QuickBooks Online: Comprehensive

Academic Year 2022-2023

Chapter 7: 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

- Enable inventory tracking
  - Account and Settings menu, Sales section
- 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 imported
  - FIFO method
  - COGS increases when an inventory item is sold
    - Difference between purchase price and 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			

Purchase Orders

- Sent to a vendor/supplier when you want to make a purchase
- Inventory and non-inventory products
- QBO uses your purchase order history to create purchase order reports

Purchase Orders (cont.)

- Receiving inventory
  - As an expense
  - Pay by check
  - Create a bill to be paid later
- Expenses, such as for shipping or delivery, may be added to a PO
- Alternative to PO – 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 applied to replacement or another unpaid bill prior to payment

Sales Tax

- Required in some states when products are sold
- 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, QBO completes the accounting
  - Overbill a customer? Issue a credit memo to the open invoice.
- Easy to issue full refunds with refund receipts
- QBO can track purchases made for particular customers or projects

Reports

- Inventory reports
  - Quantity on hand
  - Inventory value
  - Unbilled charges
  - Open purchase orders
  - More