

Item with Cost Absorption at Sale - Setup

This a very specialized item set up. If you want to add cost to an item at the time of sale only (eg. Delivery cost, labor & shrink), you will need to do two steps: set up a recipe and configure the item correctly. When set up, the item will absorb extra cost automatically each time the item is sold in OE-1.

Set up a recipe:

1. A new or existing item can be used. Go to RC-1 – a recipe needs to be set up to handle the absorption.
2. Enter the item and a recipe “Extent” (usually “A” or any letter) and a “Recipe Quantity” – this quantity can be anything but will need to match the component quantity on the next screen (below). If unsure, use 100. Like this:

```

                                     RECIPE HEADER DATA
                                     -----
ITEM #: 14272/ST:14272                SUP-R-LIX 2-HL LBX
EXTENT: A
1.   DESCRIPTION:
2.   RECIPE QUANTITY:  2,000.00 LBS    40.00 BAG
3.   DATE LAST CHANGED: 07/23/13
4.   INITIALS: ---

ANY CHANGE: _
```

3. Next enter the components need to be entered. The labor items are configured at your discretion – as many of these labor items can be used as needed. The recipe item (in this example, item #14272) must be used as a component with the **same** quantity as the recipe quantity – like this (on following page):

PAGE: 1		RECIPE COMPONENTS				TOTAL PAGES: 1	
ITEM SOURCE	ITEM NUMBER	DESCRIPTION	QUANTITY	FROM SITE	AVG COST	TOTAL COST	
1	I	14272 - SUP-R-LIX 2-HL	2000.0000 LBS	1	0.2240	448.08	
2	L	1 - SHRINK	5.0000 TON	1	1.0000	5.00	
3	L	3 - LABOR	1.0000 TON	1	5.3000	5.30	
4	L	8 - LIQUID DELIVERY	2.0000 TON	1	20.0000	40.00	

14272 - SUP-R-LIX 2-HL	Current Avg Cost:	0.2240/LBS	11.2020/BAG
Extent: A Recipe Quantity: 2,000 LBS	Recipe Unit Cost:	0.2492/LBS	12.4595/BAG
	Change in Cost: (+)	0.0252/LBS	1.2575/BAG

Enter LINE # or Command Code Desired (type '?' for HELP Display): _____

Again, notice that the same inventory item is used as a component – the labor/overhead items (designated by the “L” in the first column) add to the cost of the item (in this case about 1.25 per Bag).

Configure the item:

- The only item configuration need at this point is in IN-1-4. Change field #41 to look like this (use the extent that was used for the recipe – in this case “A”):

41. Recipe OE? Y Extent: A Use Recipe Cost in OE? Y

Final Note:

The absorbed cost, as calculated by the recipe, will be displayed in certain important programs (like OE-1 and IN-1-11-1) so that the user can see the cost when sold – look for the designation “(Recipe)” or “From Recipe” near the cost of the item. In OE-1, it looks like this:

REF. CODE: 0.249 / 12.460 (Recipe)