



Item Lot Costing and Pricing

Purpose of this document

This document explores how to record costs and associated inventory on a lot basis. Due to fluctuation in costs related to purchased product, the rapid turnover of inventory, and the association of charges for product relative to the cost of those items, it is more representative for food banks to record costs and the associated charges for distribution of Inventory on a Lot basis instead of an Item basis.

Ceres Object release 5.00.00 is required for the functionality described in this document.

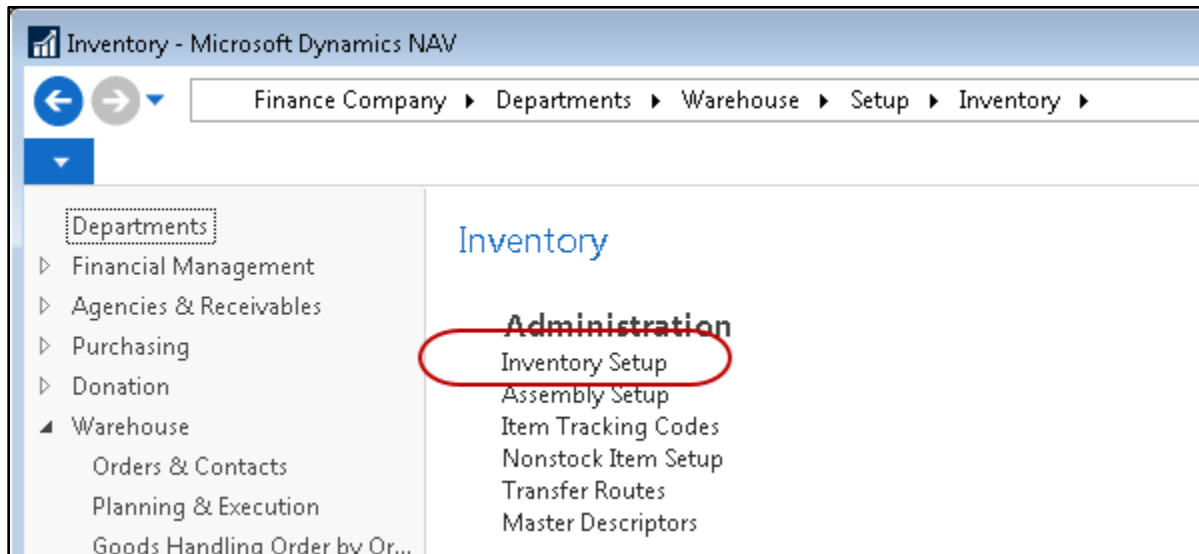
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Setup

Inventory Setup

1. The Inventory Setup form can be accessed from Departments → Warehouse → Setup → Inventory → Inventory Setup.



2. It is recommended that both the Automatic Cost Posting and Expected Cost Posting fields be checked, and the Automatic Cost Adjustment field set to Always. These settings will insure that costs are as accurate as possible at the time of product distribution to an Agency.

The screenshot shows the "Inventory Setup" form, General tab. The "Automatic Cost Posting" checkbox is checked, the "Expected Cost Posting to G/L" checkbox is unchecked, and the "Automatic Cost Adjustment" dropdown is set to "Always". These three fields are highlighted with a red oval. Other fields include "Default Costing Method" (FIFO), "Average Cost Calc. Type" (Item), "Average Cost Period" (Day), "Copy Comments Order to Shpt." (checked), "Copy Comments Order to Rcpt." (checked), "Outbound Whse. Handling Time" (empty), "Inbound Whse. Handling Time" (empty), "Copy Comments Item Jnl." (checked), "A2H Inventory Value" (1.59), "Max. Pick Labels per Item" (2), "Allocated Qty Remaining Action" (Update Allocation ...), "Residual Alloc. Jnl. Template" (ALLOC), "Residual Alloc. Jnl. Batch" (RESID), "Qty. Available Calc. Method" (All Calculation Co...), "Pallet No. Required Default" (checked), and "Allow Non-Lot Tracked Items" (unchecked). A "Show fewer fields" link is at the bottom right.

Selecting Automatic Cost Posting will automatically post to the inventory account, adjustment account and COGS account in the general ledger when posting items from a document or journal. Selecting Expected Cost Posting will post expected costs to interim accounts. Expected costs are a preliminary cost that you expect to appear on an invoice from a vendor.

Expected costs are posted when you receive the item, prior to Invoicing the Purchase Order. Once the actual invoice is received from the vendor, the user would adjust the Direct Unit Cost Excl. Tax to the correct amount, if necessary, and then post the Purchase Order as Invoiced.

To utilize Lot Pricing, it is important that the Calculate Agency Fees from field on the Agencies Receivables Setup is set to Lot.

Edit - Agencies & Receivables Setup

HOME ACTIONS NAVIGATE

View Edit Web Order Defaults Schedule Templates Agency Posting Groups Agency Fee Groups Agency Disc. Groups Payment Registration Setup Payment Methods Payment Terms OneNote Notes Links Show Attached Page

Manage Process Customer Groups Payments

Agencies & Receivables Setup

General

Discount Posting: No Discounts

Credit Warnings: Credit Limit

Apply Grants to Credit Warning: ☐

Invoice Rounding: ☐

Default Item Quantity: ☐

Appln. between Currencies: None

Logo Position on Documents: Right

Company Position on Documents: Left

Allocations Exist: ☒

Calculate Agency Fees from: Lot

Reason Code Mandatory: Item

Suppress Printing of Shpt: ☐

Use Parent Agency: ☐

Shopper Mandatory: ☒

Same Fund on Sales Lines: ☐

Always Show Available Quantity: ☐

Show Requested Qty. Message: ☐

When changing to Lot you will receive a warning. Click 'Yes' to change the Agency Fee calculation method.

Microsoft Dynamics NAV

WARNING!

Configuring fee calculation from LOT requires that all open Lots have the correct value specified for Unit Cost. Please ensure this is true before proceeding or contact your solution center for more information. Continue?

Yes No

Item Setup

1. In Order for Lot Costing to function as designed, serialized lots must be used. A unique Lot No. series must be assigned on each Item Card. A sample setting on the Item Tracking FastTab is shown below:

The screenshot shows the 'Item Tracking' FastTab interface. The 'Lot Nos.' field is highlighted with a red circle. The interface is organized into two columns of fields. The left column includes 'Expiration Calculation', 'Consume by Date Calculation', 'Ship by Date Calculation', 'Pallet No. Required' (checked), 'FBC Product Category Code' (TEFAP-SH), 'FBC Product Type Code' (MIX), 'FBC Package Type Code' (KIT), and 'FBC Storage Requirement Code' (DRY). The right column includes 'UNC Handling Requirement Code' (DRY), 'FBC Product Classification' (MIX), 'Allocation Group No.' (TEFAP-SH0312F), 'Permit Web Orders' (unchecked), 'Product Image URL' (empty), 'UNC Product Category Code' (TEFAP), 'UNC Product Type Code' (16), 'UNC Package Type Code' (KIT), and 'UNC Storage Requirement Code' (DRY). A 'Show more fields' link is at the bottom right.

Field	Value
Lot Nos.:	I-LOT
Expiration Calculation:	
Consume by Date Calculation:	
Ship by Date Calculation:	
Pallet No. Required:	<input checked="" type="checkbox"/>
FBC Product Category Code:	TEFAP-SH
FBC Product Type Code:	MIX
FBC Package Type Code:	KIT
FBC Storage Requirement Code:	DRY
UNC Handling Requirement Code :	DRY
FBC Product Classification:	MIX
Allocation Group No. :	TEFAP-SH0312F
Permit Web Orders:	<input type="checkbox"/>
Product Image URL:	
UNC Product Category Code:	TEFAP
UNC Product Type Code:	16
UNC Package Type Code:	KIT
UNC Storage Requirement Code:	DRY

▼ Show more fields

2. The values entered for Handling Fee, VAP Fee, Cost Adjustment Type & Cost Adjustment Factor will determine the Unit Fees to be calculated for each new Lot and subsequently carried forward on to an Agency Order when the product is distributed. As each new Lot is created on a Purchase Order, these values are retrieved from the Item Card and stored on the Lot Card. If these values are changed on the Item Card, the new values will be used on all new Lots created.

Note: Any existing Open Lots will not be updated with the new values, rather the values that were saved when the Lot was created will be used to calculate the various fees on an Agency order when those Lots are distributed.

Costs & Posting

Cost Details

Costing Method:	FIFO	▼
Standard Cost:	0.00	...
Unit Cost:	1.38776	...
USDA Value:	0.00	
Handling Fee (per Lb):	0.10	
VAP Fee (per Lb):	0.00	
Cost Adjustment Type:	Percent	▼
Cost Adjustment Factor:	0.00	
Handling Fee (\$):	0.30	
VAP Fee (\$):	0.00	
Unit Fees:	0.30	
Net Invoiced Qty.:	3,663	
Cost is Adjusted:	<input type="checkbox"/>	
Value Item By:	Item	▼

Processing Transactions

Purchase Orders

1. The first thing to be observed when entering items on a Purchase Order using Lot Costing, is that after the Item No is entered, the Direct Unit Cost excl. Tax is populated with the last Unit Cost for this Item. This amount can be edited as necessary prior to Posting as Receive or Invoice. This cost will post to the Unit Cost on the Lot Card. Second, once the Quantity is entered, a Lot No. is automatically assigned as a result of the Setup in the previous section.

PO-00336 · Feeding America												
General												Feeding Am
Lines												
Line Functions Order Find Filter Clear Filter												
Type	No.	Description	Quantity	Location Code	Bin Code	Pallet No.	Lot No.	Lot Expiration...	Lot Consume By Date	Lot Certificat...	Ship by Date	Tier Height Direct Unit Cost Excl. Tax
Item	10799P	Cereal - Cheerios	500	KAN	01-001-A		LOT-04276	9/12/2020	9/19/2020		8/19/2020	10 5 9.25

Agency Orders

1. Once an item is entered on an Agency Order, lot selection is based on FEFO (First Expired, First Out). Depending on the setup, this selection is performed on a Warehouse Document or in the case of a Shopping Area, on the Agency Order itself when Released, as shown below.

AO-01265 · Safehome, Inc												
General												3/12/2020 3/12/2020 4/11/2020 Released
Lines												
Line Order Find Filter Clear Filter												
Type	No.	Description		Pallet No.	Ship by Date	Lot No.	Quantity	Unit of Measur...	Unit Gross Weight	Unit Fees	Line Amount Excl. Tax	Lin
Item	10799P	Cereal - Cheerios		1305-05238	8/19/2020	LOT-04274	50	CASE	11	10.64	532.00	
Item	10799P	Cereal - Cheerios		1305-05239	8/19/2020	LOT-04274	50	CASE	11	10.64	532.00	
Item	10799P	Cereal - Cheerios		1305-05240	8/19/2020	LOT-04274	50	CASE	11	10.64	532.00	
Item	10799P	Cereal - Cheerios		1305-05241	8/19/2020	LOT-04274	50	CASE	11	10.64	532.00	
Item	10799P	Cereal - Cheerios		1305-05242	8/19/2020	LOT-04274	50	CASE	11	10.64	532.00	
Item	10799P	Cereal - Cheerios		1305-05243	8/19/2020	LOT-04275	50	CASE	11	10.36	518.00	
Item	10799P	Cereal - Cheerios		1305-05244	8/19/2020	LOT-04275	50	CASE	11	10.36	518.00	
Item	10799P	Cereal - Cheerios		1305-05245	8/19/2020	LOT-04275	25	CASE	11	10.36	259.00	

2. As displayed above, multiple Lots were chosen to fulfill the Quantity entered on this Agency Order. Each Lot has a Unit Cost in the amount that was entered and posted on the original Purchase Order. In addition, the Unit Fees Excl. Tax are calculated and entered automatically based on the Lot's Unit Cost and the value of the Handling Fee, VAP Fee, Cost Adjustment Type & Cost Adjustment Factor that was retrieved from the Item Card at the time of the Lot being created on the Purchase Order, as explained above under the section, Purchase Orders.

Journal Adjustments

1. When journal entries are being used to distribute or adjust Items and their associated Lots (Negative or Positive Adjustments including Physical Inventory, Item Journal Adjustments, and Kitting Adjustment Entries) Ceres will use the associated Lot Unit Cost to assign the Unit Cost/Amount on the Item Journal Line entry. If the User attempts to adjust the Unit Cost and Lot Costing is selected, the following message appears.

✖ Unit Amount must be 9.25 when applicable to Lot No.=LOT-04275.

Batch Name:

Line No.	Posting Date	Entry Type	Document No.	Item No.	Description	Bin Code	Quantity	Unit of Measur...	Unit Amount
✖ 0	3/12/2020	Positive Adj...	IGJ-00310	10799P	Cereal - Cheerios	01-101-A	2	CASE	✖ 9.27

2. The message appears regardless of the Entry Type selected.

Related Topics

1. Agency Order Overview
2. Item Overview
3. Purchase Order Overview