

ORCHESTRATED

Inventory Revaluation

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Overview









This document covers three scenarios for inventory revaluation inside of Orchestrated. The example is done in an OBeer Environment. More resources and information can be found at <http://support.orchestrated.com/hc/en-us/articles/206420458-Quick-Start-Inventory-Revaluation>

Scenario 1: Revalue Material in Stock (Debit/Credit)

The goal is to change the value associated with an item by a specific dollar amount. It gives more direct control over the posting and is preferred in most cases. This method can be used to adjust the unit value of an item as of a specific date. Check the current unit cost before, and after the revaluation that cost should adjust.

1. Navigate to Inventory > Inventory Transactions > Inventory Revaluation.
2. Set the Revaluation Type to 'Inventory Debit/Credit.'

3. In the top grid, select the Item that needs to be revalued.
4. Select the Warehouse. If the item needs to be revalued in multiple warehouses, create a line for each item/warehouse combination.
5. Leave the Quantity at '1'.
6. Enter the total difference in value under Credit/Debit.
7. The G/L accounts will default to the inventory adjustment accounts.
 - a. If this is an opening balance adjustment, set the G/L Increase Acct and G/L Decrease Acct to '99925-99.'

#	Item No.	Item Description	Whse	Unit of Measure	Quantity	Debit/Credit	In Stock	Issued Layers	G/L Increase Acct	G/L Decrease Acct	Val. Method
1	  	Malt 2-Row Bulk	 A1	lb	1.00	\$ 500.0000	49,446.00	<input type="checkbox"/>	 51035-01	 51035-01	Moving Average
2								<input type="checkbox"/>	 51035-01	 51035-01	

8. (optional) The Journal Entry Preview (Right Click > Journal Entry Preview) shows the posting values for the affected accounts.

#	G/L Acct/BP Code	G/L Acct/BP Name	Debit	Credit
1	⇒ 51035-01	Inv Adjustment - Raw Materials (BREW)		\$ 500.00
2	⇒ 12020-00	Inventory - Raw Materials (CORP)	\$ 500.00	

9. Add more lines to the Inventory Revaluation form if needed. Otherwise, click *Add* and the revaluation is complete.

Scenario 2: Revalue Material in Stock (Price Change)

The situation: material was brought into your warehouse and was marked with an incorrect cost within Orchestrated. The material is still in stock and has not been used. Straightforward, the raw material just needs to be revalued. This affects the **current** cost.

1. Navigate to Inventory > Inventory Transactions > Inventory Revaluation.

[illegible]

2. Check that the date in the top right corner is correct.
3. Set the Revaluation Type to 'Price Change.'
4. In the top grid, select the Item that needs to be revalued.

5. Select the Warehouse. If the item needs to be revalued in multiple warehouses, create a line for each item/warehouse combination.
6. Enter in the New Cost per the unit of measure shown.
7. The G/L accounts will default to the inventory adjustment accounts. If this is an opening balance adjustment, set the G/L Increase Acct and G/L Decrease Acct to '99925-99.'

The example below shows Malt Amber revalued at \$.75/lb for the 50,100 lb in stock at warehouse A1, and this was at the opening balance.

#	Item No.	Item Description	Whse	Current Cost	New Cost	Unit of Measure	In Stock	G/L Increase Acct	G/L Decrease Acct	Val. Method
1	⇒ RM5007	Malt Amber	⇒ A1	\$ 0.6260	\$ 0.7500	lb	50,100.00	⇒ 99925-99	⇒ 99925-99	Moving Average
2										

8. The journal entry preview is useful to see the outcome of the change before completing the revaluation. Right click > Journal Entry Preview:

Journal Entry Preview

Series	Number	Posting Date	Due Date	Doc. Date	Remarks	
Primary	14929	11/29/2016	11/29/2016	11/29/2016	Inventory Revaluation	
Origin	Origin No.	Trans. No.	Template Type	Template	Indicator	Project
MR	10001					
Trans. Code	Ref. 1	Ref. 2	Ref. 3			

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#	G/L Acct/BP Code	G/L Acct/BP Name	Debit	Credit	Tax Posting Account	Tax Code	Tax Jurisc
1	⇒ 99925-99	Opening Balance INV (SYS)		\$ 6,210.00			
2	⇒ 12020-00	Inventory - Raw Materials (CORP)	\$ 6,210.00				

It shows that the inventory value will increase by \$6,210.

9. Add more lines to the Inventory Revaluation form if needed. Otherwise, click *Add* and the revaluation is complete!

Scenario 3: Revalue Material Consumed by Production

The situation: you didn't get a chance to revalue the raw material before it was consumed (at a bright beer stage, finished good, etc.). The process is the same as above, but you must calculate the cost variance for the material at the current goods' unit of measure.

Example: 44 BBLs of Hefeweizen were produced and packaged into 88 half kegs. 5lbs of hops (costing \$2.50/lb) were used to brew the wort, but the hops were undervalued and should be adjusted to \$5.00/lb. Those hops are no longer in stock as they have been consumed through production and exist in the finished good as Hefeweizen - Keg 1/2s.

Revaluation:

1. Navigate to Inventory > Inventory Transactions > Inventory Revaluation.
2. Check that the date in the top right corner is correct.

3. Set the Revaluation Type to 'Price Change.'
4. In the top grid, select the Item that needs to be revalued. (e.g. the finished good Hefeweizen Keg 1/2).
 - a. It shows that there are 88 half kegs (unit of measure shown as EA) in warehouse A1 at a cost of \$43.3108.

#	Item No.	Item Description	Whse	Current Cost	New Cost	Unit of Measure	In Stock	G/L Increase Acct	G/L Decrease Acct	Val. Method
1	⇒ RM5007	Malt Amber	⇒ A1	\$ 0.6260	\$ 0.7500	lb	50,100.00	⇒ 99925-99	⇒ 99925-99	Moving Average
2	⇒ 1012-K12	Hefeweizen - Keg 1/2	⇒ A1	\$ 43.3108		EA	88.00	⇒ 51030-01	⇒ 51030-01	Moving Average

5. Calculate the variance. **[difference in cost] * [qty used] / [qty of good]**
 - a. In this case, this is $(2.5 \text{ \$/lb} * 5 \text{ lb}) / 88 \text{ half-kegs} = .1240 \text{ \$/half-keg}$.
 - i. The 2.5 \\$/lb is the cost variance, for the 5 lbs of hops used to create the 88 half-kegs
6. Enter the New Cost. **[old cost] + [variance]**
 - a. So the new cost is $\$43.3108 + \$.1240 = \textbf{\$43.4348}$
7. The G/L accounts will default to the inventory adjustment accounts.
8. Click *Add*.

Just like the journal entry preview, the actual journal entry is available to view on completed inventory revaluations.

Scenario 4: Revalue an Item not in Stock

This situation can occur once an item is sold, and it has two main solutions:

1. Create a journal entry to adjust the COGS.
2. Cancel the sales order / delivery / invoices that the item is on, then revalue the item and recreate the document(s) at the correct price.

Usually the journal entry method is quicker. Neither is better, the decision is up to you and what lines up with your business process.