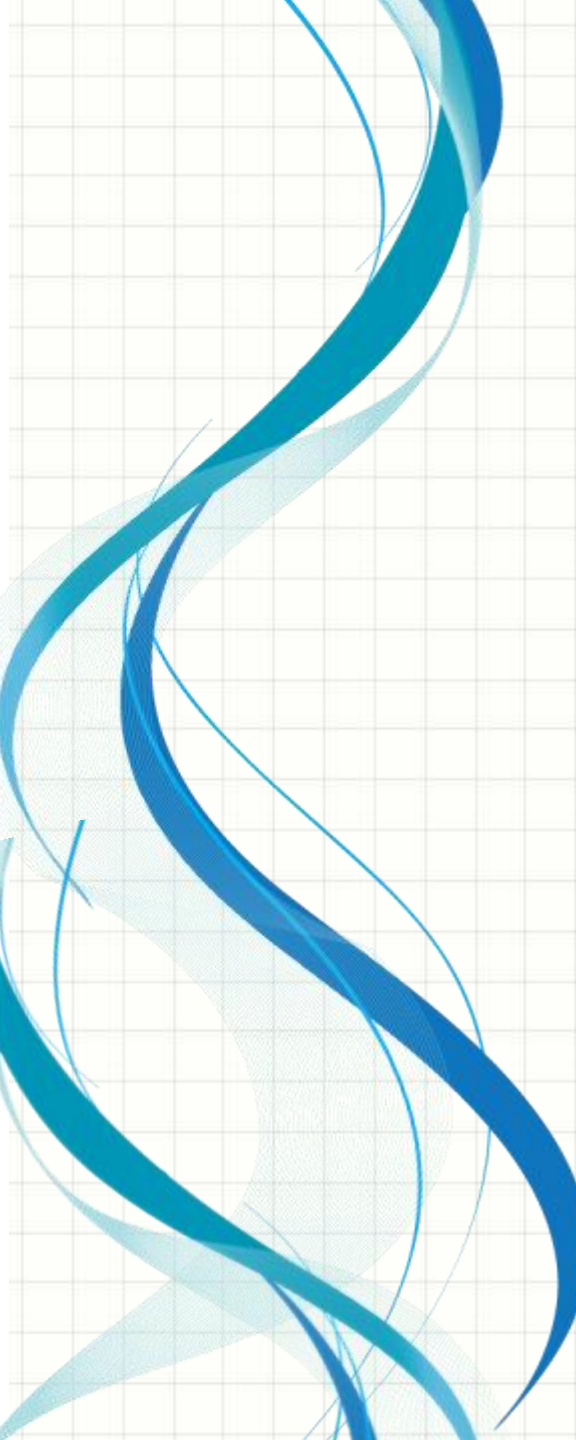




QUICKBOOKS UNITS OF MEASURE

Graham Boast
QuickBooksHelp.com.au
Shepparton Computer Solutions

VicRaps Conference
Echuca 20th – 21st November 2010



The What...
The Why...

What are Units of Measure?

The quantity measure a business uses to:

Buy

Stock

Sell

Ship

inventory

and the

ratio

between them.

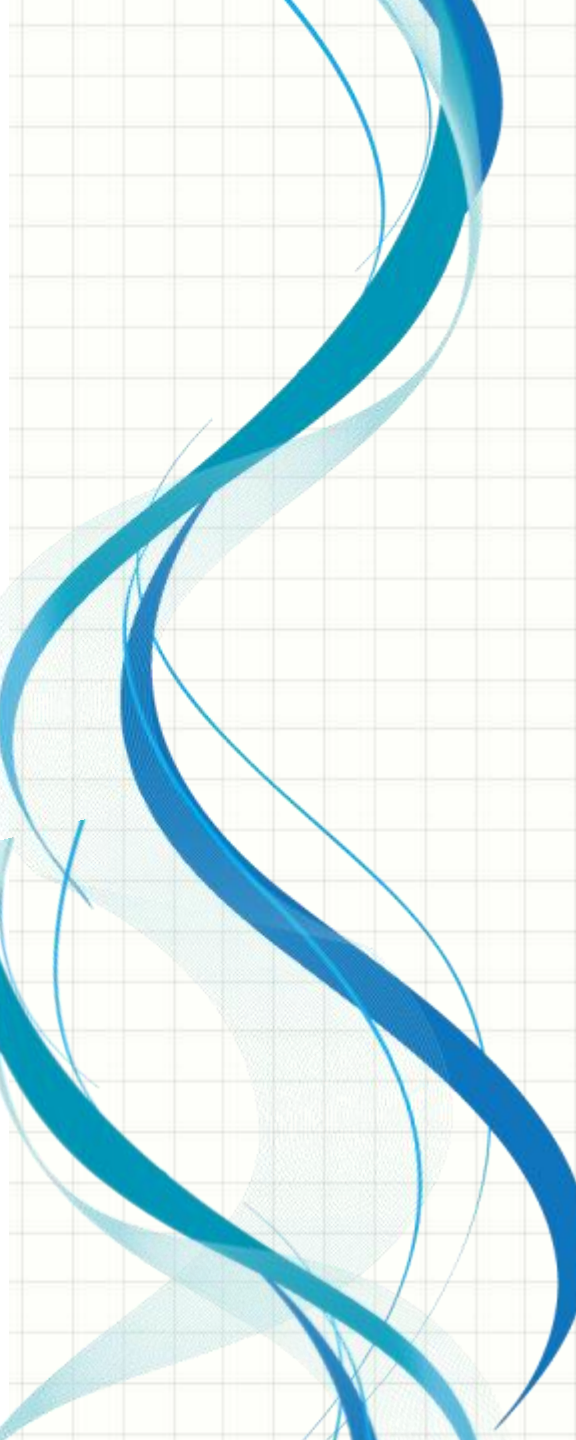
Why use Units of Measure?

- Because I
 - ***buy and sell in different units and want to process sales & purchases in the different units.***
 - e.g. I buy fabric by the roll and sell it by the metre
 - ***Sell the same product in different units.***
 - e.g. I sell wine by the glass or by the bottle.

Examples

Product	How we Buy It	How we Count It	How we sell it
Red Wine	Case of 12	Bottle	Bottle,Glass
Shade Cloth	100m Roll	100m Roll	Metre
Photocopy Paper	Pallet 40 Boxes	Box of 5 Reams	Ream,Box
Wine Glass	Box of 6	Each	Each
Cheese	5kg Round	5kg Round	Per Kg





The “What the..” Key Concepts

Units of Measure



- Consists of a ***Base Unit***
 - A bottle of wine
- ***Related Units*** are a ratio of the Base Unit
 - A Case of wine equals 12 bottles of wine
 - A bottle equals 4 glasses of wine.
- These ratios are set up as ***“Units of Measure Sets”***
 - We will call ours “750ml Wine Bottles”

The Base Unit

The unit that you will most logically and readily associate with the product:

- a bottle? a metre? a roll? a case?
- Not necessarily the smallest unit.
- No right answer. May vary business to business.
 - A wine wholesaler has a **case as a base unit**
 - sells by the case but sometimes by the bottle.
 - A wine shop has a **bottle as a base unit**
 - sells by the bottle but sometimes by the case.
 - A winebar has a **bottle as a base unit**
 - sells by the glass, but sometimes by the bottle.

The Base Unit: Considerations

- Inventory is always defined in QuickBooks in the **base unit**.
- Purchasing and Sales **SUMMARY** reports are always displayed in the **base unit**
 - irrespective of the unit in which they are purchased or sold.

For a wine bar, a glass of wine isn't going to make a great base unit, even though it's the smallest unit and the main selling unit!

Related Units: Considerations

- The units that you **buy and sell** in.
- Quantities can be in **base** or **related** units.
- Expressed as:
 $\# \text{ Related Units} = \# \text{ Base Units}$
- Can be a **whole number**
 - 1 Case = 12 Bottles
- Can be a **fraction**
 - 1 Glass = 0.25 Bottles

UoM Sets: Considerations

- The same set can be used for many different items with the same base & related units.
 - Consider using standard sets for common multiples (eg count: Dozens, Pair, Box 12, Box 24) for the same base unit (Each).
 - Think before creating a new set.

Many clients set up far too many sets.



The Where...

Which QuickBooks Versions?

Available in **QuickBooks Pro & Above**

- ▶ Personal Need
- ▶ Business Need
- ▶ Industry Need
- ▶ **Compare all**
- ▶ PDF Download



	QuickBooks EasyStart 2010/11	QuickBooks Accounting 2010/11	QuickBooks Plus 2010/11	QuickBooks Pro 2010/11	QuickBooks Contractor 2010/11	QuickBooks Premier 2010/11	QuickBooks Accountant Edition 2010	QuickBooks Student V19
Managing stock								
Track and manage inventory		✓	✓	✓	✓	✓	✓	✓
Units of Measure Sets				✓	✓	✓	✓	✓
Sales order / back order tracking				✓	✓	✓	✓	✓
Track Stock Assembly (finished goods)				✓	✓	✓	✓	✓
Advanced inventory features				✓	✓	✓	✓	✓

Activating Units of Measure

Either:

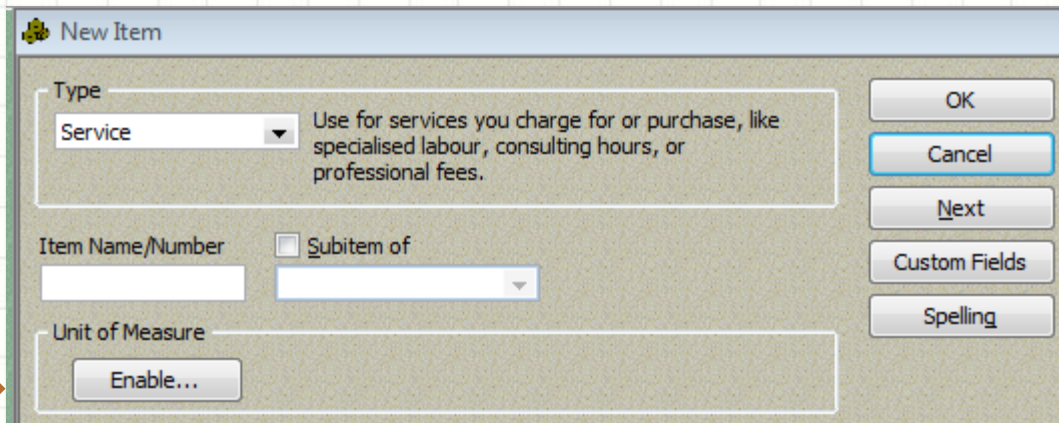
- ***Edit > Preferences > Items & Inventory > Company Preferences***

Unit of Measure

Enable units of measure.

Or

- From within Item setup



The screenshot shows the 'New Item' dialog box with the following fields and buttons:

- Type:** Service (dropdown menu). Description: Use for services you charge for or purchase, like specialised labour, consulting hours, or professional fees.
- Item Name/Number:** (text input field)
- Subitem of:** (checkbox) Subitem of (dropdown menu)
- Unit of Measure:** (text input field) with an **Enable...** button below it.
- Buttons:** OK, Cancel, Next, Custom Fields, Spelling.

A red arrow points to the 'Enable...' button in the Unit of Measure section.

Activating Units of Measure

Edit Item

Type: **Inventory Part** Use for goods you purchase, track as inventory, and resell.

Item Name/Number: **Door knobs** Subitem of Manufacturer's Part Number

Unit of Measure: **U/M Set** Item is inactive

Amt's Inc Tax

Purchase Information

Description on Purchase Transactions

Gross Cost: Purch Tax Code: **NCG** COGS Account: **Cost of Goods Sold** Preferred Supplier: **Taubmans and Sons...**

Sales Information

Description on Sales Transactions

Gross Amt.: Tax Code: **GST** Income Account: **Completed Units**

Inventory Information

Asset Account	Reorder Point	On Hand	Avg. Cost	On P.O.	On Sales Order
Inventory Asset	<input type="text"/>	81	9.09087	0	0

Barcode

Once activated, this box appears in Item Setup.

And this appears on the List menu

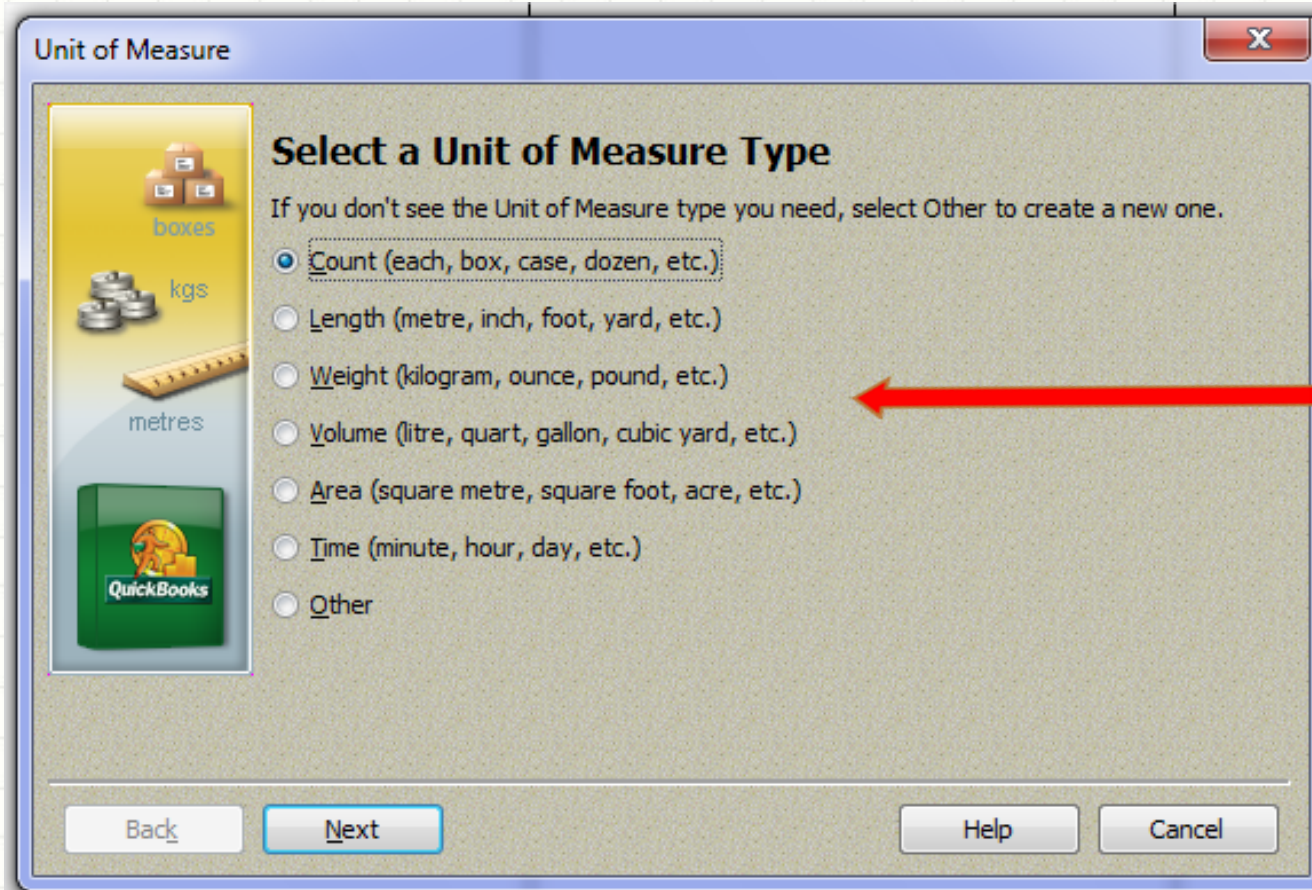
Lists	Accountant	Company
<input type="checkbox"/>		Chart of Accounts
<input type="checkbox"/>		Item List
<input type="checkbox"/>		Fixed Asset Item List
<input checked="" type="checkbox"/>		U/M Set List
<input type="checkbox"/>		Price Level List



The How...

Setting up “750ml Wine Bottle” Set

Lists > U/M Set List > Right Click > New



QuickBooks has some standard classifications to help you get started.

Next

Unit of Measure

Select a Base Unit of Measure

When you create inventory items, the base unit of measure should be the smallest increment used to track the item.

For example, if you buy screws in bags of 100 but use one or two at a time, you should select a base unit of "each" instead of "1 bag of 100."

Each (ea)

Pair (pr)

Dozen (dz)

Other

boxes

kgs

metres

QuickBooks

Back Next Help Cancel

QuickBooks has some suggested names that vary with your selection on the previous screen. We want a bottle as the base unit, so will choose "other".

Next

Name and Abbreviation (both compulsory)

Unit of Measure

Define a Base Unit of Measure

Specify the name and abbreviation for this unit of measure. The abbreviation will appear on most forms and reports.

Name

Abbreviation

boxes

kgs

metres

QuickBooks

Back Next Help Cancel

Next

Here is where we add the related units...

Unit of Measure

Add Related Units

Click the Add field for each related unit you want to add. To define additional units, click on an empty line and fill in the fields.

Base Unit Bottle

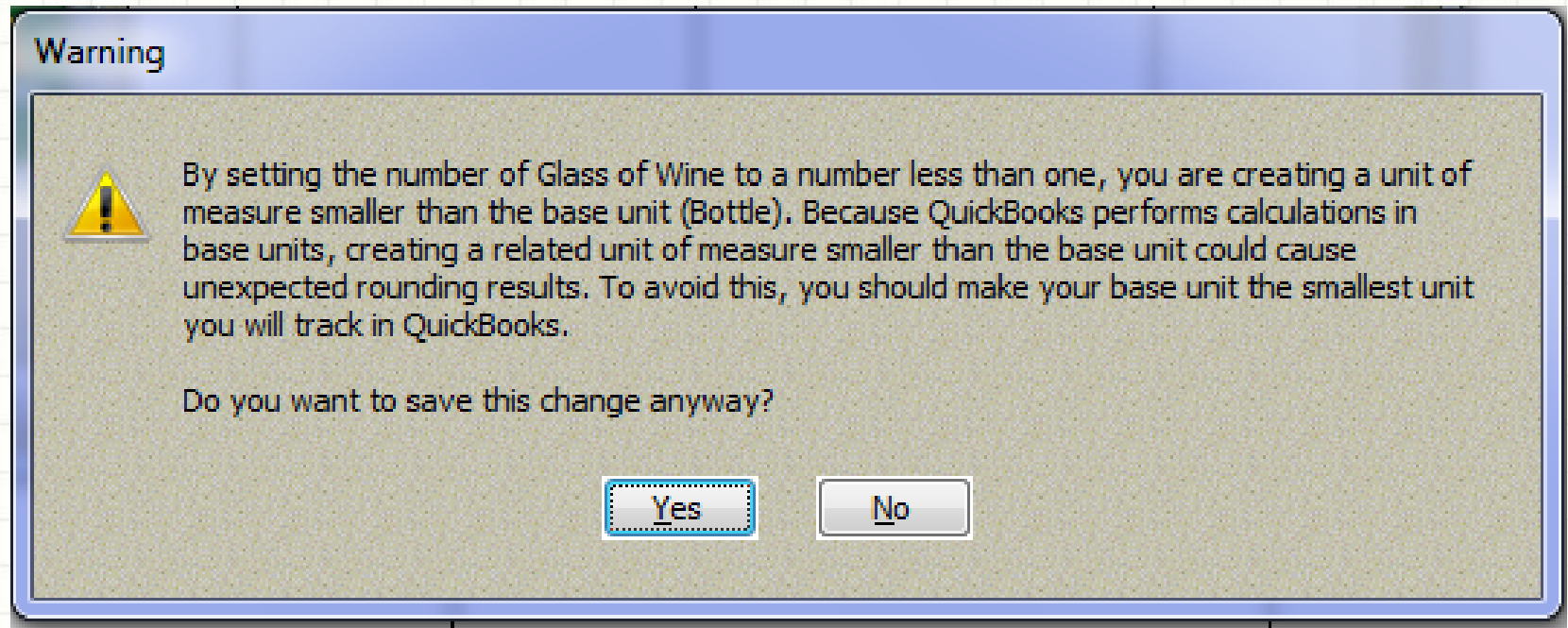
Add	Name	Abbreviation	# of Btl
<input checked="" type="checkbox"/>	Case of Wine	Case	12
<input checked="" type="checkbox"/>	Half Case of Wine	HCASE	6
<input checked="" type="checkbox"/>	Glass of Wine	Gl	0.25
<input type="checkbox"/>			
<input type="checkbox"/>			

Back Next Help Cancel

Warning

Yada Yada...

Do you really want to count your inventory by the glass?



Next

Now select default **Purchase**, **Sales** and **Shipping** Units.

- *Just the default so it can be changed for a transaction.*

Unit of Measure

Select Default Units of Measure

boxes

kgs

metres

QuickBooks

Purchase Case of Wine
Used by default for new line items on purchase forms.

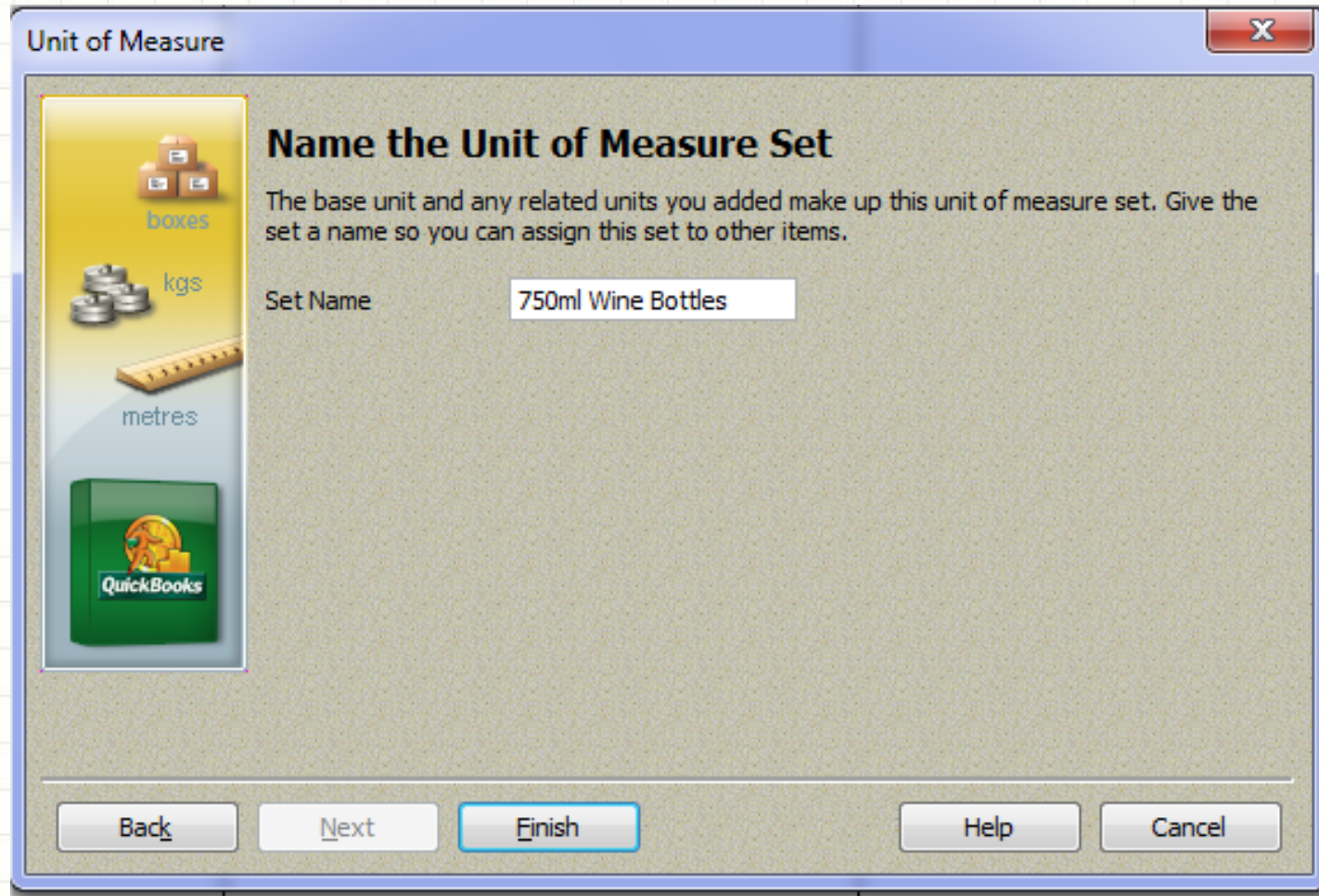
Sales Glass of Wine
Used by default for new line items on sales forms.

Shipping Case of Wine
If selected, overrides the unit of measure on sales orders when printing pick lists.

Back Next Help Cancel

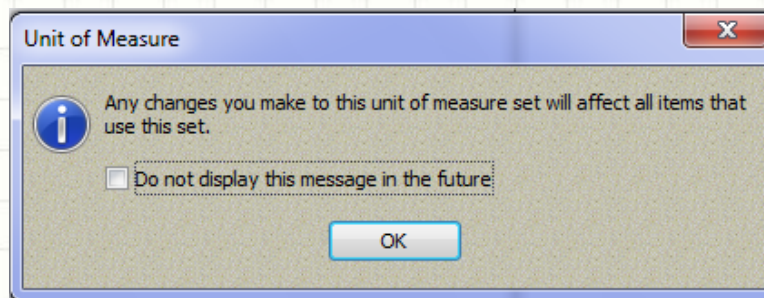
Next

Now give the set a name and finish ...

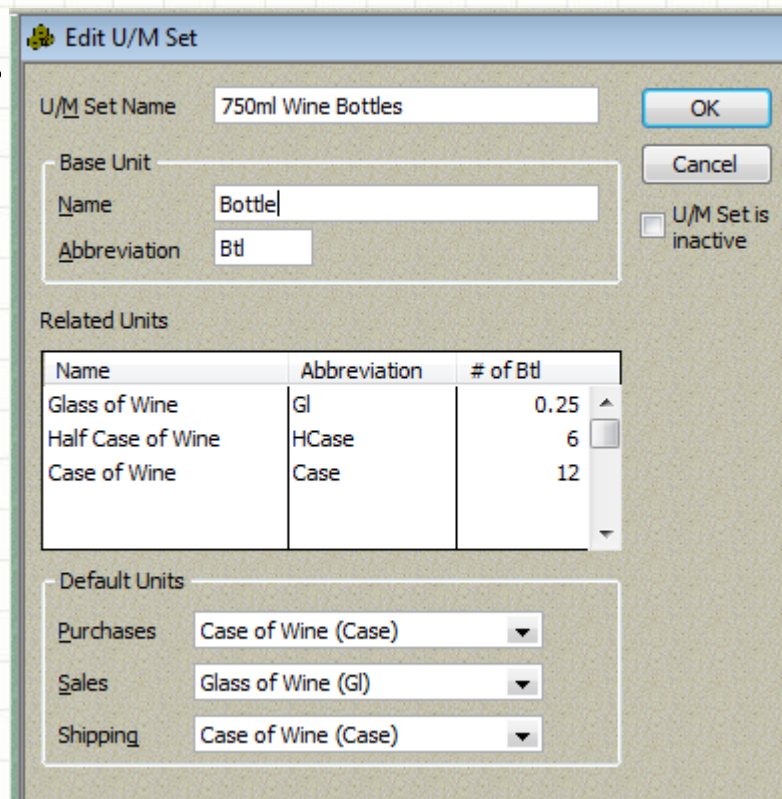


Editing UoM Sets

First a warning...

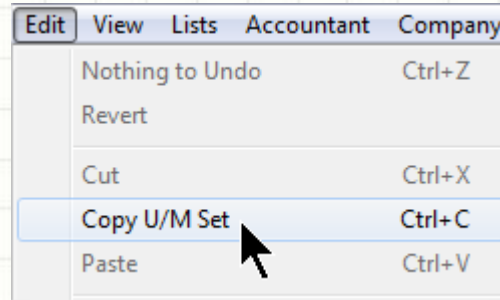


Then the screen ...



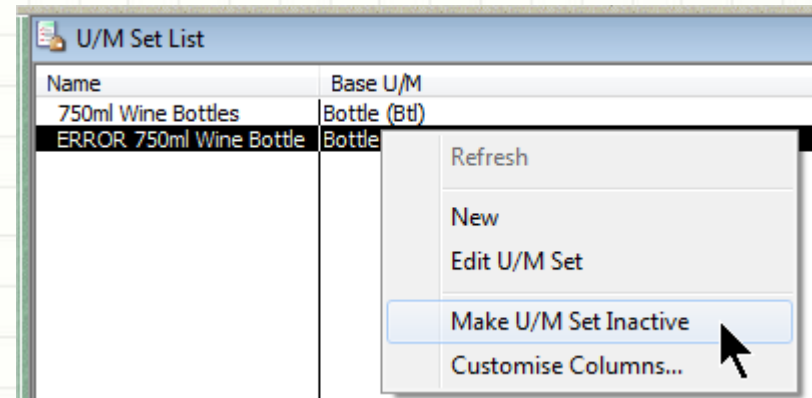
Other Editing

You can ***copy a set!***



But paste doesn't seem to work!

You can ***make a set inactive!***



But can't delete it even if not used anywhere



Transactions

Our Base Product

New Item

Type: Use for goods you purchase, track as inventory, and resell.

Item Name/Number: Subitem of Manufacturer's Part Number

Unit of Measure: U/M Set

Purchase Information

Description on Purchase Transactions:

Gross Cost: per Btl

Purch Tax Code:

COGS Account:

Preferred Supplier:

Sales Information

Description on Sales Transactions: Amts Inc Tax

Gross Amt.: per Btl

Tax Code:

Income Account:

Inventory Information (Quantities in Btl)

Asset Account	Reorder Point	On Hand	Total Value	As of
<input type="text" value="Inventory Asset"/>	<input type="text"/>	<input type="text" value="0"/>	<input type="text" value="0.00"/>	<input type="text" value="15/12/2009"/> <input type="button" value="Calendar"/>

Barcode:

Note
UoM
features

Buying

Enter Bills - Accounts Payable

Previous Next Find History Journal

Bill Credit A/P Account: Accounts Payable Bill Received

Bill

Supplier: Fred's Reds Date: 15/12/2009

Address: Fred's Reds Ref. No.: 46664

Amount Due: A\$ 66.00

Bill Due: 25/12/2009

Terms: Memo:

Expenses: A\$0.00 **Items: A\$66.00**

Item	Description	Qty	U/M	Cost	Tax	Gross Amt	Tax Amt
House Red	House Red	1	Case	66.00	NCG	66.00	6.00

Select PO Receive All Show PO

Supplier Tax Code: Amounts include tax

Note:
U/M in
Purchasing
default
Unit.
Note also
Dropdown (see
next slide)

The Lowdown on the dropdown

Items		A\$66.00			
Qty	U/M	Cost	Tax	Gross Amt	Tax /
1	Case	66.00	NCG	66.00	

< Add New >

Convert 1 Case to 12 Btl
Convert 1 Case to 48 Gl
Convert 1 Case to 2 HCase

Show PO

Amounts

Change 1 Case to 1 Btl
Change 1 Case to 1 Gl
Change 1 Case to 1 HCase

The dropdown

This group converts the related unit to other rated units in line with the ratio.

This group keeps the Quantity but changes the related unit.

Selling a Bottle

Item	Description	Qty	Unit	Rate	Tax	TAX AMT	Class
House Red	House Red	1	Gl	5.50	GST	0.50	

Customer Message:

Exchange Rate:

To be printed
 To be emailed

Payme
Balanc

< Add New >

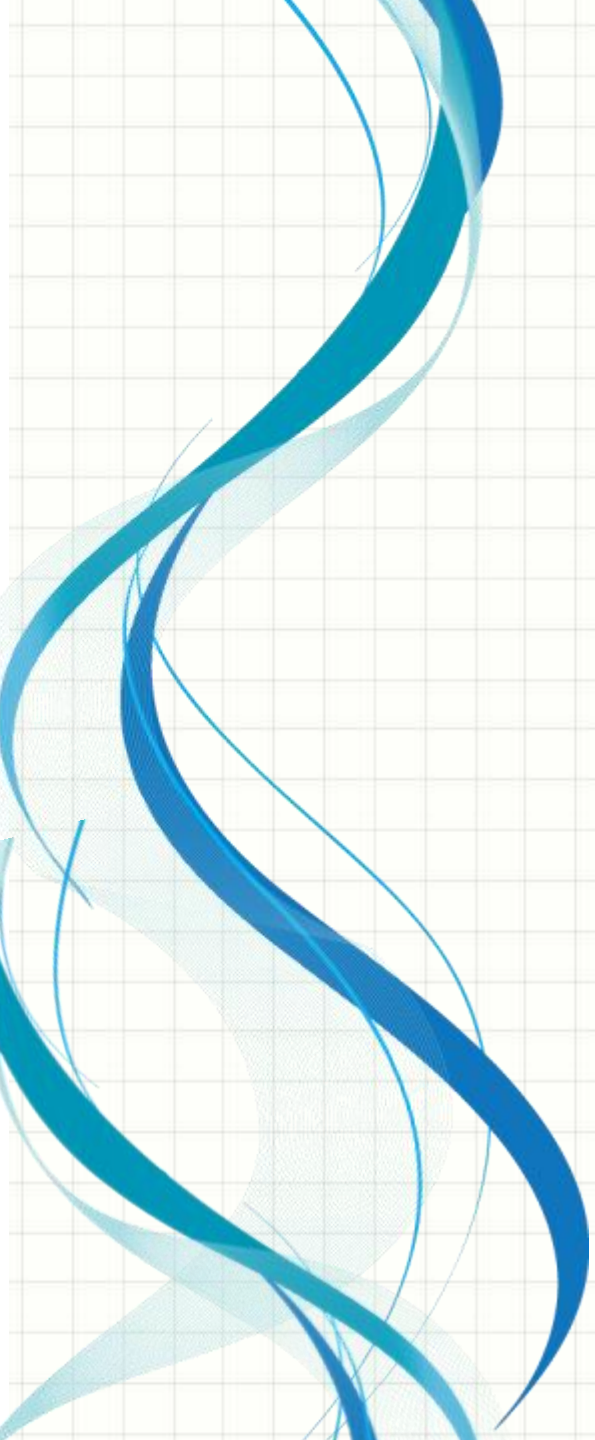
Convert 1 Gl to 0.25 Btl
Convert 1 Gl to 0.02083 Case
Convert 1 Gl to 0.04167 HCase

Change 1 Gl to 1 Btl
Change 1 Gl to 1 Case
Change 1 Gl to 1 HCase

Select this....

Item	Description	Qty	Unit	Rate	Tax	TAX AMT	Cl
House Red	House Red	1	Btl	22.00	GST	2.00	

Converts to this....



Reports

Summary and Inventory Reports

Stadium Construction & Hardware Pty Ltd Purchases by Item Summary

December 1 - 15, 2009

	Dec 1 - 15, 09	
	Qty	Amount
Inventory		
House Red ▶	12 ◀	60.00
Total Inventory		60.00
TOTAL		<u>60.00</u>

All show the base unit - bottles

Stadium Construction & Hardware Pty Ltd Sales by Item Summary

December 1 - 15, 2009

	Dec 1 - 15, 09				
	Qty	Amount	% of Sales	Avg Price	COGS
Inventory					
House Red ▶	1.5 ◀	30.00	100.0%	20.00	7.50
Total Inventory		30.00	100.0%		7.50
TOTAL		<u>30.00</u>	<u>100.0%</u>		

Stadium Construction & Hardware Pty Ltd Inventory Status by Item

December 1 - 15, 2009

	Item Description	Pref Supplier	On Hand	Available	U/M
Inventory					
House Red ▶	House Red	Fred's Reds	10.5	10.5	Btl ◀

Detail Reports

All show the transaction unit

Stadium Construction & Hardware Pty Ltd Purchases by Supplier Detail

December 1 - 15, 2009

Type	Date	Num	Description	Item	Qty	U/M	Cost Price	Amount
Fred's Reds								
Bill	15/12/2009	46664	House Red	House R...	1	Case	60.00	60.00
Total Fred's Reds								60.00
TOTAL								60.00

Stadium Construction & Hardware Pty Ltd Sales by Item Detail

December 1 - 15, 2009

Type	Date	Num	Description	Name	Qty	U/M	Sales Price	Amount
Inventory								
House Red								
Tax Invoice	15/12/2009	65	House Red	Baker, Chris	2	Gl	5.00	10.00
Tax Invoice	15/12/2009	66	House Red	Bush, Jason	1	Btl	20.00	20.00
Total House Red								30.00
Total Inventory								30.00
TOTAL								30.00

Inventory Detail Reports

Stadium Construction & Hardware Pty Ltd Inventory Item QuickReport As of December 15, 2009

Type	Date	Num	Name	Description	Qty	U/M
Inventory						0
House Red						
On Hand As Of 30/06/2009						0
Bill	15/12/2009	46664	Fred's Reds	House Red	1	Case
Tax Invoice	15/12/2009	65	Baker, Chris	House Red	-2	Gl
Tax Invoice	15/12/2009	66	Bush, Jason	House Red	-1	Btl
Tot On Hand As Of 15/12/2009					<u>10.5</u>	<u>Btl</u>

*Mixed units but
maths is OK*

Stadium Construction & Hardware Pty Ltd Inventory Valuation Detail December 1 - 15, 2009

Type	Date	Name	Num	Qty	Cost	On Hand	U/M	Avg Cost	Asset Value
Inventory									
House Red									
Bill	15/12/2009	Fred's Reds	46664	12	60.00	12	Btl	5.00	60.00
Tax Invoice	15/12/2009	Baker, Chris	65	-0.5		11.5	Btl	5.00	57.50
Tax Invoice	15/12/2009	Bush, Jason	66	-1		10.5	Btl	5.00	52.50
Total House Red						<u>10.5</u>	<u>Btl</u>		<u>52.50</u>
Total Inventory						<u>10.5</u>	<u>Btl</u>		<u>52.50</u>
TOTAL						<u>10.5</u>	<u>Btl</u>		<u>52.50</u>

*Base units.
Much better!*



What else?

Does it work with other features?

- Groups?
 - *Yes , but watch your logic!*
- Price Levels?
 - *Yes!*
- Retail Point of Sale
 - *No...*



QUESTIONS?