



COSTING ITEMS BASING COSTS ON INPUTS OTHER THAN THE DEFAULT LAST COST

Sometimes you may wish to create future prices based on input costs other than the last cost.

For example, you may obtain quotes for raw materials that will hold until a certain future date.

You may wish to recalculate your manufactured product cost based on these future material prices and, using these costs, create future price lists to be sent to customers.

Important notes

1] This method uses the **markup factors** held within the individual products' records to calculate the future prices. It does not apply if you manage your prices by increasing prices by a percentage.

3] The instructions below need to be followed precisely. If you omit a stage or get unexpected results it is because you have not set something up correctly. Study and understand what the settings mean before phoning us. We reserve the right to charge for investigating incorrect set-ups.

2] *The following method will change your standard cost records. If you wish to retain these values you should do this by printing a detailed report of stock values based on Standard cost and sorted by code, as shown below:*

The screenshot shows the 'VALUE' software interface with the following settings:

- Printout:** Detailed (selected), Summary
- Order / Value By:** Code (selected), Name, Category, Code, Group, Category, Code, Category, Name, Group, Category, Name
- Consignment Stock:** Exclude (selected), Include, Only
- Category:** [Dropdown], **Group:** [Dropdown]
- Start At:** XXX, **End At:** YYY
- Order By:** Entry Sequence (selected), Date/Time Sequence
- Read last cost from:** Stock item record (selected), Last movement on date
- Priority of costs:** Highest: Standard cost, [Dropdown], [Dropdown], [Dropdown], Lowest: [Dropdown]
- Print Zero Qty/Cost/Value Items:** [Unchecked]
- Include Negative Values In Valuation:** [Unchecked]
- Include Service Items:** [Unchecked]
- Stock Value:** at end of day: 2007/11/14
- Code:** Category, code | Group, Category, Code | All locations
- File path:** c:\technisoft\fastreport2\stock\valuation2\
- Template:** "valuation by item (default).fr3"
- Buttons:** System wide lock, Undo lock

You may also export this to a spreadsheet for future reference. You will need to re-enter these figures into the Standard Cost fields for each material after following this procedure.

Another way of saving your existing Standard Costs, if you are not using one of the other costs (for example Edited Cost or Valuation Cost) is to transfer the Standard cost to one of these unused costs and then transfer them back at the end of this procedure.

To do this go to **[Stock][Maintenance][Transfer Values]** and perform the operation as shown below:

Category Group

Start At

End At

Transfer Cost and/or Prices

(All values are exclusive of VAT/Tax)

Source Value {SC} Destination {VC} Transfer Now ..

Apply multiplier specified in categories

No
 Yes

Condition for Transfer

None - Unconditional
 Destination equal to 0 (Zero)
 Destination lower than Source (Destination Increases)
 Destination greater than Source (Destination Decreases)

Date Options

Use source date
 Use this date

Ready

Remember you will have to reverse the above procedure after you are done.

Method

Firstly you should check to see that all of the markups associated with the price lists and products are correct.

To do this go to **[Stock][Maintenance][Global Settings / Functions][Markups]**

Category PROD Group

Start At

End At

Refresh

Price	Markup	Gp %
A	0.00	
B	1.33	24.81
C	6.73	85.14
D		
E		

Item	Name
GLBLEA1	BLEACH 1 LITRE BOTTLE

Select all Clear selection

Set Factor To 0.00 Do It ..

You will notice that the **top half** of the screen is for making a selection of stock items to view.

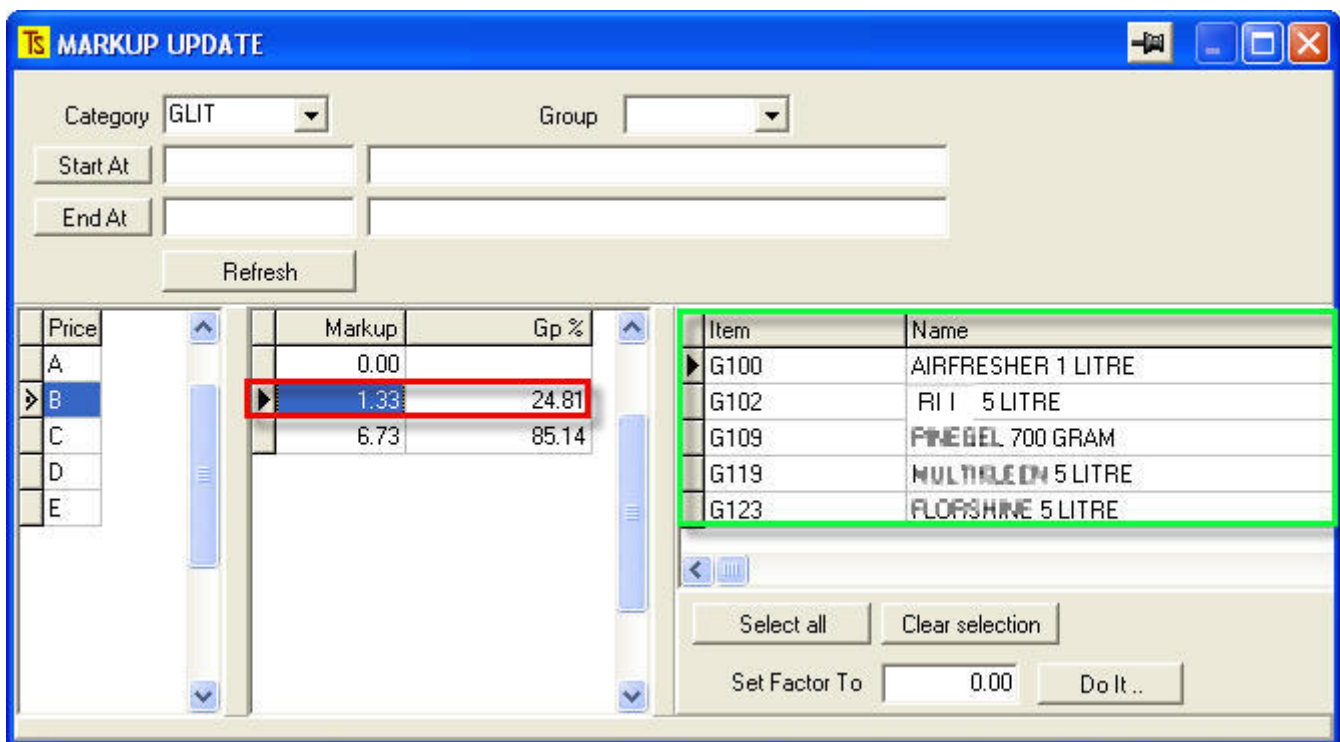
The **lower half** is divided vertically into three panels thus:

The **left** panel shows the Price lists that you have in your system

The **centre** panel shows all of the markups and gross profits associated with the Price selected (in the above example the B price is selected and is blue).

The **right-hand** panel shows all of the products that have a B price with the markup selected. (in the above example there is obviously a problem because the Bleach 1 Litre bottle has a markup of zero)

You will see from the following shot what happens when you make different selections



For example if the 1.33 markup is selected (Outlined in red), you will notice that the products in the right-hand panel (green outline) will change.

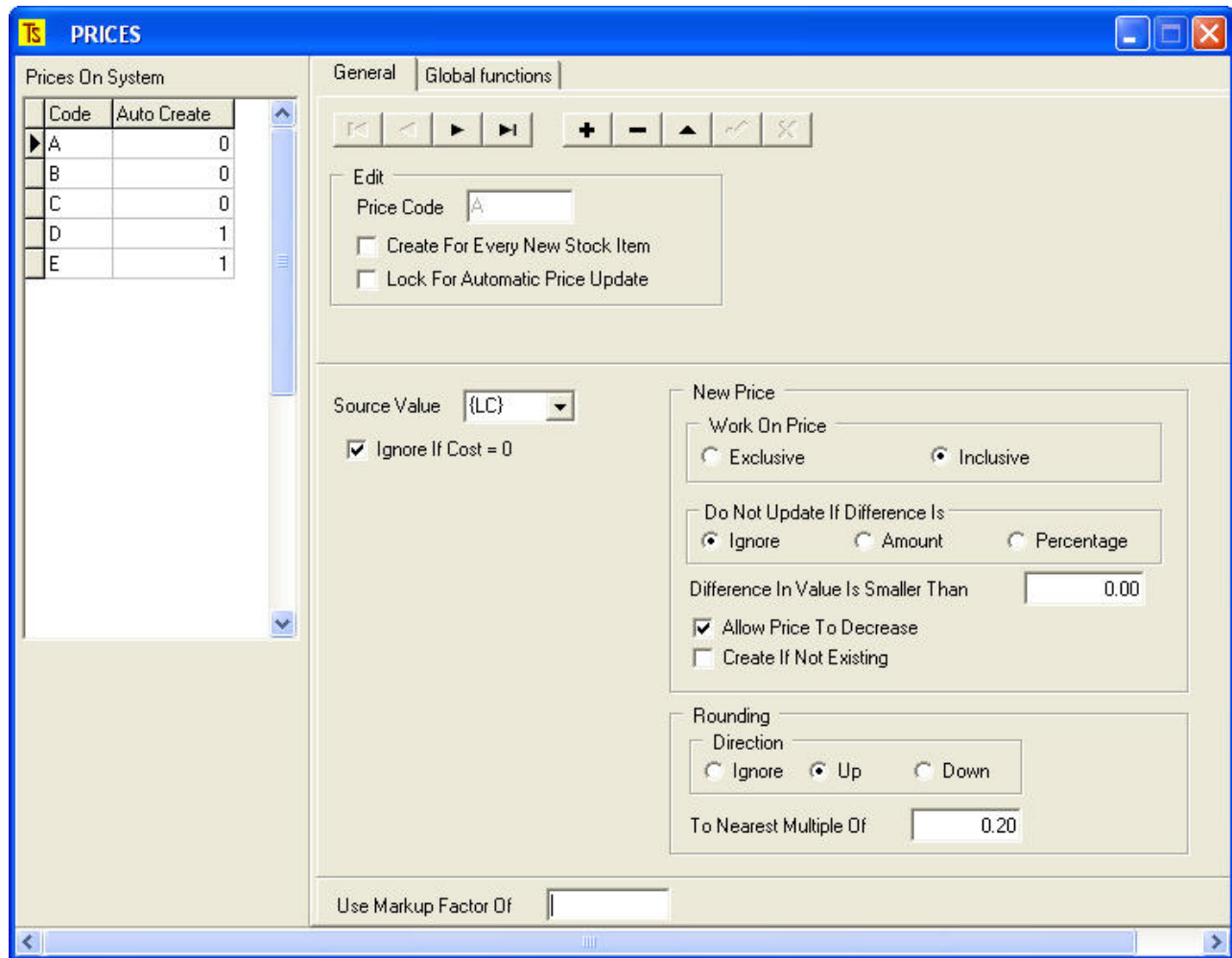
These are the products where the B price has a markup of 1.33.

You will also see that you may use this facility to globally alter the markups associated with a price and a product.

To do this select either all [**Select all**] or some products (**hold Ctrl and click the products to be selected in the right-hand panel**), inserting a markup in the field, **<Set Factor To>** and clicking [**Do It..**].

Once you are happy that all of your markups are correct for the different price lists, check all of your price lists to make sure they are set up correctly by going to [**Stock**][**Maintenance**][**global Settings / Functions**][**Default Prices**]

Make sure you have the correct parameters set here because if they are not set properly you may get strange results.



Firstly, in the left panel, under “**Prices on System**”, select the price you wish to work on (in the above example the prices are A,B,C,D, or E), if you wish to create the selected price in all new stock items that are created tick the setting in the **Edit** box and ensure that they are not locked for automatic update if you want to make changes.

Secondly check that the **Source Value** is set to {LC} (Last Cost) and that the **New** (calculated) **Price** is based on the correct parameters.

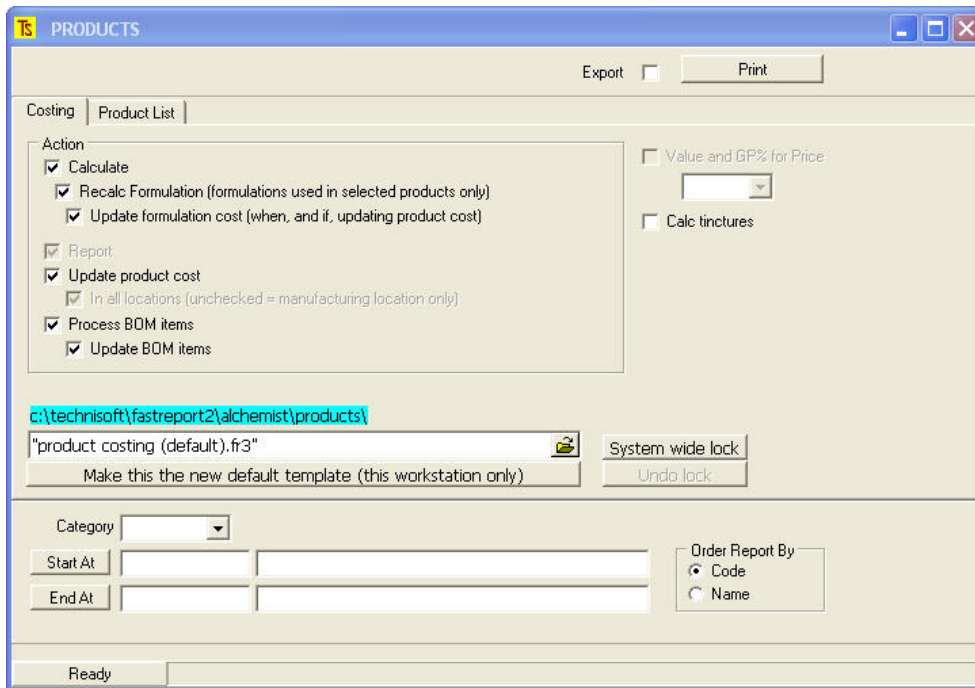
The selection under “**Work on Price**” determines whether the rounding will be on the inclusive or exclusive price. You should set this depending on how you quote your customers.

Set the various other parameters for creation of new prices, such as rounding. This is a useful facility because your price lists may be designed so that the prices are an integer that may be divided exactly by the packaging size to give an exact per litre or per kilogram price.

You may also determine under what circumstances the prices will change, for example, you may set a price never to decrease, even though input costs are lower.

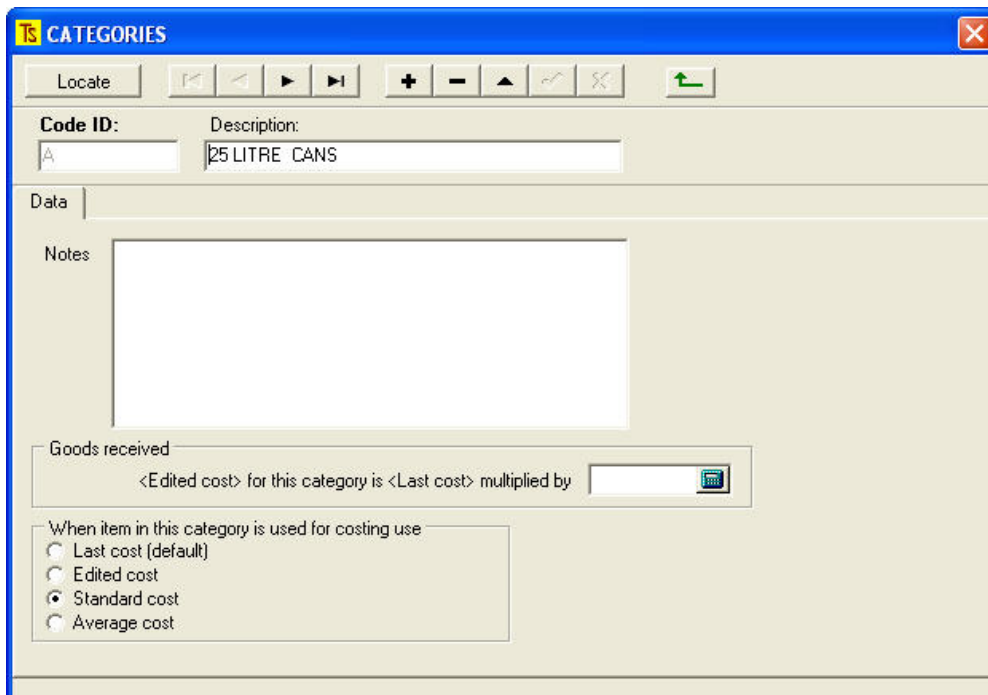
You may now proceed to the following.

1] Go to [Stock][Reports][Alchemist][Costing] and set up the parameters exactly as shown in the screen below.



Print the report, which, if you have not altered any settings under [Stock][Maintenance][Categories], will give you a costing based on the default Last Cost and will also update your product costs if you allow it to at the end of the report.

2]Go to [Stock][Maintenance][Categories]



Change the entry under “When Item in this category is used for costing use” from the default Last Cost to Standard Cost, as shown above.

Do this for all categories of materials that are used in your manufacturing process and included in your costing.

3] Go to [Stock][Maintenance][Transfer Values] and perform the operation as shown below, transferring last costs to standard cost for all stock items:

4] Now go to [Stock][Maintenance][Raw Materials][Purchases / Qty / Costs] and manually change all of the Standard Costs that need changing, as shown below.

Cost per Unit	Date
Last	2007/10/22
Average	/ /
Standard	2007/10/30
Valuation	2005/09/22
Edited	2005/09/22
Additional	2007/10/22

Use the to save your changes and the to move to the next item.

When you have changed all of the Raw Materials, do the same for the Containers and any other items used in costing.

5] Now go back to [Stock Reports][Alchemist][Products][Costings]

Set the report up as indicated below and perform the operation [Print] (You may also export this to a spreadsheet if you wish)

The screenshot shows the 'PRODUCTS' window with the 'Costing' tab selected. The 'Action' section includes the following checked items: Calculate, Recalc Formulation (formulations used in selected products only), Update formulation cost (when, and if, updating product cost), Report, Update product cost, In all locations (unchecked = manufacturing location only), Process BOM items, and Update BOM items. The 'Value and GP% for Price' checkbox is unchecked, and 'Calc tinctures' is also unchecked. The file path 'c:\technisoft\fastreport2\alchemist\products\' is highlighted in blue. The file name 'product costing (default).fr3' is entered in the text field. The 'System wide lock' button is visible, along with 'Make this the new default template (this workstation only)' and 'Undo lock'. The 'Category' dropdown is empty, and the 'Order Report By' section has 'Code' selected. The status bar at the bottom indicates 'Ready'.

This costing operation will use the Standard Costs of materials as the basis for the costing, rather than the default Last cost but when the costs are updated, it is the **Last Cost** of the manufactured products that will be updated.

Compare the result with your original costing report that used Last Cost.

See if it makes sense.

If there are any surprises. E.g. if a cost has decreased rather than increased, investigate the material inputs and see whether a material's Standard cost has been entered incorrectly.

Do not phone us before investigating this yourself. We reserve the right to charge for the time taken to carry out an investigation on your behalf!

6] Go to [Stock][Maintenance][Price Changes]

You will see a screen similar to the one shown below, except the [Do This Now] buttons are not outlined in colour.

Code	Source	Action on price
A	{LC}	Can decrease
B	{LC}	Can decrease
C	{LC}	No Decrease
D	{LC}	No Decrease
E	{LC}	No Decrease

Select the parameters for the operation (Category, Group, Start at, etc.)

Select the date upon which you wish to implement the changes in the Date field.

Select the price lists that you wish to operate on. (Hold Ctrl and click to select more than one)

Do This Now ..

Clear <Future Prices> by clicking to make sure none are lurking in the system.

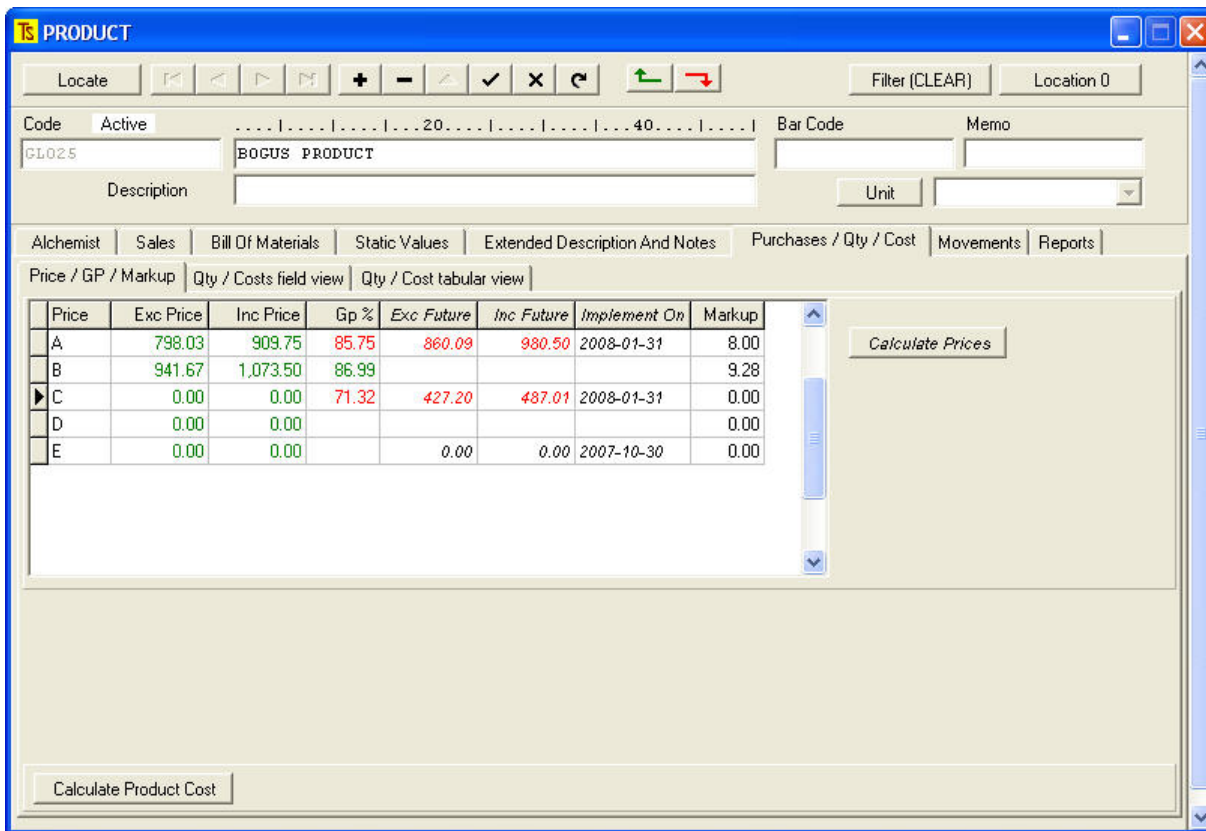
Tick the box here Markups assigned to Item/Price overrides percentage

Do This Now ..

Click the button on the centre band.

You will now have created future prices based on future input costs and the markup factors associated with the stock items selected.

7] Go to any stock item Product that has been modified by the above procedure and select the [Purchases / Qty / Costs] tag



You will see something like the above.

Again, examine each product to see if the future prices make sense.


For example, in the screen above, there is obviously a potential problem with the "C" price in that there is no Markup factor. The reason that a future price is displayed is because the price list has been flagged so that a price will never decrease.

NB. In order to allow the system to re-calculate costs based on last cost so that the correct GP values may be captured at the time of invoicing, please return to [Stock][Maintenance][Categories] and re-set the costing source that was altered in 2], above to "Last Cost (default)"

8] Go to [stock][Reports][Standard Items][Price list (simple)] to print future price lists to send to customers. The standard template may be modified, using the report writer (Hold Ctrl whilst clicking the [Print] button) to suit your own purposes.

The Price list may be saved as a .pdf file and e-mailed to customers using the new direct e-mail facility included with the latest version of EXACT.

9] On the day upon which the new prices are to be implemented, return to the [Stock][Maintenance][Price Changes]

section as shown under **6] (above)**, select the prices to be increased and click on the  button on the lower band to transfer the future prices into the current prices.