



V6.09 Training Manual

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Work In Progress (WIP)

Find the freedom to focus on what matters with Nimbus

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Work In Progress (WIP)

Work In Progress means knowing at any point in time the financial situation of every Job. Our Nimbus WIP report lists all Jobs, with filtering, showing their financial status.

Of particular interest is the **Monthly Financial WIP** which has the special purpose of providing information to update your General Ledger Financial reporting for this month.

Nimbus has both instantaneous and Monthly Financial snapshot WIP Reports. Their calculations are the same, but the Monthly Finance WIP restricts transactions to last period, in order to give you time to complete your invoicing while still posting new month timesheets and so on.

More details can be found in the Appendix of the General Ledger User Manual.

Nimbus Management Approach

The purpose of **Monthly Financial WIP** is to make an Income allowance of Customer work achieved that has not been invoiced.

That is, the General Ledger has costs of wages and materials, rent and so on, but if a Job is not finished and you are holding back the Invoice until it is finished, then your General Ledger does not reflect the expected revenue associated with these costs, and so it shows a lower profit than it should.

Work In Progress is your guesstimate of the sum of all of this unbilled work.

No Surprises: Management should take a best estimate, being conservative. Conservative means being close, but on the low side. It does not mean taking the lowest value or the highest value, but the most realistic value.

Identify problems early: If a Job is going badly, such as a lump sum fixed quote going way over quote, then the earlier you recognise and account for a final loss on the job the better. It takes more effort to look Job by Job, so there is a balance between getting into detail and getting a broader faster estimate.

Jobs Invoice Type: The main differences between Jobs are their Invoice Type – Quoted, Jobbing, Measure and Value, or Contract. Each of these inherently indicates a different value estimate should be applied.

- Jobbing: you will get the costing amounts (materials and labour used)
- Quoted: you have a maximum of the Quote Value, worth the %Complete
- LS Contract: maximum Quote Value, worth %Complete
- Measure and Value: The outputs entered to Date

Other opinions

Different accountants have different philosophies on WIP, and are driven by the Companies Act, IFRS, and the Income Tax Act in determining their treatment of these types of transactions; hence it is important that your accountants are aware of the Nimbus

methodology, and if necessary work with either yourselves or Nimbus to amend the reporting accordingly.

Nimbus WIP Solution

Out of the Box, we provide the most ease of use method for WIP. This method is as follows:

- Provide the 'un-Invoiced Sales Value' of current Jobs
- Only look at currently open Jobs
- The Invoice Queue WIP Type determines the calculation method as:
 - Jobbing: The costing amounts less already Invoiced
 - Quoted: The costing amounts to a maximum of the Quote Value less already Invoiced
 - Contract: Quote Value * %Complete less already Invoiced
 - MVRates: The Output Amounts less Previously Invoiced

There are two reports:

WIP Actual – the WIP including all postings – *at this instant in time*

WIP Actual : Work in progress based on Actual costs.
Filter : No Filter

Refresh Report Print Export Clear Sort Clear Filters Save Report Setting Clear Report Settings

Branch	Profit Centre	Client	Project	Job No	Supervisor	Description	WIP Type	Percent Complete	Quoted Sell Amount	Costed Sell Amount	Costed at Cost	Invoiced Amount	WIP at Sell Amount	Write-off to Costed Sell	Gain to Costed Sell	Quoted Costs
Retain	JarrettD	WKE	WKE-Z	Wayne	Retentions	Contract	-0.1	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$38.50			\$0.00
Div3	JarrettD	WKE	WKE-5	Wayne	Plumbing	Contract		\$11,639.97	\$2,504.13	\$1,562.50	\$0.00	\$0.00				\$8,631.91
Div2	JarrettD	WKE	WKE-4	Wayne	Electrical	Contract		\$9,541.26	\$0.00	\$0.00	\$0.00	\$0.00				\$7,204.66
Div2	JarrettD	WKE	WKE-3	Wayne	Portals	Contract		\$86,420.50	\$22,483.76	\$23,263.45	\$0.00	\$0.00				\$67,892.11
Div2	JarrettD	WKE	WKE-2	Wayne	Slab	Contract		\$26,571.83	\$23,732.18	\$17,494.31	\$0.00	\$0.00				\$21,225.04
Div2	JarrettD	WKE	WKE-1	Wayne	Prelim & General	Contract		\$13,200.00	\$5,470.00	\$3,417.00	\$385.00	\$0.00				\$12,000.00
Retain	Irish Green	SPA	SPA-Z	Julie	Retentions	MVRates		\$0.00	-\$2,841.34	\$0.00	\$0.00	-\$2,841.34	\$0.00			\$0.00
Div3	ADCIInt	SPA	SPA-V01	Adam	Variation-Garage	MVRates		\$14,598.00	\$8,329.39	\$3,222.20	\$8,329.39	\$0.00				\$9,732.50
Div2	Irish Green	SPA	SPA-4	Julie	Sealing	MVRates		\$13,127.41	\$5,834.40	\$3,727.00	\$5,834.40	\$0.00				\$8,856.00
Div2	Irish Green	SPA	SPA-3	Julie	Drainage	MVRates		\$15,740.30	\$11,927.00	\$8,857.00	\$11,927.00	\$0.00				\$10,649.50
Div2	Irish Green	SPA	SPA-2	John	Excavations	MVRates		\$5,851.88	\$7,754.01	\$6,303.90	\$6,748.57	\$1,005.44				\$3,960.00
Div2	Irish Green	SPA	SPA-1	Julie	Clear Site	MVRates		\$2,982.00	\$2,982.00	\$2,667.20	\$2,982.00	\$0.00				\$1,988.00

WIP to last Period – the same WIP calculation except it ignores new months (by period) transactions.

We include Cost Columns, showing the Costs to date of the Job (both at cost price and the loaded sell price), and a calculated '**WIP at Sell**' column showing Costs to Date for Jobs that have not been progress Invoiced. If a Job had been progress Invoiced then you need to consider what portion of the costs remain un-invoiced.

Monthly Process:

- As soon as you have finished the Billing for this month
 - Run the 'WIP to last Period' report (web report)
 - Print this report

- Check the Jobs, make any amendments according to individual Job's situation
 - Adjust the WIP Total for your amendments
 - FILE THIS WORKING PAPER
 - Auto Reverse Journal these figures to the General Ledger:
 - Credit Profit and Loss Change in WIP Account
 - Debit Balance Sheet WIP Account
- NB:
- You cannot run or get WIP again, for months prior to last month using this web report
 - WIP report links to Financial WIP report, they have the same layout.

Alternate Methods of WIP Valuation

There are other WIP valuation methodologies.

In particular, we have two base reports:

WIP Forecast Hours	Work in Progress - based on forecasted hours to go and costs to complete.
WIP Forecast Costs	Work in Progress - based on forecasted Costs to complete.

Forecast Hours requires Job Managers to state on all WIP Jobs the Hours that are still required to complete these Jobs (this is covered in the Jobbing training material). It gives a strong result, but you must apply discipline and effort to measure Jobs each month.

WIP Forecast Hours : Work in Progress - based on forecasted hours to go and costs to complete.
Filter : No Filter

Refresh Report Print Export Clear Sort Clear Filters Save Report Setting Clear Report Settings

Branch	Profit Centre	Client	Project	Job No	Supervisor	Description	WIP Type	Costed Hours	Hours to Go	Percent Complete	Quoted Amount	Costed at Sell	Costed Costs	On Order Costs	Additional Costs to Complete	Estimated Final Cost	Costs Recognised	WIP Deferred Costs	Invoiced Amount	Revenue Recognised
Div2	Craik	FDC	FDC-1	Julie	Design	Contract	44.5	10	0.82	\$7,560.00	\$6,620.00	\$1,584.50	\$0.00	\$1,450.00	\$3,034.50	\$2,488.29	\$903.79	\$6,048.00	\$6,199.20	
Div2	Craik	FDC	FDC-3	Julie	Cooler	Contract	18.5	0	1	\$2,233.31	\$1,847.50	\$1,243.50	\$0.00	\$0.00	\$1,243.50	\$1,243.50	\$0.00	\$1,732.38	\$2,233.31	
Div2	Irish Green	SPA	SPA-1	Julie	Clear Site	MVRates	51.5	0		\$2,982.00	\$7,290.49	\$2,667.20	\$0.00	\$0.00	\$2,667.20	\$2,667.20	\$0.00	\$2,982.00	\$7,290.49	
Div2	Irish Green	SPA	SPA-2	John	Excavations	MVRates	78	0		\$5,851.88	\$17,385.59	\$6,303.90	\$0.00	\$0.00	\$6,303.90	\$6,303.90	\$0.00	\$6,748.57	\$17,385.59	
Div2	Irish Green	SPA	SPA-3	Julie	Drainage	MVRates	101.5	0		\$15,740.30	\$25,217.53	\$8,857.00	\$0.00	\$0.00	\$8,857.00	\$8,857.00	\$0.00	\$11,927.00	\$25,217.53	
Div2	Irish Green	SPA	SPA-4	Julie	Sealing	MVRates	44	0		\$13,127.41	\$11,745.56	\$3,727.00	\$0.00	\$0.00	\$3,727.00	\$3,727.00	\$0.00	\$5,834.40	\$11,745.56	
Div3	GoldenFledg		1013	Brian	Replace Drains for wash-down bay	MVRates	70.5	0		\$20,450.16	\$17,509.93	\$7,331.00	\$0.00	\$0.00	\$7,331.00	\$7,331.00	\$0.00	\$9,976.58	\$17,509.93	
Div3	ADCIInt	SPA	SPA-V01	Adam	Variation-Garage	MVRates	48	0		\$14,598.00	\$13,505.85	\$3,222.20	\$0.00	\$0.00	\$3,222.20	\$3,222.20	\$0.00	\$8,329.39	\$13,505.85	
Div2	JarrettD	WKE	WKE-1	Wayne	Insulim & General	Contract	45	0	1	\$18,200.00	\$5,470.00	\$3,417.00	\$0.00	\$0.00	\$3,417.00	\$3,417.00	\$0.00	\$385.00	\$13,200.00	
Div2	JarrettD	WKE	WKE-2	Wayne	Slab	Contract	81	0	1	\$28,671.63	\$23,732.18	\$7,494.31	\$0.00	\$0.00	\$7,494.31	\$7,494.31	\$0.00	\$0.00	\$28,671.63	
Div2	JarrettD	WKE	WKE-3	Wayne	Portals	Contract	210.5	0	1	\$86,420.50	\$32,483.76	\$23,363.45	\$20,000.00	\$0.00	\$43,363.45	\$43,363.45	\$20,000.00	\$0.00	\$86,420.50	
Div3	JarrettD	WKE	WKE-5	Wayne	Plumbing	Contract	20.5	0	1	\$11,639.97	\$2,504.13	\$1,562.50	\$0.00	\$0.00	\$1,562.50	\$1,562.50	\$0.00	\$0.00	\$11,639.97	
Div1	Craik	1027	1027	Marlene	Car Port	Jobbing	12.4	0		\$2,309.02	\$8,136.74	\$6,435.90	\$0.00	\$0.00	\$6,435.90	\$6,435.90	\$0.00	\$1,369.36	\$8,136.74	
Div3	NMHS	1030	1030	John	Sanitary replacements	Jobbing	48	0		\$0.00	\$9,107.94	\$6,354.56	\$27.00	\$0.00	\$6,381.56	\$6,354.56	\$0.00	\$8,670.44	\$9,107.94	
Div3	FreezeMe		1032	Brian	Cooling Tower replacement	Quoted	22.25	0	1	\$0.00	\$1,290.21	\$810.10	\$0.00	\$550,000.00	\$550,810.10	\$550,810.10	\$550,000.00	\$0.00	\$0.00	
Div1	FreezeMe		1033	John	Maintenance - Freezer Check	Jobbing	2.2	0		\$0.00	\$665.00	\$615.60	\$0.00	\$0.00	\$615.60	\$615.60	\$0.00	\$0.00	\$665.00	
Div3	Chyckas		1045	Brian	Paint Fence	Jobbing	9.5	0		\$0.00	\$2,697.50	\$1,909.50	\$0.00	\$0.00	\$1,909.50	\$1,909.50	\$0.00	\$2,355.50	\$2,697.50	
Div3	Bally		1047	KF	Sales Order 603 sample	Jobbing	10	0		\$197.28	\$1,084.95	\$816.59	\$102.54	\$0.00	\$919.13	\$816.59	\$0.00	\$0.00	\$1,084.95	
Div3	Craik		1048	Julie	Sales Order	Jobbing	0	0		\$634.55	\$168.00	\$461.00	\$0.00	\$0.00	\$461.00	\$461.00	\$0.00	\$0.00	\$168.00	
Div2	AutoElec	RFT	RFT-1	Brian	Design	Contract	123.5	0	1	\$45,020.00	\$8,683.00	\$4,322.50	\$0.00	\$0.00	\$4,322.50	\$4,322.50	\$0.00	\$38,267.00	\$45,020.00	
Div3	FreezeMe		1058	Marlene	Burst Water Pipe	Jobbing	4	0		\$0.00	\$220.00	\$140.00	\$0.00	\$0.00	\$140.00	\$140.00	\$0.00	\$0.00	\$220.00	

Forecast Costs is for Material Supply (Sales Orders) type Jobs, i.e. jobs without Labour - not very common.