STANDARD COST ACCOUNTING

Standard cost can be used for accounting purposes, using recovery codes and checking variances against other codes.

**LEDGER SETUP**

From the GlobalBake main menu select Ledger -> G/L Setup.

Tick ‘Use Standard Cost Inventory’ on the G/L Setup to activate Standard Cost Accounting.

This now blocks the ability for the ingredient standard cost to be updated from the purchase order.

This also changes Company Details so that both Recipe and Transactions calculation use standard cost. These cannot be changed when standard cost is active.

**PRODUCT GROUP SETUP**

From the GlobalBake main menu select Products > Groups.
On the group the ‘Std Cost Purchase Variance’ code should be entered and will be used to hold variance from the standard price to the actual.
Recovery codes can be used with standard cost accounting. Please view help file on recovery codes for more information.

PURCHASE ORDERS

If there is a difference between the ingredient standard cost and the purchase order cost then the difference is posted to the purchase variance code set up on the group.
This will highlight changes in ingredient costs as they will accumulate into this code.
In the below example the purchase cost was 11,070 and this was 2,169 more than standard cost would have been so the 2,169 is credited into the stock code and debited to the Std Cost Purchase Variance code.

<table>
<thead>
<tr>
<th>QA Check Time: 00:00:00</th>
</tr>
</thead>
<tbody>
<tr>
<td>System Id: 6008953</td>
</tr>
<tr>
<td>G/L allocations</td>
</tr>
<tr>
<td>$ 11,070.00</td>
</tr>
<tr>
<td>01.1010.0010</td>
</tr>
<tr>
<td>01.1020.0001</td>
</tr>
<tr>
<td>$ 2,169.00</td>
</tr>
<tr>
<td>01.200.1017</td>
</tr>
<tr>
<td>01.1010.0010</td>
</tr>
</tbody>
</table>

INGREDIENT SETUP

Using standard cost accounting means that the ingredients standard cost can only be directly entered when the ingredient is created. To update an existing ingredient standard costs require a revaluation of current stock to reflect the new standard cost.

If you have existing ingredients with a stock value (but no GL transactions) in these groups then the ingredients stock value and amount will need to be zeroed out first.

SETTING STANDARD COST

From the GlobalBake main menu select Products -> Set Standard Cost
This form is now different. It becomes more like a stock take form to allow you to enter the new standard costs. Similarly you can print a variance report of the impact of posting the changes in standard cost.
When Posted it updates all the ingredients standard costs and posts a revaluation amount to the code selected (or leave blank to use COGS code).

**REVALUE MANUFACTURED STOCK**

Since the implied value of finished products may now be considered to have changed you can now post a revaluation. From the GlobalBake main menu select Products -> Revalue Manufactured Items and click the ‘Revalue’ button for the process to run.

**PERIOD RECONCILIATION**

Period reconciliation now includes the manufactured stock values as well as ingredient values.