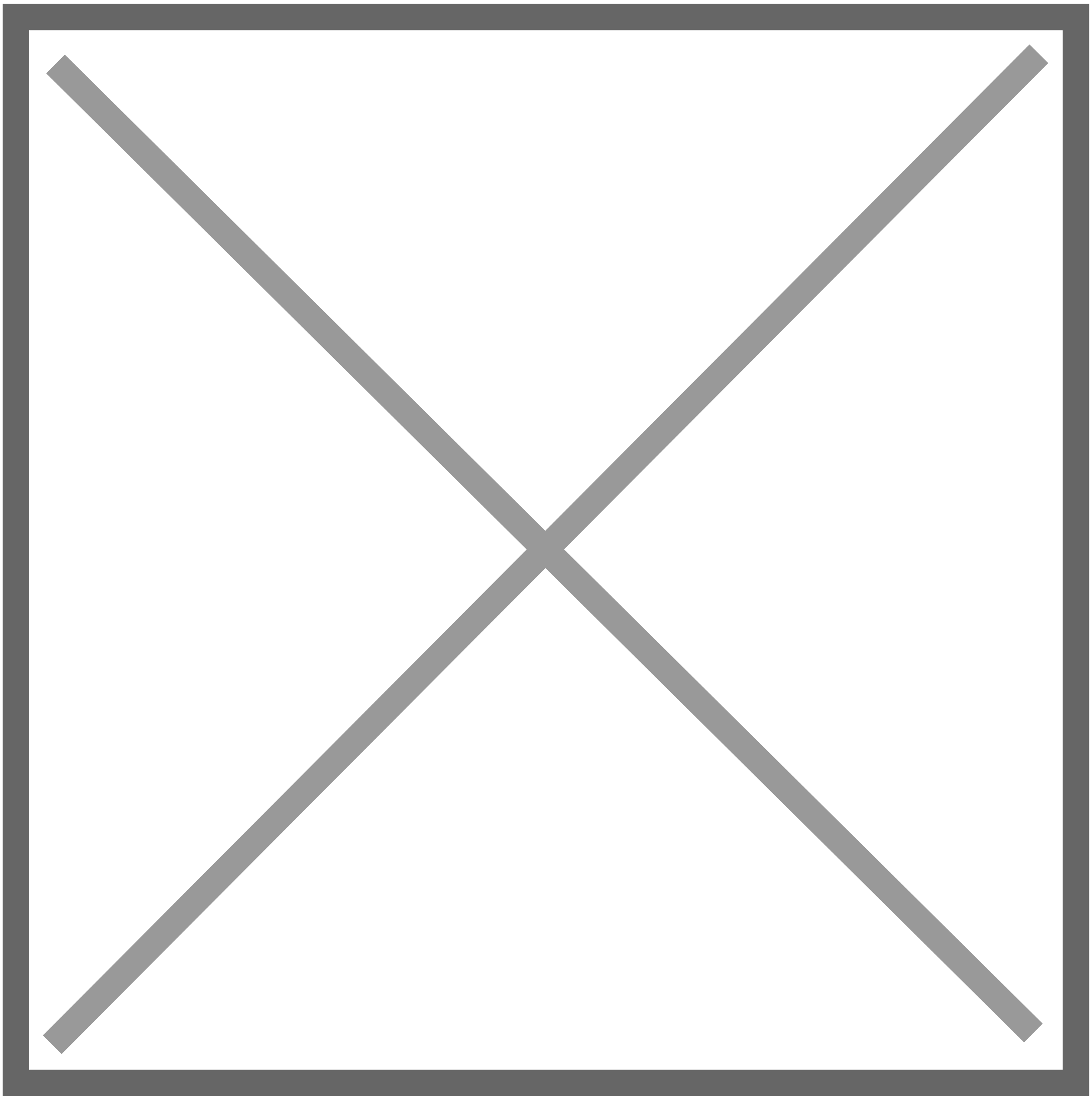
# Job Costing stock write off and Gain and Loss balance

## Stock Write-Off & GL Allocation

When closing a job and writing off stock, the associated cost must be correctly allocated in the General Ledger (GL).

To ensure accurate financial reporting, the write-off should be posted to the **Cost of Sales** account using the GL code:
**“Job Costing Stock Write Off.”**

This ensures that any unrecovered stock used on the job is properly accounted for as a cost to the business.



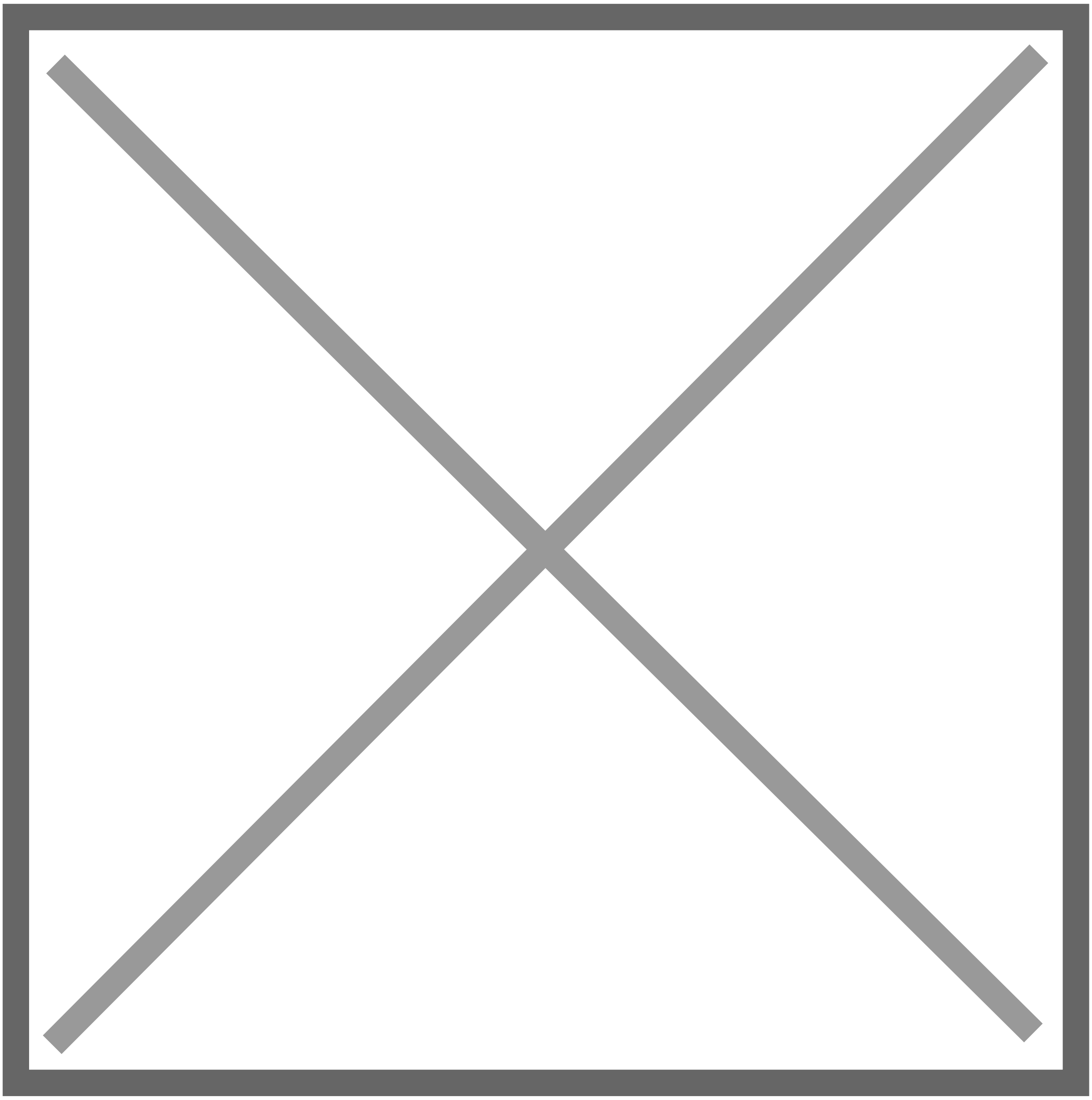
## Setup a new GL link and GL Link setup

To correctly account for stock written off during job closure, a dedicated GL link must be configured.

- **GL Link Code:** `JOBSTKWRITEOFF`
- **Description:** *Job Costing Stock Write-Off*

This link should be assigned to the appropriate **Cost of Sales** account in the General Ledger.

Setting this up ensures that any stock written off is accurately recorded as a cost to the business, maintaining correct financial reporting and audit tracking.

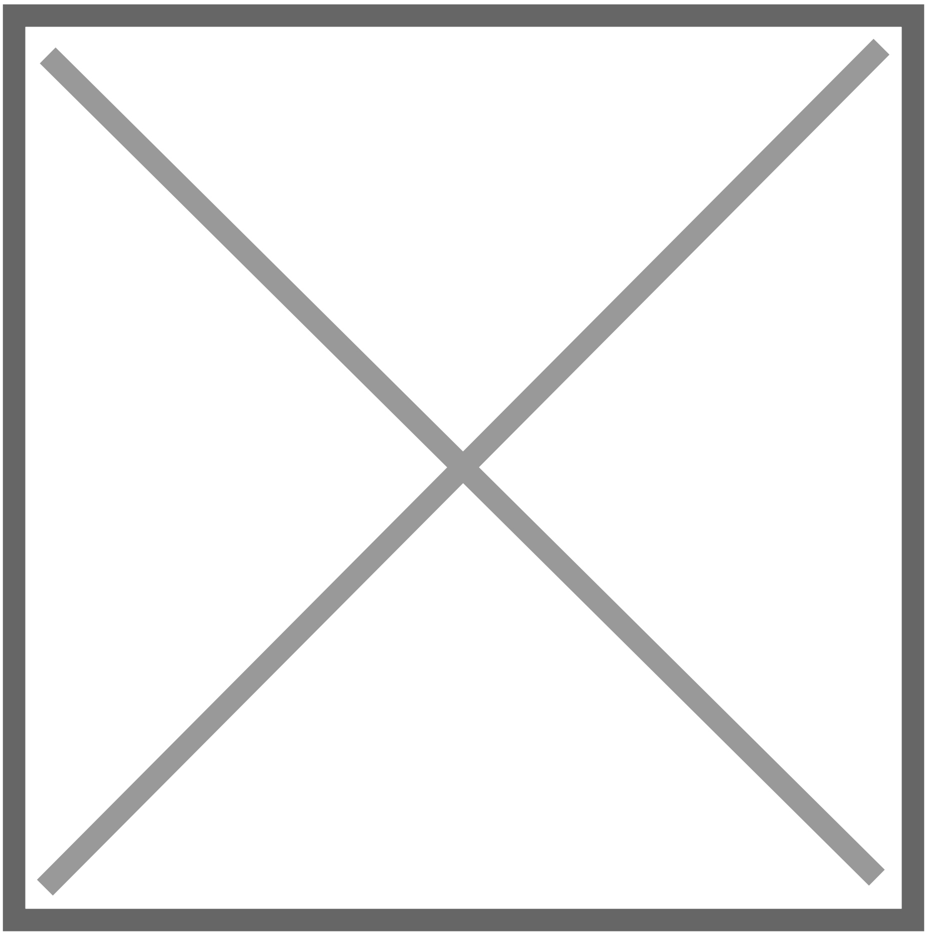


## Group Link

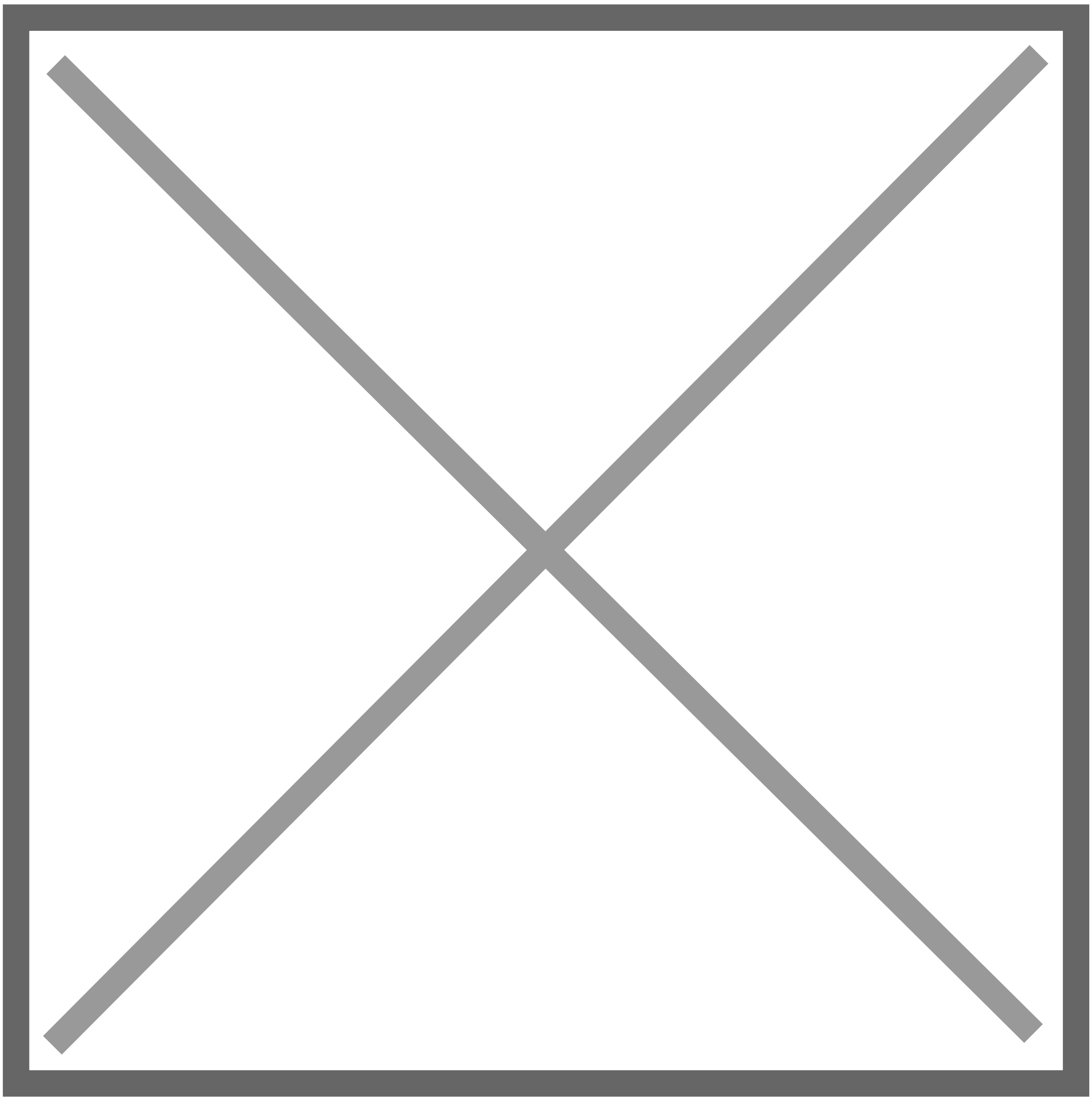
A Group Link must be created to support stock write-offs during job closure.

- **Document Type:** *Job Close Stock Write Off*
- **Code:** `JOBWRITEOFF`
- **Description:** *Job Costing Stock Write Off*

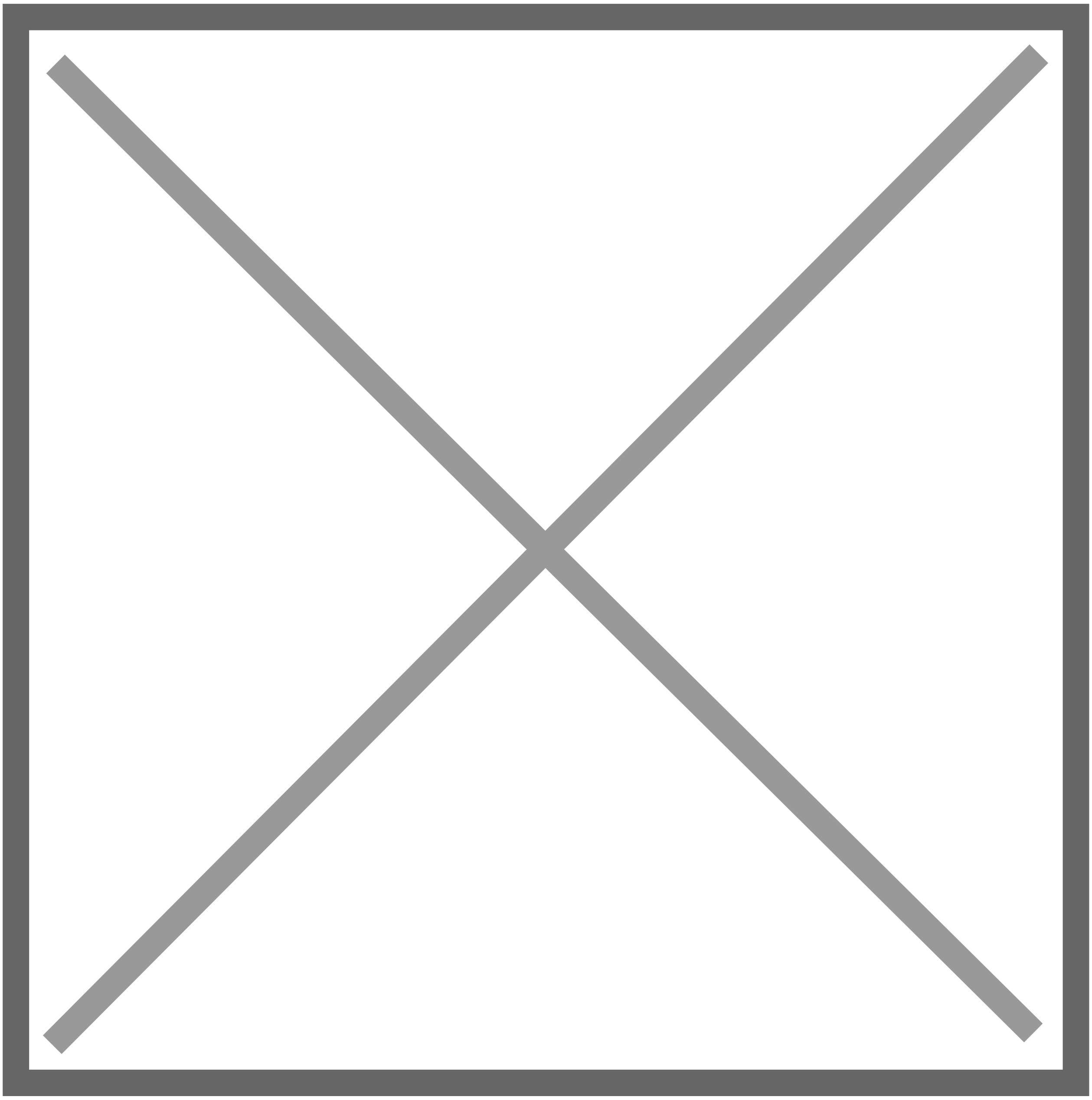
This setup ensures that when stock is written off during job closure, the transaction is correctly recorded and linked to the appropriate GL account for accurate costing and reporting.



**Link GL Links**



### Create Link under SCM

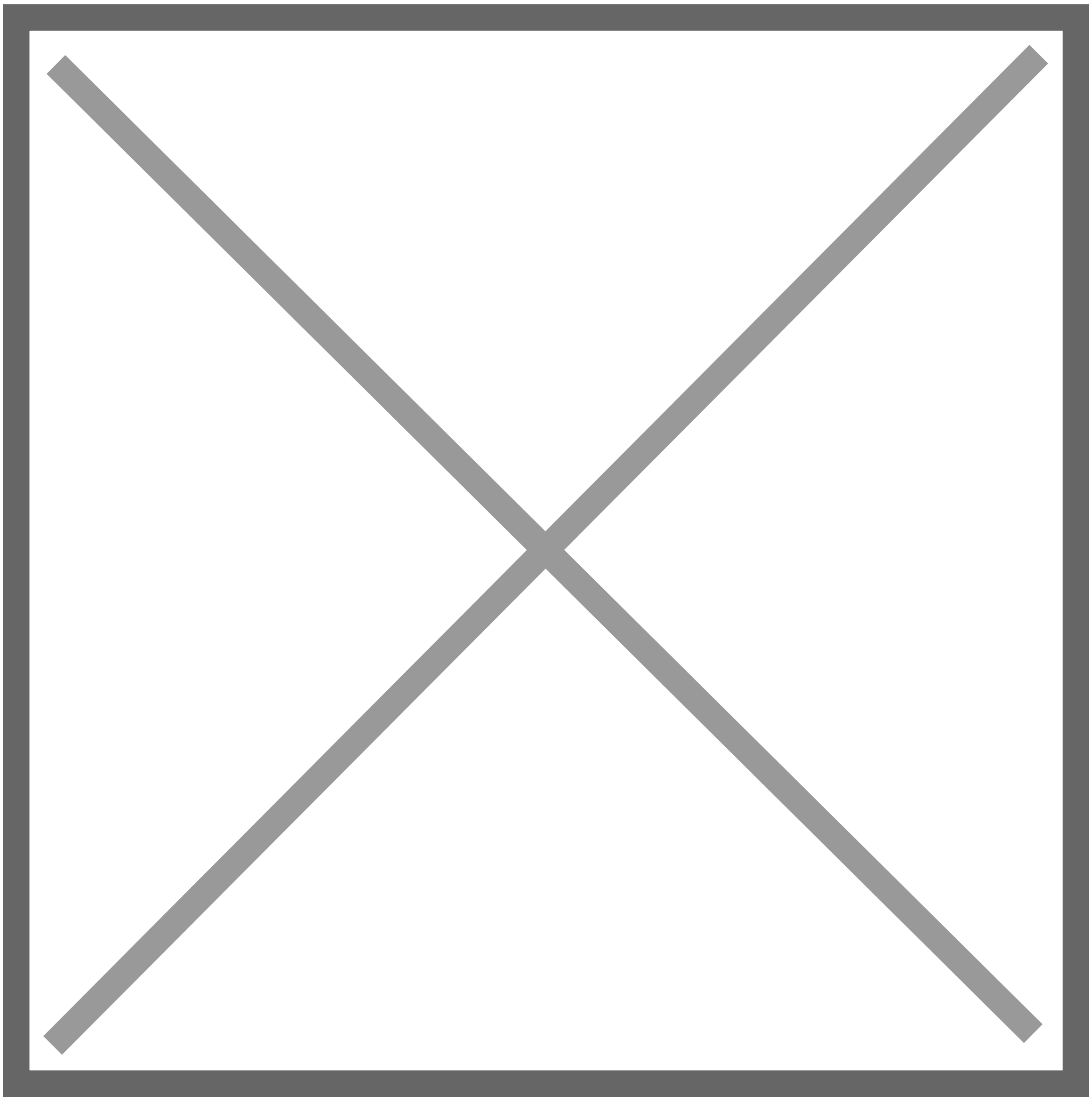


## Job Close & Stock Write-Off Process

When closing a job and processing the final invoice, any stock write-offs must be recorded using the newly created GL link.

- Continue to use the **Stock Journal Adjustment** process
- However, ensure the GL link **JOBSTKWRITEOFF (Job Costing Stock Write Off)** is selected

This ensures that any unrecovered stock from the job is correctly posted to the **Cost of Sales**, maintaining accurate financial reporting and job costing.



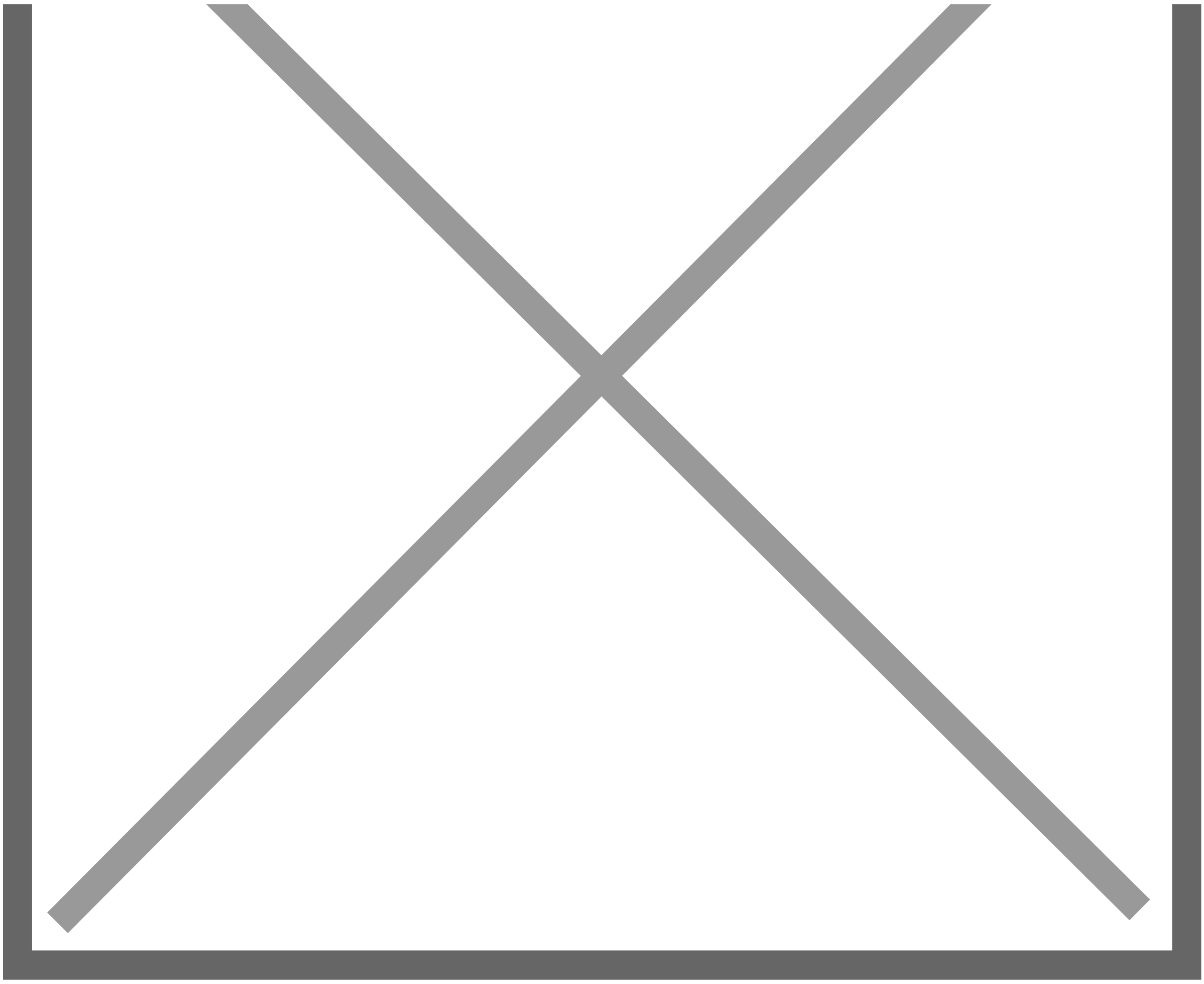
## Percentage Invoice – WIP Correction

This process applies specifically to **final percentage-based job invoices**.

It is used to correct any variance between the **Work in Progress (WIP) Ledger account** and the **stock write-off value** when completing a job. These differences can occur due to timing, usage, or costing variations throughout the job lifecycle.

To support this correction, a **new GL account** must be set up and used during the final invoicing stage. This ensures that:

- WIP balances are cleared correctly
- Stock write-offs are accurately reflected
- Financial reporting remains balanced and accurate



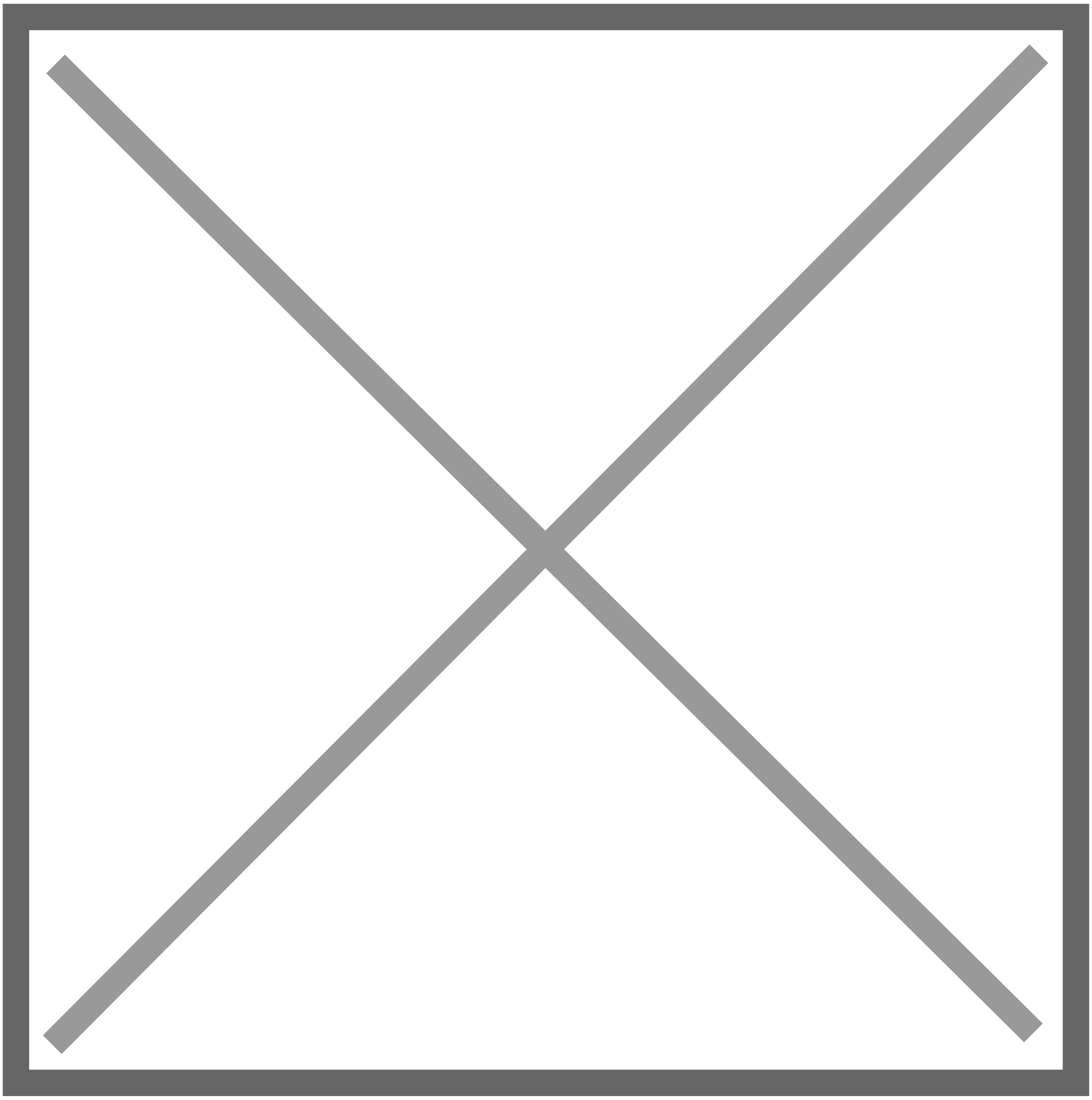
## GL Link Setup – Job Gain / Loss

To manage any differences identified during final job invoicing, a new GL link must be created.

- **GL Link Code:** `JOBGAINLOSS`
- **Description:** *Job Costing Gain or Loss*

This link is used to account for any variance between expected and actual job costs (gain or loss), ensuring these differences are accurately recorded in the General Ledger.

This helps maintain clean financial reporting and proper reconciliation when closing jobs.



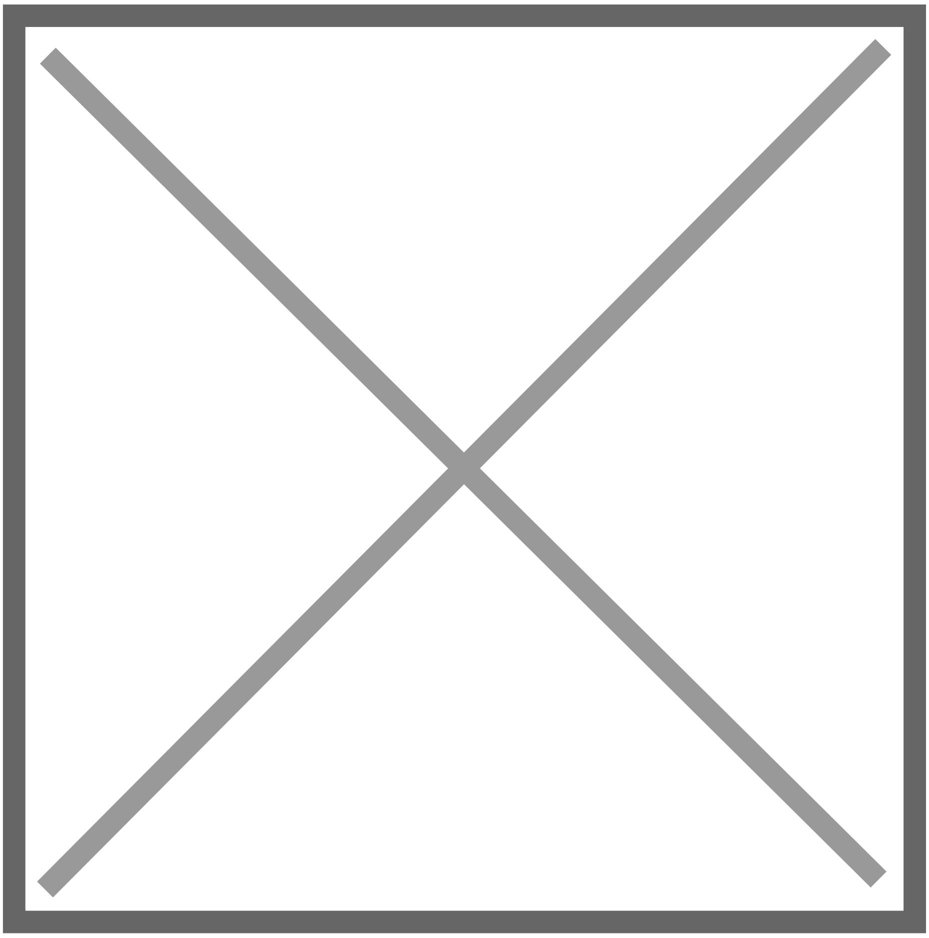
## GL Link Group – Job WIP Correction

A new **Document Type** must be created to support WIP corrections during job finalisation.

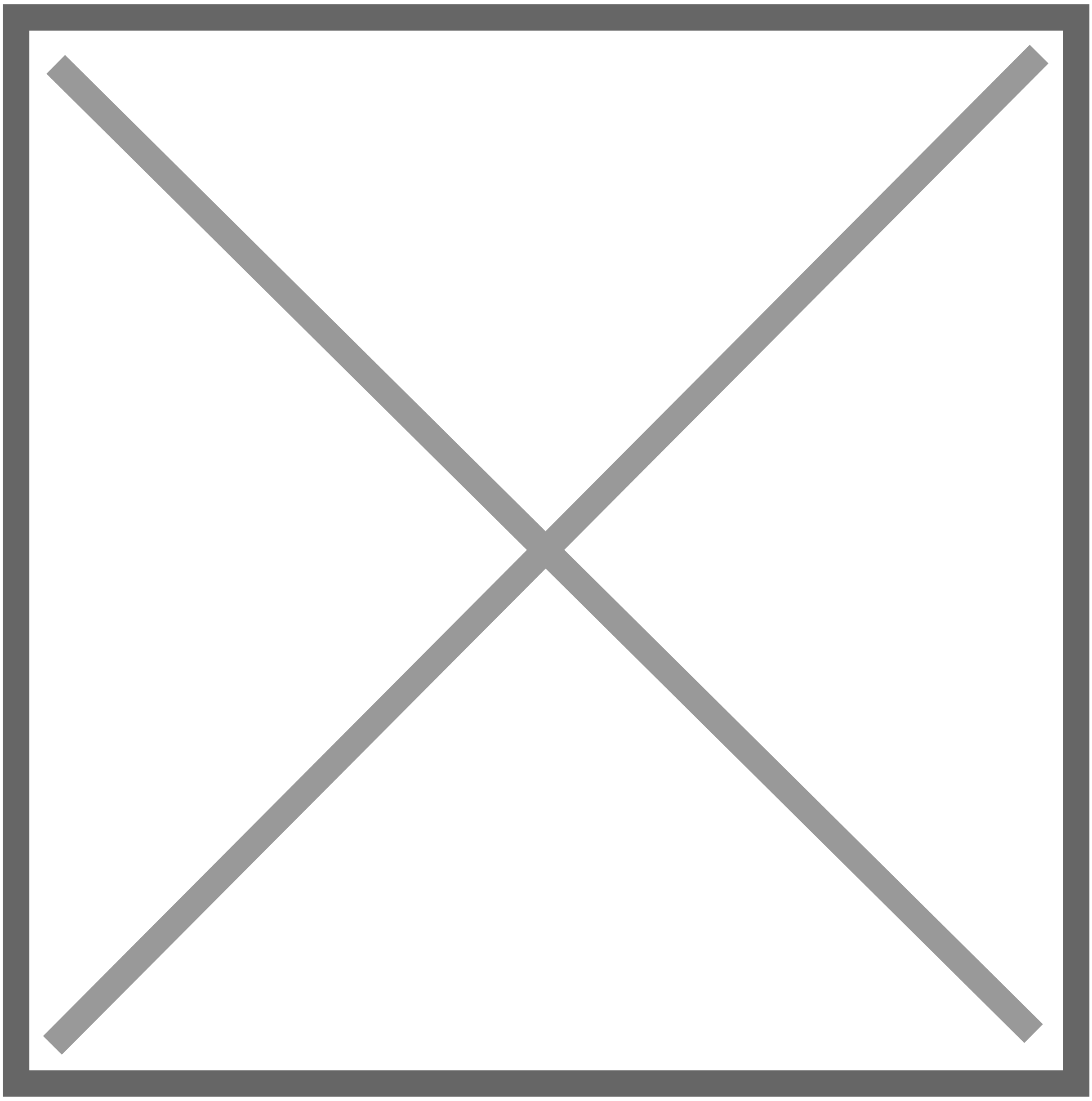
- **Document Type:** *Job WIP Correction*

This document type is used to group and process adjustments required to correct differences between **Work in Progress (WIP)** and actual job costs when completing percentage-based jobs.

It ensures all WIP correction entries are clearly recorded, tracked, and linked to the appropriate GL accounts for accurate financial reporting.



**GL Link**



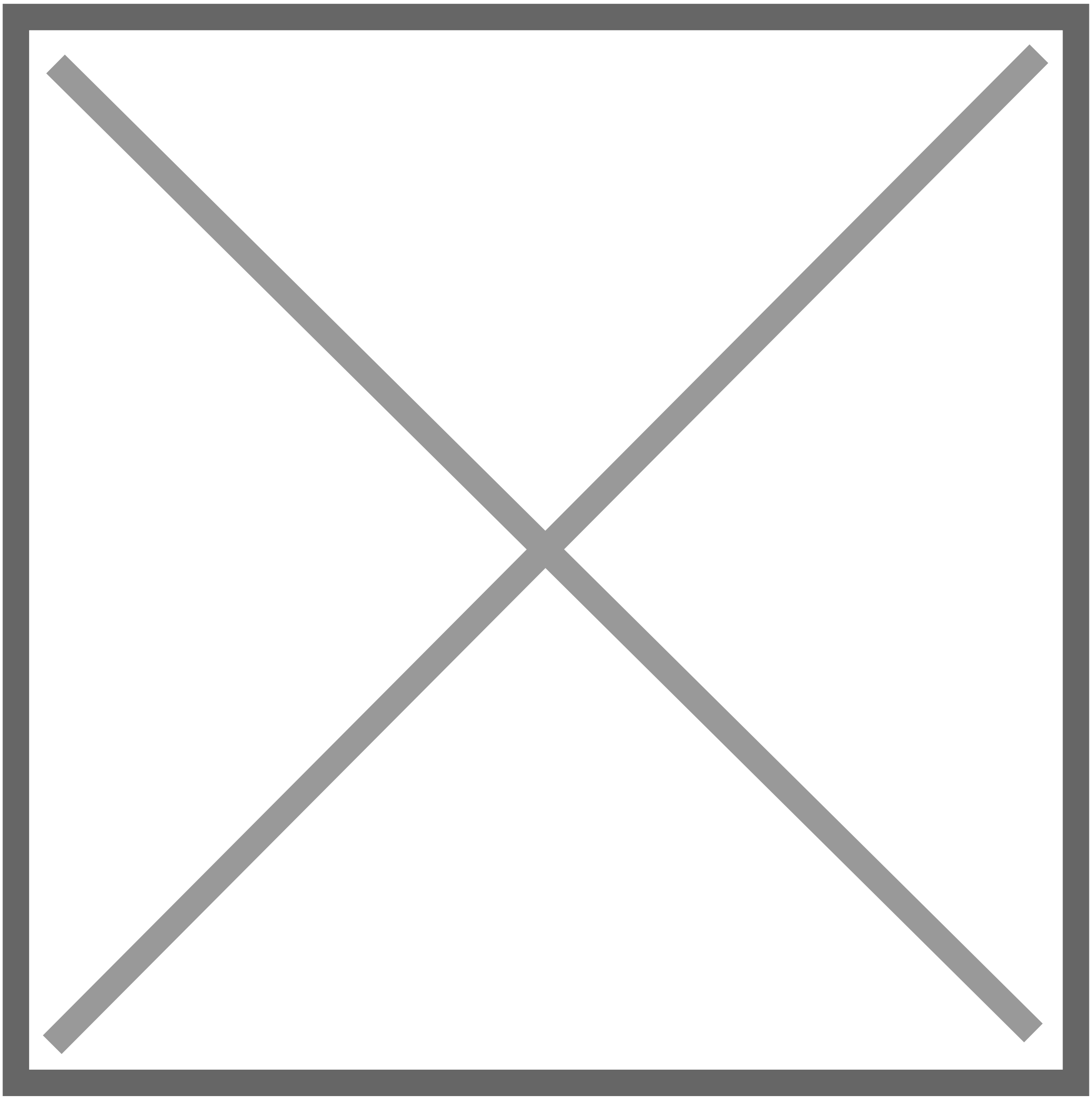
## GL Link SCM Setup – Job WIP Correction

A new GL link must be created within the **SCM (Supply Chain Management) setup** to support WIP corrections during job finalisation.

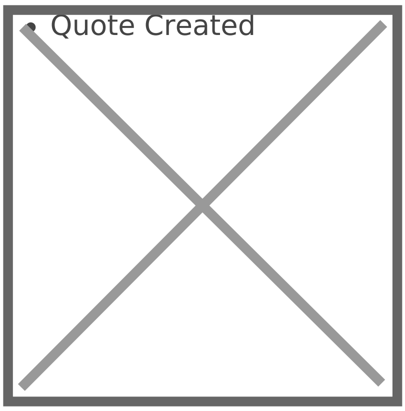
- **GL Link:** *Job WIP Correction*

This link is used when processing adjustments between **Work in Progress (WIP)** and actual job costs, particularly for percentage-based invoicing.

It ensures that any corrections are accurately recorded and aligned with the correct GL accounts, supporting proper reconciliation and financial reporting.

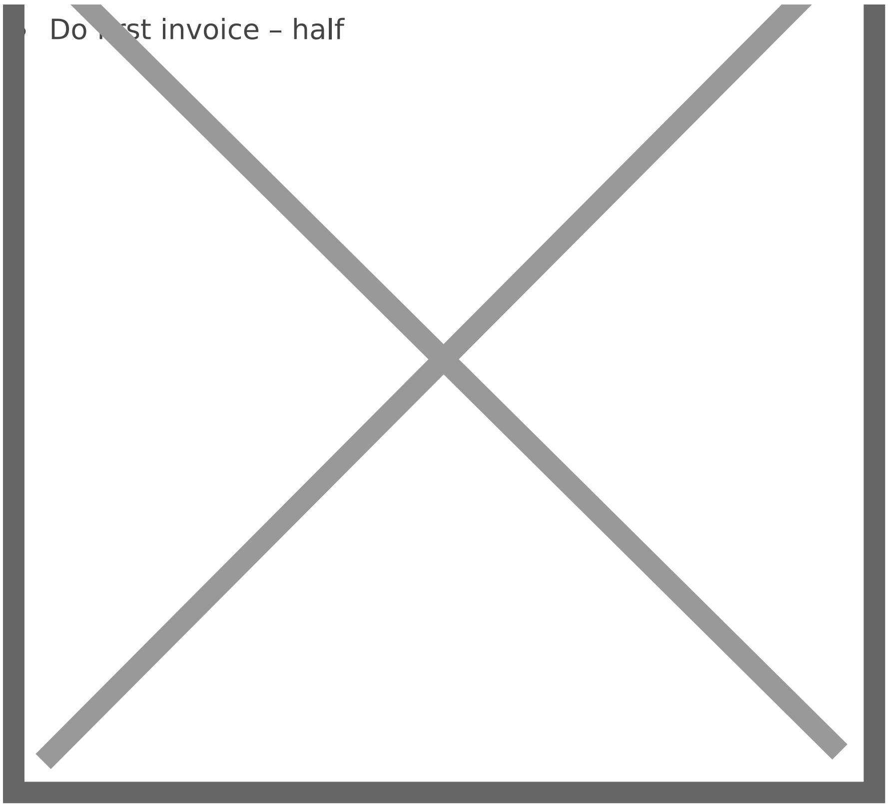


**Example**

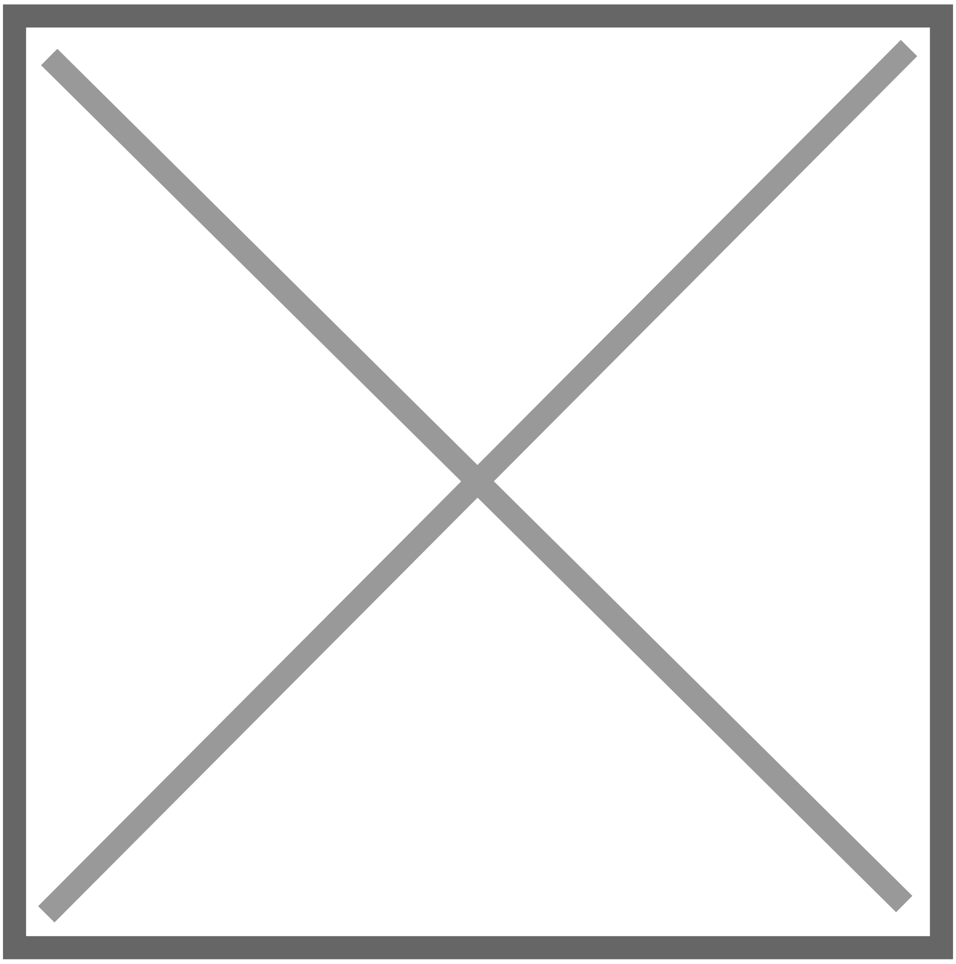


- Quote Created

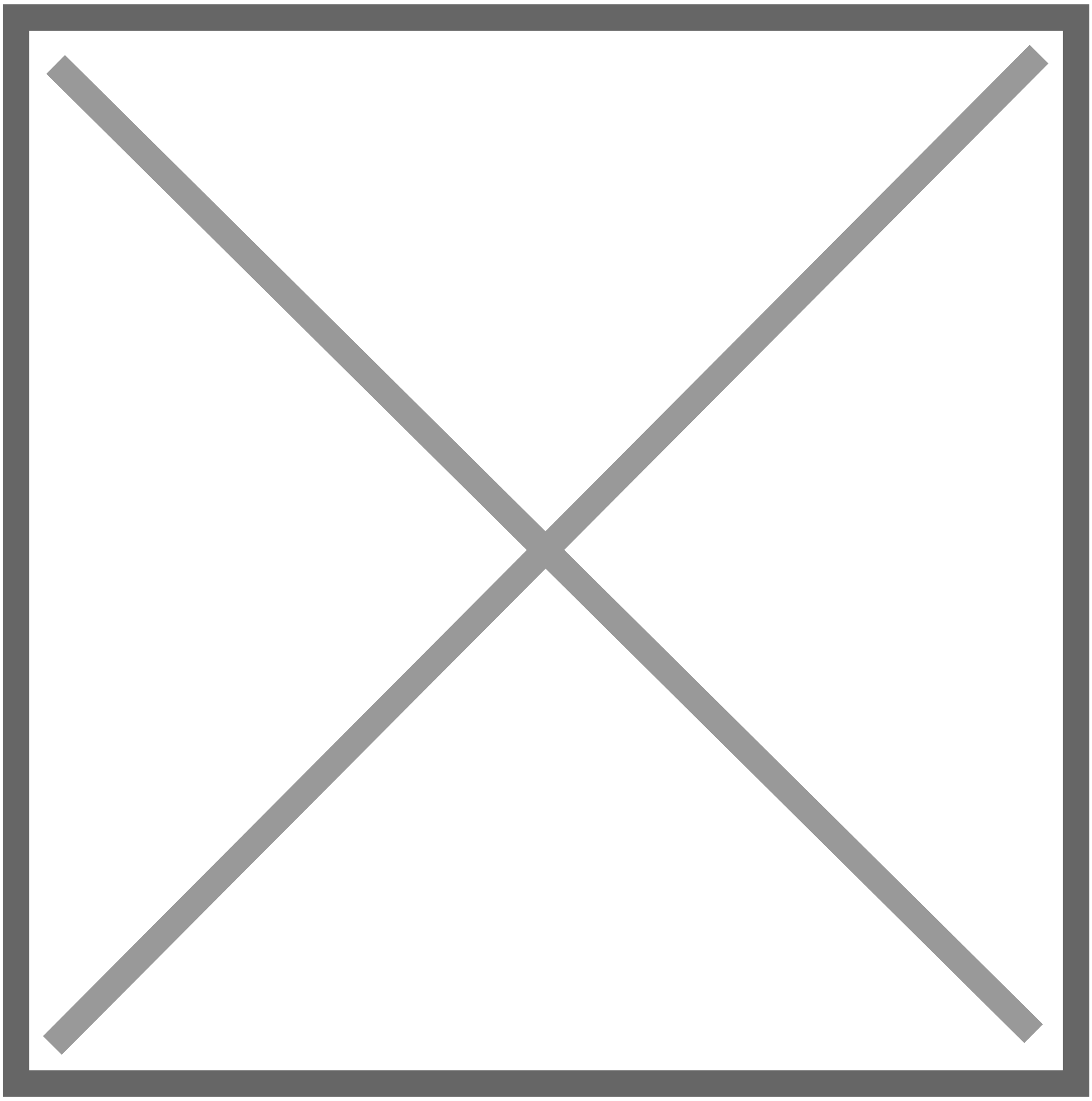
- Do first invoice – half



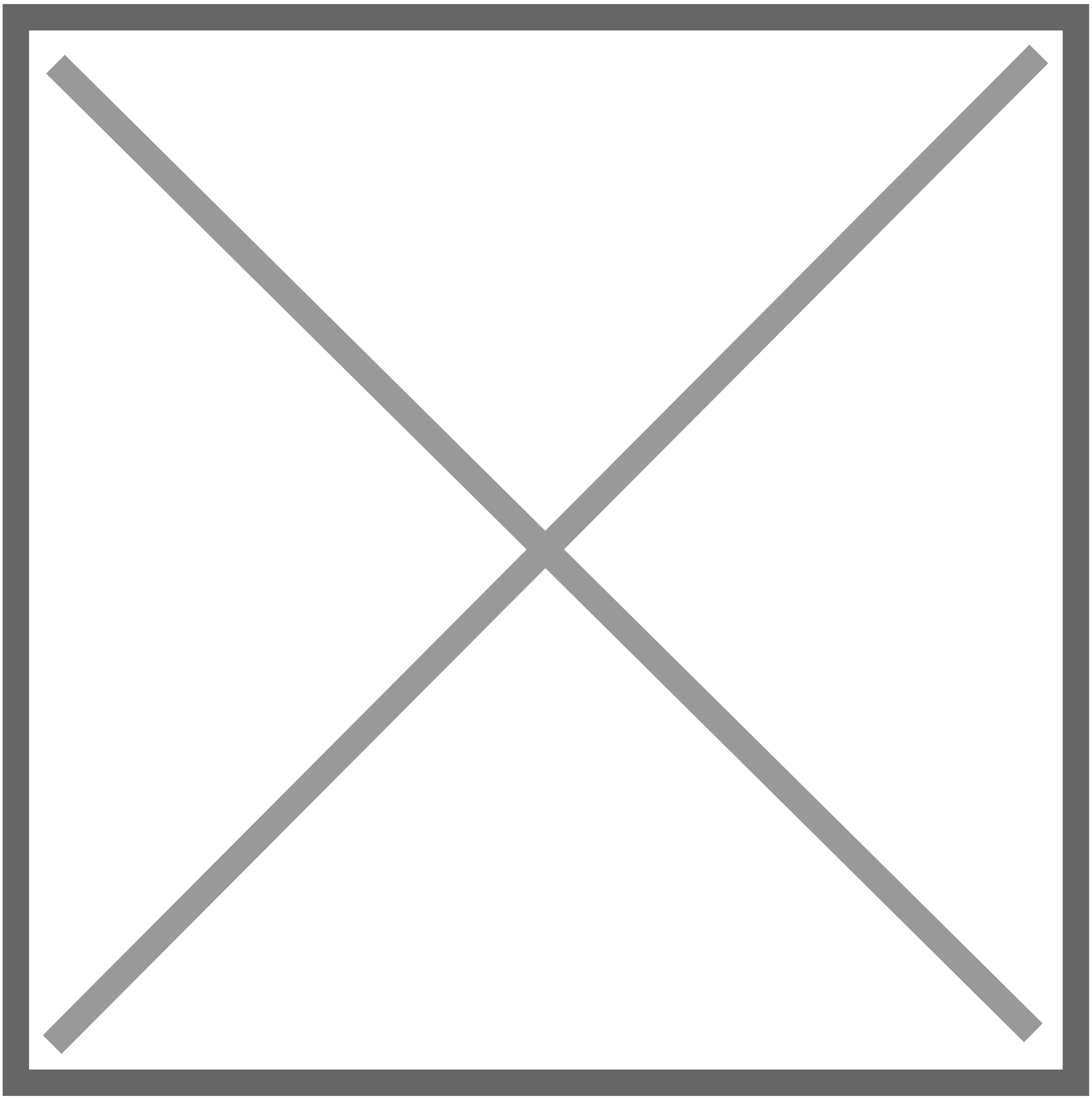
- Invoice posting



- T-Accounts



- Lines are managed, but more costs are added

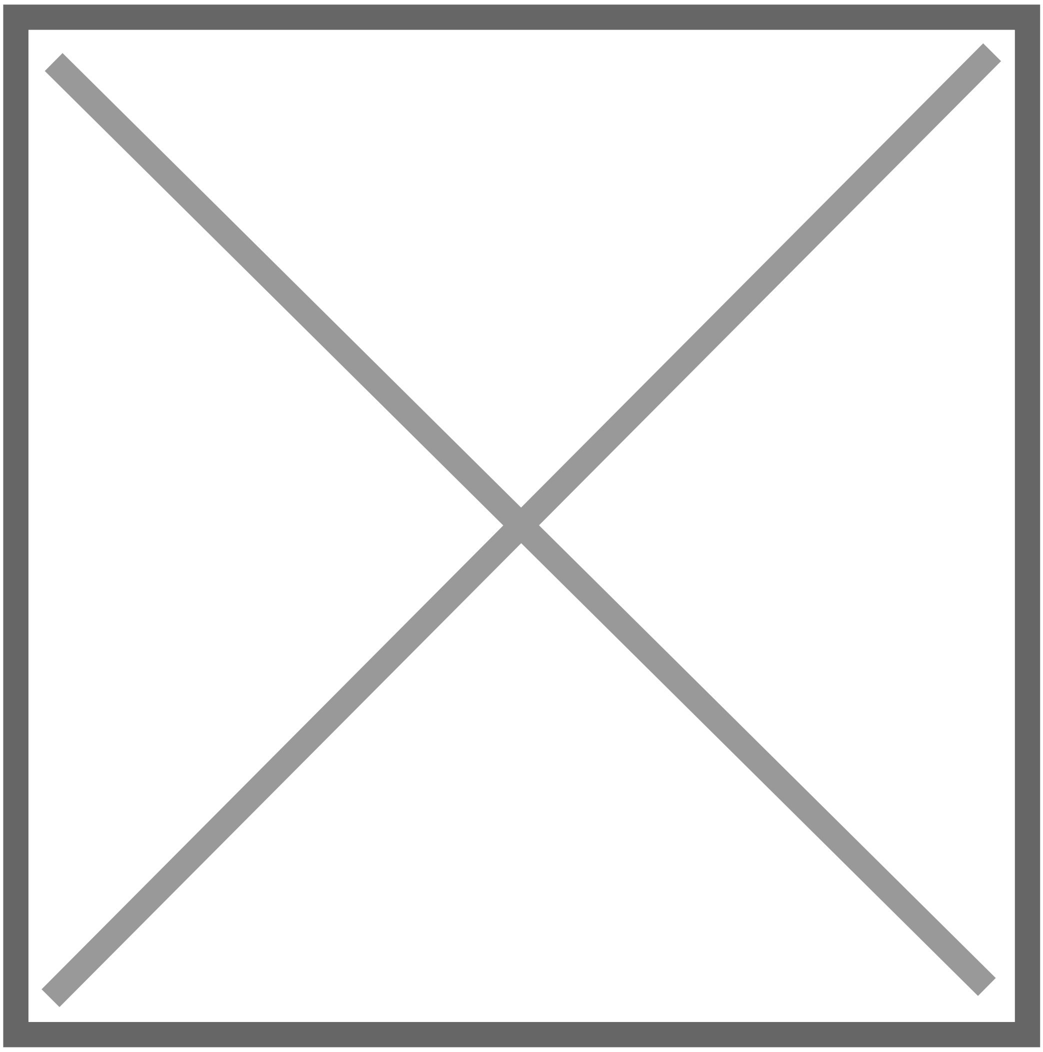


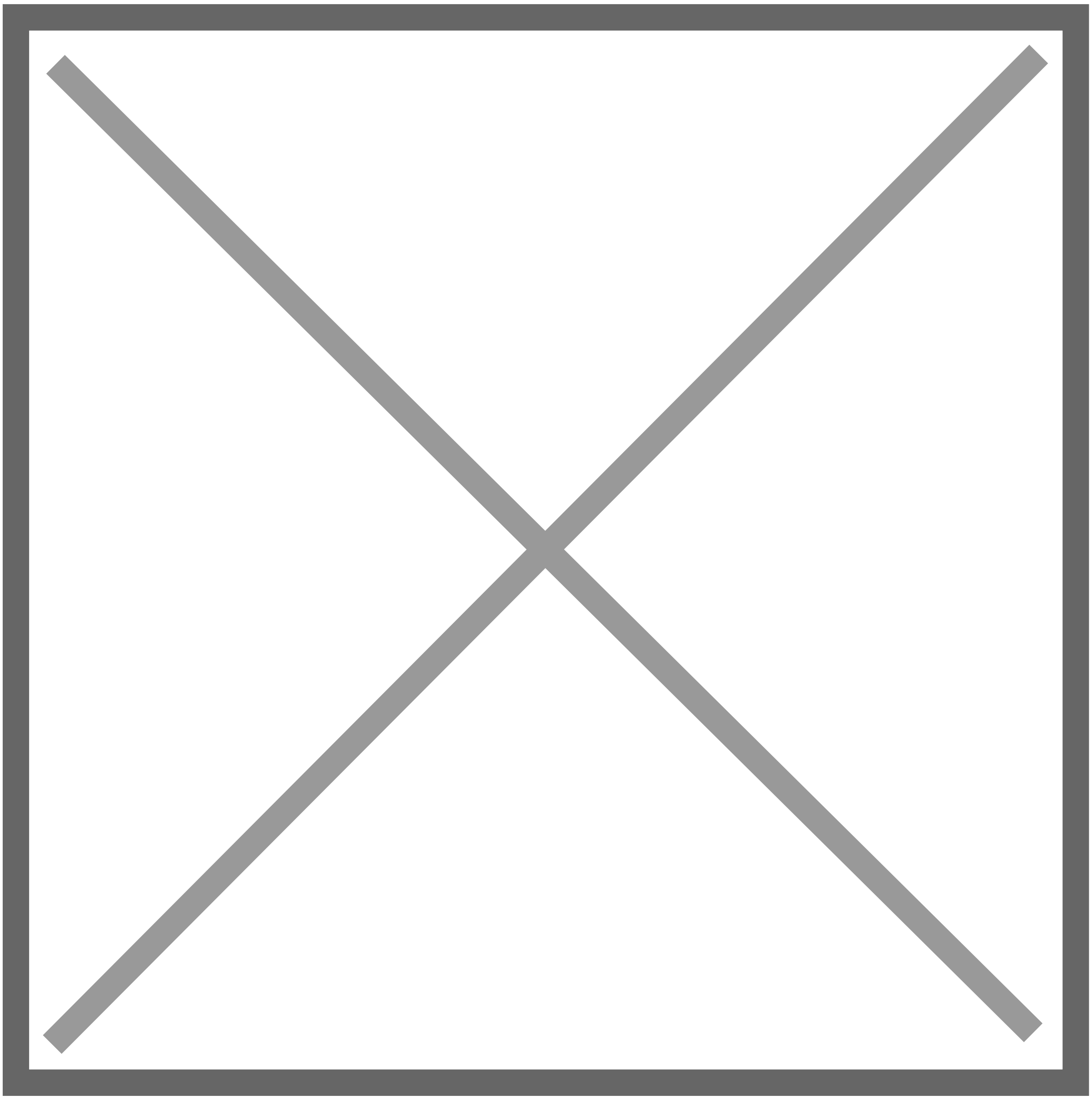
This means that the job has exceeded by R160-03

**Second Invoice**

A second invoice was processed without managing the remaining lines, resulting in increased profit.

- The **WIP Account** now reflects **R800.00**
- The **Stock Write-Off** totals **R560.04**
- This creates a **difference of R239.96**, representing the variance remaining in the WIP account





- **WIP Balance Correction**

The balance in the **WIP account must be adjusted** when there is a difference between WIP and actual job costs. This typically occurs when the **WIP value is higher than the actual costs recorded**.

**If WIP is Higher (Adjust Down):**

- **Debit:** WIP – R239.96
- **Credit:** Cost of Sales – Job Gain/Loss – R239.96

**If Actual Costs are Higher (Adjust Up – Default GL Behaviour):**

- **Debit:** Cost of Sales – Job Gain/Loss – R239.96
- **Credit:** WIP – R239.96

**Explanation**

To determine the correct adjustment:

- Calculate all estimated values posted to the **WIP account** for the job
- Compare these to the actual costs posted to **Cost of Sales (COS)**
- Identify the difference and process the adjustment accordingly

This ensures the WIP account is accurately balanced and reflects the true cost of the job compared to the original estimates.

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