

Knowledge Base

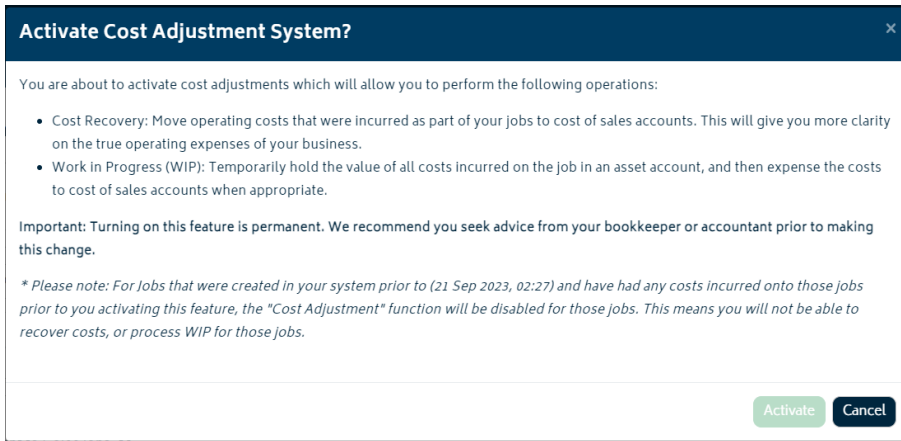


Setting up the Cost Adjustments Module

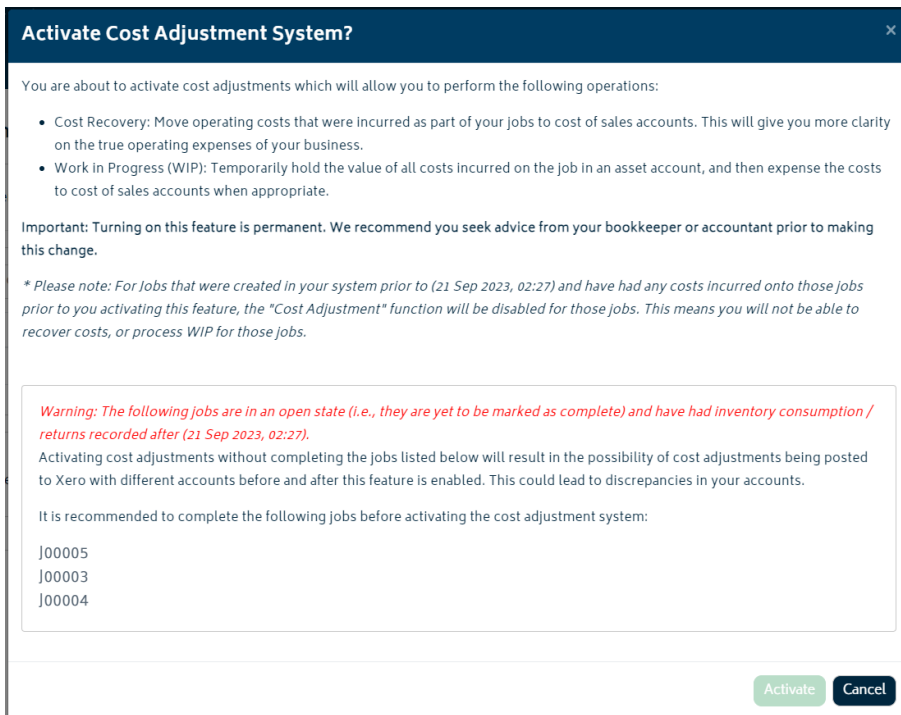
To get started with Cost Adjustments, navigate to [Settings > Organisation Settings](#) from the dashboard and choose the Application Features tab. You will be presented with the following screen where you can choose Cost Adjustments from the dropdown as shown:

The screenshot shows the "Edit organisation Demo Company (AU) 21 Sep 23" page. The "Application Features" tab is selected. Under "Optional Features", there is a search bar and a dropdown menu. The dropdown menu is open, showing "Cost Adjustments - \$0.00" selected. Below this, there is a table with columns for Feature, Status, Date, and Amount. The table shows "Square Payments" as Enabled on 21 Sep 2023, 13:32, with an amount of \$0.00. There is a "Deactivate" button next to it. Below the table, there is a "Xero Invoice Assignment" section with a checkbox labeled "Allow manual Xero Invoice assignment to Gojee jobs" which is checked. At the bottom, there are "Save Configuration" and "Cancel & Exit" buttons.

Once you have selected Cost Adjustments, you'll be presented with the following modal for confirmation:



- There is a warning provided for any open jobs (i.e. jobs that have not been marked as complete) as per the image below:



- You can click on any of the jobs in the list on the modal to navigate to the job(s) and complete any actions required.
- If you do this, you can simply navigate back to the [Settings> Organisation Settings](#) and then choose the Application Features tab, and complete the steps again to return to this modal.
- Click "Activate" to accept the warning and turn the cost adjustment feature on.
- You will then be presented with the following screen to complete the setup:

Cost Adjustment Settings

Cost of Sales Accounts ?

Labour Cost of Sales

Select account ▼

Asset Cost of Sales

Select account ▼

Operating Expense Accounts ?

Labour Operating Expense

Select account ▼

Asset Operating Expense

Select account ▼

☐ Use Work in Progress account? ?

Refer the the sections below to complete the setup depending on whether you'd like to use Cost Recovery or WIP modes.

Cost Recovery Mode

To enable the Cost Recovery mode, you will need to select an account for each of the sections shown below:

Cost Adjustment Settings

Cost of Sales Accounts ?

Labour Cost of Sales

Select account ▼

Asset Cost of Sales

Select account ▼

Operating Expense Accounts ?

Labour Operating Expense

Select account ▼

Asset Operating Expense

Select account ▼

☐ Use Work in Progress account? ?

Cost of Sales accounts:

These are the Xero accounts where your job costs will be posted to. You can only select direct cost accounts here. Posting to direct cost accounts will enable you to easily identify your true cost of sales and what's left over will provide accurate information on your business admin costs.

Operating Expense accounts:

These are the Xero accounts the journals will recover the job costs from, i.e. if you use staff on your jobs, the journals will pull the costs from your labour operating expense accounts and move them to cost of sales accounts. This means time your staff spend on jobs will be allocated to cost of sales, not to one big wage expense bucket. Inventory expense accounts are set and handled for each inventory item individually.

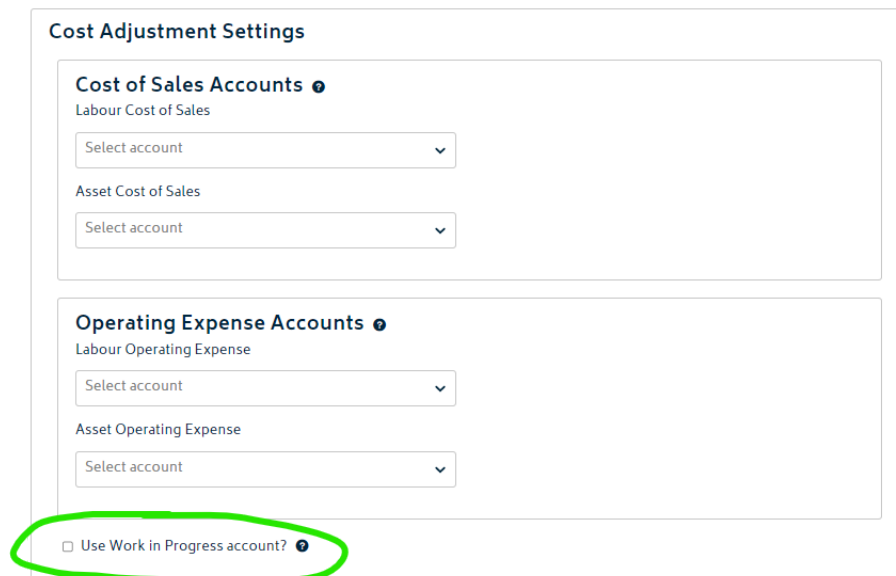
Once you've made your selections be sure to save the changes and you're ready to use the Cost Adjustments module in Cost Recovery mode.

Note: Some example accounts you may choose to use for these fields is provided at the bottom of this page.

Work in Progress (WIP) Mode

Enabling this feature will allow you to capture job costs and hold them in an asset account while the job is running. These costs can then be expensed to Cost of Sales at the appropriate time.

To enable the WIP mode, you will need to firstly complete the selection of all accounts listed above for the Cost Recovery mode. In addition, you will also need to select the option to use the WIP account as per the image below:



Cost Adjustment Settings

Cost of Sales Accounts ⓘ

Labour Cost of Sales

Select account ▼

Asset Cost of Sales

Select account ▼

Operating Expense Accounts ⓘ

Labour Operating Expense

Select account ▼

Asset Operating Expense

Select account ▼

☐ Use Work in Progress account? ⓘ

- Once you've turned this option on, you'll be presented with the following modal:

Enable Work in Progress for Cost Adjustments?

You are about to enable the Work in Progress feature of the cost adjustments.

Enabling this feature will allow you to capture job costs and hold them in an asset account while the job is running. These costs will need to be expensed to cost of sales at the appropriate time.

Once you've enabled this feature, you will be able to choose if you'd like the WIP to be expensed to Cost of Sales when invoices are raised, or if you'd like to manage this process manually.

You will be able to revert to the simple cost recovery process at any time, but only after all the WIP held for your jobs has been expensed.

Enable

Cancel

- Click on the Enable button from the modal to turn on the WIP mode.
- You will then need to select the relevant options for the WIP mode:

- ☒ Use Work in Progress account? ⓘ
- ☒ Automate Expensing of Work in Progress on invoice creation ⓘ

Work in Progress Account ⓘ

Work in Progress

Select account

▼

Automatically Expense WIP on Invoicing:

When an invoice is raised, Gojee will automatically expense Work in Progress to the Cost of Sales accounts. This will be done based off default calculations, comparing the invoiced amount to the estimated revenue, and the amount of costs incurred onto the job at the time the invoice is approved.

Work in Progress account:

This is WIP account where the job costs will be held on the balance sheet while the job is progressing. An example account is provided at the bottom of this page.

Once you've made your selections be sure to save the changes.

Example Xero Accounts

See the image below for some example Xero general ledger accounts that could be selected in the dropdowns shown above. These may be a useful reference to create similar accounts in your own Xero account and select those when using this cost adjustments module in Gojee.

*Code	*Name	*Type
301	Labour - Cost of Sales	Direct Costs
302	Inventory - Cost of Sales	Direct Costs
303	Assets - Cost of Sales	Direct Costs
480	Labour - Op. Expense	Expense
482	Assets - Op. Expense	Expense
611	Work In Progress (WIP)	Current Asset

Warning: the accounts provided above are examples only. We do not recommend using these accounts in your own business without firstly gaining the advice of your accountant or book keeper.

Each individual inventory item can have its own unique Inventory Cost of Sales account selected from the inventory edit page. This individual account is where the expense will be posted for that specific item when it's moved out of the WIP account.