

MEMBER BUSINESS
SOLUTIONS



Item Charges Overview

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Purpose of this document

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

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Purpose

Item Charges functionality allows food banks to associate additional costs that are incurred, such as 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.

Ceres object release 4.00.00 is required for the functionality documented in this procedure.

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

Allocation

The cost associated with an Item Charge can be allocated:

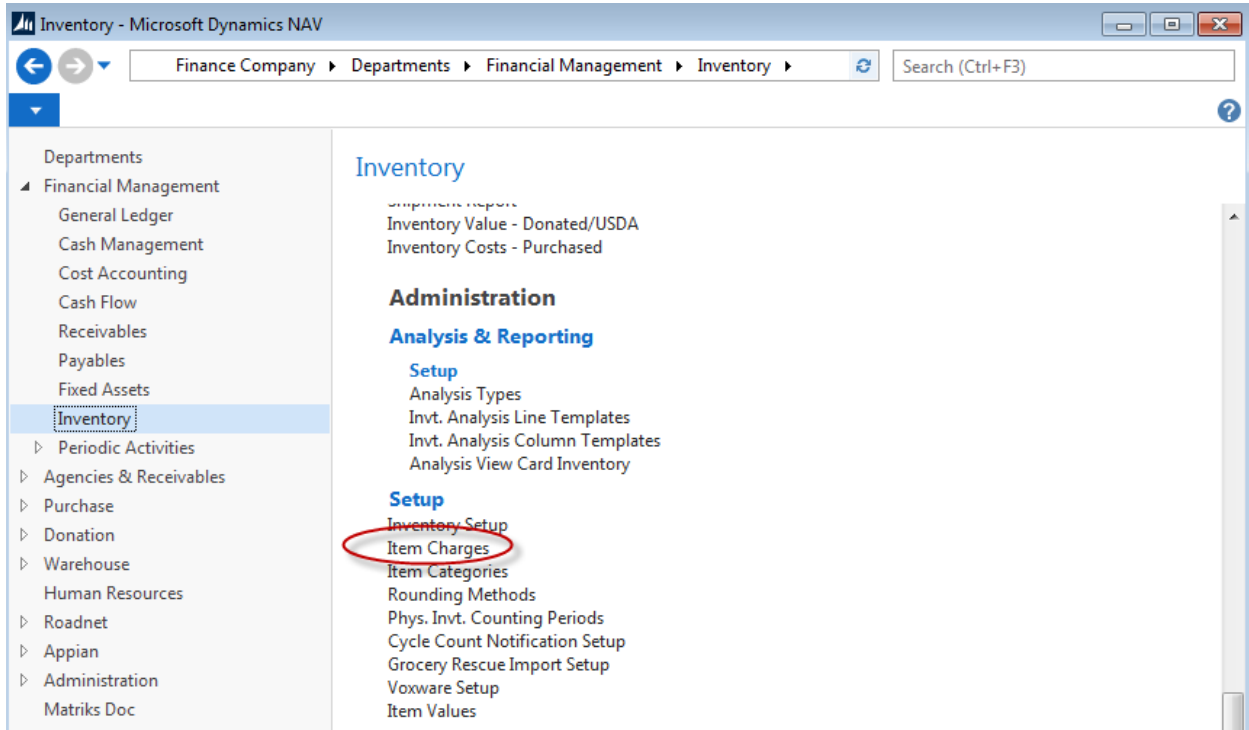
Equally – Costs are allocated equally across the receipt lines or shipment lines that were selected. Applicable for purchased or donated products.

Amount – Costs are prorated based on the cost amount associated with the receipt lines or shipment lines that were selected. Applicable for purchase product only since donated product is received at \$0.

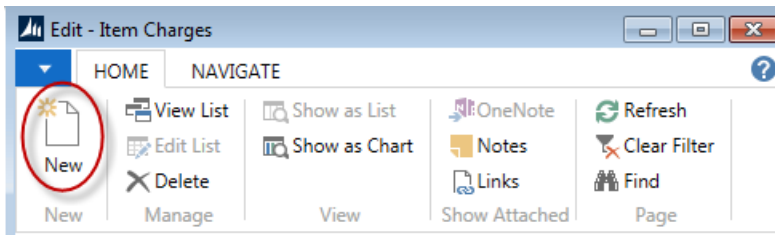
Gross Weight – Costs are prorated based on the gross weight associated with the receipt lines or shipment lines that were selected. Applicable for purchased or donated products.

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 Home → New.



3. Complete the required fields.

No.	Description	Gen. Prod. Posting Group	Search Description
FREIGHT-IN	Freight-In	IC-FI	FREIGHT-IN
FREIGHT-OUT	Freight-Out	IC-FO	FREIGHT-OUT
PROCESSING	Processing	IC-PROCESS	PROCESSING
STORAGE	Storage	IC-STORAGE	STORAGE

No. : A 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 starting 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.

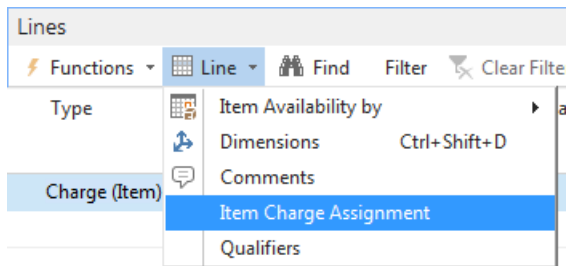
Processing Invoices with Item Charges

Item Charges can be entered and processed from Purchase Order or Purchase Invoice for freight-in, processing, storage, etc., or from an Agency Order for freight-out. In the below example a Purchase Invoice is used to process Item Charges

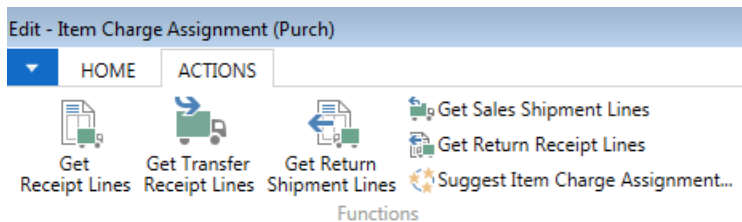
1. Create a new Purchase Invoice; select the Vendor No., etc. Refer to the Creating & Processing Purchase Invoices for more detailed information.
2. Move to the lines of the Purchase Invoice. In the Type field select Charge (Item).
3. In the No. field, type in the Item Charge Number or use the lookup 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	Quantity	Direct Unit Cost Excl. Tax	Line Amount Excl. Tax	Department Code	Project Code	GL Branch
Charge (Item)	FREIGHT-IN	Freight-In	1	1,000.00	1,000.00	4000		

5. To assign the Item Charge click on Line → Item Charge Assignment.



6. From the Item Charge Assignment Page, select Actions → Get Receipts Lines, etc. Choose which Action 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.

Purch. Receipt Lines

HOME NAVIGATE

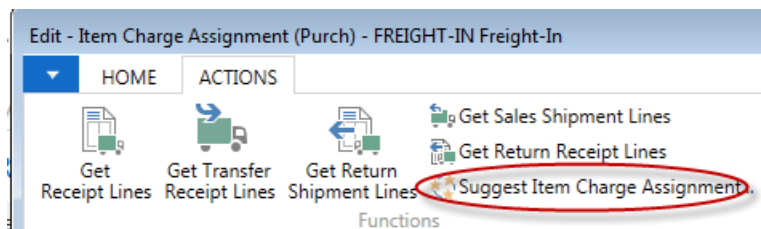
Show as List Show as Chart OneNote Notes Links Refresh Clear Filter Page

Purch. Receipt Lines Type to filter (F3) Document No.

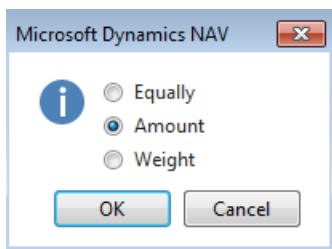
Show results:
 Where Document No. is PO*
 + Add Filter

Docum... No.	Buy-from Vendor No.	Type	No.	Description	Quantity	Unit Cost	Unit of Measure	Location Code	Bin Code
PO-00137-1R	V000026	Item	68092	Beefaroni	85	13.50	Case	KAN	01-105-C
	V000026	Item	68092	Beefaroni	15	13.50	Case	KAN	01-105-C
PO-00137-2R	V000026	Item	68092	Beefaroni	15	15.00	Case	KAN	01-105-C
	V000026	Item	68092	Beefaroni	35	15.00	Case	KAN	01-105-C
	V000026	Item	68025	Chicken	50	23.20	Case	KAN	01-103-C
PO-00138-1R	V000026	Item	40932	Cereal	85	20.50	Case	KAN	02-107-A
	V000026	Item	40932	Cereal	85	20.50	Case	KAN	02-107-A
PO-00141-1R	V000016	Item	46215	Toilet Paper	25	8.00	Case	KAN	17-116-B
PO-00142-1R	V000025	Item	65158	Coop Diapers	85	22.88	Case	KAN	14-111-C
	V000025	Item	65158	Coop Diapers	35	22.88	Case	KAN	14-111-C
	V000025	Item	65176	Coop Cereal Fruit Rolls	85	15.10	Case	KAN	13-123-C
PO-00145-1R	V000052	Item	68000	Green Beans	75	10.00	Case	KAN	06-122-C
	V000052	Item	68000	Green Beans	25	10.00	Case	KAN	06-122-C

- Click the 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.
- To allocate an amount to each line, select Actions → Suggest Item Charge Assignment.



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



Equally - The Purchase Invoice Line Amount will be allocated equally across all lines

Amount – The Purchase Invoice Line Amount will be prorated based on the amount associated with each receipt or shipment line

Weight – The Purchase Invoice Line Amount will be prorated based on the Gross Weight associated with each receipt or shipment lines

- Click the OK button to allocate the Purchase Invoice Line Amount. In this example, Amount was selected with 95.573% or \$945.73 allocated to Item 40932 and 5.427% or \$54.27 allocated to the Item 46215.

Applies-to Doc. Type	Applies-to Doc. No.	Applies-to Doc. Line No.	Item No.	Description	Qty. to Assign	Amount to Assign
Receipt	PO-00138-1R	20000	40932	Cereal	0.47286	472.86
Receipt	PO-00138-1R	30000	40932	Cereal	0.47287	472.87
Receipt	PO-00141-1R	10000	46215	Toilet Paper	0.05427	54.27

- 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.

Type	No.	Description	Quantity	Direct Unit Cost Excl. Tax	Line Amount Excl. Tax	Qty. to Assign	Qty. Assigned
Charge (Item)	FREIGHT-IN	Freight-In	1	1,000.00	1,000.00	1	

- 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.

- From the Posted Purchase Invoice, select Home → Navigate. From the Edit – Navigate Page select Value Entry and then Show to display the Value Entries.

- As a result, \$1,000 of freight was added to the overall cost (Value Entries) to Items 40932 and 46215.

Posting Date	Item No.	Item Ledger Entry Type	Entry Type	Document Type	Document No.	Item Charge No.	Description	Cost Amount (Expected)	Cost Amount (Actual)
8/15/2014	40932	Purchase	Direct Cost	Purchase Invoice	PUR-1205	FREIGHT-IN	Freight-In	0.00	472.86
8/15/2014	40932	Purchase	Direct Cost	Purchase Invoice	PUR-1205	FREIGHT-IN	Freight-In	0.00	472.87
8/15/2014	46215	Purchase	Direct Cost	Purchase Invoice	PUR-1205	FREIGHT-IN	Freight-In	0.00	54.27

- This same cost is reflected in the inventory value when you run the Inventory Valuation Report. Note that \$54.27 of freight costs were added to the value of Item 48215 which is a donated item.

Inventory Valuation

Friday, August 15, 2014 4:40 PM

Demo Food Bank

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Quantities and Values As Of 08/15/14

KJK

Item: No.: 40932|46215

No.	Description	Base Unit of Measure	Costing Method	Value Item By	Remaining Quantity	Remaining Lbs.	Unit Cost	Inventory Value
40932	Cereal	CASE	FIFO	Item				
40932	Cereal	CASE	FIFO	Item	232.00	3,248	19.10	4,430.73
46215	Toilet Paper	CASE	FIFO	Item				
46215	Toilet Paper	CASE	FIFO	Item	48.00	336	1.13	54.27
Total Inventory Value								4,485.00

Related Topics:

- Purchase Invoice Overview
- Purchase Order Overview
- Purchase Credit Memo Overview
- Purchase Return Order Overview