Handling the Costs of Goods Sold account. How certain conditions may impact behavior and WO components

From time to time you may see various small bill amounts in Cost of Goods Sold or Inventory Asset relating to an NC Internal Bill. KEEP IN MIND THAT ALL ORDERS ONLY SENDS THE COST TO QB BUT DOES NOT HANDLE IT. In addition, KEEP IN MIND that All Orders Valuation Report uses FIFO and not AvGCost, to value the Inventory, therefore the QB and NC valuation reports will always be different.

These various small bill amounts in Cost of Goods Sold or Inventory Asset relating to an NC Internal Bill may happen if a work order Bill uses a different cost than the average cost of the item at the time of the transaction. The following circumstances may cause this:

* Creating an invoice before a work order is created and the quantity of an item being created is 0.
* Infrequent synchronization causing differences in the component average cost in QuickBooks and NumberCruncher.
* Changing the date of a work order bill after it has been created in QuickBooks.
* Entering or changing a vendor bill of the components used on a work order AFTER the WO Bill has been posted in QuickBooks.
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To maintain the 'Average Costing' of the components, QuickBooks offsets the difference by putting pieces of the 'WO Bill' in Cost of Goods Sold. The amounts are the difference between the cost of a component used on the WO Bill and the average cost QuickBooks uses on the Inventory Valuation Detail report. A typical WO Bill may look like the following: Note the component MAT - G has acost QTY of -2 and cost of $13.10 each for a total cost that should be removed from inventory of -$26.20.

However in looking at the Inventory Valuation Detail, we see that QuickBooks uses the average cost that it computed to decrement inventory of $12.50 each for a total of $25.00.

The difference of $1.20 was posted to Cost of Goods sales.

Usually these values are small amounts that can be ignored however to remove them, you much edit the Bill that NumberCruncher posted for the Work Order. The cost per on the bill for the components must be the average cost of each of the components immediately before the creation of the work order. You then must adjust the finish good cost such that the net bill amount stays at 0.

Another solution is to remove the work order from QB, create a value adjustment in QB changing the average cost to the cost, then send the WO back to QB.