

QUICKBOOKS ONLINE


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Managing Inventory

Learning Objectives

- Distinguish between inventory and non-inventory products
- Describe first-in, first-out inventory valuation
- Set up and receive products
- Create purchase orders
- Apply vendor credits
- Set up sales tax
- Invoice for sale of a product
- Create a credit memo for returns
- Perform inventory adjustments
- Create product-related reports

Tracking Inventory

- Create inventory products 
- Enable inventory tracking
 - Account and Settings menu, Sales section
 - Can't disable tracking on an item after it has been enabled (you can, however, make the product/service inactive)
- Inventory – anything physical the company stocks and tracks
- Non-inventory products – inventory items you don't need to track

Tracking Inventory (cont.)

- Entering inventory
 - Manually or via an Excel import
 - FIFO method
 - COGS increases when an inventory item is sold
 - Difference between the cost and the sales price = income
- Adjust inventory as needed

Craig's Design and Landscaping Services					
Physical Inventory Worksheet					
PRODUCT	DESCRIPTION	QTY ON HAND	REORDER POINT	QTY ON PO	PHYSICAL COUNT
Design:Fountains:Pump	Fountain Pump	25.00			
Design:Fountains:Rock Fountain	Rock Fountain	2.00			
Landscaping:Sprinklers:Sprinkler ...	Sprinkler Heads	25.00			
Landscaping:Sprinklers:Sprinkler P...	Sprinkler Pipes	31.00			
Yard Gnome 2 ft tall	2 ft Tall Yard Gnome				

Purchase Orders

- Sent to a vendor/supplier when you want to make a purchase
- Includes:
 - Product description
 - Quantities
 - Price
 - Expected delivery date and method
 - Other details
- Use for inventory and non-inventory products
- Purchase order (PO) history is used to create purchase order reports

Purchase Orders (cont.)

- Ways to receive inventory against a purchase order (PO):
 - Receive as an expense
 - Receive and pay by check
 - Create a bill to be paid later
- Expenses, such as for shipping or delivery, may be added
- POs aren't required; you can purchase items directly on an Expense, Check, or Bill form


Vendor Credits/Returns

- Record a vendor credit for products/services when...
 - ...too many items were shipped
 - ...the wrong parts were shipped
 - ...a broken item arrived
- Vendor credit is applied to the replacement or another unpaid bill prior to payment

Sales Tax

- Required in some states when products are sold
- QuickBooks helps you charge and collect it
- When you are setting up sales tax for first time, QuickBooks creates Sales Tax Payable Liability account
 - Holds funds charged on Sales forms until paid to the appropriate authority

Inventory and Non-Inventory Products

- When invoice and sales receipt transactions are created, QuickBooks completes the accounting
 - Overbill a customer? Issue a credit memo to the open invoice.
- Purchases can be billed to a customer 
- QBO can track purchases made for particular customers or projects
- Provide credit memos to customers making returns or who have been overbilled
- Full refunds easy to issue with refund receipts

Reports

Inventory reports

- Physical Inventory Worksheet (quantity on hand vs. QuickBooks inventory)
- Inventory value
- Unbilled Charges report
- Open Purchase Order report
- More