# Item Charges Overview

## Purpose of this document

Item Charges functionality allows food banks to associate additional costs that are incurred, such a freight, processing, or storage, to specific items when purchasing product or receiving purchased or donated product. These additional costs along with the original cost are known as landed cost and are included in the value of the inventory or are expensed. They can be associated with a different Vendor than the product Vendor or Donor.

This document illustrates how to associate additional costs incurred in the handling of donated or purchased product.

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

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# Item Charge Assignment

Item Charges can be assigned based on:
- Purchase / Donation Receipt Lines
- Purchase / Donation Return Receipt Lines
- Transfer Receipt Lines
- Agency Shipment Lines
- Agency Return Shipment Lines

Whether the Item Charge cost is capitalized (included in the value of inventory) or expensed is based on how the Item Charge is assigned.

> **Receipt Lines -** Cost is capitalized and included in the value of the inventory.

> **Agency Shipment Lines** - Cost is expensed.

# Item Charge Setup

1. The setup of Item Charges starts with defining Item Charge Codes.   Item Charges can be accessed from Departments → Financial Management → Inventory → Administration → Setup → Item Charges
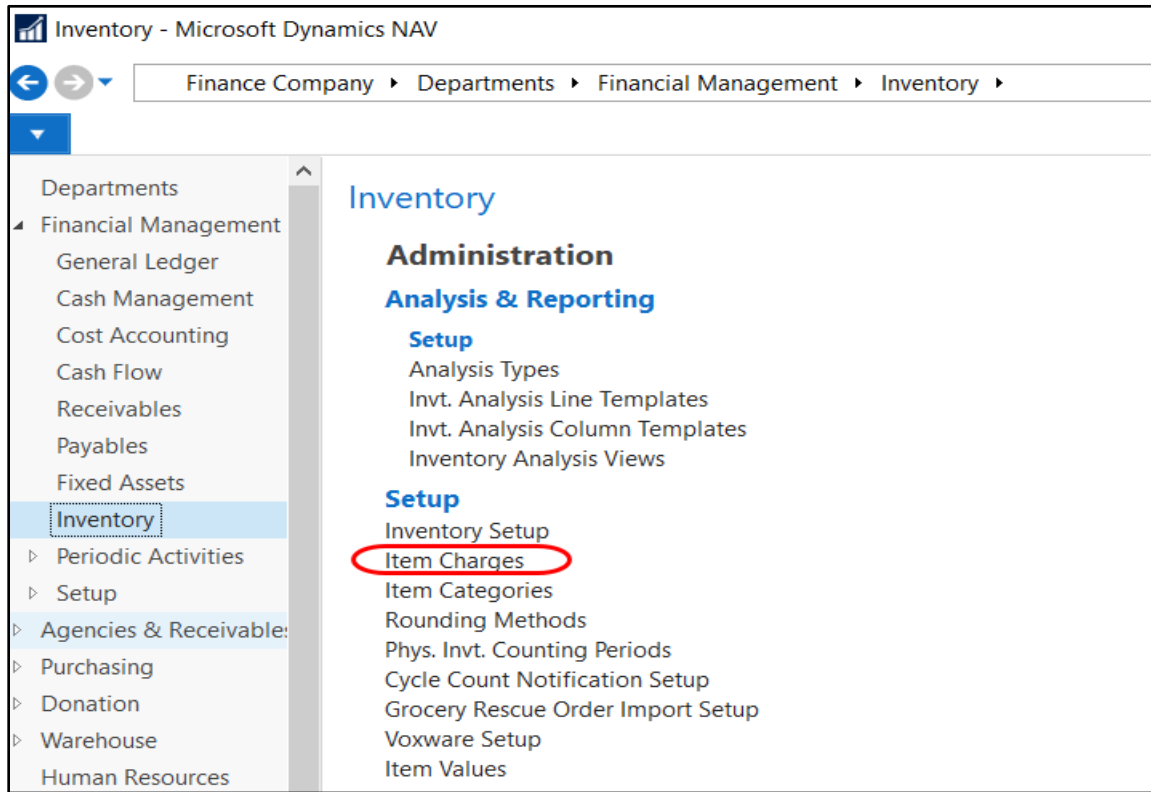
2. To create a new Item Charge select New from the Home Tab of the Ribbon.
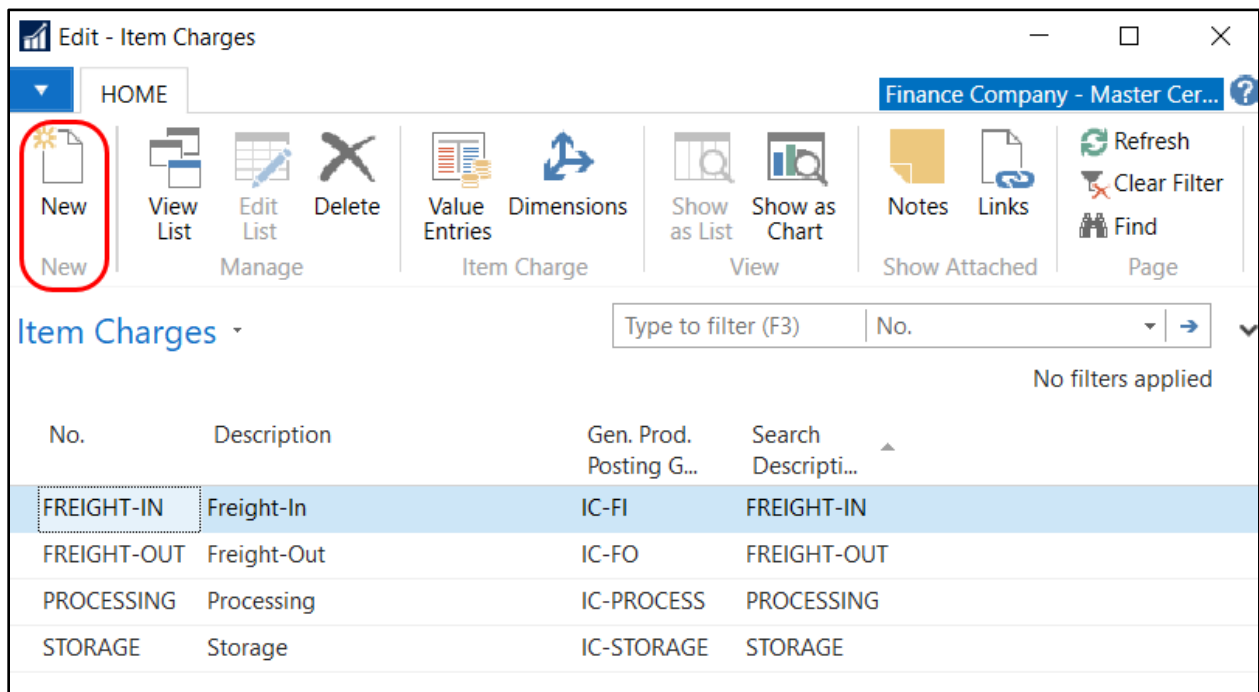


3. Input values in the following fields.

**No.** : Unique identifier for the new Item Charge.

**Description:** A brief description of the Item Charge.

**Gen. Product Posting Group:** This field is mandatory and determines which Accounts are used to post dollar transactions to the General Ledger. In the above example, new Gen Product Posting Groups staring with IC were created specifically for Item Charges.

**Search Description:** Enter an alternative description that can be used for searching. The Search Description will automatically default to the Description but can be overridden.

## Processing Invoices with Item Charges

Item Charges can be entered and processed from a purchase order or a purchase pnvoice for charges, such as freight-in, processing, storage, or from an agency order for freight-out. In the below example a Purchase Invoice is used.to process Item Charges

1. Create a new Purchase Invoice; select the Vendor No., etc. Refer to the Creating & Processing Purchase Invoices for more detailed information.

2. Move to the lines of the Purchase Invoice. In the Type field select Charge (Item).

3. In the No. field, type in the Item Charge Number or use the lookup to select from the List.

4. In the Quantity field enter the quantity, and in the Direct Unit Cost field the amount of the invoice.

| Type | No. | Description/Comment | Quantity | Direct Unit Cost Excl. Tax | Line Amount Excl. Tax | Fund No. | Department Code | Project Code |
|------|-----|---------------------|----------|---------------------------|----------------------|----------|-----------------|--------------|
| Charge (Item) | STORAGE | Storage | 1 | 3,000.00 | 3,000.00 | UR | 4000 | |

5. To assign the Item Charge click on the Line Button, and then select Related Information → Item Charge Assignment.

6. From the Item Charge Assignment Page, select Receipt Lines from the Home Tab of the Ribbon. For other options, click on the Actions Tab of the Robbin and select which Get….. option you want to copy the Lines from. In this example, Get Receipts Lines was selected.
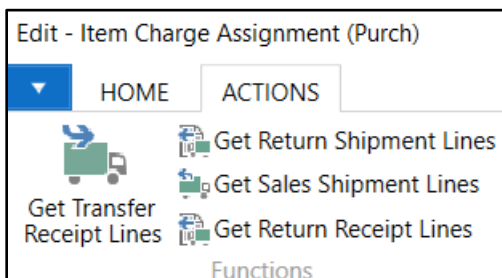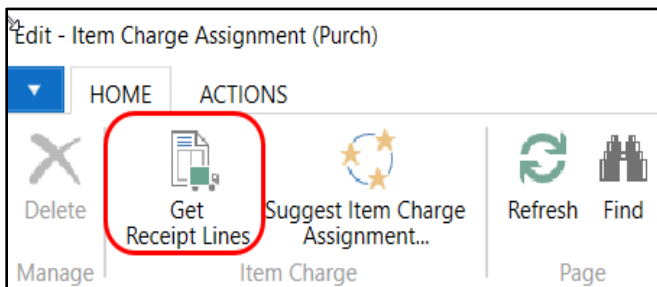
7. From the Receipt Lines List, scroll down and select the Lines you would like to copy by highlighting them. You can select as many lines as you would like.



8. Click OK to copy Receipt Lines to the Item Charge Assignment Page. You can add lines by rerunning the Item Charge Assignment Action or you delete lines by selecting Home → Delete.
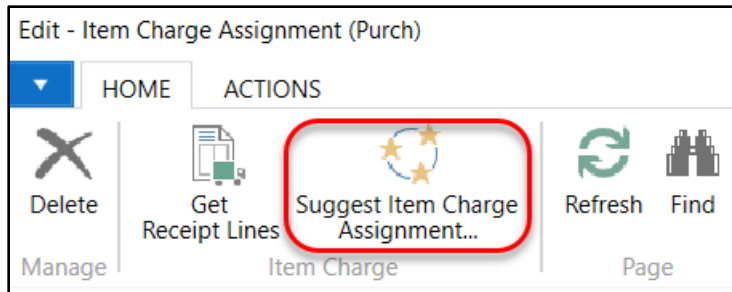
9. To allocate an amount to each line, select Suggest Item Charge Assignment for the Home Tab of the Ribbon..



10. A Dialog Box will display where you can choose the method would like to allocate the amount by. The options are:
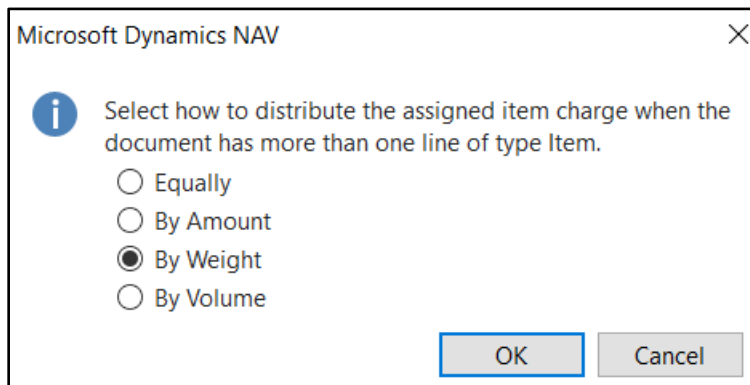


**Equally** - The Line Amount will be allocated equally across all lines.

**By Amount** – The Line Amount will be prorated based on the amount associated with each receipt or shipment line.

**By Weight** – The Line Amount will be prorated based on the gross weight associated with each receipt or shipment line.

**By Volume** – The Line Amount will be prorated based on the volume associated with each receipt or shipment line.

11. Click the OK button to allocate the Purchase Invoice Line Amount.  In this example, 60% or $1,800 was allocated to Item 10018 and 40% or $1,200 was allocated to Item 10019.



Edit - Item Charge Assignment (Purch)

HOME   ACTIONS

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| Applies-… Doc. Type | Applie… Doc. No. | Applie… Doc. Line No. | Item No. | Description | Qty. to Assign | Qty. Assigned | Amount to Assign | Gross Weight | Unit Volume | Qty. to Receive (Base) | Qty. Received (Base) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Receipt | PO-00305-1R | 10000 | 10018 | Chocolate Sryup | 0.12 | | 360.00 | 1,800 | | | 100 |
| Receipt | PO-00305-1R | 12000 | 10018 | Chocolate Sryup | 0.12 | | 360.00 | 1,800 | | | 100 |
| Receipt | PO-00305-1R | 14000 | 10018 | Chocolate Sryup | 0.12 | | 360.00 | 1,800 | | | 100 |
| Receipt | PO-00305-1R | 16000 | 10018 | Chocolate Sryup | 0.12 | | 360.00 | 1,800 | | | 100 |
| Receipt | PO-00305-1R | 18000 | 10018 | Chocolate Sryup | 0.12 | | 360.00 | 1,800 | | | 100 |
| Receipt | PO-00305-2R | 20000 | 10019 | Coffee | 0.08 | | 240.00 | 1,200 | | | 100 |
| Receipt | PO-00305-2R | 30000 | 10019 | Coffee | 0.08 | | 240.00 | 1,200 | | | 100 |
| Receipt | PO-00305-2R | 40000 | 10019 | Coffee | 0.08 | | 240.00 | 1,200 | | | 100 |
| Receipt | PO-00305-2R | 50000 | 10019 | Coffee | 0.08 | | 240.00 | 1,200 | | | 100 |
| Receipt | PO-00305-2R | 60000 | 10019 | Coffee | 0.08 | | 240.00 | 1,200 | | | 100 |

12. Click the OK button to return to the Purchase Invoice. Once the Purchase Invoice Line Amount has been allocated, the Qty to Assign is updated automatically.



Lines

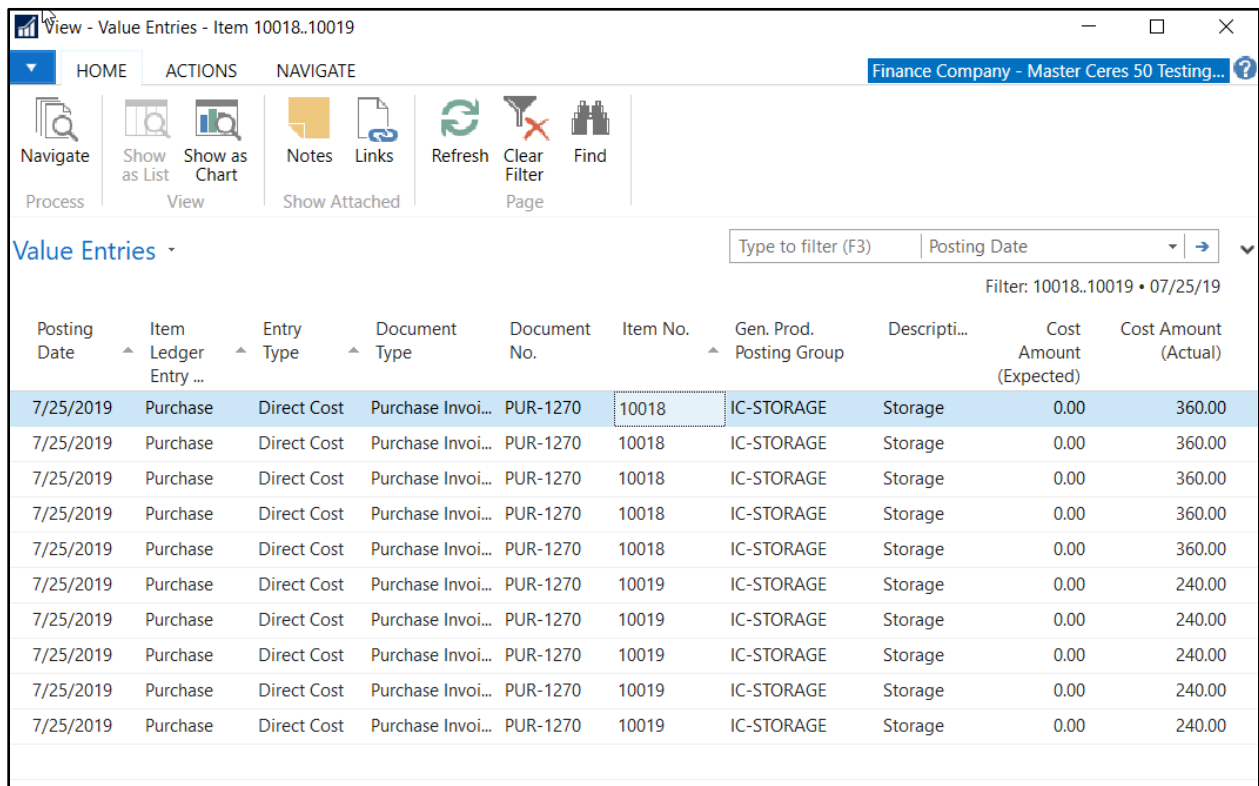| Type | No. | Description/Comment | Quantity | Direct Unit Cost Excl. Tax | Line Amount Excl. Tax | Qty. to Assign | Fund No. |
|---|---|---|---|---|---|---|---|
| Charge (Item) | STORAGE | Storage | 1 | 3,000.00 | 3,000.00 | 1 | UR |

13.  Finish processing the Purchase Invoice and then post it.

# Reviewing the Value Entries

The Item Value Entries were updated when the transaction was posted. One way to view the entries is to Navigate from the Posted Purchase Invoice.

1. From the Posted Purchase Invoice, select Navigate from the Home Tab of the Ribbon. From the Edit – Navigate Page select Value Entry and then Show to display the Value Entries

2. As a result, $3,000 of storage was added to the overall cost (Value Entries) to Items 10018 and 10019.

3. This same cost is reflected in the inventory value when you run the Inventory Valuation Report. Note that $1,800 of freight costs were added to the value of Item 10018 and $1,200 to Item 10019.

## Inventory Valuation

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**Inventory Valuation**                                             Thursday, July 25, 2019 4:48 PM
Ceres 5.0 Testing                                                                           Page   1
Quantities and Values As Of 07/25/19                                              ESOPRO\KJK

Item: No.: 10018..10019

| No. | Description | Base Unit of Measure | Costing Method | Remaining Quantity | Unit Cost | Inventory Value |
|-----|-------------|----------------------|----------------|--------------------|-----------|-----------------|
| 10018 | Chocolate Sryup | CASE | FIFO | 5,964.00 | 28.62 | 170,689.68 |
| 10019 | Coffee | CASE | FIFO | 5,541.00 | 2.31 | 12,800.00 |
| **Total Inventory Value** | | | | | | **183,489.68** |

## Related Topics

1. Purchase Invoice Overview
2. Purchase Order Overview
3. Purchase Credit Memo Overview
4. Purchase Return Order Overview