Purchase Order Costs Explained

04/30/2025 3:22 pm CDT

Overview

Sellercloud allows you to add **Extra Costs** to Purchase Orders along with common overhead costs which usually include expenses on purchased components (**PO Subtotal**), **Shipping Costs**, **Taxes**, and **Other Total** expenses. To use this feature, Client Setting **Consider PO Extra Costs when Calculating Product Costs** must be enabled (Show me where!).

Overhead PO Costs

1. To correct PO costs on each component **price**, refer to the PO's **Items** toolbox, and make the appropriate changes.

2. To add **Shipping Costs**, **Tax Amount**, or **Other Total** expenses over the Purchase Order, refer to the respective PO's home page, the **Total** panel.

3. In the upper right, click **Edit**.

4. Enter the respective values, and click **Save**.

| 🔒 TOTAL	✏️
Subtotal	$26.00
Multi Discount Total	$4.00
Shipping Total	$10.00
Shipping Total (3rd Party)	$10.00
Tax Total	$10.00
Other Total	$40.00
Unreceived Total	$26.00
Grand Total	$86.00

Extra PO Costs

You can add an **Extra Cost Per Unit** to purchased items either manually or via a file import. This method allows you to apply a unique extra cost value to each PO item.
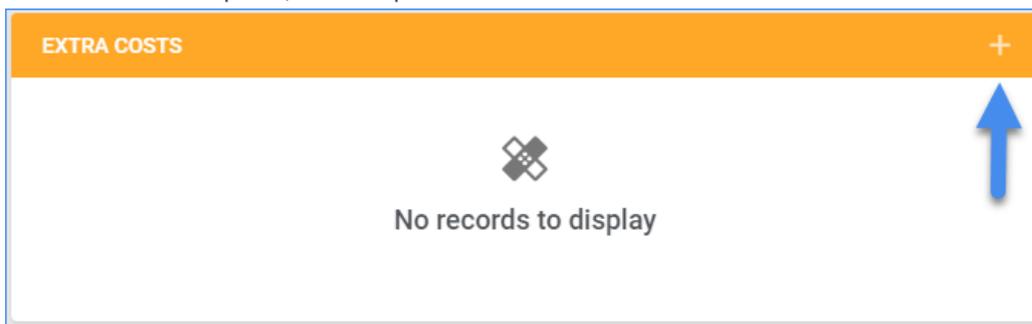
Add an Extra Cost Manually

1. Go to **Purchasing** > **Manage POs**.

2. Select the Purchase Order you want to add extra costs to.

3. In the upper right, click **Edit**.

4. Click the **Toolbox**, and select **Extra Costs**.
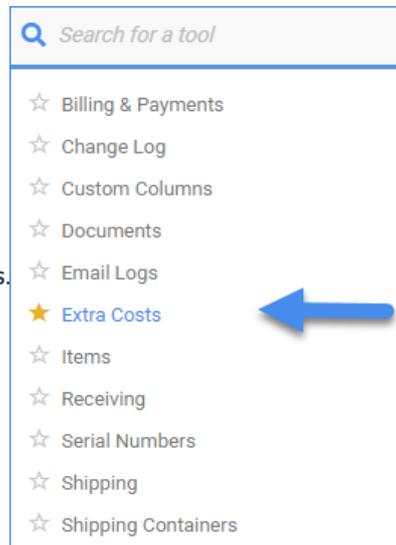
5. On the **Extra Costs** panel, click the plus icon.

6. In the **Add New Extra Cost** dialog box, specify a brief explanation of the extra cost added, the **Cost** value, and the type of cost distribution to be applied to PO items.

7. Click **Save**.

8. Save the changes.

Add an Extra Cost via a File Import

1. Go to the **Items** panel that is on the **Extra Costs** PO's page.

2. In the upper right, click **Edit**.

3. Click the **Upload Products** icon.

4. Select the appropriate file from your computer, and click **Save**.

UPLOAD PRODUCTS   ✕

DOWNLOAD TEMPLATE

File *   PO_1234443215.xlsx   📎
_____

CANCEL   UPLOAD

5. Alternatively, to save a template prior to file upload, click **Download Template**. Populate the respective

ID	ProductID	ProductName	QtyOrdered	QtyReceived	ExtraCostPerUnit
20854	123456789	123456789	10	0	15
21035	11112	Product One	3	0	25

columns. Upload the saved file.

6. Once processed, the **Extra Cost Per Unit** column is automatically completed.

Divide Extra Cost Automatically

PO shipping, taxes, and other third-party costs can be averaged and divided into an item's cost automatically as long as they are entered on a PO level (and not per unit). This method allows you to apply a PO based extra cost value which will be divided between the items on the PO.

Example: If a product costs $50.00 and shipping costs $5.00, the average cost on the product's Purchasing page (Product > Toolbox > Purchasing) will be $55.00. If you ordered 2 units with a total PO shipping cost of $5.00, the average cost will be divided between the units ordered, producing an average cost of $52.50.

Product cost(x) + Shipping cost / Number of units

There are four distribution-type methods when adding extra costs to a PO. Refer to the table below for a detailed description of each one.
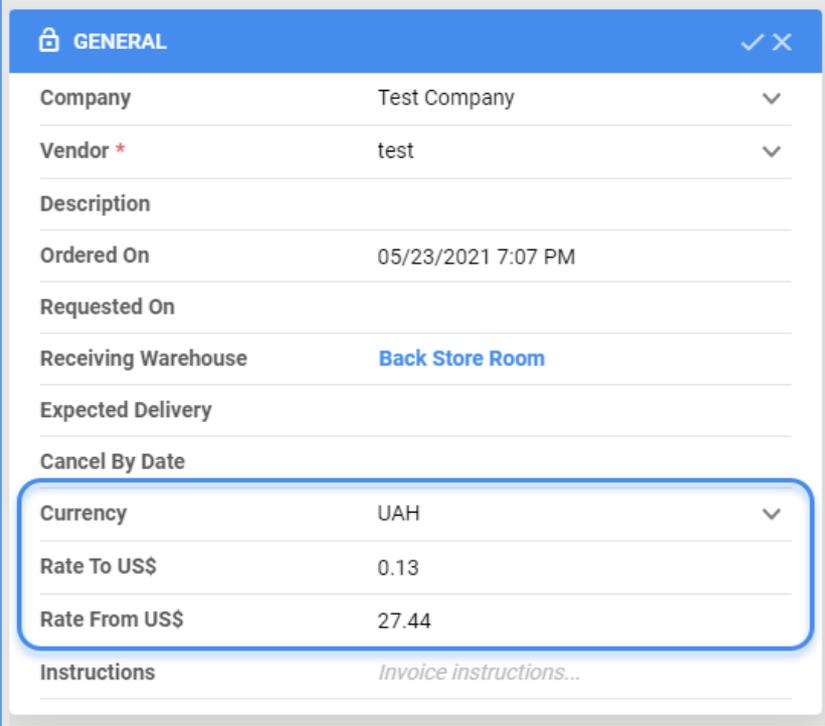
DISTRIBUTION TYPE	DEFINITION
Normal	The extra cost will be equally divided among the units ordered
Item Cost Based	The extra cost will be distributed in proportion to the items' costs, and then divided per unit of each item
Weight Based	The extra cost will be distributed in proportion to the items' weights, and then divided per unit of each item. **Note**: All items on the PO must have their product weight entered, else the calculation will revert back to dividing the cost equally.
Volume Based	The values from the Product Length/Width/Height fields are used for this calculation. Volume = L * W * H. **Note**: All items on the PO must have their product Length/Width/Height fields populated, else the calculation will revert back to dividing the cost equally.

To use this feature, Client Setting**Consider PO Extra Costs when Calculating Product Costs** must be enabled (Show me where!). You can also choose the way the cost will be distributed to the items via Client Setting**Divide PO Item Extra Cost using:** Equally, Cost Based, Weight Based, Volume Based.

Convert PO Cost into Different Currency

When you purchase from international companies, you may need to purchase in the local currency. Sellercloud POs support international currency and let you define the rate of conversion on the PO. Learn more about selling on international marketplaces.

1. Go to **Purchasing** > **Manage POs**.

2. Select the appropriate Purchase Order.

3. Go to the **General** panel that is on the PO's home page.

4. In the upper right, click **Edit.**

5. Click the **Currency** field, and select the appropriate monetary unit.

6. In the **Rate To US$** field, enter the requested conversion rate in respect to the US dollar.

7. Save the changes.

8. The product's cost will be entered in the selected international currency, but upon receipt it will be converted based on the conversion rate set here.

Add Free-Cost Items to PO

If a Vendor offers you to purchase the n-th item for free, you are ought to add that item to a PO as follows.

1. Open the appropriate Purchase Order. Alternatively, create a new one.

2. Add all requested items with the relevant cost indicated per each product.

3. Add a free-cost product to the PO scope as a separate line with a zero cost indicated.

Related Client Settings

CLIENT SETTING	DEFINITION
Allow free PO Items to affect product cost	Enable to include zero-cost PO items into the calculation for all product cost fields.
Enable currency symbol for PO	Allows converting PO's items cost from a different currency into US dollars.
Enable PO Custom Extra Cost per Unit	Allows adding an extra cost to each PO unit.
Consider PO Extra Costs When Calculating Product Costs	Averages extra PO cost into product's cost in order to give an accurate Profit & Loss Report. Once enabled, the **Extra Cost Per Unit** column will appear per each line item in a PO.
Do Not Include Third Party Shipping In PO Grand Total	Excludes Extra Costs in the PO Grand Total.
Divide PO Item Extra Cost using:	Shipping and other costs are averaged and divided into the item's cost automatically. The method of distributing PO extra costs per unit is based on the value chosen in this setting.

Understanding PO extra costs

You can add extra costs to a purchase order. Extra costs include shipping or third-party costs that are not included in the price of the item. These costs are often not billed to a third party or the vendor.

Enabling **Consider PO Extra Costs when Calculating Product Costs** in the **Client Settings** will average these costs into the product's cost to give an accurate profit and loss report. An extra column will display next to each line item in the PO: **Extra Cost Per Unit**.

Custom extra costs

The Extra Costs page also lets you enter and define additional costs and set the distribution method per unit of each cost. Custom extra costs will not be included in the PO Grand Total.

Small order item fee

If a Small Order Amount and Fee has been configured on the vendor, the fee will display as **Small Order Fee** in the **Payment** panel. When applicable, it can be calculated in the PO total cost.

Shipping and other costs

Shipping and other costs are divided per unit. The method of calculating the PO extra costs per unit is based on the Client Setting **Divide PO Item Extra Cost using**:

- **Equally**— If the product cost is $50.00 and shipping cost is $5.00, the average cost on the product's **Purchasing** page will be $55.00. If you ordered 2 units with a total PO shipping cost of $5.00, the average cost will be divided among the units ordered, resulting in an average cost of $52.50
- **Cost Based**— If there are different products in the PO with varying costs, the extra costs will be distributed in proportion to the items' cost, and then divided per unit of each item
- **Weight Based**— If there are different products in the PO with varying weights, the extra costs will be distributed in proportion to the items' weight, and then divided per unit of each item. **Note**: All items on the PO must have their product weight entered, else the calculation will revert back to diving the cost equally.
- **Volume Based**— If there are different products in the PO with varying volume, the extra costs will be

distributed in proportion to that, and then divided per unit of each item. **Note**: The values from the Product Length/Width/Height fields are used for this calculation and must be populated. Volume = L * W * H.

You have the option to exclude shipping costs in the PO Grand Total. This is helpful if you are paying a third party for shipping. This is controlled by enabling **Do not include Third party shipping in PO Grand Total** in the **Client Settings**.
Click here for instructions about adding extra costs to POs.

Converting currency rates on POs

When purchasing from international companies, you may need to purchase in the local currency. Sellercloud POs support international currency and let you define the rate of conversion on the PO. Learn more about selling on international marketplaces.
Click here for instructions about converting currency rates

Managing free items in a PO

Vendors may offer a deal for free items, such as buy 10 get 2 free. When the purchaser sends the PO to the vendor, they create two different lines for the same item – one at full price and one free.
An item that *already exists* in a PO can only be added on a separate line with a price of 0 by using a file upload

By default, Sellercloud will not factor items priced at zero dollars into its Cost calculations, but you can enable **Allow Free PO Items to affect product cost** in **Client Settings** to include these items.