Inventory Item to Build

			*Oper Nbr	*Work Center	Oper Desc	*Setup Time	Run Units	*Run Time
Revision Two HQ ▾ Bill of Material								

BOM ID: 0000033 - Rack Mounted Server Star **Revision:** A ☑ Active
* Inventory ID: AMSERVER - Make to Order Server **Eff. Start Date:** 9/6/2018
* Warehouse: WHOLESALE - HQ Wholesale Warehou **Eff. End Date:** 6/6/2079
Description: Rack Mounted Server Standard Bill

			*Oper Nbr	*Work Center	Oper Desc	*Setup Time	Run Units	*Run Time
>			0010	WC10	Assembly	00:30	1.000000	01:00
			0020	WC100	Load OS, Configure and Test	00:15	1.000000	01:00

MATERIALS STEPS TOOLS OVERHEAD

REFERENCE DESIGNATORS RESET LINES

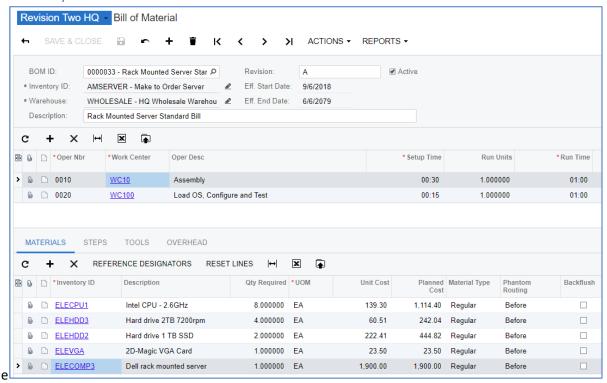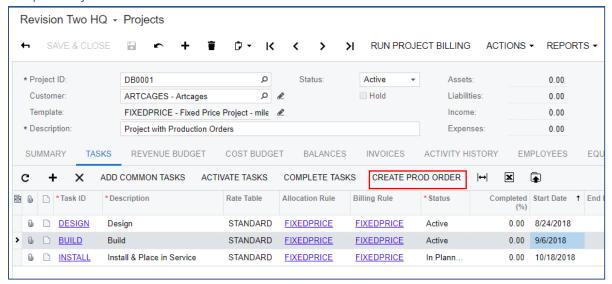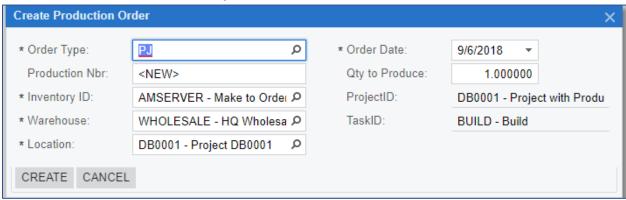|			*Inventory ID	Description	Qty Required	*UOM	Unit Cost	Planned Cost	Material Type	Phantom Routing	Backflush
			ELECPU1	Intel CPU - 2.6GHz	8.000000	EA	139.30	1,114.40	Regular	Before	☐
			ELEHDD3	Hard drive 2TB 7200rpm	4.000000	EA	60.51	242.04	Regular	Before	☐
			ELEHDD2	Hard drive 1 TB SSD	2.000000	EA	222.41	444.82	Regular	Before	☐
			ELEVGA	2D-Magic VGA Card	1.000000	EA	23.50	23.50	Regular	Before	☐
>			ELECOMP3	Dell rack mounted server	1.000000	EA	1,900.00	1,900.00	Regular	Before	☐

e

- All the inventory items are in non-project asset accounts.
- The finished item uses specific valuation and is serialized.

Simple Project

Revision Two HQ ▾ Projects

RUN PROJECT BILLING ACTIONS ▾ REPORTS ▾

* Project ID: DB0001 **Status:** Active ▾ **Assets:** 0.00
Customer: ARTCAGES - Artcages ☐ Hold **Liabilities:** 0.00
Template: FIXEDPRICE - Fixed Price Project - mile **Income:** 0.00
* Description: Project with Production Orders **Expenses:** 0.00

SUMMARY **TASKS** REVENUE BUDGET COST BUDGET BALANCES INVOICES ACTIVITY HISTORY EMPLOYEES EQU

ADD COMMON TASKS ACTIVATE TASKS COMPLETE TASKS **CREATE PROD ORDER**

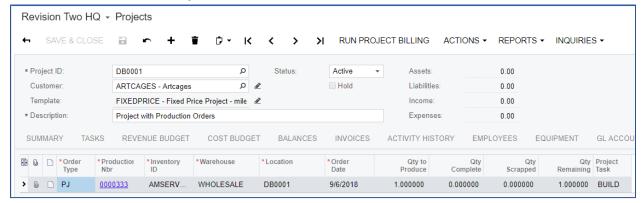|			*Task ID	*Description	Rate Table	Allocation Rule	Billing Rule	*Status	Completed (%)	Start Date ↑	End
			DESIGN	Design	STANDARD	FIXEDPRICE	FIXEDPRICE	Active	0.00	8/24/2018	
>			BUILD	Build	STANDARD	FIXEDPRICE	FIXEDPRICE	Active	0.00	9/6/2018	
			INSTALL	Install & Place in Service	STANDARD	FIXEDPRICE	FIXEDPRICE	In Plann…	0.00	10/18/2018	

- The Create Prod Order button can be used to create the production order for a task with a status of *In Planning* or *Active.*
- The Project status must be *Active*
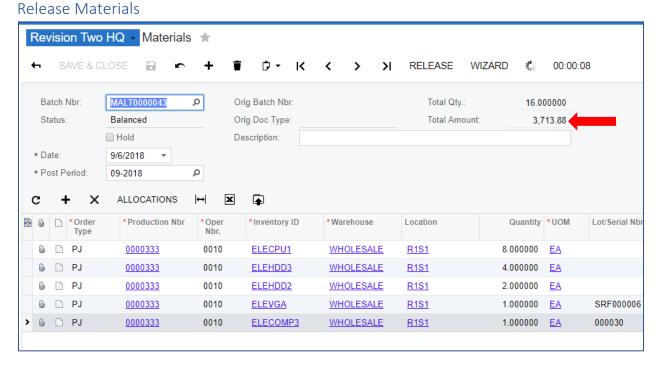
Create Production Order for Project Task

Create Production Order   ✕

* Order Type:	PJ 🔍
Production Nbr:	\<NEW\>
* Inventory ID:	AMSERVER - Make to Order 🔍
* Warehouse:	WHOLESALE - HQ Wholesa 🔍
* Location:	DB0001 - Project DB0001 🔍

* Order Date:	9/6/2018 ▾
Qty to Produce:	1.000000
ProjectID:	DB0001 - Project with Produ
TaskID:	BUILD - Build

CREATE   CANCEL

Production Orders for Projects

Revision Two HQ ▾ Projects

← SAVE & CLOSE 🖫 ↶ + 🗑 ⬗▾ I< < > >I   RUN PROJECT BILLING   ACTIONS ▾ REPORTS ▾ INQUIRIES ▾

* Project ID:	DB0001 🔍	Status:	Active ▾
Customer:	ARTCAGES - Artcages 🔍 ✎	☐ Hold	
Template:	FIXEDPRICE - Fixed Price Project - mile ✎		
* Description:	Project with Production Orders		

Assets:	0.00
Liabilities:	0.00
Income:	0.00
Expenses:	0.00

SUMMARY   TASKS   REVENUE BUDGET   COST BUDGET   BALANCES   INVOICES   ACTIVITY HISTORY   EMPLOYEES   EQUIPMENT   GL ACCOU

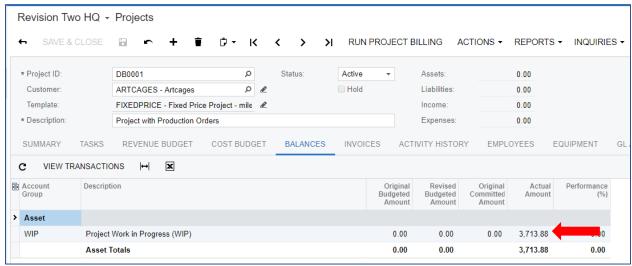|			* Order Type	* Production Nbr	* Inventory ID	* Warehouse	* Location	* Order Date	Qty to Produce	Qty Complete	Qty Scrapped	Qty Remaining	Project Task
>	🔗	🗋	PJ	0000333	AMSERV...	WHOLESALE	DB0001	9/6/2018	1.000000	0.000000	0.000000	1.000000	BUILD

The example below uses a work in process asset account linked to the **WIP** account group for production orders which is the normal setup for manufacturing. The production order is posted with all the expenses incurred (material, labor, overhead, etc.). The receipt of the completed item relieves the work in process of the expenses and debits the inventory account linked to the **INVENTORY** account. The project gets posted to the Inventory account group.

Example 1 – Using an Asset Account for Processing Production Orders

Release Materials

Revision Two HQ ▾ Materials ☆								
← SAVE & CLOSE 🖫 ↶ + 🗑 🗋▾ K ‹ › ›| RELEASE WIZARD							00:00:08	

Batch Nbr: **MALT0000043** 🔍 Orig Batch Nbr: Total Qty.: 16.000000
Status: **Balanced** Orig Doc Type: Total Amount: 3,713.88 ⬅
☐ Hold Description:
* Date: 9/6/2018 ▾
* Post Period: 09-2018 🔍

🔲 📎 🗋	* Order Type	* Production Nbr	* Oper Nbr.	* Inventory ID	* Warehouse	Location	Quantity	* UOM	Lot/Serial Nbr
📎 🗋	PJ	0000333	0010	ELECPU1	WHOLESALE	R1S1	8.000000	EA	
📎 🗋	PJ	0000333	0010	ELEHDD3	WHOLESALE	R1S1	4.000000	EA	
📎 🗋	PJ	0000333	0010	ELEHDD2	WHOLESALE	R1S1	2.000000	EA	
📎 🗋	PJ	0000333	0010	ELEVGA	WHOLESALE	R1S1	1.000000	EA	SRF000006
› 📎 🗋	PJ	0000333	0010	ELECOMP3	WHOLESALE	R1S1	1.000000	EA	000030

- Production Order must be *Released*
- Project Task must be *Active*

Project Accounting for Material Issues

Revision Two HQ ▾ Projects						
← SAVE & CLOSE 🖫 ↶ + 🗑 🗋▾ K ‹ › ›| RUN PROJECT BILLING ACTIONS ▾ REPORTS ▾ INQUIRIES ▾						

* Project ID: DB0001 🔍 Status: Active ▾ Assets: 0.00
Customer: ARTCAGES - Artcages 🔍 ✎ ☐ Hold Liabilities: 0.00
Template: FIXEDPRICE - Fixed Price Project - mile ✎ Income: 0.00
* Description: Project with Production Orders Expenses: 0.00

SUMMARY TASKS REVENUE BUDGET COST BUDGET **BALANCES** INVOICES ACTIVITY HISTORY EMPLOYEES EQUIPMENT GL

C VIEW TRANSACTIONS ↦\| ☒

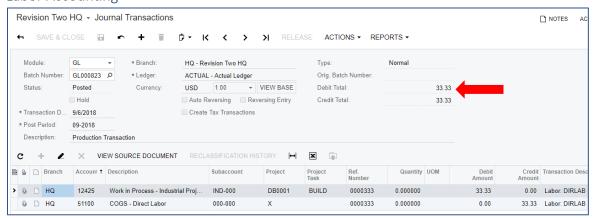| 🔲	Account Group	Description	Original Budgeted Amount	Revised Budgeted Amount	Original Committed Amount	Actual Amount	Performance (%)
›	**Asset**						
	WIP	Project Work in Progress (WIP)	0.00	0.00	0.00	3,713.88 ⬅	0.00
		Asset Totals	0.00	0.00		3,713.88	0.00

- The project value of the inventory issues to the production order ($3,713.88) debited the production order work in process account and posted the amount to the project task.
- The work in process GL account specifies the account group. In this example the work in process account is an asset account which is typical.
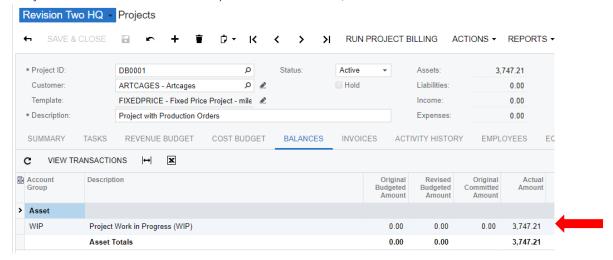
Report Operations
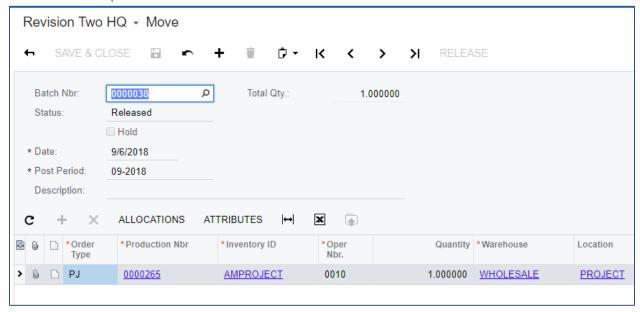
Labor

Labor Accounting

- Only the debits to the work in process account are posted to the project
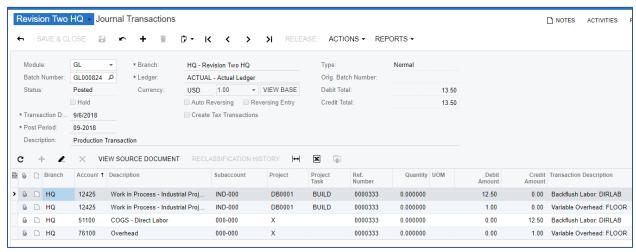
Project Task Actuals Increased by Labor amount of $33.33

- The sum of the production order *WIP Totals* will equal the account group *Actual Amount*.

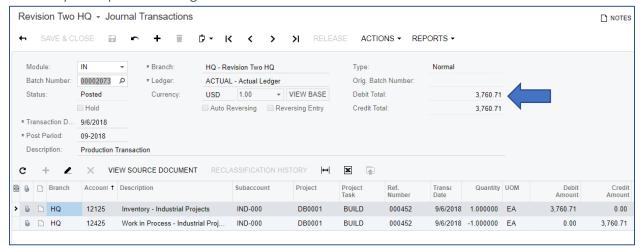## Move for Last Operation

- An inventory receipt is created
- A Journal Transaction for Labor, Overhead, and other costs is created.
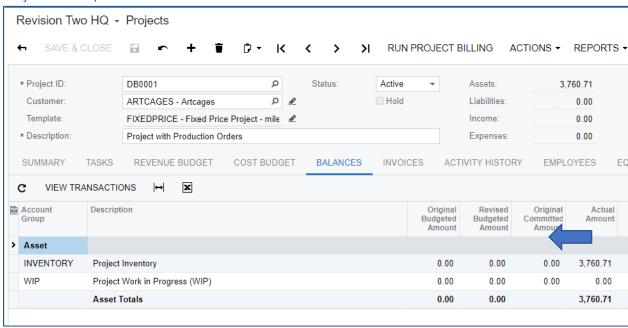
Labor and other costs

- Only the transactions that update the production order work in process account are posted to the project.
- A Move transaction creates a Cost Transaction that in turn creates the Journal Transactions.

Inventory Receipt Accounting

Revision Two HQ ▾ Journal Transactions · NOTES

	Branch	Account ↑	Description	Subaccount	Project	Project Task	Ref. Number	Transa Date	Quantity	UOM	Debit Amount	Credit Amount
>	HQ	12125	Inventory - Industrial Projects	IND-000	DB0001	BUILD	000452	9/6/2018	1.000000	EA	3,760.71	0.00
	HQ	12425	Work in Process - Industrial Proj...	IND-000	DB0001	BUILD	000452	9/6/2018	-1.000000	EA	0.00	3,760.71

Module: IN * Branch: HQ - Revision Two HQ Type: Normal
Batch Number: 00002073 * Ledger: ACTUAL - Actual Ledger Orig. Batch Number:
Status: Posted Currency: USD 1.00 VIEW BASE Debit Total: 3,760.71
☐ Hold ☐ Auto Reversing ☐ Reversing Entry Credit Total: 3,760.71
* Transaction D... 9/6/2018
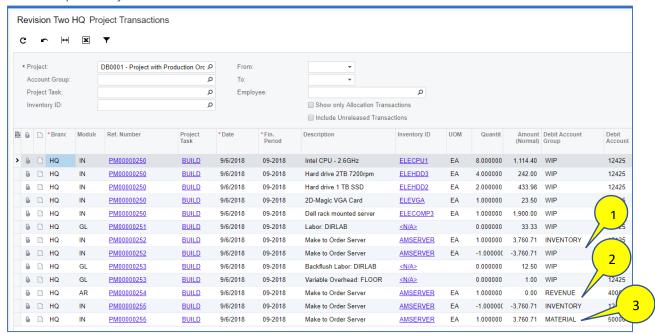* Post Period: 09-2018
Description: Production Transaction

- The work in process account for the production order is credited
- Because the stock item is assigned to a project asset account the project will be debited.

Project Task Updated

Revision Two HQ ▾ Projects

* Project ID: DB0001 Status: Active ▾ Assets: 3,760.71
Customer: ARTCAGES - Artcages ☐ Hold Liabilities: 0.00
Template: FIXEDPRICE - Fixed Price Project - mile Income: 0.00
* Description: Project with Production Orders Expenses: 0.00

SUMMARY TASKS REVENUE BUDGET COST BUDGET **BALANCES** INVOICES ACTIVITY HISTORY EMPLOYEES EQ

	Account Group	Description	Original Budgeted Amount	Revised Budgeted Amount	Original Committed Amount	Actual Amount
>	**Asset**					
	INVENTORY	Project Inventory	0.00	0.00	0.00	3,760.71
	WIP	Project Work in Progress (WIP)	0.00	0.00	0.00	0.00
		Asset Totals	0.00	0.00		3,760.71

- The receipt into inventory moves the cost form work in process to inventory. The inventory account for the finished item is in the group INVENTORY.
- Shipping the item on a sales order will move the inventory balance to the account groups associated with revenue and cost of goods sold.
- You can invoice at zero price if you are going to bill entirely through the project.

Summary of Project Transactions

Revision Two HQ Project Transactions

* Project: DB0001 - Project with Production Orc
Account Group:
Project Task:
Inventory ID:

From:
To:
Employee:
☐ Show only Allocation Transactions
☐ Include Unreleased Transactions

			*Branc	Module	Ref. Number	Project Task	*Date	*Fin. Period	Description	Inventory ID	UOM	Quantit	Amount (Normal)	Debit Account Group	Debit Account
>			HQ	IN	PM00000250	BUILD	9/6/2018	09-2018	Intel CPU - 2.6GHz	ELECPU1	EA	8.000000	1,114.40	WIP	12425
			HQ	IN	PM00000250	BUILD	9/6/2018	09-2018	Hard drive 2TB 7200rpm	ELEHDD3	EA	4.000000	242.00	WIP	12425
			HQ	IN	PM00000250	BUILD	9/6/2018	09-2018	Hard drive 1 TB SSD	ELEHDD2	EA	2.000000	433.98	WIP	12425
			HQ	IN	PM00000250	BUILD	9/6/2018	09-2018	2D-Magic VGA Card	ELEVGA	EA	1.000000	23.50	WIP	
			HQ	IN	PM00000250	BUILD	9/6/2018	09-2018	Dell rack mounted server	ELECOMP3	EA	1.000000	1,900.00	WIP	
			HQ	GL	PM00000251	BUILD	9/6/2018	09-2018	Labor: DIRLAB	<N/A>		0.000000	33.33	WIP	
			HQ	IN	PM00000252	BUILD	9/6/2018	09-2018	Make to Order Server	AMSERVER	EA	1.000000	3,760.71	INVENTORY	
			HQ	IN	PM00000252	BUILD	9/6/2018	09-2018	Make to Order Server	AMSERVER	EA	-1.000000	-3,760.71	WIP	
			HQ	GL	PM00000253	BUILD	9/6/2018	09-2018	Backflush Labor: DIRLAB	<N/A>		0.000000	12.50	WIP	
			HQ	GL	PM00000253	BUILD	9/6/2018	09-2018	Variable Overhead: FLOOR	<N/A>		0.000000	1.00	WIP	12425
			HQ	AR	PM00000254	BUILD	9/6/2018	09-2018	Make to Order Server	AMSERVER	EA	1.000000	0.00	REVENUE	400
			HQ	IN	PM00000255	BUILD	9/6/2018	09-2018	Make to Order Server	AMSERVER	EA	-1.000000	-3,760.71	INVENTORY	12
			HQ	IN	PM00000255	BUILD	9/6/2018	09-2018	Make to Order Server	AMSERVER	EA	1.000000	3,760.71	MATERIAL	5000

1. The receipt from the production order debited the INVENTORY group because that was the group assigned to the item's inventory account and credited the WIP group.
2. The release of a sales invoice, at zero cost, debited the REVENUE group and credited the INVENTORY group.
3. The invoice debited the MATERIAL group because that was the group assigned to the Cost of Goods sold account.