

# Average Cost/Estimated Average Cost

Last Modified on 03/12/2026 7:26 am CDT

To see more information on Product cost calculation, see [here](#).

## Average Cost

Average Cost is a weighted average of costs dependent on the amount of company-owned inventory prior to the purchase and the quantity of inventory being purchased.

Average Cost departments are considered standard in Agvance.

Inventory Department Information for DsIC00 Clear Diesel -00

Profile G/L Posting Patronage Coop Commission Price Levels Discount Overrides

General Ledger Posting Accounts

<Sales #> 4590000-00

<Cost of Goods/Purchases #> 5590000-00

<Freight/Add On #> 5590000-00

<Inventory #> 1590000-00

<Purchase Disc #> 5590000-00

Sales Class Energy

Compute Invoice Cost Average

Inventory This Department

Sales Posting Item Override

Cost Posting Item Override

Include Discount in Cost of Inventory

Profit Margin Department

Warn if selling price is less than cost

Print Package Units and Manufacturer on Invoice

Import Price Levels Save Cancel

Increasing/decreasing inventory with a Purchase Invoice or manufacturing Products will update the Average and Last Costs.

### Product costs prior to Purchase Receipt

|                        |       |                        |
|------------------------|-------|------------------------|
| Billing Units          | Gal   | Pric                   |
| Billing Divisor        | 1     |                        |
| Average Cost           | 4.261 |                        |
| Last Cost              | 3.243 |                        |
| Replacement Cost       | 0.000 |                        |
| Profit Margin          |       |                        |
| Estimated Average Cost | 4.340 |                        |
| Replacement 2 Cost     | 0.000 |                        |
| Replacement 3 Cost     | 0.000 |                        |
| Replacement 4 Cost     | 0.000 |                        |
| Audit Costs            |       | When the S the s updat |
| Audit Prices           |       |                        |
| Threshold              |       | Ratio Wizard           |

### Product costs after Purchase Receipt

|                        |       |                        |
|------------------------|-------|------------------------|
| Billing Units          | Gal   | Pric                   |
| Billing Divisor        | 1     |                        |
| Average Cost           | 4.261 |                        |
| Last Cost              | 3.243 |                        |
| Replacement Cost       | 0.000 |                        |
| Profit Margin          |       |                        |
| Estimated Average Cost | 4.340 |                        |
| Replacement 2 Cost     | 0.000 |                        |
| Replacement 3 Cost     | 0.000 |                        |
| Replacement 4 Cost     | 0.000 |                        |
| Audit Costs            |       | When the S the s updat |
| Audit Prices           |       |                        |
| Threshold              |       | Ratio Wizard           |

### Product costs after Purchase Invoice

|                        |       |                        |
|------------------------|-------|------------------------|
| Billing Units          | Gal   | Pric                   |
| Billing Divisor        | 1     |                        |
| Average Cost           | 4.181 |                        |
| Last Cost              | 4.000 |                        |
| Replacement Cost       | 0.000 |                        |
| Profit Margin          |       |                        |
| Estimated Average Cost | 4.340 |                        |
| Replacement 2 Cost     | 0.000 |                        |
| Replacement 3 Cost     | 0.000 |                        |
| Replacement 4 Cost     | 0.000 |                        |
| Audit Costs            |       | When the S the s updat |
| Audit Prices           |       |                        |
| Threshold              |       | Ratio Wizard           |

## Estimated Average Cost

Some Products in inventory may have volatile costs that change frequently (like fuel) where costs are set at the time of delivery and change multiple times before the Purchase Invoice is available.

**Note:** It is best to wait until month-end to change an Inventory Department to an Estimated Average Cost department. More details can be found [here](#).

Products in an Inventory Department set to *Average* or *Last Cost* on the *GL Posting* tab will not have the most recent cost reflected when calculating margins if the product is sold prior to the Purchase Invoice being entered.

Setting the Inventory Department to *Estimated Average* (*G/L Posting* tab at *Accounting / Setup / Inventory Departments*) means sales margins will be based on the more timely Estimated Average Cost and therefore be more accurate (this can be seen on the [Sales Analysis](#) report with *Gross Margin Calculation* checked). The Last and Average Costs will still be updated.

Inventory Department Information for DslC00 Clear Diesel -00

Profile | G/L Posting | Patronage | Coop Commission | Price Levels | Discount Overrides

General Ledger Posting Accounts

<Sales #> 4590000-00

<Cost of Goods/Purchases #> 5590000-00

<Freight/Add On #> 5590000-00

<Inventory #> 1590000-00

<Purchase Disc #> 5590000-00

Sales Class: Energov

Compute Invoice Cost: Estimated Average

Inventory This Department

Sales Posting Item Override

Cost Posting Item Override

Include Discount in Cost of Inventory

Profit Margin Department

Warn if selling price is less than cost

Print Package Units and Manufacturer on Invoice

Import Price Levels | Save | Cancel

**Note:** This option requires adding the Purchase Receipt to capture the cost at that time. Entering a priced Purchase Order is recommended as this will carry forward to the Purchase Receipt.

