

QUICKBOOKS ONLINE

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Managing Inventory

Learning Objectives

- Distinguish between inventory and non-inventory products
- Describe the first-in, first-out and moving average cost inventory valuation methods
- Set up, order, receive and sell products
- Perform inventory adjustments
- Create product-related reports

Inventory Management

- Inventory encompasses...
 - purchasing, tracking and selling products
 - managing waste, loss
 - reporting on asset value, direct costs
- QBO allows users to choose between two inventory valuation methods:
 - first in, first out (FIFO) inventory cost method
 - moving average cost (MAC) inventory cost method - average cost of each inventory item calculated after each purchase
- The Cost of Goods Sold (COGS) account increases when an inventory item is sold
- The difference between revenue and direct cost = profit
- Non-inventory products are inventory items you don't need to track

Inventory Management (cont.)

- Bundled inventory – a group of items for sale that has the same base price as all items individually
 - Price of a bundle can't be changed; base price is same as for all items individually
 - A bundle can contain 50 items max
 - To reduce price of a bundle, add discount to invoice or sales receipt
- Adjust inventory as needed

Inventory Purchases

- Send a purchase order (PO) to a supplier when you want to purchase a product/service
- POs are used for inventory and non-inventory products
- A supplier may add expenses to a PO for shipping, delivery, etc.

The screenshot shows a 'Purchase Order' form with the following details:

- Supplier:** Organization of Outstanding Events
- Email:** Email (Separate emails with a comma)
- Purchase Order status:** OPEN
- Mailing address:** Organization of Outstanding Events
- Ship to:** Select customer for address
- Shipping address:** Long for Success - Event Planning, 5100 Spectrum Way, Cooksville ON L4W 5S2
- Purchase Order date:** 31/08/2029
- Ship Via:** UPS
- Due date:** DD/MM/YYYY
- Amount:** \$84.75

Category details: Amounts are Exclusive of Tax

Item details:

#	PRODUCT/SERVICE	DESCRIPTION	QTY	RATE (CAD)	AMOUNT (CAD)	SALES TAX	CUSTOMER	CLASS
1	General services:Badg	Name Badges	50	1.50	\$75.00	HST ON		
2								

Subtotal: \$75.00
HST (ON) @ 13% on \$75.00: \$9.75
Total: \$84.75

Inventory Sales

- Selling inventory...
 - ...requires a Sales form with a product/service; no categories
 - ...is like selling a service
- Use the Credit Memo form to apply credit to open invoices when:
 - A customer returns an item
 - A customer was overbilled
- Use a Refund Receipt when refunding cash, debit or cheque that has been paid

Inventory Reports

- A Physical Inventory Worksheet is used to show what's in stock vs. what QBO shows as quantity on hand
- An Inventory Valuation report provides info on inventory movement
 - There are Summary and Detail versions

Inventory Valuation Summary				
Long for Success -- Event Planning				
As of February 19, 2026				
Product/Service	SKU	entity_column_transaction_details_	Asset value	↕ Calc. Avg
▼ General services				
▼ Badges				
Name Badges	NB-476	3150.00	\$4,725.00	\$1.50
Total for Badges	-	3150.00	\$4,725.00	-
Guest Book	GB-623	20.00	\$250.00	\$12.50
Water Bottles - Generic	WB-1866	550.00	\$2,806.91	\$5.10
Total for General services	-	3720.00	\$7,781.91	-
TOTAL	-	3720.00	\$7,781.91	\$0.00