

## Intermediate Cost Rollup

With the *Intermediate Cost Rollup* utility, you can expand each intermediate Formula, which forms a part of the Master Formula, to its bottom level and calculate last, average, market, and standard cost based on the cost of ingredients. You can also include labor and overhead costs attached to the Formula line items in cost calculation. The intermediate's cost data is then updated based on the costing method selected. This rollup is useful when the prices/costs have changed for one or more of these reasons:

- Changes in the corresponding price/cost of the materials required in manufacturing at that Item-Location.
- Changes in the costs associated with the manufacturing process, such as labor, overhead, etc.

When the Standard Cost of a standard costing item is changed, the Distributed Cost of that item is updated if the On-Hand Quantity is greater than zero. A B-Type transaction is then processed to update the *Inventory Control* account.

**Go To: Costing → Costing Utilities → Intermediate Cost Rollup.**

## Intermediate Cost Rollup Screen

Use *Intermediate Cost Rollup* screen to process the cost rollup. The system displays the *Intermediate Cost Rollup* screen when you click on the *Intermediate Cost Rollup* option from the main menu.

The screenshot displays the 'Intermediate Cost Rollup' utility interface. It features a header bar with a menu icon, a question mark, and a close button. The main area is divided into two columns of input fields. The left column includes 'Item Key From' (DV-400-CV), 'Item Key To' (ICC ORNG 200 LT), 'Location From' (01), 'Location To' (02), 'Include Labor & Overhead Cost' (checked), and 'Formula Weight' (4). The right column includes 'Item Description' (DAVIES QUICK DRY ENAMEL WHITE), 'Item Description' (Luxury Coating Orange - 200 LT), 'Location Description' (Manufacturing), 'Location Description' (Store 02), 'Include Fixed & Variable Cost' (checked), and 'Update Std Cost of Buy Type Items' (checked). Below these fields is a row of checkboxes: 'Trial Mode' (selected), 'Final Mode', 'Update Average Cost', 'Update Standard Cost', 'Update Last Cost', 'Update Base Price', and 'Update Market Cost'. At the bottom, there are 'Process' and 'Close' buttons.

Field	Value
Item Key From	DV-400-CV
Item Key To	ICC ORNG 200 LT
Location From	01
Location To	02
Include Labor & Overhead Cost	<input checked="" type="checkbox"/>
Formula Weight	4
Item Description	DAVIES QUICK DRY ENAMEL WHITE
Item Description	Luxury Coating Orange - 200 LT
Location Description	Manufacturing
Location Description	Store 02
Include Fixed & Variable Cost	<input checked="" type="checkbox"/>
Update Std Cost of Buy Type Items	<input checked="" type="checkbox"/>

☒ Trial Mode ☐ Final Mode ☐ Update Average Cost ☐ Update Standard Cost ☐ Update Last Cost ☐ Update Base Price ☐ Update Market Cost

**Item Key From:** This is the Item key that specifies the lower limit of the range of items for the cost rollup. The lookup here is limited to those items for which at least one item location has a Bill of Materials of the 'Released' status.

**Item Description:** This field displays the description of Item Key. This is a read-only field.

**Item Key To:** This is the Item key that specifies the upper limit of the range of items for the cost rollup. The lookup here is limited to those items for which at least one item location has a Bill of Materials of the 'Released' status.

**Item Description:** This field displays the description of the Item Key. This is a read-only field.

**Location From:** This field specifies the lower limit of the range of locations for the cost rollup. Clicking the associated lookup would open up the *Item Location From Lookup* window.

Item Location From Lookup

Search

Show Column Filter

Drag a column header and drop it here to group by that column

Location	Description
BHP	Bhopal
CAN	Canda
IND	Indore Location
JP	Bhopal
MAIN	MAIN
USA	USA

10 items per page

1 - 6 of 6 items

User can search the records by specifying selection criteria (matching records based on the contents of particular fields) and can vary order in which the records are displayed.

**Location Description:** This field displays the description of the location key. This is a read-only field.

**Location To:** This field specifies the upper limit of the range of locations for the cost rollup. Clicking the associated lookup would open up the *Item Location To Lookup* window.

Item Location To Lookup

Search

Show Column Filter

Drag a column header and drop it here to group by that column

Location	Description
BHP	Bhopal
CAN	Canda
IND	Indore Location
JP	Bhopal
MAIN	MAIN
USA	USA

10 items per page

1 - 6 of 6 items

User can search the records by specifying selection criteria (matching records based on the contents of particular fields) and can vary order in which the records are displayed.

**Location Description:** This field displays the description of the location key. This is a read-only field.

**Include Labor & Overhead Cost:** Only if this box has been checked, the following components will be included in the roll up calculations:

- Formula Labor Cost
- Formula Labor Overhead Cost
- Formula Material Overhead Cost
- BOM Labor Cost
- BOM Item Overhead
- BOM Labor Overhead
- Setup Labor Cost
- Setup Overhead Cost

Note that these costs are in addition to the following costs that are included irrespective of whether this box is checked:

- Formula Materials Costs
- Line Item Loss Cost
- Loss Factor Cost
- Loss Constant Cost
- BOM Item Cost
- Byproduct Cost
- Byproduct Overhead Cost

**Include Fixed & Variable Cost:** Only if this box has been checked, the following components will be included in the roll up calculations:

- Fixed Labor Cost
- Fixed Overhead Cost
- Variable Labor Cost
- Variable Overhead Cost

Note that these costs above are in addition to the following costs that are included irrespective of whether this box is checked:

- Formula Materials Costs

- Line Item Loss Cost
- Loss Factor Cost
- Loss Constant Cost
- BOM Item Cost
- Byproduct Cost
- Byproduct Overhead Cost

**Formula Weight:** This field becomes enabled only if the option '*Include Fixed and Variable Cost*' is marked. This is so because the Variable Cost may vary with the Formula weight. If this value is greater than zero, then the system would pick the variable cost from the applicable formula weight slab.

The slabs for the variable costs are mentioned on the Formula Entry screen. If several item locations are processed simultaneously with a non-zero value in this field, then the same formula weight value will be used for the roll up of all those item locations. If this value is zero, the Cost Rollup will be based on the default formula weight.

**Update Std Cost of Buy Type Items:** Only if this option is checked, the Cost Rollup would also include the Standard Cost of Buy type items. An item location is of Buy type if it is so specified on the *Item Location* screen. An item location however may be of Buy type even when a released BOM exists for the item location.

**Trial Mode:** Use this mode to view the proposed changes without making the changes for the purpose of determining such concern.

**Final Mode:** Pertaining to an end or conclusion, process a roll up with this option selected. This action would write the changes to the databases.

**Update Average Cost:** This field gets enabled if the BatchMaster Enterprise Company is not interfaced with finance. If this option is selected, the Average Cost is included for updating via Cost Rollup. Any update of the Average Cost via Cost Rollup would be based on the Average Cost of all the raw materials or intermediates being used in manufacturing the selected item.

**Update Standard Cost:** If this option is selected, the Standard Cost is included for updating via Cost Rollup. Any update of the Standard Cost via Cost Rollup would be based on the Standard Cost of all the raw materials or intermediates being used in manufacturing the selected item location.

**Update Last Cost:** This field becomes enabled if the BatchMaster Enterprise Company is not interfaced with finance. If this option is selected, the Last Cost is included for updating via Cost Rollup. Any update of the Last Cost via Cost Rollup would be based on the Last Cost of all the raw materials or intermediates being used in manufacturing the selected item location.

**Update Base Price:** If this option is selected, the Base Price is included for updating via Cost Rollup. Any update of the Base Price via Cost Rollup would be based on the Base Price of all the raw materials or intermediates being used in manufacturing the selected item location.

**Update Market Cost:** If this option is checked for updating, the Cost Rollup would update the Market Cost also of the selected item(s) along with the other Costs. For updating the Market Cost, the Cost Rollup utility calculates the cost based on the Market Cost of all the items being used in manufacturing the selected item or the range of items.

## Performing Cost Rollup

1. Open the *Intermediate Cost Rollup* screen.
2. Use the lookup next to the *Item Key From* field to select the lower limit of the Item key range for which an Intermediate Cost Rollup has to be processed. The lookup here is limited to those items for which at least one Item-Location has a BOM of Released status.
3. Use the lookup next to the *Item Key To* field to select the upper limit of the Item key range for which an Intermediate Cost Rollup has to be processed. The lookup here is limited to those items for which at least one Item-Location has a BOM of Released status.
4. Use the lookup next to the *Location From* field to specify the lower limit of the Location range for which an Intermediate Cost Rollup has to be processed.
5. Use the lookup next to the *Location To* field to specify the upper limit of the Location range for which an Intermediate Cost Rollup has to be processed.
6. Select/deselect the *Include Labor & Overhead Cost* checkbox, as needed. If this box is checked, certain costs like Formula Labor Cost, Formula Labor Overhead Cost, Formula Material Overhead Cost, BOM Labor Cost, BOM Item Overhead, BOM Labor Overhead, Setup Labor Cost, and Setup Overhead Cost would be included in the roll-up calculations.
7. Other costs that are included irrespective of whether or not this checkbox is selected include Formula Materials Costs, Line Item Loss Cost, Loss Factor Cost, Loss Constant Cost, BOM Item Cost, Byproduct Cost, and Byproduct Overhead Cost.
8. Select/deselect the *Include Fixed & Variable Cost* checkbox, as needed. If this checkbox is selected, the Fixed Labor Cost, Fixed Overhead Cost, Variable Labor Cost, and Variable Overhead Cost would be included in the roll-up calculations.

9. Certain costs that are included irrespective of whether or not this checkbox is selected are Formula Materials Costs, Line Item Loss Cost, Loss Factor Cost, Loss Constant Cost, BOM Item Cost, Byproduct Cost, and Byproduct Overhead Cost.
10. As needed, enter a zero or non-zero formula weight at the *Formula Weight* field. This field becomes enabled only if the option *Include Fixed and Variable Cost* is checked. This is because the variable cost may vary with the formula weight. If this value is greater than zero, then the system would pick the variable cost from the applicable formula weight grid. The grid for variable costs are found on the *Cost* tab of the *Formula Entry* screen. If several item locations are processed simultaneously with a non-zero value in this field, then the same formula weight value will be used for the rollup of all those item locations.
11. Next, in the grid, select the *Trial* or *Final* option to specify the mode of execution for this utility.
  - a. Select the *Trial* mode to view the proposed changes without actually making the changes.
  - b. Select the *Final* mode to actually write the changes to the databases.
12. Select the checkboxes for the costs that need to be updated, like Update Standard Cost of Buy Type Items, Update Average Cost, Update Standard Cost, Update Last Cost, Update Base Price, and Update Market Cost.
  - a. The *Update Average Cost* field is only enabled if the BatchMaster WEB Company is not interfaced with a finance package. When this option is selected, the Average Cost is included for updating via the Cost Rollup. Any update of the Average Cost via the Cost Rollup will be based on the Average Cost of all the raw materials or intermediates used in manufacturing the selected item.
  - b. When the *Update Standard Cost* option is selected, the Standard Cost is included for updating via the Cost Rollup. Any update of the Standard Cost via the Cost Rollup will be based on the Standard Cost of all the raw materials or intermediates being used in manufacturing at the selected Item-Location.
  - c. The *Update Last Cost* field is enabled only if the BatchMaster WEB Company is not interfaced with a finance package. When this option is selected, the Last Cost is included for updating via the Cost Rollup. Any update of the Last Cost via the Cost Rollup will be based on the Last Cost of all the raw materials or intermediates used in manufacturing at the selected Item-Location.
  - d. If the *Update Base Price* option has been selected, the Base Price would be included for updating via the Cost Rollup. Any update of the Base Price via the Cost Rollup will be based

on the Base Price of all the raw materials or intermediates used in manufacturing at the selected Item-Location.

- e. If the *Update Market Cost* option is selected for updating, the Cost Rollup would also update the Market Cost of the selected Item(s) along with the other costs. To update the Market Cost, the Cost Rollup utility calculates the cost on the basis of the Market Cost of all the items being used in manufacturing the selected Item or range of Items.

13. Finally, click on the *Process* button to process the Cost Rollup.

## Example

Let's understand Intermediate Cost Rollup considering the following example.

1. Process the Intermediate Cost Rollup for intermediate key F-003. The formula used to produce the intermediate includes two raw materials (F-008 and F-007). The Standard cost of the Intermediate Item before cost rollup is 28.
2. Use the *Intermediate Cost Rollup* screen to process the rollup for Item key F-003 with the Update *Standard Cost* option checked.

The following message is displayed:

'For standard costing items a transaction will be fired that will update distributed cost of the item.'

Click the *Yes* button to proceed with the rollup.

3. A report stating the success of the cost rollup is displayed.
4. The standard cost of the item is updated and can be viewed on the *Item Location* screen.

### **Intermediate Cost Calculation:**

Intermediate Item Key: F-003.

Standard Cost before rollup = 28.

Raw materials required to produce the intermediate are (In KGs):

- 1) Item Key: F-008.  
Qty Req = 1.666000 KG.

Cost = 19.200768

2) Item Key: F-007.

Qty Req = 0.750000 KG.

Cost = 10000

Rollup cost is calculated as (in KGs): (Qty Req (Item)\* Cost) + (Qty Req (Item) \* Cost) / Sum of Qty Req.

= ((1.666000 \* 19.2000768) + (0.7500000 \* 10,000.0000)) / (1.666600 + 0.750000)

= 7530.129935 / 2.416

= 3116.775635

Raw materials required to produce the intermediate are (In LTs):

1) Item Key: F-008.

Qty Req = 2.00000 LT.

Cost = 16.000000

2) Item Key: F-007.

Qty Req = 0.9000000 KG.

Cost = 8333.333333

Rollup cost is calculated as (in LTs):

((2.00000 \* 16.000000) + (0.9000000 \* 8333.333333)) / (2.00000 + 0.900000)

= 32 + 7499.9999997 / 2.9

= 7531.9999997 / 2.9

= 2,597 (approx.)