quickbooks CONNECT

Using QuickBooks Online payroll to establish more accurate job margins

Diane Lucas

Take a few moments to CONNECT with your neighbour

Today's speaker

Diane Lucas

Direct Management

@DianeLucasAU @DirectMAU

My passion is helping business owners maximise the potential of their business.

intuit quickbooks.
CONNECT

Agenda

Why are you here today?

What is job costing?

Show me!

@DianeLucasAU   @DirectMAU   @BookieandBeano   #QBConnect

What is job costing?

"

The identification and collection, in a systematic way, of all cost components required to deliver a job which in turn enables accurate profitability management
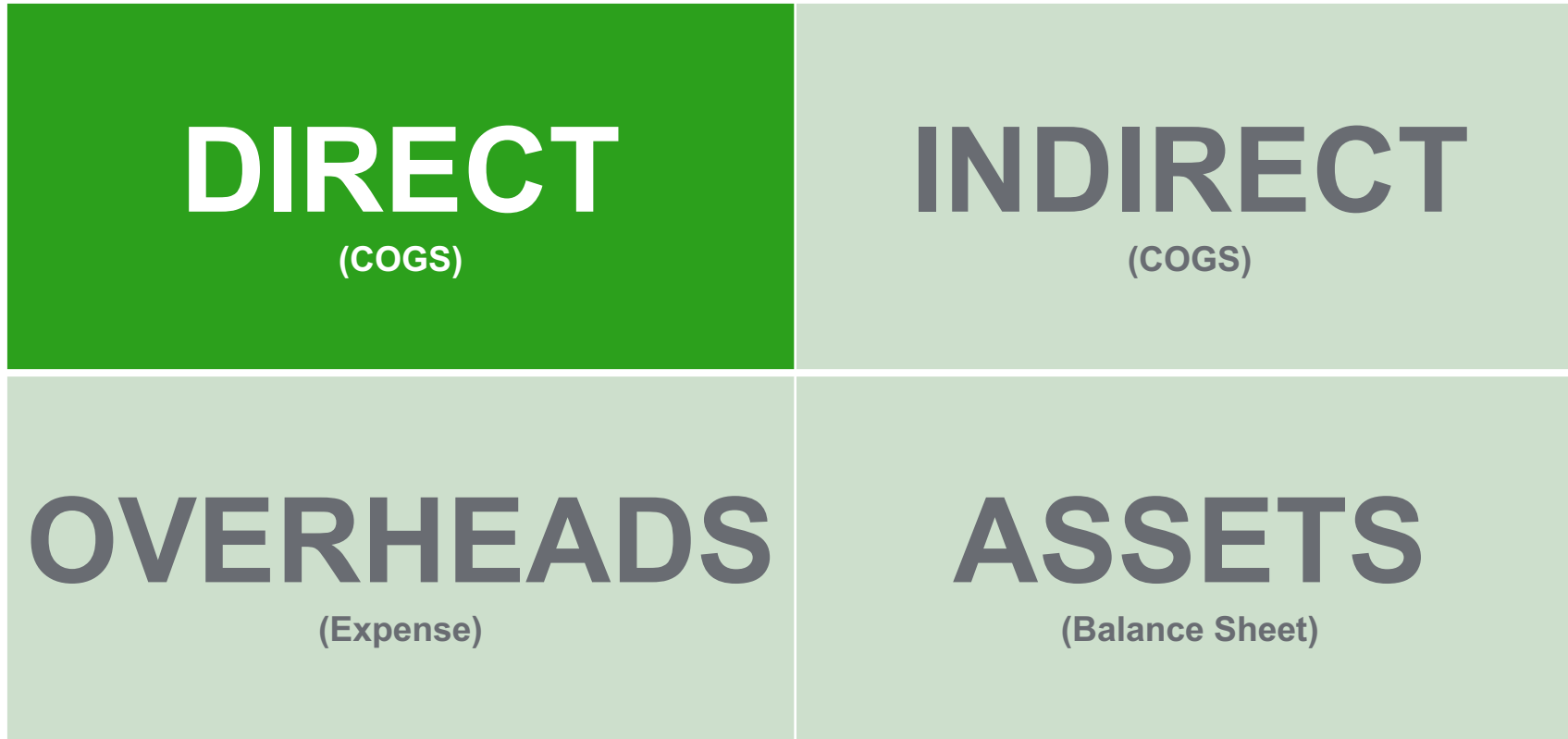
Diane Lucas

Does job costing apply to all industries?

Job costing can be used in virtually any industry (mainly service and manufacturing industries) to ensure that the product pricing covers actual costs, overheads and provides a profit.

The purpose of any business is to make money, **and accurate job costing is the most effective way to ensure that occurs.**

intuit quickbooks.
CONNECT

What is included in job costing?

DIRECT (COGS)	**INDIRECT** (COGS)
OVERHEADS (Expense)	**ASSETS** (Balance Sheet)

* Failure to take into account all costs can mean the difference between showing a profit or a loss.

@DianeLucasAU   @DirectMAU   @BookieandBeano   #QBConnect

intuit quickbooks
CONNECT

What is included in job costing?

$$\text{Predetermined cost rate*} = \frac{\text{Estimated expenses (indirect costs \& overheads)}}{\text{Estimated direct labour hours}}$$

*$x.xx of cost rate applies to EACH hour of Direct Labour hours worked on the job

@DianeLucasAU   @DirectMAU   @BookieandBeano   #QBConnect

intuit quickbooks.
CONNECT

What is included in job costing?

Total Job Cost =
Direct Materials + Direct Labour + Applied Cost

$1800 + ($30 X 45 hours) + ($5 X 45 hours)

intuit quickbooks
CONNECT

What is included in job costing?

How do I capture all of this?

- **Projects / Sub-customers** – who we are doing the work for

- **Locations** – the people allocated to completing the work

- **Classes** (optional) – the divisions, cost centres, job type

@DianeLucasAU   @DirectMAU   @BookieandBeano   #QBConnect

How do I capture all of this?

DIRECT COSTS

    DIRECT LABOUR COSTS (Those on the tools)

        Payroll Tax Direct

        Super Direct

        Wages Direct

INDIRECT COSTS

    DIRECT NOT RECOVERED (RDO, leave, bonus etc.)

        Payroll Tax not recovered

        Super not recovered

        Wages not recovered

    INDIRECT WAGES (Sales Reps)

        Payroll Tax Indirect

        Super Indirect

        Wages Indirect

Show me!

Run sheet for implementation

Runsheet for implementation – Set up

Company Settings - turn on for
- Projects
- Location & Classes (optional)
- Billable expenses (optional) – for on charging
- Time tracking (optional) – not required if Supplier Bills entered

Chart of Accounts QuickBooks (as per slide 13)

Employee Centre
- Chart of Accounts KeyPay
  — Import Accounts – select accounts as per QuickBooks new Payroll type accounts
  — Default Accounts – Specify Direct wage type accounts as Default
  — Split by Location – Expense Accounts
  — Pay Categories – specify relevant Expense Account to specific Pay Category, Split by Location
  — Location Specific Accounts – set up for Admin and Indirect Wage – Default and Pay Category Accounts
- Locations – Direct, Indirect, Admin
  — Job Names (Under Direct), linked back to QuickBooks Online Location>Direct
  — Mark as available to all employees

intuit quickbooks.
CONNECT

Runsheet for implementation – Set up (cont)

- Pay Categories
  - Create separate pay categories for - Direct, Indirect, Admin
  - Additional categories for RDO, Allowances, etc

Employee Name

- Pay Run Defaults
  - Primary Location - Direct, Indirect, Admin

@DianeLucasAU   @DirectMAU   @BookieandBeano   #QBConnect

Runsheet for implementation - Processing

Payrun processing

- Option 1. Modify employee hours against Location>Job selection

- Option 2. Import timesheets that are job specific

Finalise payrun

Locate payrun journal

- Update journal with Job in the Name column

  — All Direct wage categories

  — Direct Superannuation categories

  — Review other pay lines for correct Location allocation

@DianeLucasAU   @DirectMAU   @BookieandBeano   #QBConnect

Runsheet for implementation – Wage finalisation

(EOM process)

Report – QuickBooks

- Profit & Loss by Location

Report – KeyPay (for comparative purposes)

- Detailed Activity Report

Wage Reallocation – (review P&L by Location)

- Superannuation – Not specified Location>Super Not recovered account

- Superannuation – Not specified Location>Direct Location

- Wages not Recovered (Leave RDO, Bonus etc) – Not specified Location>Direct Location

@DianeLucasAU   @DirectMAU   @BookieandBeano   #QBConnect

Runsheet for implementation – Reporting

Reporting

- Projects
  - Project Reports
- Sub-Customer
  - Profit & Loss by Customer - Customise
  - Profit & Loss by Location - Customise
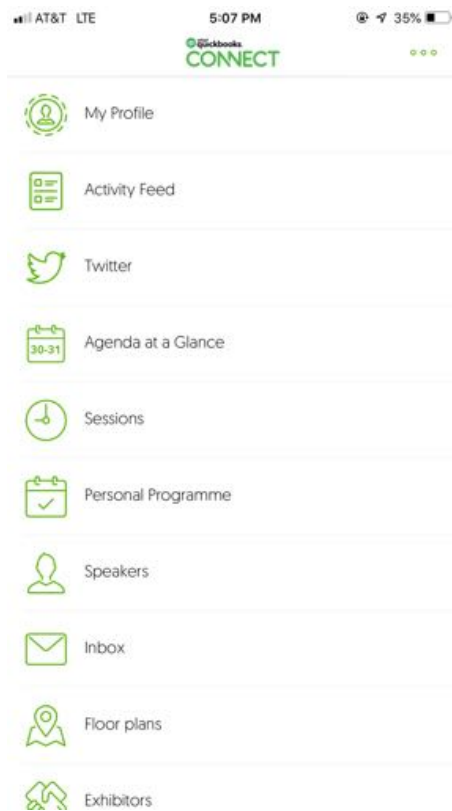 - Profit & Loss by Class – Customise

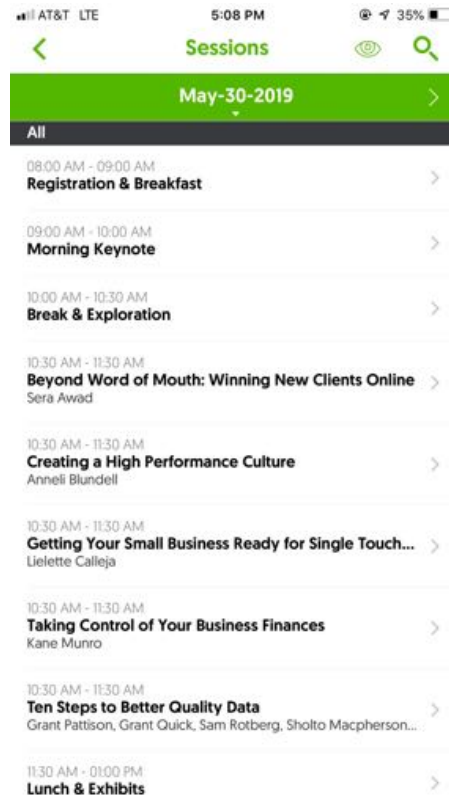@DianeLucasAU   @DirectMAU   @BookieandBeano   #QBConnect

Questions?

Rate this Session on the QuickBooks Connect Mobile App

Provide feedback to help us design content for future events

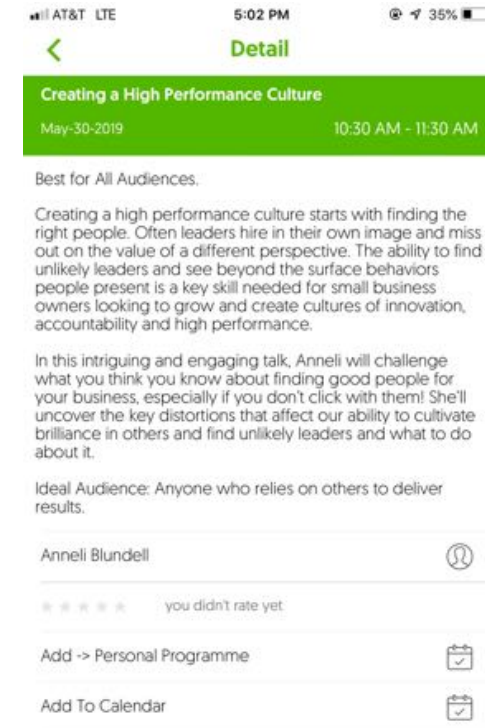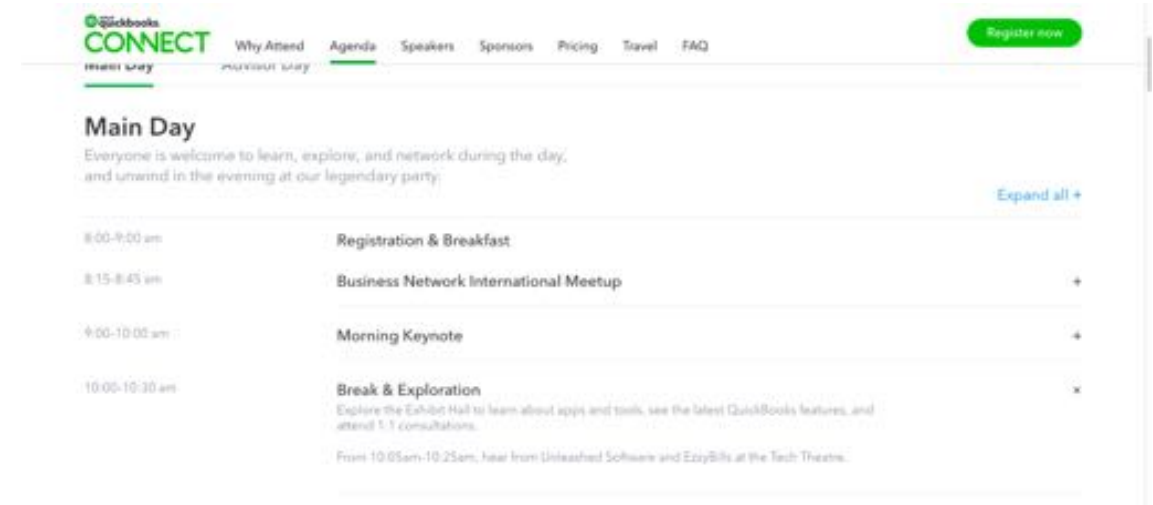### 1. Select **Sessions**

2. Select **Title**

3. Add **Rating and Comments**

Material Download

1. Find the session on the agenda

2. Select + for more information

3. Download PDF of slides and/or supplemental material

https://au.quickbooksconnect.com/agenda/