by   Date, Type, Number/...   Record   Restore

2. Use a journal entry to lower inventory:

   a. Go to the top COMPANY>Make General Journal Entry
   b. Click in the account field and find "Inventory Edge" asset account.
   c. Type $1500 in the credit column (this lowers inventory)
   d. Click in the account field and find the new "Extra discounts on Trade-in" account.
   e. Type $1500 in the debit column (this increases the discount as a negative on the profit & loss statement).
   f. In a memo field I'd suggest why this was done "Trade in from Mrs. Jones".
   g. Save & close.
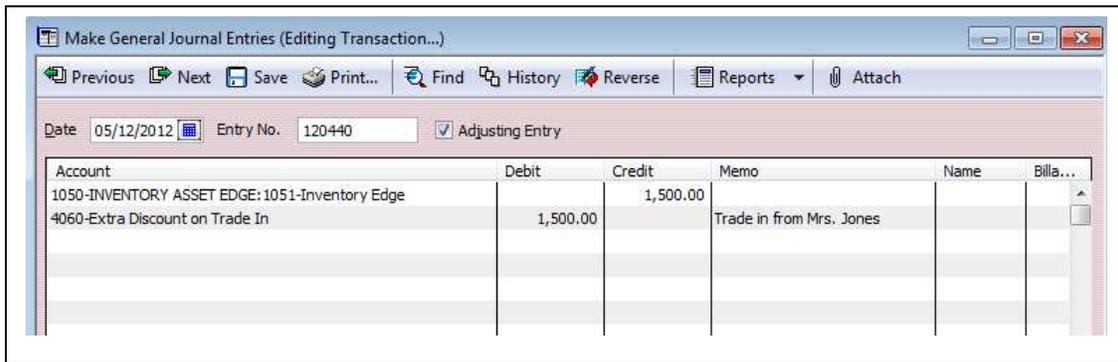
Its imperative that the bookkeeper and Edge inventory person know that this type of transaction has occurred.

You can make copies of the form below and have them ready so the bookkeeper will know what the Edge Inventory person has done.

Sincerely

David Geller
Director of Profit
David@JewelerProfit.com
(404) 255-9565

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Extra Discount given to Customer on a Trade In	**Extra Discount given to Customer on a Trade In**
Date_____	Date_____
Customer_____	Customer_____
Item Traded In_____	Item Traded In_____
1. We gave the customer $_____ on her trade in.	1. We gave the customer $_____ on her trade in.
2. We put it into the Edge for $_____	2. We put it into the Edge for $_____
3. Adjust Inventory Edge lower in QB by $_____ and send it to "Extra Discounts on Trade In" income account.	3. Adjust Inventory Edge lower in QB by $_____ and send it to "Extra Discounts on Trade In" income account.
Employee_____	Employee_____
Extra Discount given to Customer on a Trade In	**Extra Discount given to Customer on a Trade In**
Date_____	Date_____
Customer_____	Customer_____
Item Traded In_____	Item Traded In_____
1. We gave the customer $_____ on her trade in.	1. We gave the customer $_____ on her trade in.
2. We put it into the Edge for $_____	2. We put it into the Edge for $_____
3. Adjust Inventory Edge lower in QB by $_____ and send it to "Extra Discounts on Trade In" income account.	3. Adjust Inventory Edge lower in QB by $_____ and send it to "Extra Discounts on Trade In" income account.
Employee_____	Employee_____