

client services update



October 2007

Tip of the Month

R6V05 Average Cost Update

The average cost is automatically updated whenever parts are received (either through the Inventory Adjustments or Parts Order Maintenance screen). Assume a part is added to the Parts Master with a cost of \$10.00 and two (2) parts are received. The average cost is \$10.00 for each of these two parts. Now assume the cost increases to \$12.00 and one (1) additional part is received after the cost has increased.

The new average cost is calculated as follows:

$$\frac{(\text{OLD AVG CST} \times \text{OLD ON HAND}) + (\text{NEW CST} \times \text{NO. OF PARTS RECEIPTED})}{\text{OLD ON HAND} + \text{NO. OF PARTS RECEIPTED}}$$

OR

$$\frac{(\$10.00 \times 2) + (\$12.00 \times 1)}{2 + 1} = \frac{\$20 + \$12}{3} = \frac{\$32}{3} = \$10.66$$



As of R6V05, the system will now always use the average cost from PARTMAST to make the costing entry. The percentage on the sale account is no longer used.

Optionally, you can put a CLASS of "\$MP" on parts that you want to manually input the cost of at the time of order/sale. When the part is sold to a work order, it will prompt the user for the cost on the Parts Requisition screen.



Also in R6V05, IntelliDealer Parts Invoicing can use the \$MP process.

This is the cost that will be used for that line item.

If you are using class "\$MP", your part should be loaded with a sale account that has an application type of "Parts" on it.

Any corresponding cash code or price level sale accounts should also be coded with an application type of "Parts".

Enter Cost - Windows I...
Part Number: SUBLET
Enter Cost: 0.70
Save Close



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