Stock item valuation fundamentals

By default all warehouse (shelve) contents are having an exact valuation history!

Whenever items enter or leave stock, a valuation is attributed to them and added/deducted to/from an **inventory account**. The sum of all goods on all warehouses must at any time reflect the sum of all inventory accounts.

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Contents

Valuation of items leaving stock

Items leaving the stock can be booked out of stock their current valuation of the shelve contents taken.

Shipment due to customer order

When items are sent out as a customer order:

- the item valuation is booked out of stock at its current valuation of the shelve content
- an inventory account is reduced by the item valuation

Internal shipment (relocation)

Whem items are sent out as shipments to another warehouse, there

Internal shipment (for consumption)

When items are sent out as shipments to an internal party for consumption:

1. the item valuation is booked out of stock at its current valuation of the shelve content

2. an inventory account is reduced by the item valuation
3. the receiving costcenter is charged:
    - **by value** - the item value is changed to the receiving cost center as it was taken from stock
    - **by moving average** - the moving average is charged to the receiving costcenter. This means that a profit or loss is incurred. For booking this profit/loss two options exist: **(1) reflection to the inventory account** - the loss/gain is compensated by the other items participating in the moving average (see moving average item grouping options) **(2) booking** - attribute the profit/loss to a cost center of the warehouse operation

Missing items at stocktaking

When items are found to be missing:

- the item valuation is booked out of stock at its current valuation of the shelve content
- an inventory account is reduced by the item valuation
- the incurred loss is attributed to a cost center of the warehouse operation

Return shipment to supplier

Putting items to trash

Valuation of newly added items

Items added through regular stock intake

Items can be added to stock through a regular stock intake. When using this method, there is always a price attached with the intake.This can be either:

- purchase order - the price defined in the purchase order
- return order from a customer - the price tag with which the item was shipped to the customer

Stock intake revaluation

Once items are taken into inventory, these goods are attached the valuation. Still for some reasons retroactive price changes can occur, e.g. if the purchase price is lowered through post-purchase negotiations. This means that:

- the valuation of these changes have to change
- consecutive transactions, which used this price will have to become adjusted as well (e.g. handouts to internal costcenters, which happen at the current valuation of the item)

Stocktaking newly "found" quantities

When items are found during stocktaking, these items create new value. This can be

- booked as profit
- avoided by booking the new items with the value 0.
- avoided by lowering the value of other similar items on stock by the averaging in the value of the item, so that the quantity changes but the total stock valuation does not change.

Moving average item grouping options

The moving average price

Similar items can be defined during stocktaking to be:

- exactly identical items (same article / same variant)
- same article
- same article, same variant group (Standard variant / Special variant / Made2Measure-Variant)