

Changing to Estimated Average Cost

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It is best to wait until month end to change an inventory department to an estimated average cost department. To make the change, do the following:

1. Edit the desired departments to change the posting to estimated average cost. This option is found at *Accounting / Setup / Inventory Departments / G/L Posting* tab. Change the *Compute Invoice Cost By* option to Estimated Average.
2. Edit each product in the departments changed in step 1 and update the estimated average cost to a reasonable cost. This cost should be close to or the same as your current average cost. These edits can only be done at *Hub / Utilities / Edit Product Pricing*.

Considerations

- If you enter purchase orders with a cost, that cost will flow through to the purchase receipt when the purchase order is referenced there. This makes the process faster and more efficient, as well as reducing the risk of mistakes.
- Whether or not purchase orders are used, you must use purchase receipts, as this is where estimated average cost is updated. If the purchase receipt step is skipped, your estimated average cost figures will be incorrect.