

Cost Explained simple version

See the RMS Manual for full details

Always check with your CPA on how to handle your cost

In the configuration tab there are 4 ways to set up & have the system calculate your cost

None = you update the main cost field manually

Last Cost = main cost field is updated (changed) based on the last cost received from a PO

Landed Cost = the cost of an item is the sum of the item's cost, tax, shipping, and other fees

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This is the standard and most popular  
Weighted Average =

Select this method if you want Store Operations to update the item cost based on an average cost of all units of that item. When you receive new items, Store Operations adds the total cost of the unit received to the total cost of the existing units. This total cost is then divided by the total number of units on hand.

For example, assume you have in stock 20 hammers that cost \$10.00 each.

You then order 10 more hammers that cost \$12.00 each.

If the weighted average cost method is selected, Store Operations automatically changes the cost to \$10.67 when the 10 hammers are received.

Look at the following computation:

Total cost = 20 hammers @ \$10.00 each + 10 hammers @ \$12.00 each = \$320.00

Weighted average cost = \$320.00 / (20 hammers + 10 hammers) = \$10.67

**Note:** If you are using Headquarters to manage item costs, the costs in the store database will be periodically overwritten, regardless of this setting.

**\*\*If your cost changes only for a special (like a onetime discount)**

Just change it on the PO cost field this will update your main cost

**\*\*\* If you check the Update Supplier Cost and Tax rate from Purchase Order under the PO options in configuration, this will automatically change the main cost to that item on your main item screen under general.**

Item Properties: Miss - 1 Miss

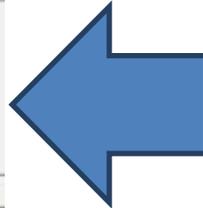
Voucher Alias General Substitutes Inventory Special Suppliers Special Pricing Edit Discounts

Item lookup code: 1 Miss Item type: Non-inventory  
 Description: Miss  
 Extended description:  
 Member of:  
 Mr. Part #: Department: Miscellaneous Sales 97  
 Mr.: Category: MISCELLANEOUS  
 Sub Category:  Item is taxable  
 Barcode: NONE Price: \$0.00  
 Cost: \$0.00  
 Profit Margin: N/A

Labels Movement OK Cancel

This is your main cost field

All of you cost on all of your reports a Z Report are based on this field



Item Properties: Datalogic Desk Stand 65 - 90ACC1879

Voucher Alias General Substitutes Inventory Special Suppliers Special Pricing Edit Discounts Options Commission

Primary?	Supplier Name	Reorder No.	Min. Order	MPO	1 entry Cost	
<input checked="" type="checkbox"/>	SCANSOURCE	12348		0	\$10.000	Add Delete Primary

Labels Movement OK Cancel Help

If you have this cost field fill out it will automatically be on the PO when you pick that vender

Configuration

Accounts Sales Tax Tender Accounting Store Ordering Inventory Options Multi-Store

Customer options  
 General options  
 Item options  
 POS options  
**Purchase Order options**  
 Allow edit of closed purchase orders  
 Update supplier cost and tax rate from Purchase Order  
 Reason Code options  
 Serial Number options

Purchase Order options

Captions OK Cancel Help

**Update supplier cost and tax rate from purchase order:**

If this option is selected, the supplier cost and tax rate for an item will be automatically updated to the last cost and tax rate of the item when it is received from purchase orders or inventory transfers. Only the cost and tax rate for the supplier from whom the order was received will be updated. (This is similar to the Last Cost option on the Inventory tab.)