# Working with Landed Cost

Last Modified on 10/23/2023 5:14 pm EDT

This guide explains how to allocate landed cost. It is intended for general users.

Landed cost refers to the total price of a product that has arrived at a buyer's doorstep. Tracking the landed cost can help you establish proper sales prices and determine the actual margin for your products. This helps you appeal to customers (by estimating costs low enough) and maintain earnings (by estimating costs high enough).

The *fully realized* landed cost includes the initial price of the product, as well as freight and transportation fees, various taxes, insurance, currency conversions, plus fees for crating, handling, and payment. These individual costs are each a small part of the value of the received goods. Developing a fully realized landed cost is a substantial project. It would require your accounting department to capture *every* cost of doing business associated with each product.

It is more feasible to focus on the most significant expenses. aACE makes it easy to integrate the most common expense — freight costs. This allows you to incorporate the cost of freight into the value of your line item codes (LICs), rather than track it as a separate expense.

### Use the +Freight Column for Purchases

Your system administrator must configure your system to track landed costs (see <u>below</u>). Then the +Freight column will display on the detail view of the Purchases module. Team members can manually enter a freight value for each item in the Purchase:

_			0	Crimic	5 aon					0,720,21	-		3
	ur	irchase Details								Notices 😏 🛛 Tas	ks 💟 🛛 Ema	<b>IS</b> <u>M</u>	Doc
end	or	r		A	Desc	cript	ion			Payment Com	ments		
/endo	x >	> []	* Contact	>									
.'hina	B	Brushworks	Ming X	iou q									
lecur	Tra	ransaction >	Vendor	Inv # Inv Date	Addi	ition	al Info						
_			104652	2 🥑 07/20/22 📼									
ur O	rder	er > Payment Terms	Paymen	t Due Pmnt Expected									
urch	has	ise Items										$\frown$	
1	a,	Code	GL Acct	Description			Purchase Order Job	Dept	Qty	Unit Cost	Total	+ Freight	k
	>	SE-B-G4	1308	Goat hair bamboo br	ush size 4	Ξ	> 60073	AI	0	4.00	0.00	0.00	×
1			1308	1/2" Hake Brush		Ξ	> 60073	AI	0	5.00	0.00	0.00	ж
1	>	SE-B-H						AT	0	1.00			
1 2 3	>	SE-B-H SE-B-R1	1308	Rabbit hair bamboo	brush size 1	三	> 60073	A1	0	1.00	0.00	0.00	×
1 2 3 4	>	SE-B-H SE-B-R1 SE-B-WB2	1308 1308	Rabbit hair bamboo White bristle bamboo	brush size 1 o brush size	3	> 60073 > 60073	AI	0	2.00	0.00	0.00	×
1 2 3 4	> >	SE-B-H SE-B-R1 SE-B-WB2	1308 1308	Rabbit hair bamboo White bristle bamboo	brush size 1 o brush size		> 60073 > 60073	AI	0	2.00	0.00	0.00	×
1 2 3 4	> > >	SE-B-H SE-B-R1 SE-B-WB2	1308 1308	Rabbit hair bamboo White bristle bamboo	brush size 1 o brush size	1	> 60073 > 60073	AI	0	2.00	0.00	0.00	×
1 2 3 4	> >	SE-B-H SE-B-R1 SE-B-WB2	1308 1308	Rabbit hair bamboo l White bristle bamboo	brush size 1 o brush size	1	> 60073 > 60073	AI	0	2.00 Subtotal	0.00	0.00	ý
1 2 3 4	>	SE-B-H SE-B-R1 SE-B-WB2	1308 1308	Rabbit hair bamboo l White bristle bamboo	brush size 1 o brush size		> 60073 > 60073	AI	0	2.00 Subtotal Freight Shipping Exp	0.00	0.00	
1 2 3 4	> >	SE-B-H SE-B-R1 SE-B-WB2	1308 1308	Rabbit hair bamboo	brush size 1 o brush size		> 60073 > 60073	AI	0	2.00 2.00 Subtotal Freight Shipping Exp	0.00	0.00	× ×
1 2 3 4	> >	SE-B-H SE-B-R1 SE-B-WB2	1308 1308	Rabbit hair bamboo	brush size 1 o brush size		> 60073 > 60073	AI	0	1.00 2.00 Subtotal Freight Shipping Exp Tax 0% Total	0.00 0.00 0.00 0.00 0.00 0.00 0.00	0.00	

#### **Distributing Freight Costs Across Line Items**

Instead of manually entering a value for each item, you can easily apportion the total cost of freight across all items in the purchase:

1. From the Purchase record, click the **+Freight** column heading to display the Freight Charge dialog box:

0	Message										
	Enter the total charge for freight to be allocated among the line items. Then enter how the value should be allocated. If this is a freight-only purchase, select "Use PO" below to use the related PO as the point of reference.										
	Total Freight Charge										
	15.00										
	Allocate By (options include: Quantity, Value, Net Weight,										
	Value										
	Cancel Use PO OK										

- 2. Enter the Total Freight Charge dollar amount.
- Click the Allocate By field and select the criteria that should be used.
   Note: To use Net Weight or Gross Weight, the weight measurements for your LICs must already be entered.
- 4. Click OK.

#### **Recording Freight Charges from a Separate Courier**

When you need to pay a separate courier for the cost of freight, the process is slightly different:

- 1. From a specific PO record's detail view, navigate to **Management** tab > **Purchasing** tab.
- 2. Click the Add ( 🖸 ) button.

•••			Purchase Orders					۵
≣ \$ Record: 4 of 4					New 💠	Edit 🖋 🛛 Del	ete 🗶 🛛 Print 🖶	Actions 🛪
Purchase Order: 60073   Ch	ina Bru	shworl	ks Interna	tional	07/2	20/22	c	DPEN 🔵
Purchase Order Details Management					Notices 😣	Tasks	Emails 🔛	Docs @
Overview Purchasing Shipping & Receiving	ng							
Purchase Order Item	Purchase	Purchased	Remain %	To Purchase	Purchased	Remain	% Purcha	ses 🔊
> SE-B-G4   Goat hair bamboo brush size 4	4	0	4 100%	16.00	0.00	16.00	100% 1	^ %
> SE-B-H   1/2" Hake Brush	8	0	8 100%	40.00	0.00	40.00	100% 1	Tr.
> SE-B-R1   Rabbit hair bamboo brush size 1	12	0	12 100%	12.00	0.00	12.00	100% 1	r <sub>k</sub>
> SE-B-WB2   White bristle bamboo brush size 2	16	0	16 100%	32.00	0.00	32.00	100% 1	P <sub>R</sub>
Purchaset Progress Billing								Ÿ
Purchase Date Title		Pa	y Terms	Total	Balance Pmt Exp Tra	cking Status		Status
*								¢

- 3. At the new Purchase record, change the vendor to the courier company.
- 4. Click the **+Freight** column heading, then enter the Total Freight Charge and Allocate By settings.
- 5. Click Use PO.

This calculates the freight allocation based on item values / quantities from the specific PO.

Message									
Enter the tot items. Then freight-only PO as the po	Enter the total charge for freight to be allocated among the line items. Then enter how the value should be allocated. If this is a freight-only purchase, select "Use PO" below to use the related PO as the point of reference								
Total Freight	Charge								
10									
Allocate By (	options include: Quantity, Value, Net Weight,								
Value									
	Cancel Use PO OK								

## **Reviewing Landed Costs for an Inventory Lot**

You can review landed costs for various LICs at the Inventory Lots module.

- 1. Navigate from Main Menu > Inventory > Inventory Lots.
- 2. Use the Quick Search bar to locate records for the LIC you want to review.
- 3. On the Inventory Lot detail view, the Purchased value in the Ordered / Purchased section displays the item's landed cost (product cost + freight cost):

Durchase Touent	tony Lot					Notices	Tasks 🗖	Franks 💌	Deer
Purchase Invent	tory Lot					NOCCES	Tasks 🔽	Emails M	Docs
Seneral Info							Serialized	Track by	Mfr Lot
frans ID >	Date	Office >	Code >		Code Description	Referer	nce #(s)		
PO-60073	07/20/22	AI	SE-B-G4		Goat hair bamboo brush size 4				
rdered / Purchase	d				Ordered / Received				
		Quantity	Each	Value		Quantity			Value
Ordered		4 (	4.00	16.00	Ordered	4			16.00
Purchased		4	4.60	18.40	Received	4			18.40
				0.0	<b>Baselund Benerining</b>				0.01
Purchased Remaining	9	0		0.00	Received Remaining	0			0.00
Purchased Remaining	9	0		0.00	Current Inventory	0			0.00
Purchased Remaining	9	Quantity		Value	Current Inventory	Quantity			Valu
Purchased Remaining ccrued Inventory Received	9	Quantity 4		Value 18.40	Current Inventory Received	Quantity 4			Value 18.40
Purchased Remaining ccrued Inventory Received Purchased	9	Quantity 4 4		Value 18.40 18.40	Current Inventory Received Used	Quantity 4 0			Value 18.44 0.00
Purchased Remaining ccrued Inventory Received Purchased Accrued Inventory	9	Quantity 4 4 0		Value 18.40 18.40 0.00	Received Used Current Inventory	Quantity 4 0 4			Value 18.44 0.00
Purchased Remaining ccrued Inventory Received Purchased Accrued Inventory Inventory COGS	9	Quantity 4 4 0		Value 18.40 18.40 0.00	Current Inventory Received Used Current Inventory	Quantity 4 0 4			Value 18.44 0.00
Purchased Remaining corrued Inventory Received Purchased Accrued Inventory Iventory COGS Usage ID	g Trans ID	0 Quantity 4 4 0 Trans Date	Reference #(s)	Value 18.40 18.40 0.00	Current Inventory Received Used Current Inventory	Quantity 4 0 4 Quantity	Act Unit Cost	Te	Value 18.40 18.40 18.40
Purchased Remaining corrued Inventory Received Purchased Accrued Inventory nventory COGS Usage ID	9 Trans ID	0 Quantity 4 4 0 Trans Date	Reference #(s)	Value 18.40 18.00	Current Inventory Received Used Current Inventory	Quantity 4 0 4 Quantity	Act Unit Cost	Тс	Valu 18.44 0.00 18.44
Purchased Remaining ccrued Inventory Received Purchased Accrued Inventory nventory COGS Usage ID	9 Trans ID	0 Quantity 4 4 0 Trans Date	Reference #(s)	Value 18.40 18.40 0.00	Current Inventory Received Used Current Inventory	Quantity 4 0 4 Quantity	Act Unit Cost	Το	Value 18.40 0.00 18.40
Purchased Remaining accrued Inventory Received Purchased Accrued Inventory nventory COGS Usage ID	g Trans ID	0 Quantity 4 4 0 Trans Date	Reference #(s)	Value 18.40 18.40 0.00	Current Inventory  Received Used  Current Inventory	Quantity 4 0 4 Quantity	Act Unit Cost	Te	Value 18.40 0.00 18.40

### **Configuring Your System for Landed Costs**

Your system administrator must activate the settings that display the +Freight feature on

the Purchase module interface:

- 1. Navigate from Main Menu > Accounting > Preferences > Data Entry.
- 2. In the Inventory section, mark the flag to Manage landed cost, then click Commit Updates.

•••		,	ccounting Preference	5			
Accounting Preferences	Date Management			Check Processing			
Chart of Accounts	Update Order Date	to today on open.		Checks Layout Check Direction			
Billing & Payment Terms	Update PO Date to	today on open.		3-Part Top	Face Up		
Adjustment Codes	Update Shipment I	Delivery Date to today when shipp	ed/received.	C circular			
Aujusarient codes	Update Purchase D	ate to Vendor Invoice Date.		Signature	Dimensions: 2.75" wide by .75" tall		
Currency Conversion	Update Receipt Da	te to today on post.			File Format: JPEG or PNG		
Period Management	Update Invoice Da	te to Receipt Date on post.		Use logged in team member's signature when printing checks.			
Data Entry	Update Disbursem	ent Date to today on post.					
-to-setions	Post Date Limit			This can be found i	n their team member record.		
AvaTax	30 Days			A Enable Positive P	ay.		
	Multi-Office Prefer	ences		Commissions			
	Prevent multi-offic	e cash transactions.		X Enable commissi	ions. This will turn on commissions calculations in orders.		
	Manage office gen	eral ledgers separately.		Purchasing			
	Invoicing (Sales Ta	xes)					
	Use tax rates from	order when invoising		Auto-senerate sending wandow credit memor for returns			
	X Round taxes at the	line item. This must be enabled if li	ne items for a single	X Show "Invalid PO" indicator for POs printed while pending			
	Timesheets			Inventory COGS Method LIFO X Manage landed cost. Prevent inter-office COGS transactions.			
	X Generate GL entrie	s from timesheets upon closing.	This will post the				
	X Generate GL entr	ier for overhead allocations					
	Allow timesheets t	o auto-approve. Deselect this to have	ve more control over				
	X Allow purchases to	be generated from timesheets fo	r freelancers.				
	Generate a separ	ate purchase for each office.		update job costs	with inventory actual cost.		
	Miss Line Them Cod	or					
	Adjustments >	Shinning >	Denosits >	Enance Charge >	Historical Balances >		
	AD1	SHIP	DEPOSIT		HIST		
	ADJ Oversight Notificat	SHIP	DEPOSIT		HIST		
	Send an oversight not	ification:					
	If an order's margi	n is less than for order	rs over				
	If a purchase exce	eds its PO by more than	for POs over				
	X If the statement st	hipping cost exceeds its estimated	cost by 25% fo	values over 50.00			
Commit Lindates							
Commit Updates	X Once a customer's	order volume exceeds 1,000.00					