



## The QuickBooks™ Client Newsletter

Helping You Grow a Profitable Business with QuickBooks™ Software

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### Do You Need to Bundle Products in QuickBooks? Create Assemblies

*If you frequently sell multiple inventory items grouped together, you need to learn about QuickBooks' assemblies.*

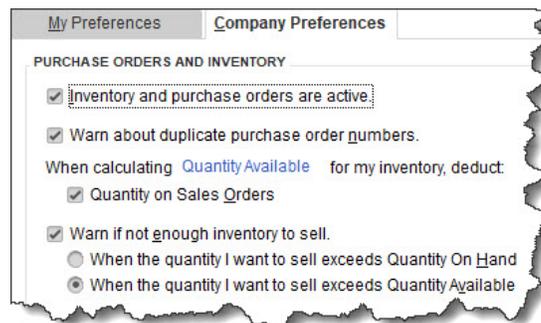
Let us say your company is a home improvement retail outlet, and one of the items you sell is doors. You might sell their parts individually—door frames, hinges, doorknobs, etc.—in case a customer needs to replace a piece. You may also want to sell all of the individual components as a kit and give your buyer a price break for purchasing them all together.

QuickBooks calls these *assemblies*; sometimes they are referred to as *kits*. Just as you would create an individual inventory part, you can group related parts together and create an item that you would sell as a package.

A couple of caveats here. You can only build assemblies in **QuickBooks Premier** and above. If you need this feature and are using QuickBooks Pro, talk to us about upgrading. Second, we know that not all of you are using the latest versions of the software. We will use **QuickBooks Premier 2018** in the examples here.

#### Under the Hood

Before you can start working with assemblies, check your QuickBooks settings to make sure they are correct. Open the **Edit menu** and select **Preferences**, then **Items & Inventory | Company Preferences**. Click the box in front of **Inventory and purchase orders** if it is not already checked. If you want QuickBooks to deduct the quantity of items that have already been entered on sales orders, check that box (we recommend this, so you're not selling items that have already been promised). Then make sure the button in front of **When the quantity I want to sell exceeds Quantity Available** is filled in, for the same reason.



*Before you start building assemblies, you'll need to make sure your **Company Preferences** are marked accordingly.*

## Creating an Assembly Item

Open the **Lists** menu and select **Item List**. Open the drop-down list under **Item** in the lower left corner and click **New**. In the window that opens, click the down arrow under **Type** and select **Inventory Assembly**. Enter an **Item Name/Number** in the corresponding field in the window that opens. Do not check the **Sub-item of** or the **I purchase this assembly item from a vendor** boxes, and ignore **Unit of Measure**.

Again, depending on the version of QuickBooks you're using, you may see different fields in the **Inventory Information** box at the bottom of this window. However, you should find some standard elements in this window no matter what QuickBooks version you have.

They include:

- **Cost.** How much does it cost you to purchase all of the parts for one assembly?
- **Sales Price.** What will you charge your customers per kit?
- **COGS Account.** "COGS" stands for Cost of Goods Sold. What account in the Chart of Accounts will you use to track the cost of producing your assemblies? Usually, the default one in QuickBooks is fine.
- **Income Account.** Which account tracks your sales of this assembly?
- **Bill of Materials (BOM).** This appears as a table in QuickBooks; it's a list of all the individual inventory parts that make up the kit, along with their **Cost** (to you), **QTY** (quantity required for each assembly), and the total **BOM Cost**.

ITEM	DESCRIPTION	TYPE	COST	QTY	U/M	TOTAL
Hardware:D...	Standard D...	Inv Part	15.00	2		30.00
Wood Door:I...	Interior woo...	Inv Part	35.00	1		35.00
Hardware:Br...	standard int...	Inv Part	3.00	4		12.00
Total Bill of Materials Cost						89.00

*Your **Bill of Materials Cost** is the total of all inventory items required to create an assembly.*

The **Inventory Information** box at the bottom of this window might contain fields for information like the **Asset Account**, quantity **On Hand**, and the number of items on purchase orders and sales orders. Once your inventory assembly is saved, it will reduce inventory **items**; however, the **assembly** will now appear in your **Item List**, thereby no change in inventory value.

When you need to create more kits, you will open the **Vendors** menu and select **Inventory Activities**, then **Build Assemblies**. You'll select the **Assembly Item** from the drop-down list in the upper left corner, which will open a list of the components needed and their quantity on hand. You'd enter the number of kits you want (the maximum possible appears below the table) and then click one of the **Build** buttons. The next time you look at the kit in your **Item List**, you'll see that its quantity has increased.

The concept of assemblies is easy to comprehend, however, if you have not worked with accounts and inventory much, you may find creating kits in QuickBooks to be a bit of a challenge. Inventory levels can be a

real problem if they get out of whack, and accounts must be assigned correctly to avoid inaccuracies in reports and taxes. We would be happy to work with you as you get started with this task.

We hope you find this QuickBooks tip helpful. Please visit our company website often <http://www.accountingconnections.org> as we update it constantly and it offers a wealth of tax and accounting

tips, along with links that will better serve your business needs. We archive our QuickBooks Tips newsletters on our website as well. They are printable PDFs for easy reference.

Accounting and Taxation is **our** business; making us a part of your team allows **you** to concentrate on **your** core business.



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