InventoryControl : Explanation of the Average Cost column for FIFO, LIFO, and Moving Average

Internal User - 2019-08-01 - Documentation

If you are using the FIFO (First In, First Out) or LIFO (Last In, First Out) costing methods for your items, the Average Cost column will display the Current Cost rather than an average cost for the item. The Current Cost is the cost that was used on the most recent Add or Receive transaction for the item.

PLEASE NOTE: This applies only to InventoryControl v6 and v7. This does not apply to InventoryCloud.

Examples:

Item #1 is using FIFO. Adding 1 with a cost of $10, then 1 with a cost of $15, the Current Cost will be $15. If you remove 1, since it is FIFO, it will remove the $10 cost, and Current Cost remains $15.

Item #2 is using LIFO. Adding 1 with a cost of $10, then 1 with a cost of $15, the Current Cost will be $15. If you remove 1, since it is LIFO, it will remove the $15 cost, and the Current Cost will revert to $10.

Item #3 is using Moving Average. Adding 1 with a cost of $10, then 1 with a cost of $15, the Average Cost will be $12.50. Since the cost for the inventory of this item is averaged, a Remove transaction will use the Average cost, $12.50, and the Average Cost will remain the same, $12.50.