Standard Cost Vs. Value Amount

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Standard Cost vs Value Amount

Overview

To understand the difference between Standard Cost and Value Amount in Order Time.

Solution

Std. Cost

Standard Cost is a planning and projecting field to contain what you expect the Cost to be on the Item.

Value Amount

The Value Amount is based on actual transactions and includes the Cost paid for an Item plus or minus any Value Adjustments that have occurred such as added freight costs on a Receiver.

For example:

In the picture below, Item No 1 with a Quantity of 3 and the actual Cost of $100 Each is Received making the Extended Cost or EXT. on the Receiver $300.

This same Receiver has added freight cost of $12. If the freight cost has been spread to all items on the receiver, then Item No 1 would have a freight cost of $4 for each unit.

This would mean that the Value Amount for each unit of Item No 1 is;

Cost $100 + Freight $4 = Value Amount of $104 for each unit