Design Document: Working With Items

Class Description

Learn how to work with QuickBooks' Items module as well as how to define, set up, edit and delete items in class three of the series.

**Curriculum Track**

Job & Career

**Audience**

Adult

**Course Length**

90 minutes

**Training Method**

Instructor led hands on

**Purpose**

To introduce user to the workings of QuickBooks software

Equipment Requirements

Projector and projection screen; computers with internet access for the instructor and each participant; laser pointer (recommended)

Software Requirements

Intuit QuickBooks 2015 or above

Material Requirements

Notepaper, Pens or Pencils, Handouts, Activity Sheets

**Learning Objectives**

At the end of the session, learners will be able to:

1. Understand the purpose of Items
2. Add, Edit and Delete items
3. Organize Items

**Assessment Technique(s)**

Successful completion of class activities

Content Outline

***Agenda (5 mins.)***

* Understanding items
* Working with items
* Organizing items

***Topics, Talking Points, and Activities (90 mins.)***

* Understanding Items
  + **What is an Item?**
    - Items are what you sell/buy and are used on all customer transactions and optionally on purchase transactions
    - Items provide a quick means for data entry
    - A more important role for items is to handle the behind-the-scenes accounting while tracking product - or service - specific costs and revenue detail
    - Understanding items is absolutely essential if you want to realize the full benefits of using QuickBooks since they are used to track what you sell, buy, and resell
  + **Where Will You Use Items?**
    - Items are required on all sales forms, including credit memos, sales receipts, invoices, statements, etc.
    - Items are required on purchase orders
  + **What Are Some Benefits to Using Items?**
    - Items automatically link transactions to the Chart of Accounts – posting to the general ledger, so you don’t have to.
    - Items give you detailed reports including Purchase, Sales, and Profitability
    - Demonstrate how to access Items by opening up a Sample file in QuickBooks:
    1. Click on **Sample-Product Based Business**
    2. Click on Open
    3. In the **Company** section, click on the **Items/Services** Icon.
    4. The item listing will appear alphabetically by type
  + **Item Types -** QuickBooks has 11 item types to use. You can choose the type to assign to a list item; however, each type has certain unique characteristics. Here is some information to help you decide which item type to use:
    - * **Service —** Create this type for services offered by you or your subcontractors.
      * **Inventory Part —** This type displays only if you select the *Inventory and Purchase Orders Are Active***.**  Inventory is used to track products you make or buy, place in a warehouse location, and later sell to a customer. Inventory is increased with a received purchase order or bill and is decreased on a customer invoice.
      * **Inventory Assembly —** This item type is an assembling of multiple inventory components, as in a Bill of Materials. When an inventory assembly is built, the individual items (components of the assembly) are deducted from inventory and the quantity of the finished assembly product is increased. The assembly functionality is available only in QuickBooks Premier, Professional Bookkeeper, Accountant, or Enterprise.
      * **Non-inventory Part —** This type is used for products you purchase but do not track as inventory. Correct use of this type would include products you purchase that are ordered for a specific customer and directly shipped to the customer, or for materials and supplies you purchase but do not sell to the customer.
      * **Other Charge —** This is a multipurpose item type. Freight, handling, and other miscellaneous types of charges are examples of the proper use of the Other Charge item type. Using this type makes it possible to segregate sales of your service or product from other types of revenue and expenses in reports.
      * **Subtotal —** This type is used to add subtotal line items on sales and purchase transactions. This item is especially useful if you want to calculate a specific discount on a group of items on a customer invoice.
      * **Group —** This type is used to quickly assign a grouping of individual items on sales and purchase transactions. Unlike assemblies, groups are not tracked as a separate finished unit. Groups can save you data entry time and enable you to display or hide details on a customer’s printed invoice.
      * **Discount —** This type facilitates dollar or percent deductions off what your customers owes. This item type cannot be used on purchase transactions.
      * **Payment —** This item type is not always necessary to set up. You create this item type if you record the payment directly on an invoice as a line item, such as with a Daily Sales Summary (see the QuickBooks Help for more details). On typical customer invoices, you should not record payments in this manner because there is no tracking of the customer’s check or credit card number.
      * **Sales Tax Item —** This type is available only if you enabled sales tax on the Sales Tax—Company Preferences tab of the Preferences dialog box. (Access the dialog box from the menu bar by selecting **Edit**, **Preferences**.) In most cases, QuickBooks automatically assigns this item to an invoice. In some states or industries where there are multiple sales tax rates for a given sale, you can also add this item to an invoice as a separate line item.
      * **Sales Tax Group —** This type is used to group multiple tax district flat-rate sales tax items that are combined and charged as one sales tax rate.

**Activity:** Have participants complete **Activity #1** *on* the *Activity Sheet*

* Working with Items
  + Using the Sample – Product-Based Based business, demonstrate how to **Add a new Item:**
    1. From your open Item listing, click the **Item** tab at bottom of screen
    2. Click **New Item**
    3. Choose **Service** as the **Item Type**
    4. In the **Item Name/Number** box, type **Service Labor**
    5. In the **Description** box, type **Example**. This is optional.
    6. In the **Rate** box, type in **100.00**. This is the rate you are going to charge.
    7. Leave the **Tax Code** box empty. Service items are always nontaxable
    8. Select **Labor Income** for the **Account** that this item is associated with. Service items are associated with an income account.
    9. Click **Ok** andclose out of the Item listing

**Activity:** Have participants complete **Activity #2**onthe *Activity Sheet*

* Using the Sample – Product-Based Business, demonstrate how to **Edit an existing Item:**
  1. Click on the previously created **Service Labor** Item
  2. Click the **Item** tab at bottom of screen
  3. Click on **Edit** item
  4. Change the **Rate** from **100.00** to **200.00**
  5. Click on **Ok**
  6. Close out of Item listing
* Using the Sample – Product-Based Business, demonstrate how to **Delete an Item:**
  1. Click on the previously edited Service Labor Item
  2. Click on **Item** tab at bottom of screen
  3. Click on **Delete**
  4. A warning will appear asking if you are sure you want to delete. Click **Ok**.
* Using the Sample – Product-Based Business, demonstrate how to **Inactivate an Item**:

1. Click on **Plumbing**
2. Click the **Item** tab at bottom of screen
3. Click on **Delete** item. You should receive an **ERROR** message that QuickBooks cannot delete since this item has activity. In order to delete, the Item must be made **Inactive**.
4. Click the **Make Inactive** button. This will remove the Item from listing but does not remove **History** of item
5. In your Item Listing, check the box next to **Include Inactive** so that Plumbing will be displayed (an **X** next to the item means it is inactive)
6. Close out of listing

**Activity:** Have participants complete **Activity #3 & #4** on the *Activity Sheet*

* Organizing Items
  + It is extremely important that you understand and organize your items before entering them into QuickBooks
  + The example below is a detailed matrix of how to organize your Item listing for best results. We are selling Black, white, and brown coats in all sizes.

|  |  |  |  |
| --- | --- | --- | --- |
|  | Black | Brown | White |
| Small | BLSM | BRSM | WHSM |
| Medium | BLMD | BRMD | WHMD |
| Large | BLLG | BRLG | WHLG |
| X-Large | BLXL | BRXL | WHXL |

***Wrap Up/Closing (5 mins.)***

* Highlight the next QuickBooks class and topics that will be covered will be covered
* Ask if there are questions and answer any that were “parked” during the session

Thank participants for coming and ask them to complete the class survey before leaving