Fitrix™

Standard Costing ♦ Product Guide

Version 7.0

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Chapter 1

Standard Costing Overview

Fitrix Standard Costing is an application in the Item Management family. It defines the expected or standard costs to be incurred to produce or purchase items. It uses cost elements defined in the Bill of Material and Standard Routing applications to compute standard costs per unit of an item. These costs can be tracked against actual costs to produce or purchase, and variances can be analyzed.

This chapter is designed for readers who want to know how FITRIX Standard Costing is used to establish costs for items. It describes the major functionality of FITRIX Standard Costing and provides descriptions of the features that are offered in the application.

Standard Costing Basics

An effective standard costing application should allow you to quickly calculate costs associated with purchase and production activities. It should also present these costs in a variety of formats, with sufficient detail to effectively analyze the cost elements. Costs should be available for immediate comparison to actual costs, with variances to standard presented at summary and detail levels.

To achieve these objectives, the FITRIX Standard Costing application includes the following features:

- Current standard costs for management review
- Multiple other standard costs
- Flexible cost rollup
- Bill of Material integration
- Standard Routing integration
- Actual Costing integration
- Production Order Processing integration
- Purchase Order Processing integration

Current Standard Costs for Management Review

When items are defined in the item master table, costs can be entered at the same time. When used together with an item's bill of material and standard routing, costs can be 'rolled up' to compute a 'Current Standard' cost per unit. These costs can be revised during a calendar year to provide a more accurate representation of current cost trends.

The current standard costs can be compared to actual costs via inquiries and reports. Detailed variances are presented for virtually all areas of the production or purchase process.

Multiple 'Other' Standard Cost

In addition to the Current Standard costs, FITRIX Standard Costing supports the definition of other standard costs for items. An unlimited number of other costs can be established for each item. This means you can store multiple historical standards, multiple future standards, and unlimited simulation costs. Any standard may be compared to any other standard via inquiries and reports. Variances are analyzed at multiple levels of detail.

These standard costs may also be used as templates, and can be 'transferred' to create other standard costs. Thus a future standard can be transferred to create a new cur-rent standard for a new year, or a current standard could be transferred to create a historical standard for the year just completed.

Flexible Cost Rollup

FITRIX Standard Costing provides a function to calculate the unit cost of a produced item, by accumulating the costs of all lower level components, as well as the labor and overhead costs from standard routing steps. This calculation is referred to as a 'Cost Rollup'.

Costs can be rolled up in a variety of ways:

- All items
- Only items with errors
- A range of items
- Specific items
- Single level bill of material
- Indented bill of material
- Current standard costs
- 'Other' standard costs

Bill of Material Integration

- Cost elements for items (material, labor, overhead) are calculated and placed in the item table.
- Single level and indented bills of material are used in the cost rollup.
- Standard costs in the item table can be transferred to create other costs (i.e. historical or simulated) in FITRIX Standard Costing.

Standard Routing Integration

- Routing steps are costed based on setup hours, run hours per unit and machine hours per unit.
- Labor and overhead costs can optionally be calculated based on standard work center labor and overhead rates. Work center rates are defined in the FITRIX Standard Routing application.

Actual Costing Integration

- Actual production costs can be compared to either current standard costs, or other standard costs.
- Detailed variances of actual to standard are presented on inquiries and reports.

Production Order Processing Integration

- The beginning of year frozen standard costs are included in the release of a production order.
- Actual costs can be quickly compared to the frozen standard, to compute variances.

Purchase Order Processing Integration

If standard costs are being used, the standard unit cost for an item will be used as the default on PO's entered manually, or released from MRP or Production Order Entry, unless there is a default vendor for the item in the Vendor Catalog. When the purchase receipt is posted, if the purchase order unit cost is different from the standard cost, the item will be added to inventory at its standard cost, and a variance will be posted to the purchase variance account.

Master Tables

The major master tables defined in this application are:

- Cost Type
- Cost Elements
- Item Standard Costs
- Work Center Cost
- Application Control (Setup Defaults table)

The following are tables defined in the Routing application and used in this application:

- Routing Master
- Department Master
- Work Center Master
- Machine Master
- Team Master
- Alternate Department
- Alternate Work Center
- Alternate Machine
- Alternate Team

The following are tables defined in the Bill of Material application and used in this application:

- Item Master
- Bill of Material

These tables contain static information as well as dynamic information. Static information such as Cost Type is defined at the time the cost type is entered into the table and rarely, if ever, changed after its initial entry. Dynamic information such as material cost could change as a result of cost rollups. Some tables are required and some information within the table is required.

This section provides an overview of the tables defined in this application.

Cost Type

This table is required. It defines each standard cost that you want to track. At least one cost type is required to be used as the current cost. The current standard cost elements are maintained in the item master table and the work center table.

Cost Elements

This table is required. It defines the various cost elements (i.e.- material, labor, overhead, etc.) , the sum of which comprise the total cost of an item

Item Cost

This table is optional. It defines all of the standard costs for items in all other cost types other than the current cost. Current costs are kept in the item master table for each item. An item may have as many standard costs as you have defined cost types. For example the January 1 frozen standard cost for an item could be kept in this table using the F12 cost type (standard cost for fiscal 2012). Since the current standard cost is kept in the item master table, a comparison of the frozen standard vs. the current standard can be easily made. Likewise, any other standard cost for an item can easily be compared to the current or any other standard cost type.

There is no limit to the number of cost types that each item may have.

Work Center Cost

This table defines all of the standard labor and overhead rates used for work centers. Labor and overhead rates are extended by setup and run labor hour in the labor routing to determine the associated costs. Each work center can have multiple cost types, and the cost types are usually synchronized with item cost types.

Application Control

This table is required. It defines which cost type is considered as the current cost. Current costs for items are kept in the item master table. All other cost types for items are kept in the item cost table. Work Center costs are kept in the work center master table. All other cost types for work centers are kept in the work center cost table.

Processing

Cost Roll-Up/Generation

The standard costing application provides you the capability to collect costs from all levels of the bill of material, routing and work centers. This collection of costs is presented in reports and inquiries that provide you with the needed information to measure your manufacturing processes.

Cost Copy

This application provides you with the capability to copy costs from one cost type to another cost type. You can use this function when you are setting up a new cost type and want to copy the costs from some other cost type. For example, at the beginning of a new year you may want to copy the current costs to a new year's frozen standard cost.

Inquiries

The FITRIX Standard Costing application contains two inquiries. Inquiries provide you with the capability to easily retrieve and view information contained in the database. Two inquiries have been defined in the system so that you can easily review the information.

Standard Cost Details

This inquiry provides you with summarized views of the current cost of an item. Clicking on the magnifying glass or pressing [CTRL]-[z], you can zoom to very detailed information concerning the components used and the routing steps.

Standard Cost Comparison

This inquiry provides you with summarized views of the comparison of two cost types. You choose which two cost types you want to compare. The summary screen will show the costs for each cost type and the variance between the two costs types. Clicking on the magnifying glass or pressing the [CTRL]-[z] key you can zoom to very detailed information concerning the components used and the routing steps.

Reports

The standard costing application provides three reports. These reports are:

Cost Detail

This report provides you with the detailed costs for an item. You can select all items, a range of items or specific items to print. You can also select which cost type and the effective dates for the cost.

Cost Comparison

This report provides you with a comparison between two cost types for an item. You can select all items, a range of items or specific items to print. You can select which cost types and the effective dates for the cost.

Inventory Valuation at Standard Cost Type

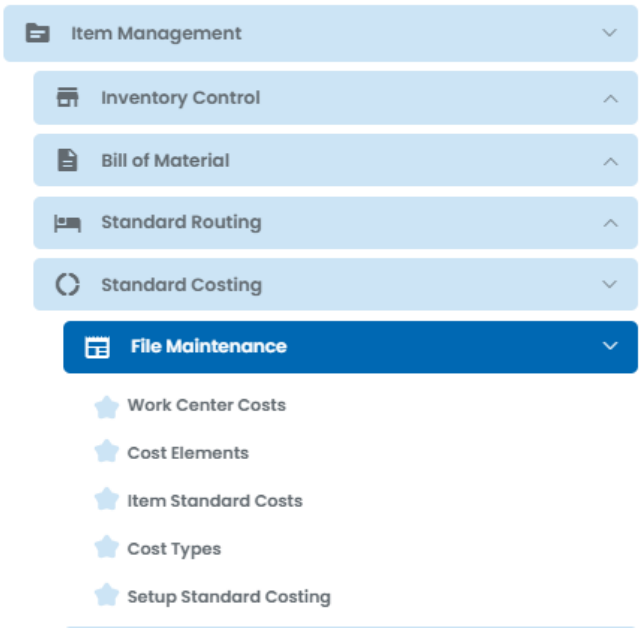
This report provides you with the valuation of your on hand inventory at any given time using the standard cost type you input

Chapter 2

Standard Cost Setup

This chapter addresses the procedures and functions necessary to enter and update master tables in FITRIX Standard Costing. Master tables typically contain static information needed by the rest of the application to perform cost rollups, cost transfers, inquiries, and reports. The master tables in FITRIX Standard Costing include:

- Work Center Costs
- Cost Elements
- Item Standard Costs
- Cost Types
- Setup Standard Costing



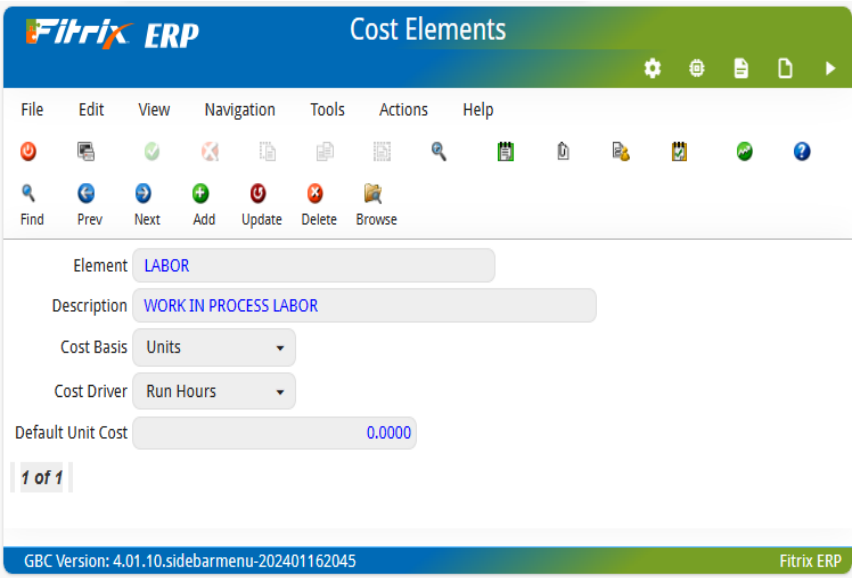
Order of Maintenance Setup Steps

The data must be set up in this order:

Cost Elements
Cost Types
Work Center Costs
Item Standard Costs
Setup Standard Costing

Cost Elements Maintenance

Select menu option (b). Use this program to set up your various cost codes such as labor, material, overhead, etc.



Element

A twenty character alphanumeric field.

Description

Enter up to a twenty character alphanumeric description

Cost Basis

This value defaults to ‘Units’, and should not be changed. It specifies that costs are calculated based on units of components or labor hours used to produce. The ‘Cost’ choice is currently not supported.

Cost Driver

This value is one of:

- Component Issue – cost is driven by Component Issue to the parent item
- Component Scrap – cost is driven by Component Scrap to the parent item
- Run Hours – cost is driven by labor reporting of Run Labor hours
- Machine Hours – cost is driven by labor reporting of Machine hours
- Setup Hours – cost is driven by labor reporting of Setup hours
- Outside Process – cost is driven by outside process costs per piece in the labor routing
- Misc – cost is driven by miscellaneous costs charged to the parent item. This driver is currently not in use.

Default Unit Cost

This value is not currently used.

Cost Type Maintenance

Cost types allow a company to define multiple costs for manufactured or purchased items. This feature is of primary benefit to companies using a standard cost methodology, but can also be used in a variety of other costing scenarios. When a user enters a new item in the Item Master table costs can be entered to establish current year standards. Cost types can be entered to define other costs which a company may want to track.

Examples are:

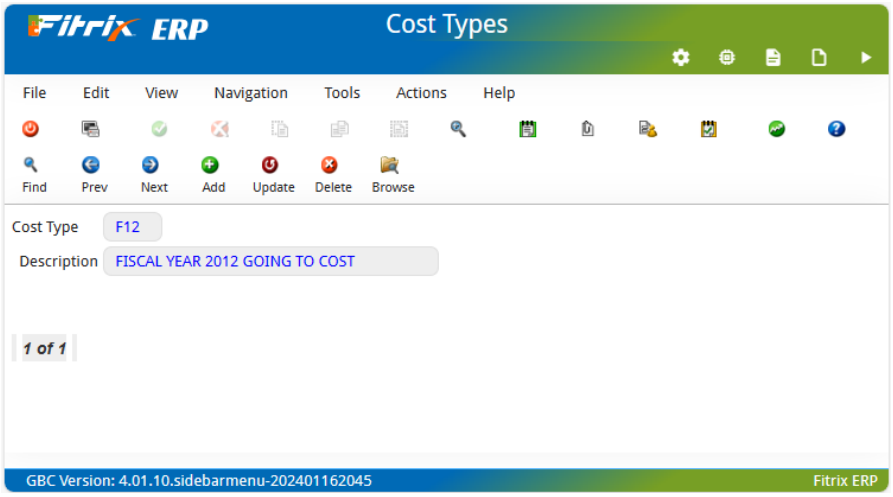
- Current year frozen standard
- Prior years' standards
- Current year going-to standard
- Simulated costs

For each type of cost to be tracked for items, a cost type is established in Cost Type maintenance. Each cost type has a 3-character code and a description. Items can then be entered for these cost types with bills of materials and routings. Costs for the items can be calculated in the Cost Rollup function.

When a cost rollup is requested, the user enters a cost type to be rolled up. The current year standard may be requested or any of the other cost types may be entered. All items with costs defined for the entered cost type are rolled up.

Select menu option (d) .Use this menu option to define as many different cost types as you need to run your business. For example, ‘F12’ could be used to define the standard cost for fiscal 2012. The Cost

Type ‘SIM’ could be used to provide simulated costs for an item. Cost Type’F13’ could see the proposed standard cost for next year.



Cost Type *Required*

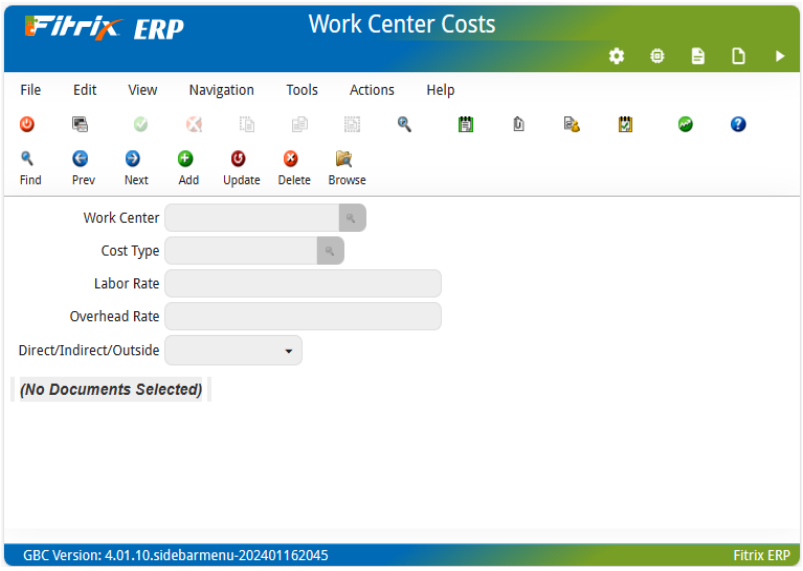
The code used to identify the type of cost to be tracked. At least one code must be entered to identify how to refer to current standard costs in the item master table. Costs for other standards are maintained using the Item Cost, Routing Cost, and Work Center Cost functions. To enter other costs for items, you must first enter the cost type here.

Description

This 30 character field contains the definition of the cost type.

Work Center Costs Maintenance

Select menu option (a) Use this menu option to set up the labor rates and overhead rates that will be used to calculate the standard cost. Specific work center rates can be developed for each work center/cost type combination. These rates will be used to calculate the standard costs for items in the associated cost types.



Work Center

The identifier for the work center where the work will be done. The number of hours used to do the work will be recorded in the operation record for the routing. The standard cost calculations will multiply the labor and overhead rates against the operation hours to determine the labor and overhead rate for the item being manufactured.

Cost Type

The entry in the cost type table that will define the standard cost for this work center. Zoom is available.

Labor Rate

The rate per hour used to calculate the labor standard cost for this work center/cost type combination.

Overhead Rate

The rate per hour used to calculate the overhead standard cost for the work center/cost type combination.

Direct/Indirect/Outside - For future use

D indicates that these are direct costs.

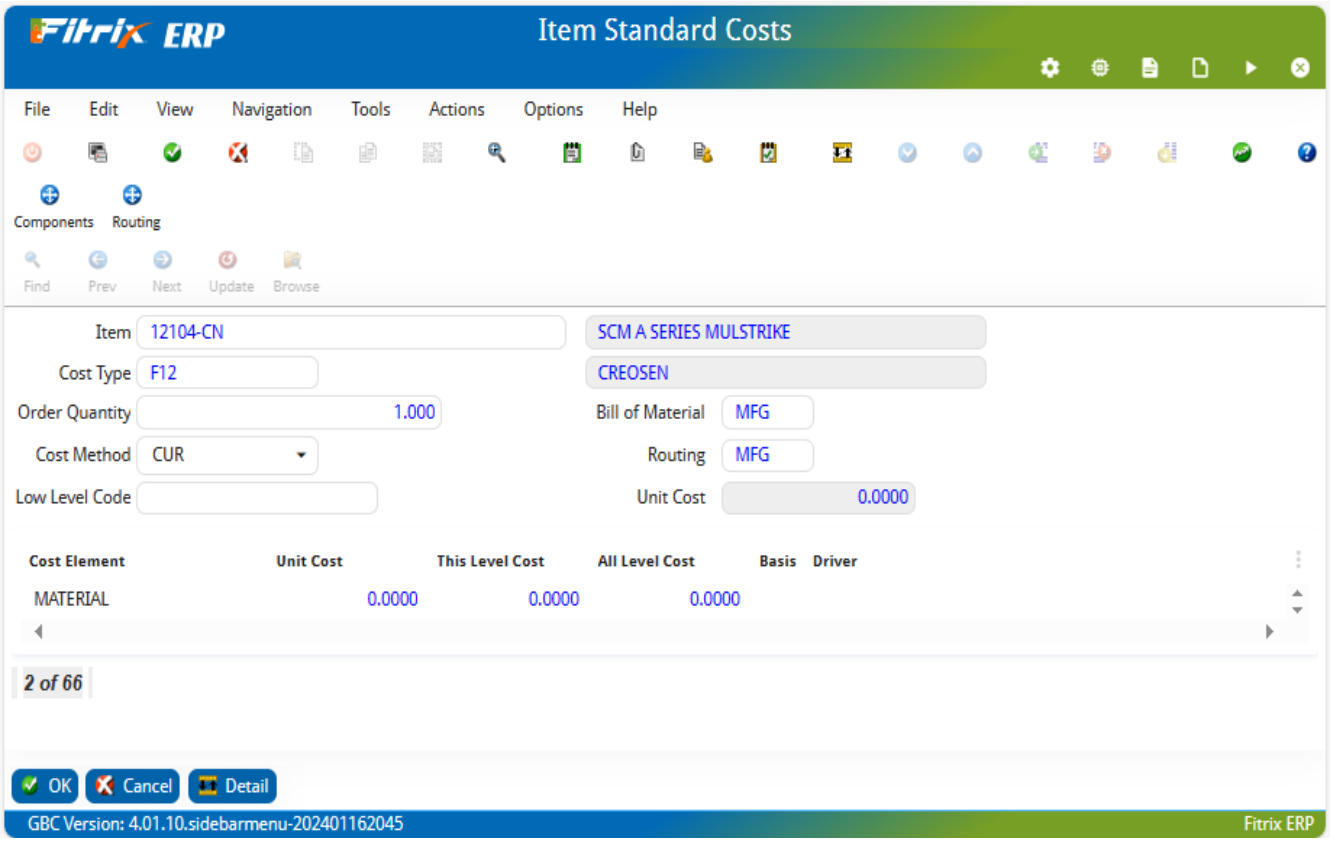
I indicates that these are indirect costs.

O indicates that these are outside costs.

Item Standard Costs

Select menu option (c). This program displays all of the standard costs for items in all other cost types other than the current cost. Current costs are kept in the item master table for each item. An item may have as many standard costs as you have defined cost types and there is no limit to the number of cost types that each item may have.

Cost records are created by the Cost Generation or Cost Copy menu options found on the Processing submenu and are discussed in Chapter Three of this User Guide.



Header Section

Do a Find to find the item you want to work with.

Cost Type

Defines which standard cost table will be used for calculating and storing the standard cost for this item.

O**rder Quantity**

Defines the standard order quantity that will be used in calculating the setup cost per unit for an item. The setup hours entered are extended by the labor and overhead rates to calculate a total setup cost. This total is then divided by this order quantity, to get a setup cost per unit. The assumption here is that when a production order is entered, it will be for a standard batch quantity of this quantity.

Cost Method

Valid values are “Manually entered” or “via Roll-up”.

Low Level Code

The low level code is copied from the Item Master when Cost Generation or Cost Copy is run. This code should only be updated when a Indented Cost Rollup gives inaccurate costs. The value representing the lowest level in which this item appears in any of the bills of material de-fined for this cost type. For a more detailed description of low level codes, refer to the *Bill of Materials User Guide.*

Bill of Material

These values default from the base item’s Bill of Material code in the Item Master. You should use the same value as you used in the Item Master

Routing

These values default from the base item’s Bill of Material code in the Item Master. You should use the same value as you used in the Item Master

Unit Cost

Sum of the costs in the detail section of the screen

Detail Section

You may manually enter the following data or let the system automatically update this cost information by using the transfer cost option on the processing menu. See the section on Cost Transfer in Chapter Three.

Cost Elements

Zoom is available to select cost elements that were previously set up using the Cost Elements program on the File Maintenance submenu. Some of the more common cost elements include:

Setup

Each routing step can contain the setup cost for the operation. The total of all the setup costs in all the operations needed to complete this item is contained here.

Material

This is a total for all of the material costs that are in the single level bill of material for this item.

Labor

Each operation in the routing contains the labor time for that operation. The work center contains the standard labor rate. The run labor time in the routing multiplied by the work center labor rate equals the labor cost of the operation. This is the total labor cost of all the operations required to build this item.

Overhead

Each operation in the routing contains the labor or machine time for that operation. The work center contains the overhead rate. The labor or machine time in the routing multiplied by the work center overhead rate equals the overhead cost of the operation. This is the total overhead cost of all the operations required to build this item.

Outside

Each routing step designated as an outside operation contains the purchase cost per unit for that operation. This is the total of all outside costs for all outside operations that are needed to build this item.

This Level Cost

Indicates that all costs for components are included in the Material Cost element (the components costs for material, labor, and overhead are consolidated into it Material Cost). The labor and overhead costs include only the cost to produce the parent item.

All Level Cost

Indicates that costs for components are broken down into their respective material, labor and overhead elements. The labor and overhead to produce the parent item are added to the component costs for those elements. This gives an overall cost view that shows the total labor and overhead, through all levels in the indented bill of material.

Basis

This value defaults to 'U', indicating the costs are calculated based on units of components or labor hours used to produce. This value cannot be changed.

Driver

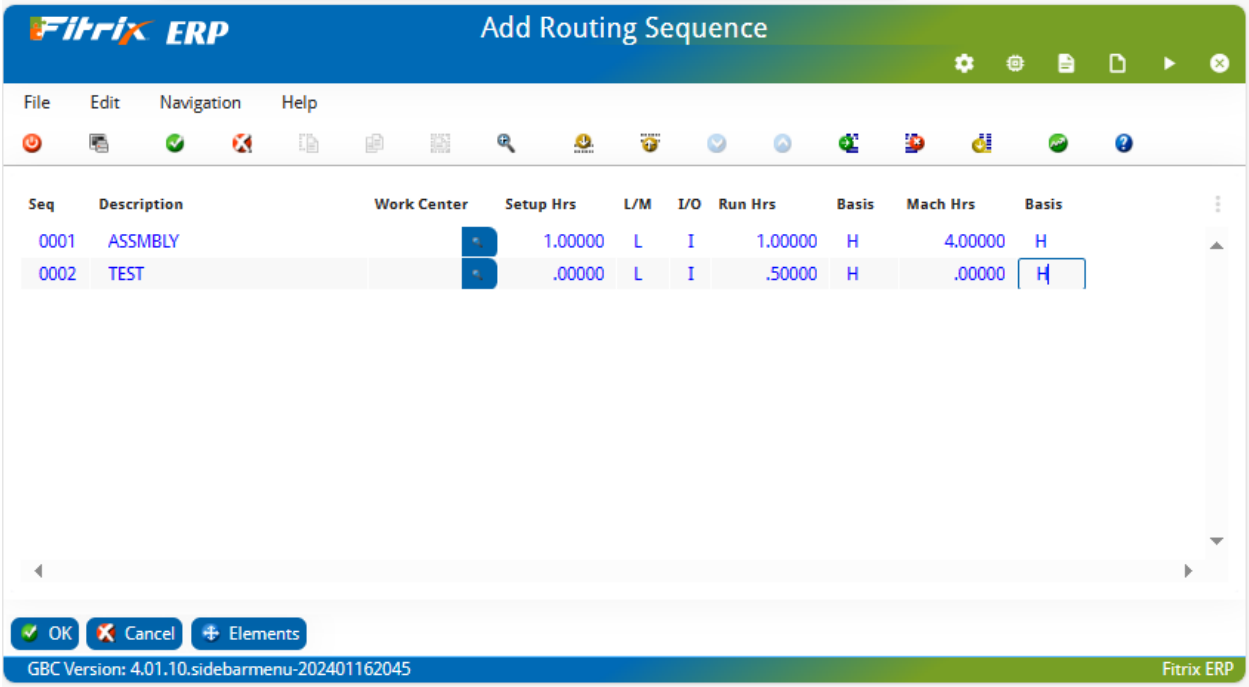
This value is one of:

- Component Issue – cost is driven by Component Issue to the parent item
- Component Scrap – cost is driven by Component Scrap to the parent item
- Run Hours – cost is driven by labor reporting of Run Labor hours
- Machine Hours – cost is driven by labor reporting of Machine hours
- Setup Hours – cost is driven by labor reporting of Setup hours
- Outside Process – cost is driven by outside process costs per piece in the labor routing
- Misc – cost is driven by miscellaneous costs charged to the parent item. This driver is currently not in use.

Review/Change Routing Costs

Click on the

icon on the toolbar to launch this screen. This screen provides the ability to view or modify the routing for the item for this cost type.



Seq

The sequence of the routing step.

Work Center

The work center identifier for this routing step.

Setup

The setup costs for making one unit of this item. The cost is calculated by the following formula:

$$\frac{\textbf{Setup Hours}}{\textbf{Standard Order Quantity}} \textbf{ X } \textbf{Work Center Labor Rate}$$

L/M (Labor/Machine Scheduling)

L indicates this routing step should be scheduled by labor hours.

M indicates this routing step should be scheduled by machine hours.

I/O

Inside or outside process

Run Hours

The number of hours needed to complete one unit of this item.

Basis

H(hours) per piece or P(pieces) per hour.

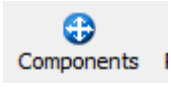
Mach Hours

The number of machine hours needed to complete one unit of this item.

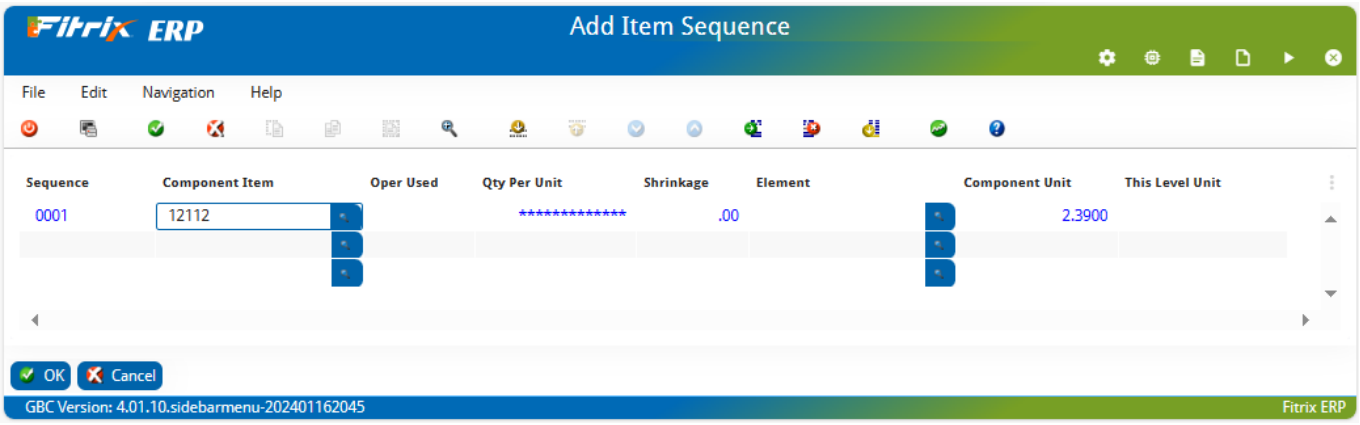
Basis

H(hours) per piece or P(pieces) per hour.

Review/Change Component Costs

Click on the 

icon on the toolbar to view this screen.This screen provides the details of the bill of material to be used with this cost type. This function provides the capability to define a separate bill of material for this item for each cost type.



Seq

Defines the sequence in which the components will appear in the bill of material.

Component Item

The component item that will be used to produce this parent item. Zoom is available.

Oper Used

The routing step in which this component is used. If this is a purchased item, the receiving dock can use this information to indicate the destination of the received material if the open manufacturing order is waiting for the component.

Quantity per Unit

The number of units of this component needed to make one unit of the parent item.

Shrinkage

Enter the expected loss for the component

Element

Enter the cost element for the item

Component Unit

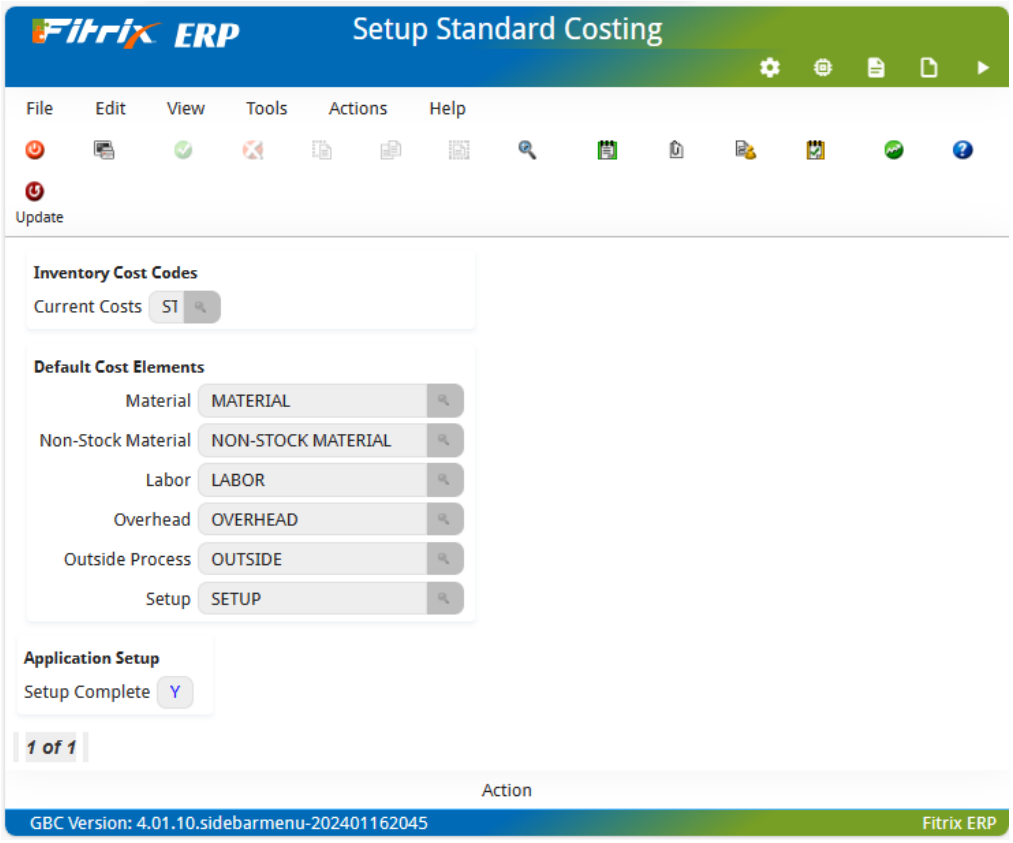
Item cost

This Level Unit

This is Qty Per Unit * Component Unit

Setup Standard Costing

Select menu option (e). This is the last setup step required before you can begin processing standard cost calculations and comparisons.



Default Current Cost – code assigned as the cost being used in the current financial year for cost valuation. When cost detail reports and cost rollups are run, this will display as the default cost cost.

Default Cost Elements – when defining costs for component and labor routings, the user can select from a list of pre-defined, and user-defined cost elements. If no cost elements are selected, these elements will be used automatically:

- Material – stock items will automatically use this cost element
- Non-Stock Material – non-stock items will automatically use this cost element
- Labor – routing steps defined as 'Inside' with Run Labor hours will automatically use this cost element
- Overhead – routing steps defined as 'Inside' with Machine Labor Hours will automatically use this cost element
- Outside Process – routing steps defined as 'Outside' will automatically use this cost element
- Setup – routing steps defined as 'Inside' with Setup Labor Hours will use this cost element.

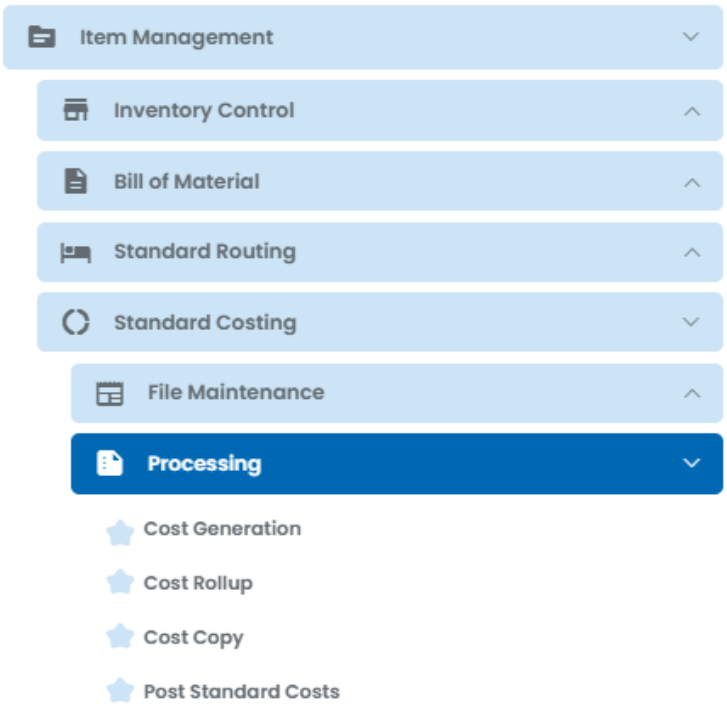
Application Setup Complete – set this value to Y for Yes when all of your set up steps have been completed.

Chapter 3

Processing

This chapter addresses the functions in FITRIX Standard Costing which perform the following functions:

- Cost rollup generation
- Cost copy/transfer



Cost Rollup Generation

Select menu option (a). This program provides you the capability to collect and roll up costs from all levels of the bill of material, routing and work centers. This collection of costs is presented in reports and inquiries that provide you with the needed information to measure your manufacturing processes.

The process for working with Standard Costing:

1. Create the standard cost items by running the Generation. This creates 'cost items' with a cost type of the 'To Cost Type'. F13 for example, could be the beginning of costs you want to use for Fiscal Year 2013.

2. You then use Item Standard Cost maintenance to change costs to reflect what you want them to be for 2013, and run cost rollups to recalculate the new standard cost of the top level items.

3. You can then run an Inventory Cost report within Standard Costing, where you can simulate that the new inventory valuation would be, by using current on-hand inventory, but with the new standard unit costs.

4. Once you are satisfied the new standard costs are correct, you:

    Run an Inventory Cost Valuation report from the Inventory Control module

    Run the 'Post Standard Costs', to update the standard cost in the item master with the new standard cost.

    Run the Inventory Cost Valuation from the Inventory Control module again

    Compare the old to new total value, and book a journal entry for the difference.

Generate From Cost Type

You can select either average cost of the purchase cost as defined in the item master.

To Cost Type

Enter the type of cost that you want to use for this rollup. Zoom is available.

Print Detail Report?

Y indicates a report will be printed, showing the details of the cost rollup.

N indicates a report will not be printed.

Bill of Material

Enter the bill of material code for copying the bill of material

Routing

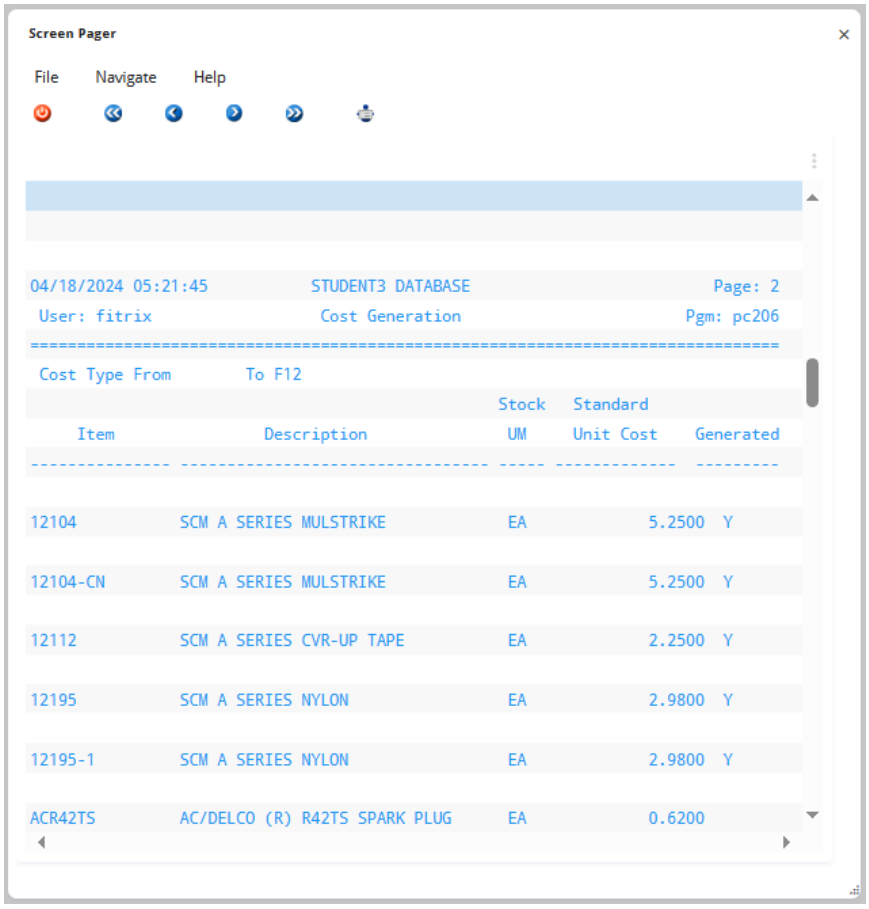
Enter the routing code for copying the routing

Warehouse

Select warehouse you want to update or leave blank to select all. Zoom is available.

Cost Rollup - Report

The following report is printed.



Cost Copy

The standard cost application allows you to define an unlimited number of standard costs for an item. One cost type is designated as the current standard cost in the application controls section of the application. The current cost type has an item's cost elements defined in the item master table and the current labor and overhead rates defined in the work center table.

An item cost table and work center cost table are provided for each cost type. These two tables can contain an entry for each item and work center that is to be costed with a particular cost type. A cost transfer function is provided to make it easier to define the costs for the additional cost types.

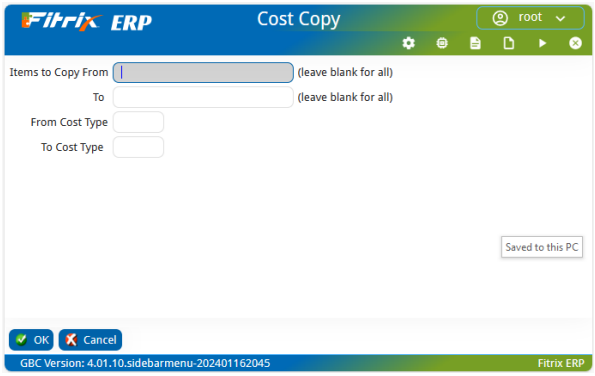
This function can be used when you are defining next year's standard cost. To achieve this:

1. Set up a cost type for next year.
2. Transfer the current standard to the new cost type.
3. Make any adjustments for next year's standard.
4. When all of the year end cost processing is complete, transfer the next year's cost to the current cost.

This function could also be used to set up a new standard cost. To achieve this:

1. Set up a new cost type.
2. Transfer the current standard to the new cost type.

Select menu option (b). This program provides you with the capability to copy costs from one cost type to another cost type. You can use this function when you are setting up a new cost type and want to copy the costs from some other cost type. For example, at the beginning of a new year you may want to copy the current costs to a new year's frozen standard cost.



Transfer From Cost Type

Enter the cost type for item costs from which costs will be transferred.

To Cost Type

Enter the cost type for item costs to which costs will be transferred.

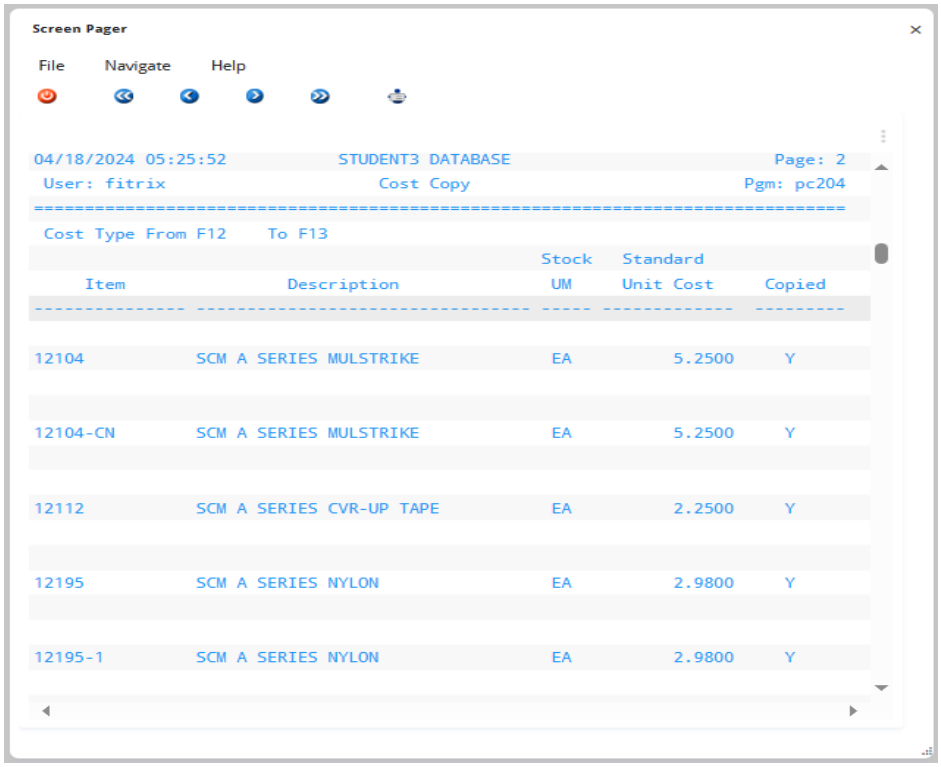
From Item

Key in the first item number in a range of items you wish to transfer. Leave this field blank to start with the lowest items.

To Item

Key in the last item in a range of items you wish to transfer. Leave this field blank to end with the highest item. If you leave the From and To item blank, all items will be selected.

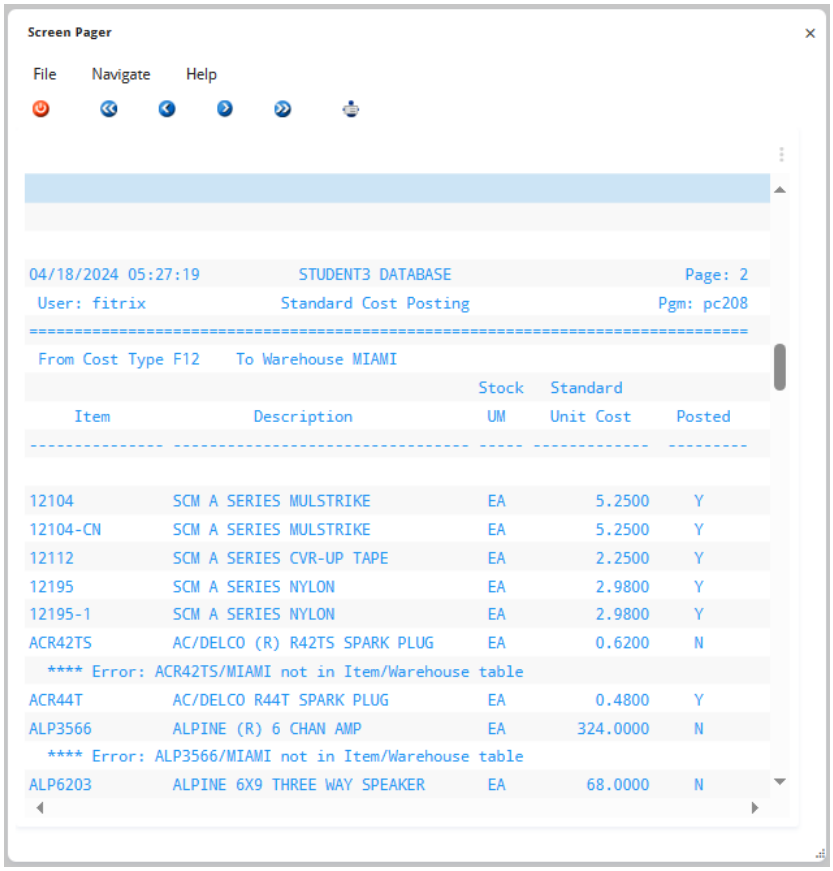
Cost Copy Report



Standard Cost Posting

Select option (c). This program will update the standard cost in the item master based on the selection criteria you enter. This program is typically run once per year or whenever a new item is added.

Standard Cost Posting Report

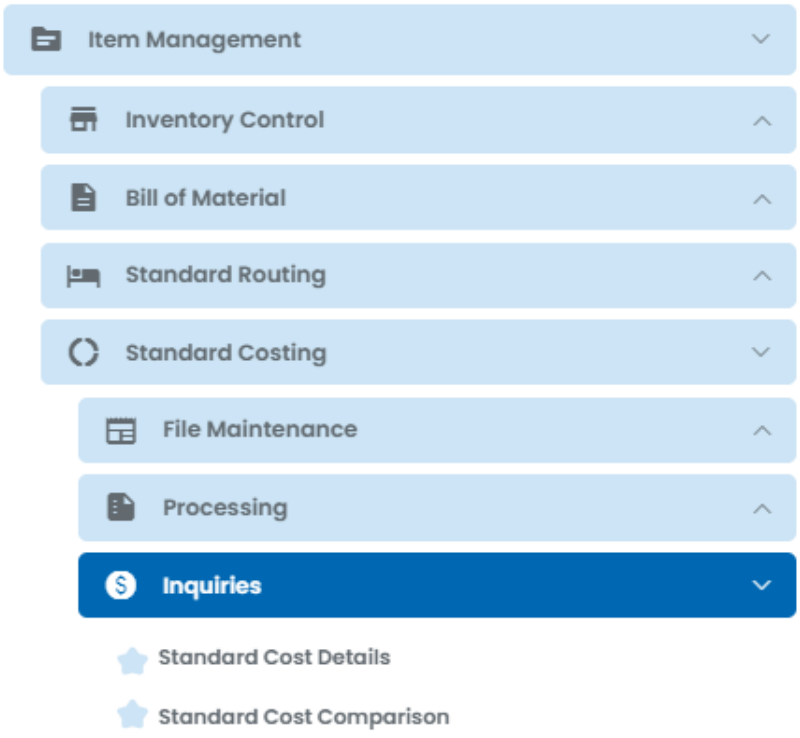


Chapter 4

Inquiries

This chapter addresses the functions in FITRIX Standard Costing which allow users to view business information which was entered via File Maintenance or Processing. Inquiry functions display information in a variety of formats. The following inquiry functions are included in FITRIX Standard Costing.

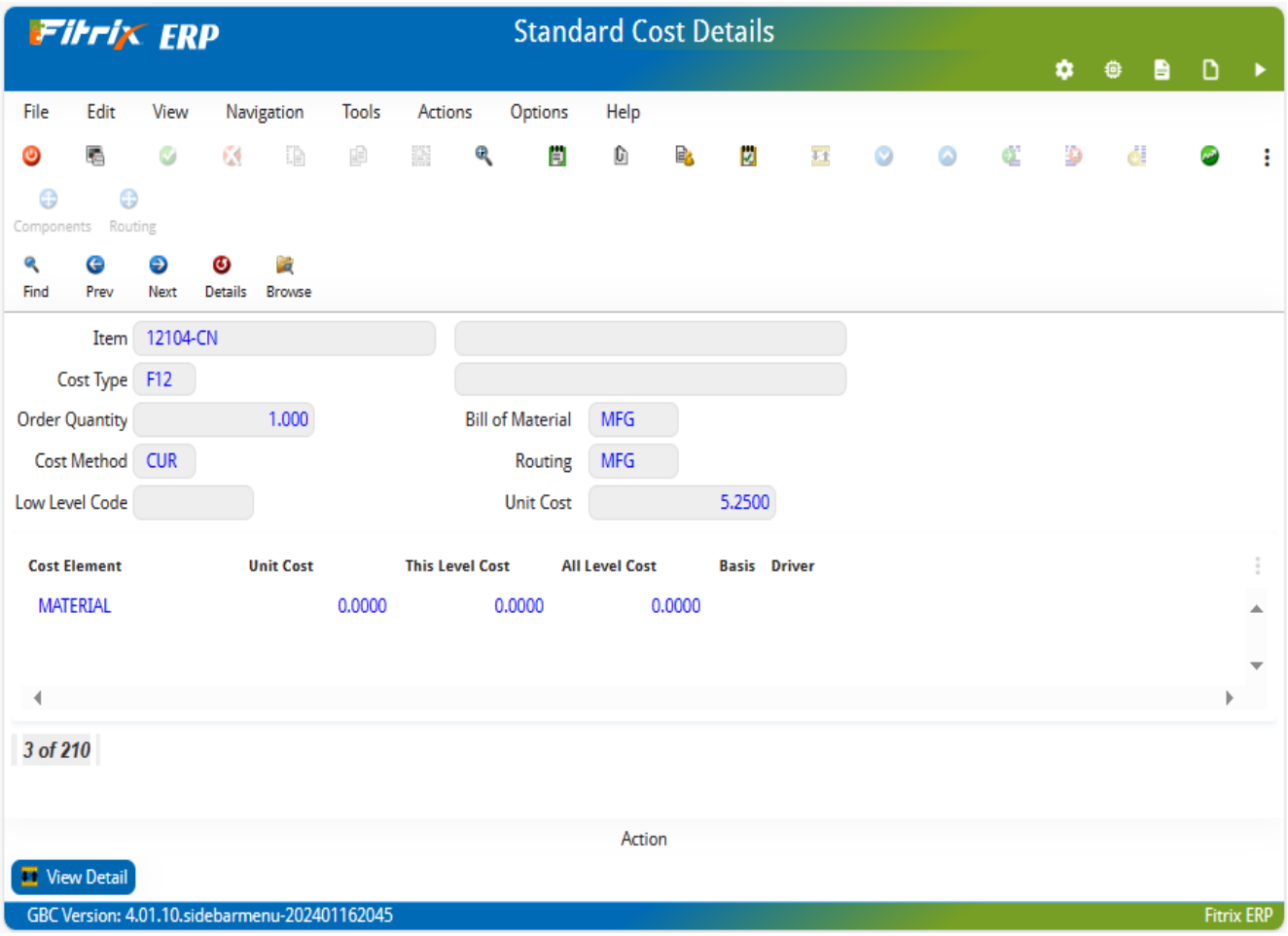
- Standard Cost Details
- Standard Cost Comparison



Standard Cost Details

Select option (a). This current Cost Inquiry provides you with summary and detail information about the current standard cost of an item.

Use the Find action to select one or more items to display.



Header Section

Do a Find to find the item you want to work with.

Cost Type

Defines which standard cost table will be used for calculating and storing the standard cost for this item.

Order Quantity

Defines the standard order quantity that will be used in calculating the setup cost per unit for an item. The setup hours entered are extended by the labor and overhead rates to calculate a total setup cost. This total is then divided by this order quantity, to get a setup cost per unit. The assumption here is that when a production order is entered, it will be for a standard batch quantity of this quantity.

Cost Method

Valid values are “Manually entered” or “via Roll-up”.

Low Level Code

The low level code is copied from the Item Master when Cost Generation or Cost Copy is run. This code should only be updated when a Indented Cost Rollup gives inaccurate costs. The value representing the lowest level in which this item appears in any of the bills of material de-fined for this cost type. For a more detailed description of low level codes, refer to the *Bill of Materials User Guide.*

Bill of Material

These values default from the base item’s Bill of Material code in the Item Master. You should use the same value as you used in the Item Master

Routing

These values default from the base item’s Bill of Material code in the Item Master. You should use the same value as you used in the Item Master

Unit Cost

Sum of the costs in the detail section of the screen

Detail Section

You may manually enter the following data or let the system automatically update this cost information by using the transfer cost option on the processing menu. See the section on Cost Transfer in Chapter Three.

Cost Elements

Zoom is available to select cost elements that were previously set up using the Cost Elements program on the File Maintenance submenu. Some of the more common cost elements include:

Setup

Each routing step can contain the setup cost for the operation. The total of all the setup costs in all the operations needed to complete this item is contained here.

Material

This is a total for all of the material costs that are in the single level bill of material for this item.

Labor

Each operation in the routing contains the labor time for that operation. The work center contains the standard labor rate. The run labor time in the routing multiplied by the work center labor rate equals the labor cost of the operation. This is the total labor cost of all the operations required to build this item.

Overhead

Each operation in the routing contains the labor or machine time for that operation. The work center contains the overhead rate. The labor or machine time in the routing multiplied by the work center overhead rate equals the overhead cost of the operation. This is the total overhead cost of all the operations required to build this item.

Outside

Each routing step designated as an outside operation contains the purchase cost per unit for that operation. This is the total of all outside costs for all outside operations that are needed to build this item.

This Level Cost

Indicates that all costs for components are included in the Material Cost element (the components costs for material, labor, and overhead are consolidated into it Material Cost). The labor and overhead costs include only the cost to produce the parent item.

All Level Cost

Indicates that costs for components are broken down into their respective material, labor and overhead elements. The labor and overhead to produce the parent item are added to the component costs for those elements. This gives an overall cost view that shows the total labor and overhead, through all levels in the indented bill of material.

Basis

This value defaults to ‘U’, indicating the costs are calculated based on units of components or labor hours used to produce. This value cannot be changed.

Driver

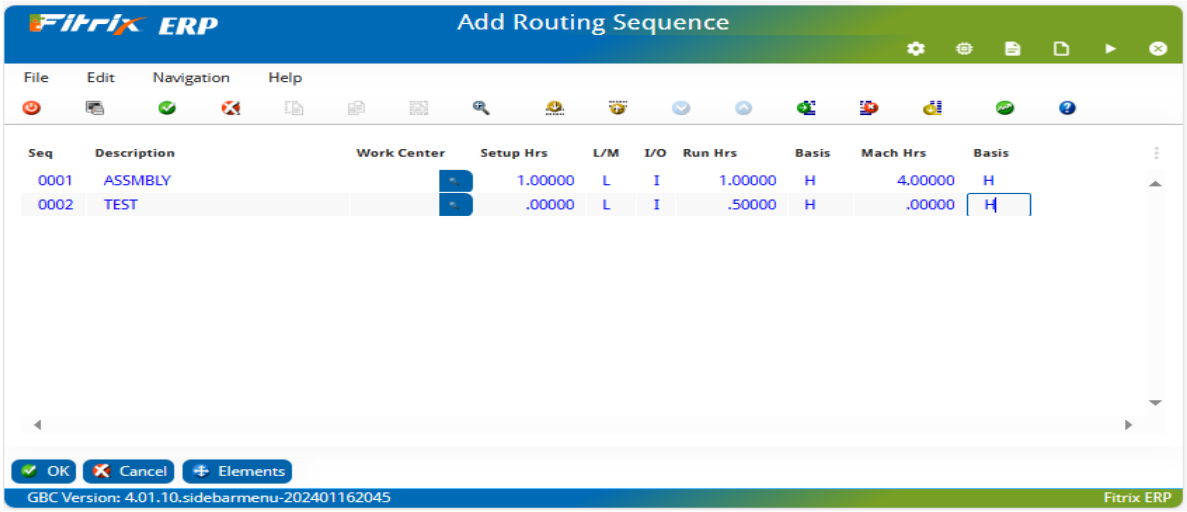
This value is one of:

- Component Issue – cost is driven by Component Issue to the parent item
- Component Scrap – cost is driven by Component Scrap to the parent item
- Run Hours – cost is driven by labor reporting of Run Labor hours
- Machine Hours – cost is driven by labor reporting of Machine hours
- Setup Hours – cost is driven by labor reporting of Setup hours
- Outside Process – cost is driven by outside process costs per piece in the labor routing
- Misc – cost is driven by miscellaneous costs charged to the parent item. This driver is currently not in use.

Review/Change Routing Costs

Click on the

icon on the toolbar to launch this screen. This screen provides the ability to view or modify the routing for the item for this cost type.



Seq

The sequence of the routing step.

Work Center

The work center identifier for this routing step.

Setup

The setup costs for making one unit of this item. The cost is calculated by the following formula:

$$\frac{\textbf{Setup Hours}}{\textbf{Standard Order Quantity}} \textbf{ X } \textbf{Work Center Labor Rate}$$

L/M (Labor/Machine Scheduling)

L indicates this routing step should be scheduled by labor hours.

M indicates this routing step should be scheduled by machine hours.

I/O

Inside or outside process

Run Hours

The number of hours needed to complete one unit of this item.

Basis

H(hours) per piece or P(pieces) per hour.

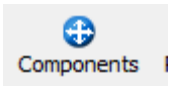
Mach Hours

The number of machine hours needed to complete one unit of this item.

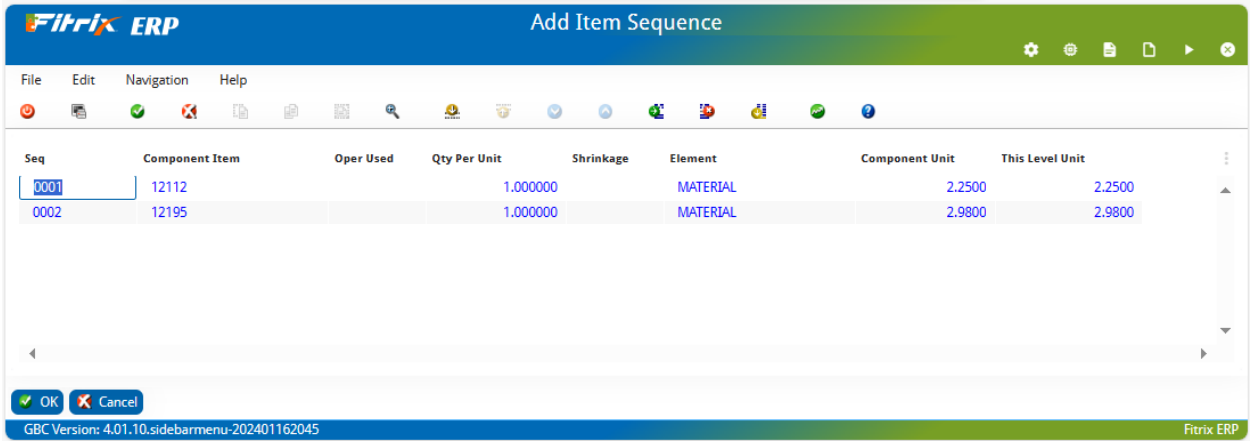
Basis

H(hours) per piece or P(pieces) per hour.

Review/Change Component Costs

Click on the 

icon on the toolbar to view this screen.This screen provides the details of the bill of material to be used with this cost type. This function provides the capability to define a separate bill of material for this item for each cost type.



Seq

Defines the sequence in which the components will appear in the bill of material.

Component Item

The component item that will be used to produce this parent item. Zoom is available.

Oper Used

The routing step in which this component is used. If this is a purchased item, the receiving dock can use this information to indicate the destination of the received material if the open manufacturing order is waiting for the component.

Quantity per Unit

The number of units of this component needed to make one unit of the parent item.

Shrinkage

Enter the expected loss for the component

Element

Enter the cost element for the item

Component Unit

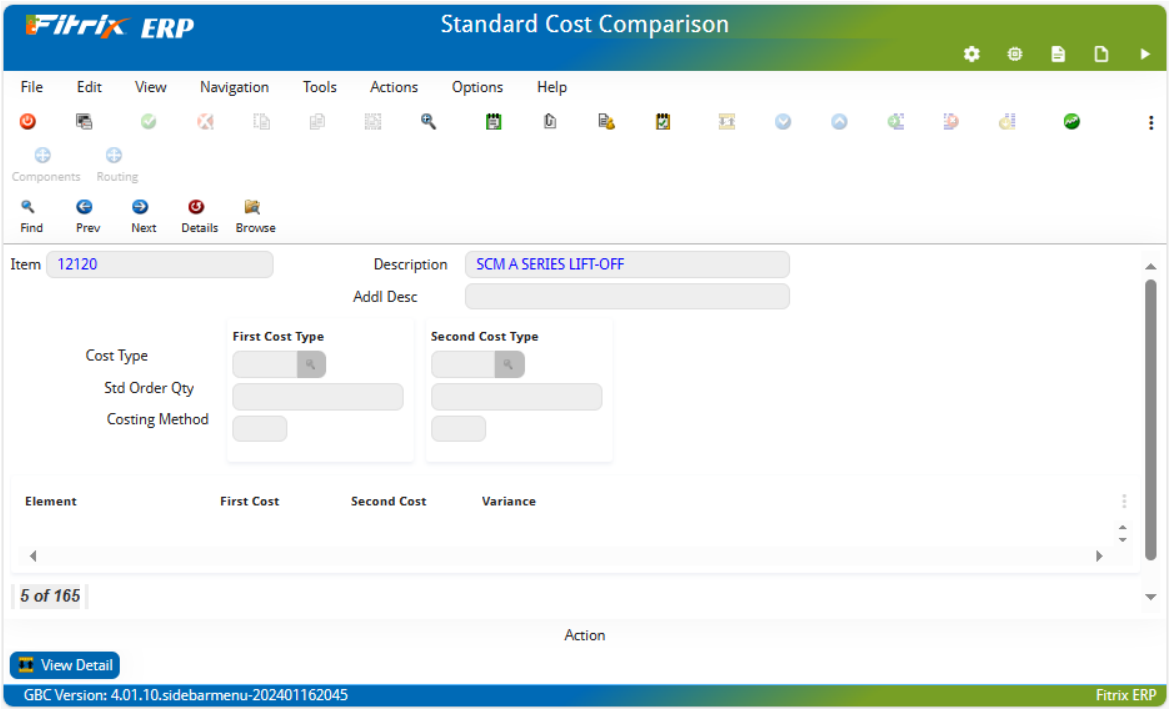
Item cost

This Level Unit

This is Qty Per Unit * Component Unit

Standard Cost Comparison

Select option (b). This Cost Inquiry provides you with a comparison of summary and detail information about any two cost codes of an item. Use the Find action to select one or more items to display. Then select the “Details” icon, to enter the 2 cost codes you wish to compare. When you enter the second cost code, the display automatically display the summary cost information for each cost code, with variances.



Header Section

First and Second Cost Type

Defines which standard cost code used for calculating and storing the standard cost for this item.

Std Order Quantity

Defines the standard order quantity used in calculating the setup cost per unit for an item. The setup hours entered are extended by the labor and overhead rates to calculate a total setup cost. This total is then divided by this order quantity, to get a setup cost per unit. The assumption here is that when a production order is entered, it will be for a standard batch quantity of this quantity.

Costing Method

Valid values are “Manually entered” or “via Roll-up”.

Detail Section

The Cost Elements for each cost type is displayed, and the variance between them is calculated. Cost Elements are a combination of pre-defined and user-defined costs that summarize multiple components and labor routing steps into easy to review subtotals.

Cost Elements

The Cost Elements listed below are the standard elements included for every item:

Setup

Each labor routing step can contain the setup cost, expressed in hours, at a standard labor rate per hour. The total of all the setup costs in all the operations needed to complete this item is contained here.

Material

This is a total for all of the material costs that are in the single level bill of material for this item.

Labor

Each step in the labor routing contains the run labor time for that operation. The work center contains the standard labor rate. The run labor time multiplied by the work center labor rate equals the labor cost of the operation. This is the total run labor cost of all the operations required to build this item.

Overhead
Each step in the labor routing can contain machine hours for that operation. The work center contains the overhead rate. The machine time in the routing multiplied by the work center overhead rate equals the overhead cost of the operation. This is the total overhead cost of all the operations required to build this item.

Outside
Each routing step designated as an outside operation contains the purchase cost per unit for that operation. This is the total of all outside costs for all outside operations that are needed to build this item.

Routing Cost Comparison

Click on the

icon on the toolbar to display this window. This screen displays the sequence of the labor step, along with the hours and cost for each cost code.

Seq

The sequence of the routing step.

First and Second Cost Code Details – the columns listed below are shown twice, once for each cost code.

Setup Hrs

The setup hours for this step, if any.

L/M (Labor/Machine Scheduling)

L indicates this routing step should be scheduled by labor hours.

M indicates this routing step should be scheduled by machine hours.

Run Hrs

The run labor hours for this step, if any.

Cost/ Unit

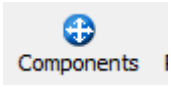
The costs for making one unit of this item. The cost is calculated by the following formula:

$$\frac{\textbf{Run Hours + Setup Hours}}{\textbf{Standard Order Quantity}} \textbf{ X Work Center Labor Rate}$$

Variance

The difference between the 2 costs.

Component Cost Comparison

Click on the 

icon on the toolbar to view this window. This screen displays the component items, along with quantity and cost information. It compares the total cost for each component, and calculates a variance between the two cost codes.

Component Item

The component item that will be used to produce this parent item.

First and Second Cost Code Details – the columns listed below are shown twice, once for each cost code.

Quantity per Unit

The number of units of this component needed to make one unit of the parent item.

Shrink

Enter the expected loss for the component

Cost/Unit

The components total cost to product one unit of the parent item. It is computed as:

Quantity Per Unit * (1 – Shrink/100) * Cost per Unit

Cost Variance

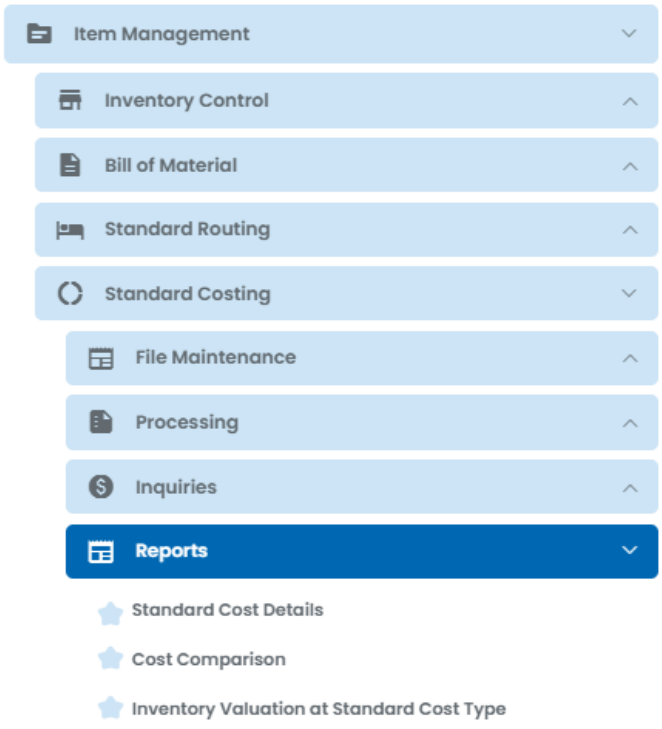
The difference between the 2 Costs per Unit.

Chapter 5

Reports

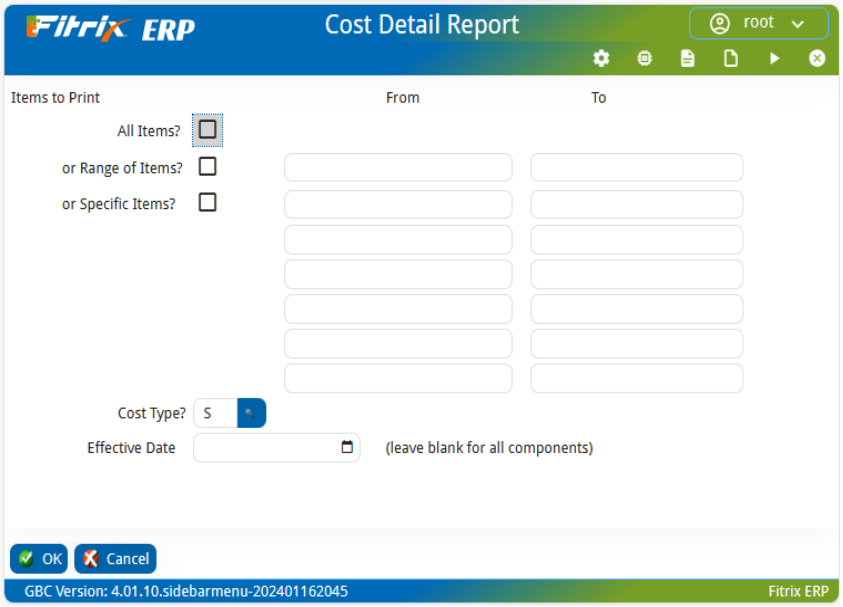
This chapter addresses the functions in FITRIX Standard Costing which allow users to print business information which was entered in File Maintenance or Processing. The reports included in FITRIX Standard Costing are:

- Standard Cost Details
- Cost Comparison
- Inventory Valuation at Standard Cost Type



Standard Cost Detail Report

Select menu option (a). This report prints the cost for all items or selected items. You will be asked to select which data you want to include in the report.



All Items

Check box to indicate Yes. Leave unchecked for No

or Range of Items

Check box to indicate Yes. Leave unchecked for No

or Specific Items

Check box to indicate Yes. Leave unchecked for No

Cost Type

Enter the cost type that you want to process in the report.

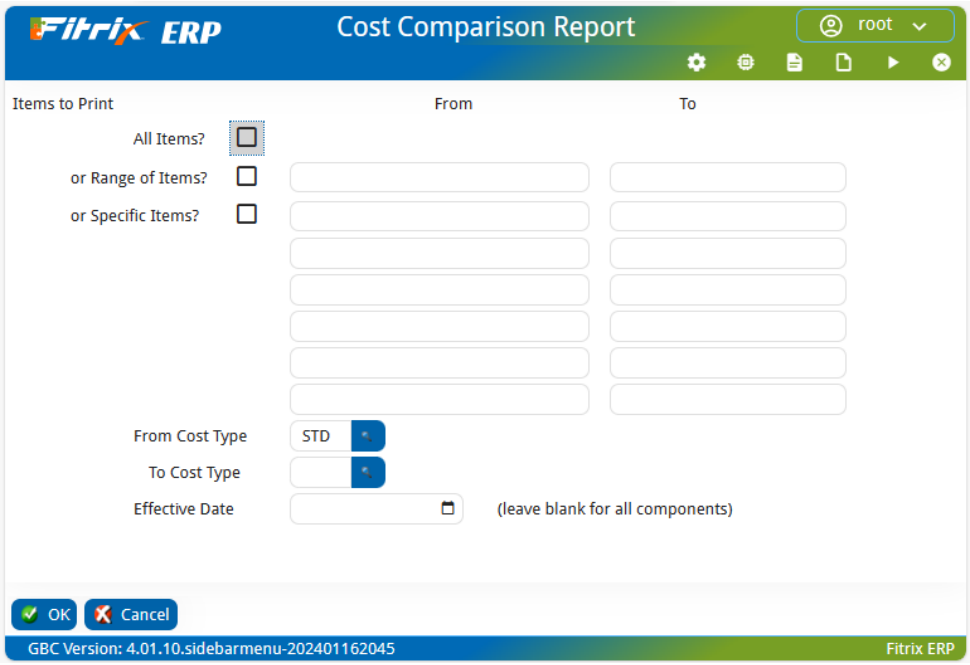
Effective Date

Each component in a BOM can have an effective from and to date. If you enter a date here, and the components have effective dates, they will be checked to include for print or not.

Enter the effective date for the components that you want to include in the report. If you leave this blank, all current components will be used.

Cost Comparison Report

Select menu option (b). This report shows two different standard costs and the variance between the two costs for an item. You will be asked to select which cost types you want to include in the report.



All Items

Check box to indicate Yes. Leave unchecked for No

or Range of Items

Check box to indicate Yes. Leave unchecked for No

or Specific Items

Check box to indicate Yes. Leave unchecked for No

From Cost Type

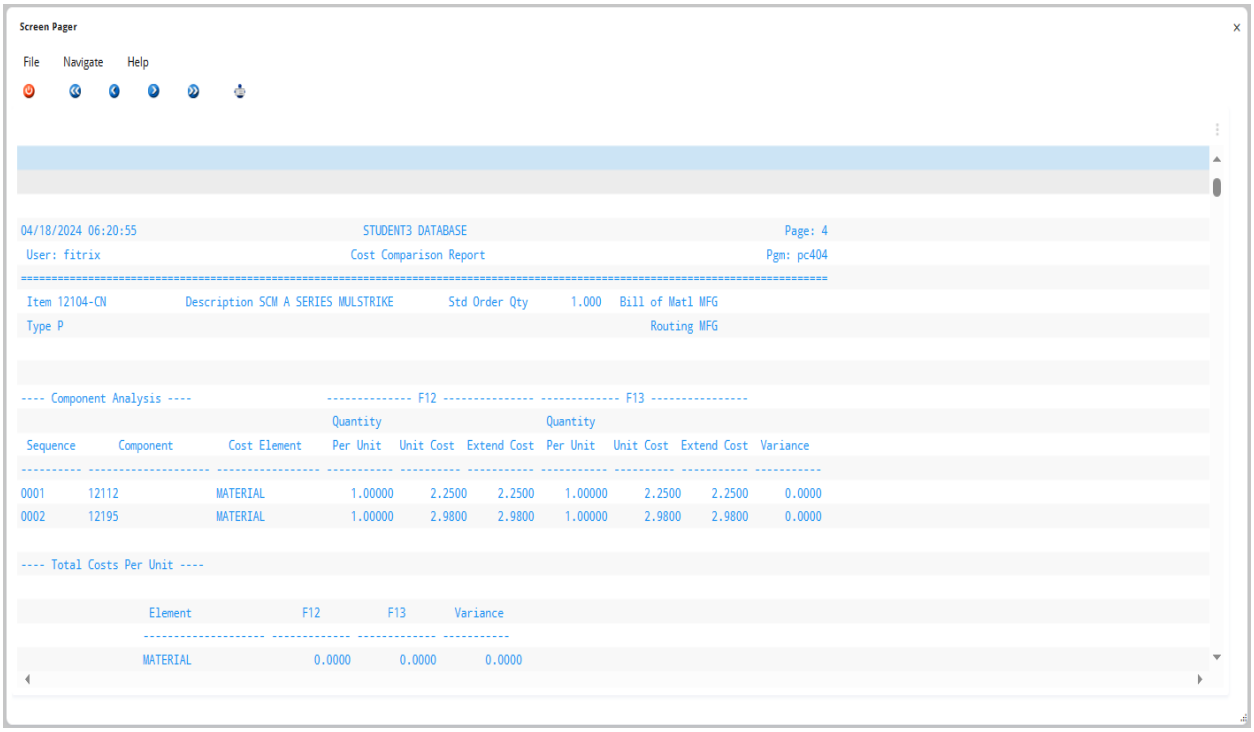
Enter the cost type for the first standard cost to use in the comparison.

To Cost Type

Enter the cost type for the second standard cost to use in the comparison.

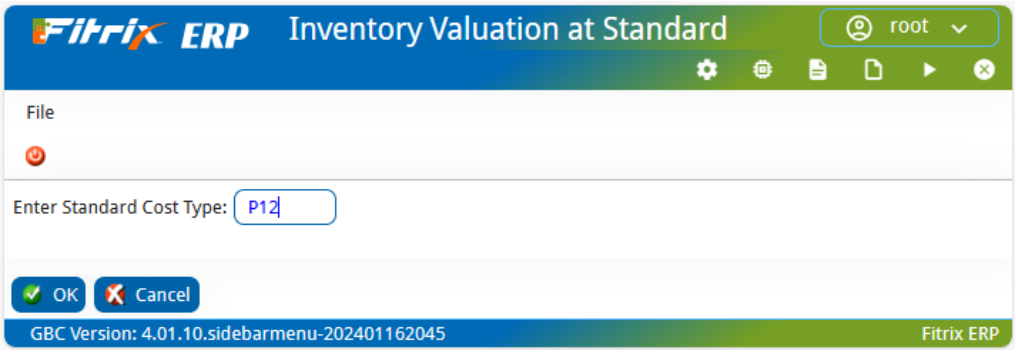
Effective Date

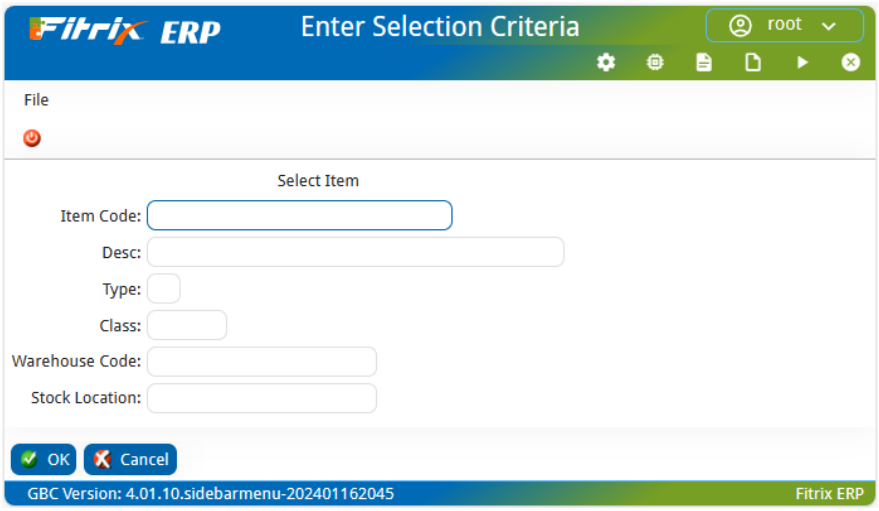
Enter the effective date for the components that you want to include in the report. If you leave this blank, all current components will be used.

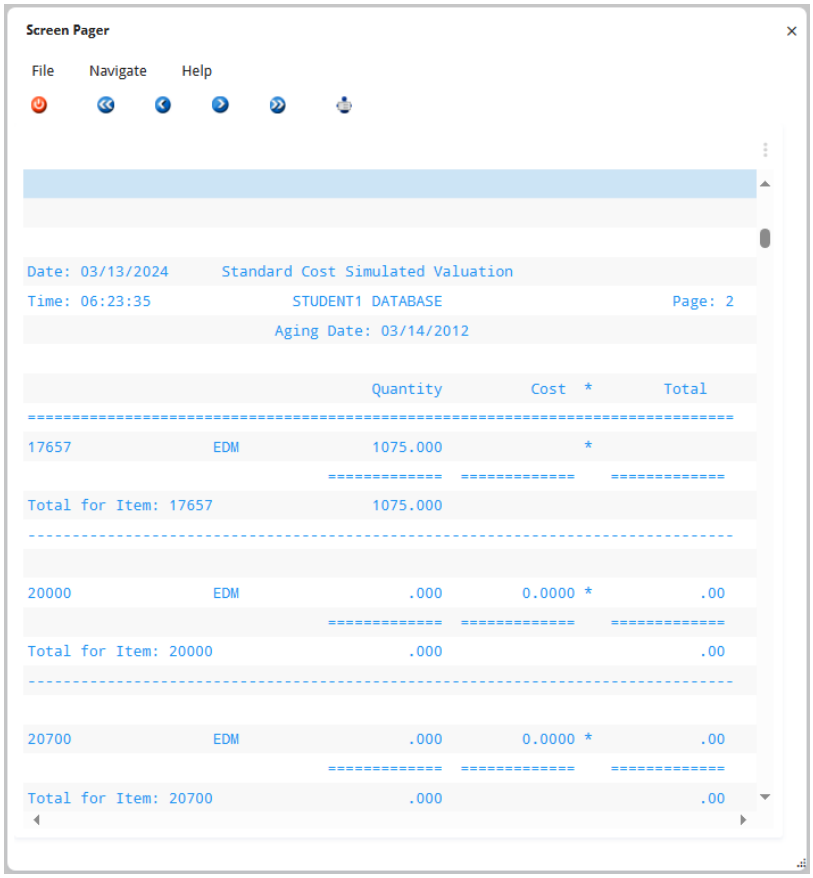


Inventory Valuation at Standard Cost Type

Select menu option (c). This report prints a listing of you inventory on hand valued using the cost type you select.






Screen Pager
File
Navigate
Help
Date: 03/13/2024 Standard Cost Simulated Valuation
Time: 06:23:35 STUDENT1 DATABASE Page: 2
Aging Date: 03/14/2012
Quantity Cost * Total
17657 EDM 1075.000 *
Total for Item: 17657 1075.000
20000 EDM .000 0.0000 * .00
Total for Item: 20000 .000 .00
20700 EDM .000 0.0000 * .00
Total for Item: 20700 .000 .00

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