QuickBooks Online for Canada: Comprehensive

Academic Year 2022-2023

Chapter 8: Managing Inventory

Learning Objectives

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

Inventory Management

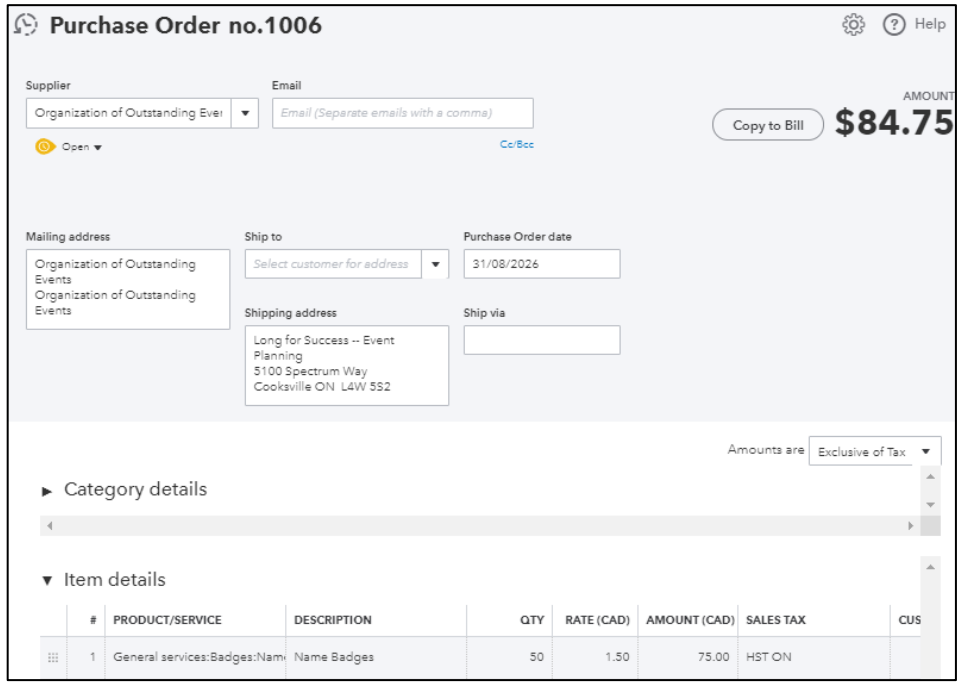
- Inventory management
  - Purchase, track and sell products
  - Manage waste, loss
  - Report on asset value, direct costs
- First in, first out (FIFO) inventory cost method
- Cost of Goods Sold (COGS) account
  - Increases when an inventory item is sold
  - Difference between revenue and direct cost = profit
- Non-inventory products
  - Inventory items you don’t need to track

Inventory Management (cont.)

- Bundled inventory
  - Group of items to sell where base price is the same as all items individually
  - Cannot change the price of a bundle
  - Max 50 items
- Adjust inventory as needed

Inventory Purchases

- Send a purchase order to a supplier when you want to purchase a product/service
- Inventory and non-inventory products
- A supplier may add expenses to a PO.
  - For shipping, delivery, etc.



Inventory Sales

- Selling inventory
  - Sales form must have a product/service; no categories
  - Like selling a service
- Credit memo
  - Customer returns an item
  - Customer was overbilled

Inventory Reports

- Physical Inventory Worksheet
  - What's in stock vs. what QBO shows as quantity on hand
- Inventory Valuation
  - Summary and detail versions
  - Info on inventory movement

Inventory Valuation Summary

	SKU	QTY	ASSET VALUE	CALC. AVG
General services				
Badges				
Name Badges	NB-476	3,150.00	4,725.00	1.50
Total Badges			**4,725.00**	
Guest Book	GB-623	20.00	250.00	12.50
Water Bottles - Generic	WB-1866	550.00	2,806.91	5.1034727
Total General services			**7,781.91**	
TOTAL			**7,781.91**	