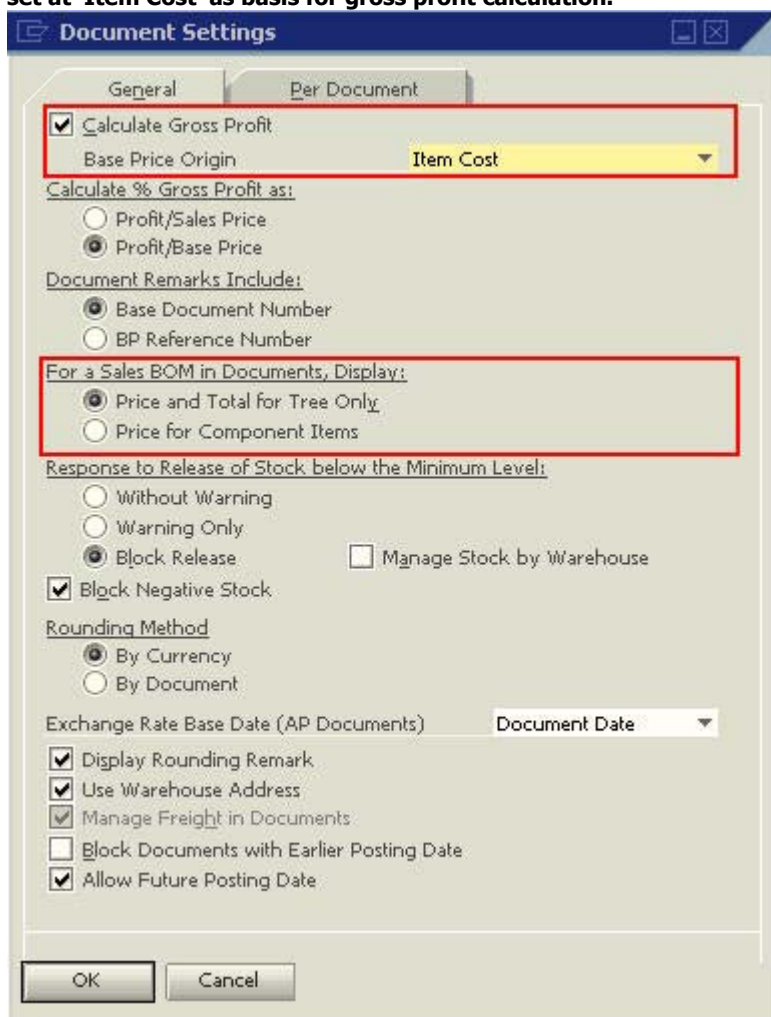


TIPS AND TRICKS

Why does an item which is defined as a Sales Bill of Materials show 100% as gross profit in the Gross Profit window?

Business Scenario:

In Document Settings -> General tab the display for a bill of materials (BOM) of a sales type is set to 'Price and Total for Parent Item Only'. This setting allows users to enter a sales price on the parent item instead of setting independent sales prices for the component items. The 'Base Price Origin' field is also set at 'Item Cost' as basis for gross profit calculation.



Document Settings

General Per Document

Calculate Gross Profit
Base Price Origin: Item Cost

Calculate % Gross Profit as:
 Profit/Sales Price
 Profit/Base Price

Document Remarks Include:
 Base Document Number
 BP Reference Number

For a Sales BOM in Documents, Display:
 Price and Total for Tree Only
 Price for Component Items

Response to Release of Stock below the Minimum Level:
 Without Warning
 Warning Only
 Block Release Manage Stock by Warehouse

Block Negative Stock

Rounding Method:
 By Currency
 By Document

Exchange Rate Base Date (AP Documents): Document Date

Display Rounding Remark
 Use Warehouse Address
 Manage Freight in Documents
 Block Documents with Earlier Posting Date
 Allow Future Posting Date

OK Cancel

The Sales BOM is shown below:

#	Item No.	Item Description	Quantity	Warehouse	Price List	Unit Price
1	A1017	Divers Goggles	1	01	Selling Price	GBP 30,00
2	A1011	Snorkel	1	01	Selling Price	GBP 5,00
3	A1018	Flipper	1	01	Selling Price	GBP 20,00
4					Selling Price	

When creating a sales invoice for an item defined as a Sales BOM, the 'Item Cost' field in the 'Gross Profit' window is empty. Hence, the gross profit is calculated at 100%. Why is this so?

A/R Invoice

Customer: Fruits R Us
 Name: Fruits R Us
 Contact Person:
 Customer Ref. No.:
 BP Currency: GBP

No.: Primary 133
 Status: Open
 Posting Date: 19.09.08
 Due Date: 19.09.08
 Document Date: 19.09.08

Contents | Logistics | Accounting

Item/Service Type: Item Summary Type: No Summary

#	Item No.	Quantity	Unit Price	Disc...	Total (LC)	G/L Account	P
1	D1000	1	GBP 75.00	0.00	GBP 75.00	400000	
2	A1017	1		0.00		400000	
3	A1011	1		0.00		400000	
4	A1018	1		0.00		400000	

Gross Profit of Outgoing Invoice

Base Price By: Item Cost

Item No.	Item Description	Base Price	Sales Price	Qty	Gross Profit	Profit %
1	D1000 Deal		GBP 75.00	1	GBP 75.00	100.00

OK Cancel

In SAP Business One, an item that is defined as a Sales BOM cannot be defined as a 'Stock' item. The logic behind this system definition is that Sales BOM items are regarded as kit items which can be quickly assembled during the sales process. It is then not necessary to maintain physical stocks of such kit items. As an item that is not defined as a stock item in the system does not maintain item cost, the 'Base Price' will then show zero when the 'Item Cost' is used in the 'Gross Profit' window.

The screenshot shows the 'Item Master Data' dialog box in SAP. The 'Sales Item' checkbox is checked and highlighted with a red box. Other fields include Item Number (D1000), Description (Deal), Item Type (Items), and Price List (Standard Cost). The 'Production Data' section includes 'Phantom Item' (unchecked), 'Issue Method' (Backflush), and 'Manage Item by' (None). The 'Valid' and 'On Hold' checkboxes are also present.

To get an estimated gross profit for each 'Sales Type' BOM, the following workaround can be considered:

1. In the 'Sales Type' BOM record, select a 'Price List' that will hold the estimated costs of the parent. This is the sum of all its components. In the screenshot shown below, a 'Price List' called 'Estimated Costs' has been created. Then, for each component line item, select the 'Last Purchase Price' (LPP) as 'Price List' (PL). The 'Last Purchase Price' will be the closest estimated costs of the components. As in the screenshot, the 'Estimated Costs' is GBP 43.00.

With respect to data correctness in the LPP, please consider [Note 889702](#): The 'Last Purchase Price' is updated automatically by the system when posting specific SAP Business One transactions, where all transactions that update the LPP are listed.

Product No. D1000 X Quantity 1

Product Description Deal

BOM Type Sales

Hide BOM Components in Printout

Price List Estimated Costs

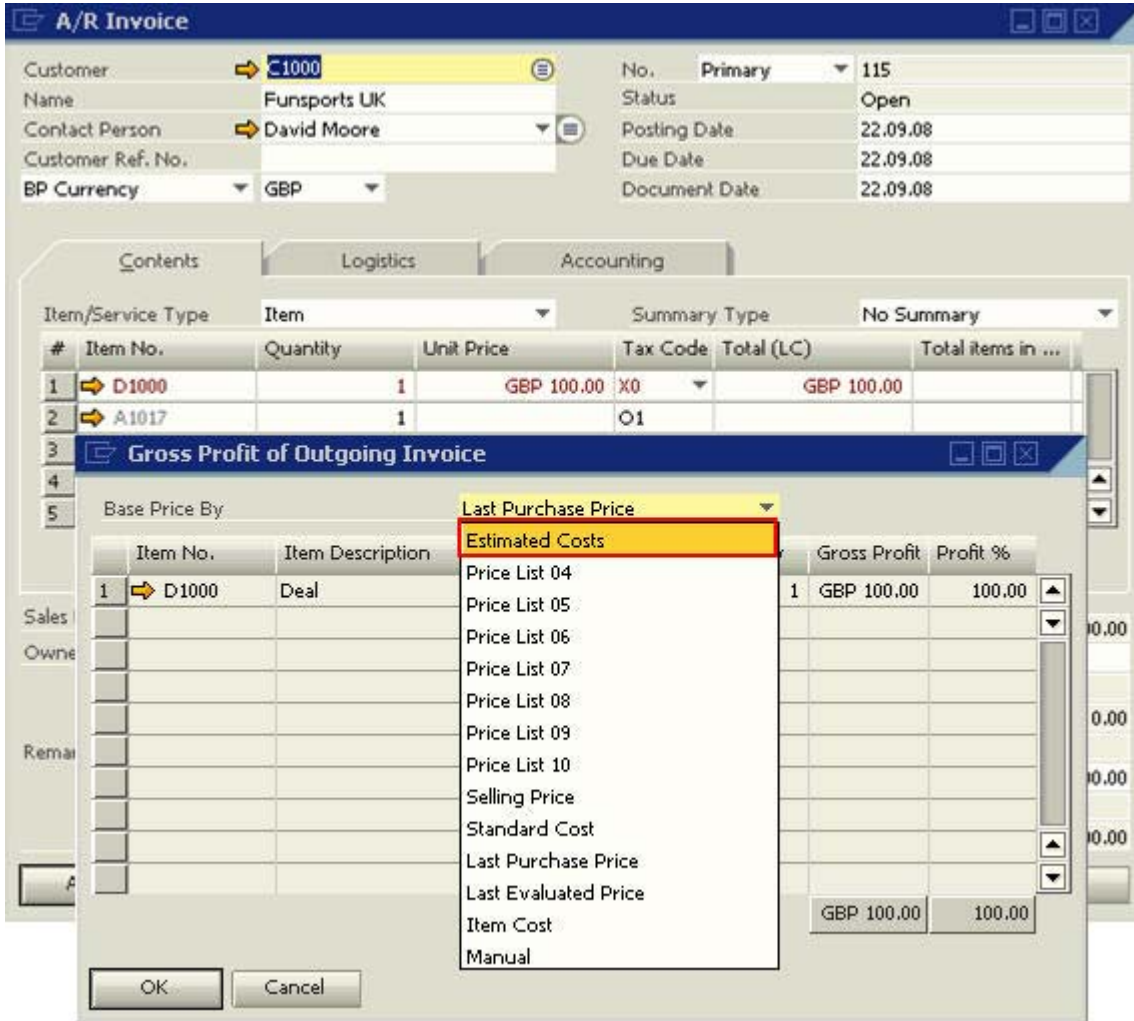
Distr. Rule

#	Item No.	Item Description	Qua...	Warehouse	Price List	Unit Price
1	A1017	Divers Goggles	1	01	Last Purchase Price	GBP 24.00
2	A1011	Snorkel	1	01	Last Purchase Price	GBP 4.00
3	A1018	Flipper	1	01	Last Purchase Price	GBP 15.00
4					Estimated Costs	

Product Price GBP 43.00

Update Cancel

2. When creating sales documents for the Sales Type BOM, in the 'Gross Profit for Outgoing Invoices' window, select the 'Estimated Costs' in the 'Base Price List' field before adding the document. Then, click on 'Update' in the 'Gross Profit of Outgoing Invoice' window.



3. Once selected, the 'Base Price' will now show the GBP 43.00. The 'Gross Profit' will now show the difference between the Unit Price and the Base Price. Hence GBP 100.00 less GBP 43.00 is equal to GBP 57.00. The 'Profit %' field is computed based on the 'Calculate % Gross Profit' option selected in the 'Document Settings' window.

The screenshot shows a software window titled "Gross Profit of Outgoing Invoice". At the top, there is a dropdown menu labeled "Base Price By" with "Estimated Costs" selected. Below this is a table with the following columns: "Item No.", "Item Description", "Base Price", "Sales Price", "Qty", "Gross Profit", and "Profit %". The first row contains the following data: "1", "D1000", "Deal", "GBP 43.00", "GBP 100.00", "1", "GBP 57.00", and "57.00". The "Base Price" and "Sales Price" cells in this row are highlighted with a red border. At the bottom right of the table area, there are two summary boxes: "GBP 57.00" and "57.00". At the bottom of the window, there are "OK" and "Cancel" buttons.

Item No.	Item Description	Base Price	Sales Price	Qty	Gross Profit	Profit %
1	D1000	Deal	GBP 43.00	1	GBP 57.00	57.00

4. Alternatively, if maintaining such an 'Estimated Costs' PL is not feasible, the Base Price may be set to 'Manual' and the user can enter the appropriate cost.

The screenshot shows the same software window "Gross Profit of Outgoing Invoice". The "Base Price By" dropdown menu now has "Manual" selected. The table below has the same structure as the previous screenshot. The first row contains: "1", "D1000", "Deal", a yellow input field with a calculator icon, "GBP 100.0000", "1", "GBP 100.0000", and "100.0000". The "Base Price" cell is highlighted with a red border. At the bottom right, the summary boxes show "GBP 100.0000" and "100.0000". At the bottom of the window, there are "Update" and "Cancel" buttons.

Item No.	Item Description	Base Price	Sales Price	Qty	Gross Profit	Profit %
1	D1000	Deal	GBP 100.0000	1	GBP 100.0000	100.0000