



# Newsletter

## June 2005

### MAS 90 and MAS 200 user ask: Where Are My Item Costs Coming From?

This is a question that we have heard many times after someone enters a purchase order, a sales order or an inventory transaction, and noticed that the cost of the items entered is not as expected.

It is the valuation method of an item that determines which type of cost will be used in the Purchase Order, Sales Order, and Inventory modules. Depending on the module, there is a definitive cost hierarchy, based on the item's valuation method, used to determine the final cost for the item.

For the Purchase Order module, the cost hierarchy is:

- Vendor price levels
- For standard and average cost items in Purchase Order Entry, Receipt of Goods Entry, Return of Goods Entry, Material Requisition Issue Entry, and material requisitions entered in Purchase Order Entry, the cost hierarchy specified below for the Standard Valuation or the Average Valuation method is used.
- For LIFO/FIFO/Lot/Serial cost items
  - a. The vendor last cost is used.
  - b. If the vendor last cost is zero, or no vendor is assigned to the item, the item last cost is used.
  - c. If the item last cost is zero, the cost hierarchy specified below for each valuation method is used.
- In the Auto Generate Orders Selection window, when selecting 'Update Unit Cost With'
  - a. Standard Default or Last Unit Cost: the primary vendor's last cost is used.
  - b. Standard Unit Cost: the item's standard cost is used.
  - c. Average Unit Cost: the item's average cost is used.
  - d. If any of the costs are zero for the above selections, the unit cost used will follow the cost hierarchy based on the valuation methods listed below.

For the Sales Order and Inventory modules, the cost hierarchy is as follows:

- Standard Valuation - the standard cost from the Inventory masterfile is used. If the standard cost is zero, the unit cost defaults to the last cost. If the last cost is zero, the unit cost defaults to the warehouse average cost. If the warehouse average cost is zero, the unit cost defaults to the item average cost.
- Average Valuation - the warehouse average cost from the Inventory masterfile is used. If the warehouse average cost is zero, the unit cost defaults to the item average cost. If the item average cost is zero, the unit cost defaults to the

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### BusinessWorks - The Road Ahead

The annual partner Conference held by Best Software announced some very exciting news for BusinessWorks customers. BusinessWorks is back in the spotlight and is receiving some much needed and long awaited enhancements. Some examples are:

- Drop shipping
- Convert Sales order to invoice with one click from Sales order screen
- Drill down on unpaid invoices in AP/AR
- AP – void credit card transactions
- Create PO from Sales Order – can be to multiple vendors
- Line item discounts
- Text block word wrap
- 1000 character description block for items
- Expanded exports to Excel

If you have not yet upgraded from version 12, we will be giving you a call in the next few weeks to invite you to a web-based seminar to see for yourself what BusinessWorks Gold can do for your business. For those of you who are on BusinessWorks Gold, version 6.0 will drop the "gold" from the product name and the new name will be Sage BusinessWorks. Version 6.0 is due to be shipped in October 2005.

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item average cost. If the item average cost is zero, the unit cost defaults to the last cost. If the last cost is zero, the unit cost defaults to the standard cost.

- FIFO/LIFO/Lot/Serial - the vendor last cost is used. If there is no vendor last cost then the last cost from the Item Costing file is used. If the last cost is zero, the unit cost defaults to the standard cost. If the standard cost is zero, the unit cost defaults to the warehouse average cost. If the warehouse average cost is zero, the unit cost defaults to the item average cost.

Note: In the Sales Order module, the cost to apply is determined during the Sales Journal update.

When using a pricing method that is a markup percentage or a markup amount and the standard cost is zero, the cost hierarchy is used to determine the unit price.

Note: In the Inventory module, the cost hierarchy determines what cost is used in Inventory Transaction Entry for all transaction types.