

QuickBooks Guide

Step-by-Step Instructions

What You'll Learn Using QuickBooks

When you have completed this chapter, you will be able to use QuickBooks to:

1. Update an inventory record.
2. Print an Inventory Valuation Detail report and a Journal report.
3. Record the purchase of inventory.
4. Record the sale of merchandise.
5. Print an Income Statement and Balance Sheet that show the cost of goods sold.

Problem 25-4 Calculating the Cost of Ending Inventory

INSTRUCTIONS

Begin a Session

Step 1 Restore the Problem 25-4.QBB file.

Work the Accounting Problem

Step 2 Review the information in your textbook.

Prepare a Report and Proof Your Work

Step 3 Print an Inventory Valuation Detail report from 01/01/2015 to 12/31/2015.

The Inventory Valuation Report shows the quantity per transaction, quantity on hand, average cost, and asset value for each item. QuickBooks automatically calculates the inventory valuation after each transaction involving inventory.

This report also shows the value of items at the time they were sold. All transactions that involved inventory items and their effect on inventory will appear on this report.

DO YOU HAVE A QUESTION?

Q. What inventory valuation methods does QuickBooks support?

A. QuickBooks supports the average cost of inventory method. It does not have the option to use the LIFO or FIFO methods of inventory.



TIP:

Choose **Inventory** from the **Reports** menu to access inventory reports, such as the Inventory Valuation Detail report and the Inventory Valuation Summary report.



Notes

When you record purchases and sales, QuickBooks automatically updates the merchandise inventory account.

Analyze Your Work

Step 4 Complete the Analyze activity.

End the Session

Step 5 It is recommended that you back up your work for this session.

What is the inventory reorder point and how does it work? Explain your answer on a separate sheet of paper.

