Tracking Quantities Purchased In QuickBooks

Background

In business, it is often necessary or desirable to track quantities of items purchased. This is mostly done for items that are purchased for resale, but it can also be used for tracking items that are used internally by the business or are used as a component for manufacture.

Some examples of these purchases are:
- litres of diesel for use in a truck;
- tonnes of feed purchased for stock;
- litres of a component used in manufacture.

Versions

As this feature used Inventory functions, you will require QuickBooks Plus, Pro, Premier or Enterprise.

Aim

Our aim is to set up QuickBooks to track the quantities of these products purchased.

Example

In this example, I will use the purchase of Diesel as an example of tracking quantities.

Set-up

You will need to set up a Chart of Accounts expense account called Diesel to track the dollar value of your purchases. You will also need to set up an item as follows:

There are 2 key differences to this item compared to a normal item:
- it is for use in purchases (Bills/Cheques/Credit Card) rather than for sales;
- it is linked to an Expense Account rather that the traditional income account.

Ongoing Use

Purchases can now be entered. In this example, we are purchasing 500 litres of diesel at $1.10 per litre including GST:

Note that this entry uses the "Items" tab instead of the normal "Expenses" tab. This allows us to enter a quantity value as well as a dollar amount.

If the Items tab is not showing on your version of QuickBooks, you may need to turn on "Stock and Purchase Orders are active" under Edit > Preferences.

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Page 2 of 3
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You can now run a Report > Purchases > Purchases by Item Detail Report.

Although the report doesn't add up the quantities, you can drop this report into Excel (via Export Button on the top of the report), and quickly sum the column.

Variations on the Theme
If you buy and sell a product, but you don't want to run inventory, you can tick the "This Item is Purchased for and sold to a specific Customer:Job" tickbox, and use the same item for purchasing and sales. This function is only available on QuickBooks Pro & above.

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