

Tech Tips from the Help Desk

Understanding Version 3's Order Entry Cost Flow

Cost is recorded as part of the information about the sale as each item is placed on a customer's order. Both pricing cost (P Cost) and average/actual cost (A Cost) are used for reporting, general ledger, commissions and possibly item pricing. In addition, if the customer is a cost-plus customer, the system uses cost to calculate a suggested selling price.

The system records both costs for an item in the order entry file. These costs follow the other order information to the sales journal. The costs recorded at order entry are P Cost and A Cost.

You control where the system gets the cost information by the value you enter in the COST field in the (A) Customer Master screen.

Pricing Cost

This is the primary or secondary wholesaler's replacement cost, the direct buy replacement cost or purchasing vendor's replacement cost, whichever you specified for the customer (the wholesaler's cost is the default). It can also be the contract cost or the average cost. This cost resides in the C-DISC file and

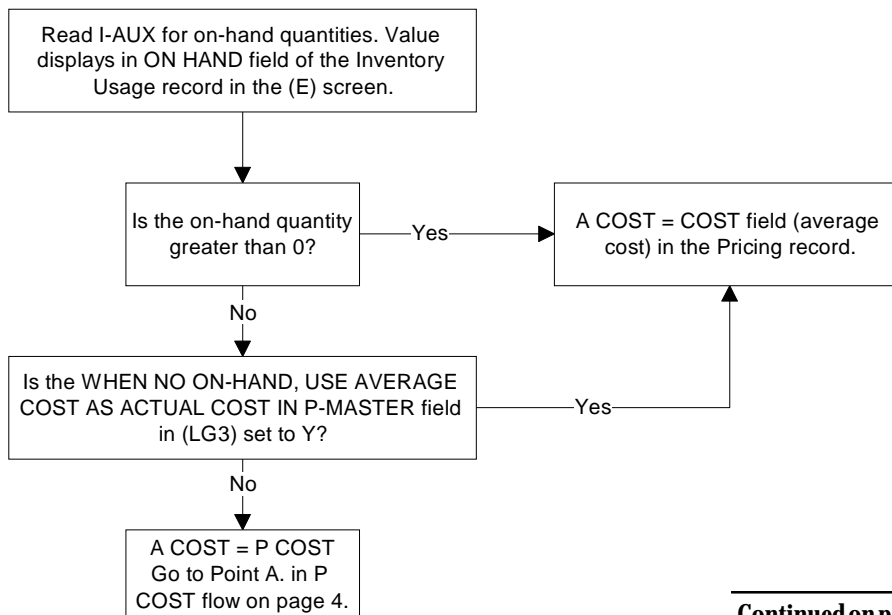
is displayed when the item is placed on the order. Therefore, for cost-plus customers, this is the cost that the system uses to determine a suggested selling price, hence, pricing cost. Contract cost is used only if the item is on a contract that is effective for this customer and the cost was set in this contract.

Average/Actual Cost

If, at the time of the sale, the on-hand quantity of the item fills the order, A COST is average cost (all cost averaged by all quantities or weighted average). If there are no on-hand quantities, the manufacturer, primary/secondary wholesaler or purchasing vendor cost is used, depending on how the customer is set up. This is called actual cost. For now, we'll only deal with actual cost. It is displayed when placing the item on the order, when inquiring and when verifying. When the item is backordered and purchased on a short-buy purchase order, the average/actual cost is updated by the cost from the purchase order and acknowledged from the wholesaler if transmitted when it is final received. The cost in this field can also be changed during verification.

Tech Tips from the Help Desk presents answers to the questions dealers ask most. It has two formats: *If...Then* helps you find solutions: *If* this happens, *Then* you do that. *How Do I...* explains how to perform a procedure. Please save these columns in a binder for future reference.

Flow of A COST through the System



Average cost is subject to change based on updated information from the supplier.

A Cost can be affected by using the weight rate when flushing, or by using the % TO UP COST option when receiving in the (F) screen.

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Flow of P Cost through the System

P Cost is also affected by the value set in the % field of the Pricing Record in the (E) screen.

If the SET P COST TO L COST field in (LG3) is set to Y, P Cost is equal to the value entered in the LCOST field in the Primary Wholesaler record in the (E) screen.

