Update Finished Good Costs

With the *Update Finished Good Costs* screen you can update the Standard Cost, Average Cost, Base Price, Market Price, and the Last Cost of Finished Goods, and then update their Materials/Inventory cost data accordingly. This update is useful when prices/costs have changed for any reason, such as:

- Changes in the corresponding price/cost of the finished good to manufacture; or

- Changes in the costs associated with the manufacturing of the finished good, such as labor and overhead cost.

Go To: Costing → Costing Utilities → Update Finished Good Cost.

Update Finished Good Costs Screen

Use *Update Finished Good Costs* screen to update various finished goods' costs. The system displays the *Update Finished Good Costs* screen when you click on the *Update Finished Good Costs* option from the main menu.

Finished Good Key From: This is the Finished Good key that specifies the lower limit of the range of finished goods for the cost update. The lookup here is limited to those finished good for which at least one location has a Bill of Materials of the *Released* status.

Finished Good Description: This field displays the description of the finished good key. This is a read-only field.

Finished Good Key To: This is the Finished Good key that specifies the upper limit of the range of finished goods for the cost update. The lookup here is limited to those finished good for which at least one location has a Bill of Materials of the *Released* status.

Finished Good Description: This field displays the description of the finished good key. This is a read-only field.

Finished Good Location From: This specifies the lower limit of the range of locations for the cost update. Clicking the associated lookup would open up the *Finished Good Location From Lookup* window.

You 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.

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

Finished Good Location To: This specifies the upper limit of the range of locations for the cost update. Clicking the associated lookup would open up the *Finished Good Location To Lookup* window.

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.

Finished Good 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 update 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

Formula Weight: If this value is zero, the roll up is based on the actual Formula Weight as listed on Tab-4 of the Formula Entry screen. If this value is greater than zero, the roll up is carried out with the Formula Weight being taken as the value of this field on this screen.

The following components will be included in the roll up calculations:

- Fixed Labor Cost

- Fixed Overhead Cost

- Variable Labor Cost

- Variable Overhead Cost

- Formula Materials Costs

- Line Item Loss Cost

- Loss Factor Cost

- Loss Constant Cost

- BOM Item Cost

- Byproduct Cost

- Byproduct Overhead Cost

Select Mode: Select **one** of the options from the following two options:

- **Trail 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 becomes 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 update screen. Any update of the Average Cost via Cost Update screen will be based on the Average Cost of the finished good to manufacture.

Update Standard Cost: If this option is selected, the Standard Cost is included for updating via Cost Update screen. Any update of the Standard Cost via Cost Update screen will be based on the Standard Cost of the finished good to manufacture.

Update Last Cost: This field is 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 Update screen. Any update of the Last Cost via Cost Update will be based on the Last Cost of the finished good to manufacture.
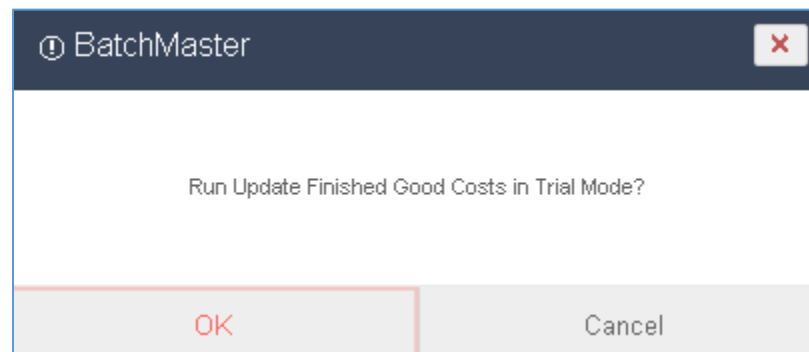
Update Base Price: If this option has been selected, the Base Price is included for updating via Cost Update screen. Any update of the Base Price via Cost Update will be based on the Base Price of the finished good to manufacture.

Update Market Cost: If this option has been selected, the utility will update the Market Cost also of the selected finished good along with the other Costs, if checked for updating. For updating the Market Cost, the Cost Update utility calculates the cost based on the Market Cost of all the finished goods being manufacturing the selected finished good or the range of finished good.

Updating Finished Good Costs

1. Open the *Update Finished Good Costs* screen.

2. Use the lookups next to the *Finished Good Key From* and *Finished Good Key To* fields to enter the lower and upper limits, respectively, of the range of Items for the cost update. Leaving these fields blank has the same effect as entering the first and last available Item keys. The lookups here are limited to those finished goods for which at least one location has a Released BOM.

3. Specify the lower and upper limits of the range of Locations for the finished good cost update in the *Finished Good Location From* and *Finished Good Location To* fields, respectively. Click the associated lookups to open the *Item Location Record* window.

4. Mark the *Include Labor and Overhead Cost* checkbox to consider labor and overhead costs when calculating the finished goods cost.

   a. When this checkbox is marked, 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 will be included in the update calculations.

   b. The following costs are also included in the calculations irrespective of whether or not the *Include Labor and Overhead Cost* checkbox is marked: Formula Materials Costs, Line Item Loss Cost, Loss Factor Cost, Loss Constant Cost, BOM Item Cost, Byproduct Cost, and Byproduct Overhead Cost.

5. When you want the cost update to be based on the actual Formula Weight as listed on the *Formula Entry* screen, keep the value in the *Formula Weight* field as zero, otherwise enter a value in this field that is to be considered as the Formula Weight while processing the update.

6. Select the *Trial Mode* option to view the proposed changes without making them.

7. Select the *Final Mode* option to process the rollup with the options selected. This action will write the changes to the databases.

8. The *Update Average Cost* field is enabled only when the BatchMaster WEB Company is not interfaced with a finance package. If this option is selected, the Average Cost would be updated via the *Cost Update* screen.

9. Select the *Update Standard Cost* checkbox to include the Standard Cost for updating via the *Cost Update* screen.

10. 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 Update* screen.

11. If the *Update Base Price* option has been selected, the Base Price would be updated via the *Cost Update* screen.

12. If the *Update Market Cost* option has been selected, the utility will also update the Market Cost of the selected finished good along with the other costs selected.

13. Click on the *Process* button to process the cost rollup. Running the Update Finished Food Costs in trial mode displays the following confirmation message. Click on the *OK* button to proceed.

14. Once processed the system displays the confirmation on the screen.

Example

Let's understand the Update Finished Good process considering an example.

1. Process the Update Finished Good cost for finished good key F-0018. The standard cost of the finished good Item before cost update is 150.

2. The Formula used to create the finshed good contains two raw materials (F-002 and F-003).

3. The Fill Level defined for the Finished Good BOM is 1.

4. The Finished Good BOM includes one Sub Assembly item (F-0020) with Material Cost as 2.

5. Using the *Update Finished Good Cost* screen, process the cost update for Item key F-0018 with the *Update Standard Cost* option selected.

   The following message is displayed: 'For standard costing items a transaction will be fired that will update distributed cost of the item.' Click *Yes* to proceed with the cost update.

6. A report stating the success of the cost update is displayed.

7. The standard cost of the Item is updated and can be viewed on the *Item Location* screen.

Finished Good Cost Calculations:

Finished Good Key = F-0018.

Standard Cost before Update = 10.

Raw materials required to produce the intermediate are:

   1) Item Key: F-002.

      Qty Req = 1 KG.

      Cost = 35.

   2) Item Key: F-003.

      Qty Req = 1 KG.

      Cost = 28.

Cost Update is calculated as:

   $$(((35*1) + (28*1))/1.8333) + 2 = (63/1.8333) + 2$$

= 36.3636.