# QuickBooks Online for Canada: Comprehensive

## Academic Year 2021-2022

Chapter 8: Managing Inventory

# Learning Objectives

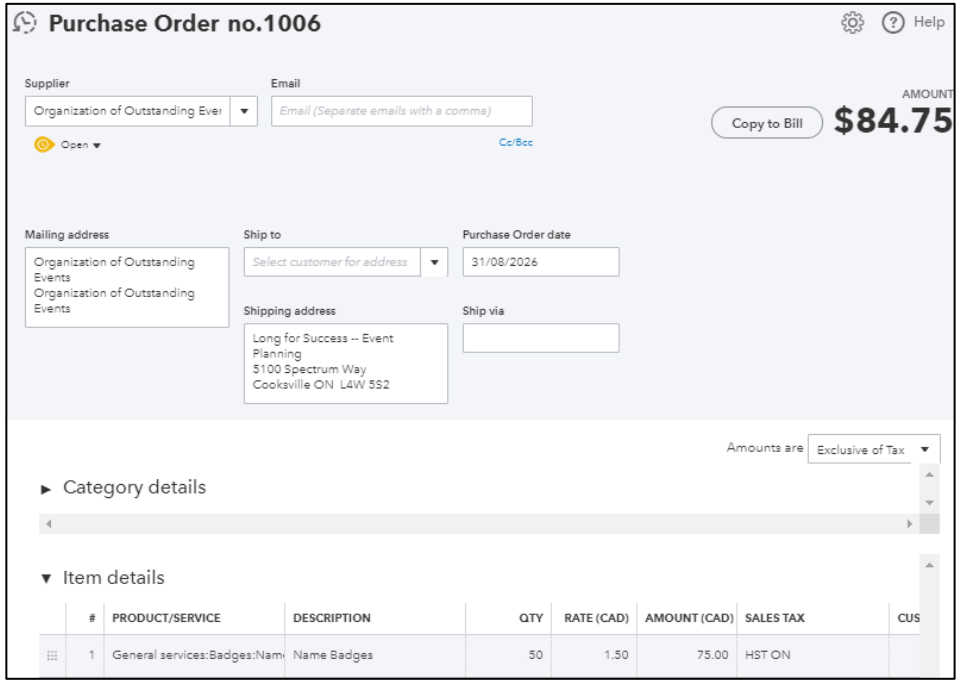
- Distinguish between inventory and non-inventory products
- Describe first-in, first-out inventory valuation
- Set up, order, receive and sell products
- Perform inventory adjustments
- Create product-related reports

# Inventory Management

- Unlike QBDt, QBO uses the first in, first out (FIFO) inventory cost method.
- The Cost of Goods Sold (COGS) account increases whenever an inventory item is sold.
  - The difference between the revenue and the direct cost is profit.
- Non-inventory products are inventory items you don’t need to track.
- You can adjust inventory as needed.

# Inventory Purchases

- Send a purchase order to a supplier when you want to purchase a product or service.
- Use purchase orders to purchase both inventory and non-inventory products.
- A supplier can add extra expenses, like shipping or delivery, that were not part of the original purchase order.



# Inventory Sales

- Selling an inventory item is like selling a service; all sales forms must have a product or service, and don’t use categories.
- When customers return products or have been been overbilled, you may need to issue a credit memo.

# Inventory Reports

- QuickBooks Online has several reports for maintaining accurate inventory quantities and values. For example:
  - The Physical Inventory Worksheet helps you compare what you have in stock with what QuickBooks shows as your quantity on hand.
  - The Inventory Valuation Summary and Detail report provides information on the movement of inventory.