

## Manufacturing 'Refurbished' Photocopier Parts

Some parts, such as fusers, can be refurbished two or three times and re-used before being discarded. These refurbished parts need to be tracked to control the number of times they are refurbished, how long the refurbished parts last and to track the cost of refurbishing.

### The setups:

- Add a new Stock Group for 'Manufacturing Components' to separate the used stock to be refurbished in manufacturing, and another Stock Group for the Refurbished Stock (if required).
- Add a new Stock Location called MANU (for Manufacturing).
- Add a new Depleting Stock Record for the used part eg the actual part number with -U at the end (MFC1.PART1-U) and assign to the Manufacturing Stock Group.
- Add a new Depleting Stock Record for the refurbished part eg the actual part number with -R at the end, select 'This stock I Manufacture', 'I Buy' and Serial# 'on purchase'. Serializing the refurbished part enables you to track how many times a part is refurbished and how long it lasts. On the Vendor tab add 'your company' as a vendor for inclusion in stock procurement.

- When you save this stock record, the Manufacturing ITEM will automatically be created as the stock code with a + sign at the end (refer to Manufacturing in the online help file for more information).

- Edit the manufacturing Item, tick Manufacture Qty 1 only. You will only refurbish one used part on each manufacturing job as different parts may need to be replaced during the refurbishment process, so this setting will be the default on Manufacturing Jobs.
- You should set a Default Name on the Item if not all staff can do the refurbishment. Tick the staff members who can do this type of work, so only they can have jobs using this manufacturing Item assigned to them.
- Select the Stock tab at the bottom left, and add the default stock that will always be included ie the used part to be refurbished, and an estimated amount of labour. Additional stock will need to be added to the manufacturing job as required.

	Stock Code	Description	Unit	Qty.	Avg. Cost	Total
▶ 1	MFC1.PART1-U	Used part	UNIT	1	0.0000	0.00
2	L.BUILD	Labour Build	HOUR	0.50	50.0000	25.00

NOTE: If you want to include the actual cost of the labour to refurbish the part in the overall cost of the refurbished part, rather than just track the time taken, you need to add some additional setups as follows:

- Go to Accounts>General Ledger>Cost of Sales>add a new 5-XXXX Account for Manufacturing Labour. Set as a detail account only.

- Go to Tools>Options>Job and tick to 'Include Labour in cost when Manufacturing'

Click OK, when the following message will appear.

Click OK, select the new Manufacturing Stock GL Account you added, and click OK

Account Name	Linked GL Code	Linked GL Account Name
Tax Collected (Sales)	21310	GST Collected
Tax Paid (Purchases)	21330	GST Paid
Withholding Payable	21340	Withholding Payable
Purchase On Received	21210	Temporary Creditors - POs on Received
<b>Equity Accounts</b>		
Historical Balancing	39999	Historical Balancing
Current Earnings	39000	Current Year Earnings
Retained Earnings	38000	Retained Earnings
<b>Income Accounts</b>		
Sales (Freight)	45020	Income - Freight
Sales (Account Fee)	48000	Account Fees
<b>Costs of Sales</b>		
Stock Adjustments	57000	Stock Adjustments
Return Adjustments	57000	Stock Adjustments
Expense Adjustments	56000	Expense Adjustments
Discounts (Debtors)	54500	Discounts to Customers
<b>Expense Accounts</b>		
Bad Debts (Debtors)	61400	Bad Debts Written Off
Written Off (Creditors)	61450	Written Off Debts - Creditors
Discounts (Creditors)	61600	Discounts from Creditors
Purchase (Account Fee)	61050	Account Fees - Creditors
Transaction Rounding	62600	Rounding Account
Sales Rounding	62600	Rounding Account
Unders/Overs	62600	Rounding Account
<b>Multi Currency</b>		
Realised Forex P/L		
Unrealised Forex P/L		
<b>Manufacturing</b>		
Manufacturing Labour Costs	54070	

- Edit the Labour stock record that you have selected on the manufacturing Item, go to the Details tab, in the Manufacturing Cost field enter the rate per hour that it costs to employ a person to do this work (not what you pay them per hour), enter a unit multiplier of 1 ie it costs this much per hour, assuming your Unit measure on the stock record = 1 hour, and a Labour

Content of 1 (assuming that 1 x L.BUILD = 1 hour).

**Viewing Stock - L.BUILD**

Stock Details Locations Descriptions

Warranty 0 (in months)

Publish Price to Price List & Web

Round price up to nearest 25 cents

Labour Content 0.00

Hide on Invoice  Allow Price Override

Manufact. Cost 50.00

Rate Multiplier 1.00

Floor Cost Markup 0

**Viewing Stock - L.BUILD**

Stock Details Locations Descriptions

Code L.BUILD Type Labour GL Group Labour - Workshop

Desc Labour Build

Measure Unit Quantity Unit Description Barcode

1	HOUR	=	1.0000		
2		=			
3		=			

Qty by Locations

Location NSW

Groups Labour, Lab - Workshop

NOTE: You may need to discuss calculating the cost per hour rate with your accountant.

**The procedures:**

- Add a Debtors PO to 'buy' the used part into stock at zero value and zero COGS. This should be bought into the MANU stock location.
- Add a (manufacturing) job with your company as the customer, and select the 'manufacturing ITEM' for the part you are refurbishing.
- Select the location where you want the refurbished part to go into stock when the manufacturing process is complete.

**Adding Manufacturing Job 450**

Job # 450 Cust# DEMO.CO Status Booked Price level 1 Name SYS

Cust Ref# From# DEMO.CO Priority Normal Qte Req.  Acc.Mgr

Mode Ship# DEMO.CO Type Normal Tax Paid  Tax Total Tax Paid Down

Date In 16/12/2011 Due 21/12/2011 03:26F Out Ex.Job# Labour Hours

Item# MFC1.PART1-R4 Desc. Refurbished part

Stock# MFC1.PART1-R Desc. Refurbished part Location MANU Qty 1

Machine# Contract Type

	Date	Initials	Status	Inc.	Comments
▶ 1	16/12/2011	SYS	Booked		

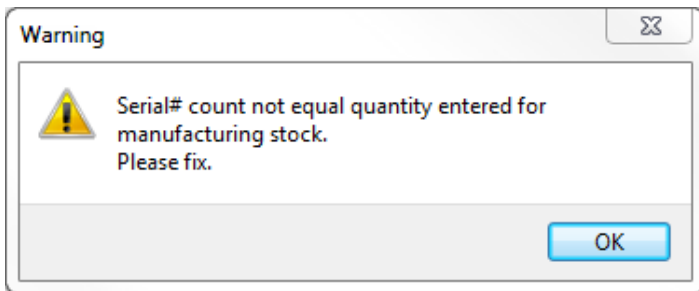
- The Qty will default to 1 as set on the ITEM
- The stock set on the Manufacturing Item will auto-populate the stock grid, but you need to check that it is being selected from the correct stock location eg the used part will be in the MANU stock location and not the main stock location.

	Date	Initials	Status	PO#	Location	Stock Code	Description	Unit	Order	Supply	B. Ord	Qty Pick	Price Ex.	Price Inc.	Disc %	Tax	Hide	Total
1	16/12/2011	SYS			NSW	L.BUILD	Labour Build	HOUR	0.50	0.50	0.00		0.00	0.00		X		0.00
2	16/12/2011	SYS			MANU	MFC1.PART1-U	Used part	UNIT	1	1	0		0.00	0.00		X		0.00
3	16/12/2011	SYS			NSW	MFC1.PART.1	MFC Type 1 PART 1	UNIT	1	1	0		0.00	0.00	0.00			0.00

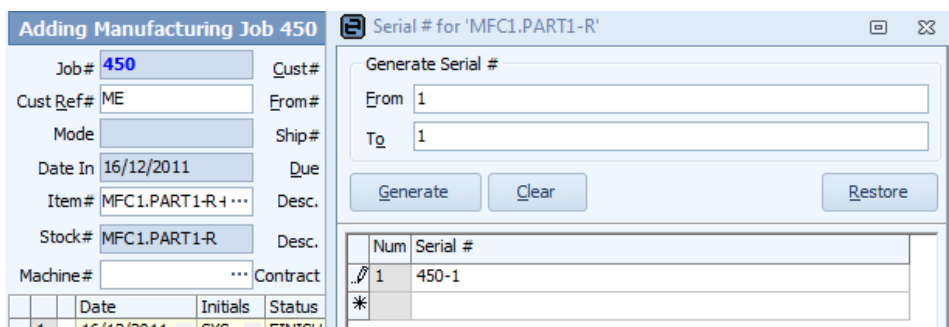
- Add any additional parts used in the refurbishment – you must have this stock available in Jim2 before you can complete the manufacturing job. NOTE: No costs appear in the stock grid on the manufacturing job, but they are included in the cost of the manufactured stock.
- Press F7 and add the actual time spent to track the technicians' labour.
- Edit the labour stock if necessary, to reflect the cost of the actual time spent in the refurbishment process.
- Change the status of the job to FINISH.
- Press the Manufacture Job icon in the ribbon (it has replaced the Invoice Job icon when you are working in a manufacturing job).



- A warning message to prompt you to enter the serial number of the manufactured stock will appear – press OK.



- The suggested protocol for setting the serial numbers on refurbished parts is to use the manufacturing job number followed by -1 for the first refurbishment, -2 for the second refurbishment and so on.



- Click OK and OK to complete the serial number entry, then click the Manufacturing Icon again.
- A window will appear where you either nominate a job number if the part is being refurbished for a specific job, or enter 0 if it is to go into available stock.

**Link manufactured stock to a Job#**

Please select either:

1. Enter a Job number if this stock is being manufactured for a particular Job
2. Enter a Job number of 0 if you want to either manufacture for Stock on Hand and/or backfill Jobs that were sold in Advance.

The CANCEL button will cancel creation of Manufacturing Purchase Order

Job#

- Click OK to complete the Manufacturing process and create a Manufacturing PO.

**Information**

Manufacturing Purchase Order# 88 was created.

Behind the scenes a stock adjustment has effectively taken place, as the individual components in the stock grid on the job have been taken out of stock, the cost of the labour has been included in the process and the finished refurbished part has been brought into stock on the Manufacturing PO.

Viewing Stock - MFC1.PART1-R

Stock Code: MFC1.PART1-R Type: Depleting GL Group: Machine Parts

Desc: Refurbished part

Measure Unit: UNET Quantity: 1 Unit Description: Barcode: 1000122000000

Qty by Locations

Location	Qty on Hand	Committed	Available	BackOrder	Packaged	On PO
NSW	1	0	1	0	0	0

Groups: Service, Parts, Refurbished

Job #	Customer	Qty	Location	Ex. Job#	Due Date	Item
499	DEMO.CO	1	NSW		02/12/2011	MFC1.PART1-R

Buttons: Create Similar, Edit, Close

Navigation: Pricing, Stock On Hand, Stats, Buying, Vendors, Transactions, Manufacture, Sales, Committed, Watchouts, Notes

The Transaction Journal entry for the Manufacturing PO shows how the parts and labour cost have been combined into the cost of the refurbished part.

Ref#	Account	GL Dept.	Acc. Name	Debit	Credit	Tax	Curr
<b>Tran#: 423, PO, Date: 16/12/2011 04:11:15 PM (6), Manufacturing Purchase #88</b>							
88	1-1312		SOH - Sales #12	325.00	0.00		
88	1-1312		SOH - Sales #12	0.00	300.00		
88	5-4070		Manufacturing Labour	0.00	25.00		
				325.00	325.00		

For further assistance or information please call Happen support on 02 9570 4696 or email [support@happen.biz](mailto:support@happen.biz)