[Added periodic revaluations for inventory items](#)

[lubos](#) 1 July 2, 2024, 10:23am

The latest version (24.7.7) introduces periodic revaluation for inventory items.

While we lose automatic inventory revaluations, we gain several benefits:

- **Flexibility**: Switch between different inventory valuation methods (weighted average, FIFO, LIFO, etc.).
- **Enhanced Tracking**: Use the `Inventory Items` tab to track quantities without showing them on the balance sheet. This is useful for businesses that don't carry large inventories but still want to track quantities purchased and sold.
- **Advanced Production Orders**: Create production orders that can output multiple items, not just one. Additionally, production orders will now work in both directions: raw materials can be converted into finished goods, and finished goods can be converted back into raw materials.

Also previously, negative inventory situations could prevent automatic calculation of the cost of goods sold, causing incomplete production orders due to insufficent quantity and broken inventory profit margin reports.

Periodic revaluations do not suffer from negative inventory issues that can be confusing and difficult to troubleshoot.

How to enable periodic revaluation for inventory items

To enable periodic revaluation, you need to disable automatic revaluations.

1. Go to `Settings`.
2. Select `Obsolete Features`.
3. Find `Inventory Automatic Revaluations` and uncheck the `Enabled` option. Newly created businesses will have this option unchecked by default.

How to use periodic revaluations

By default, the average cost for all inventory items will be zero, which means the total cost will be zero and the `Inventory on Hand` account balance on the balance sheet will be zero. This is ideal for businesses with minimal inventory that don't need to show its value on the balance sheet.

For businesses with larger inventories, you will want to display its value on the balance sheet. To do this, go to the `Inventory Items` tab and enable the `Average Cost` and `Total Cost` columns under `Edit Columns`.

Average costs for inventory items can be entered under `Settings` tab, then `Inventory Revaluations`.
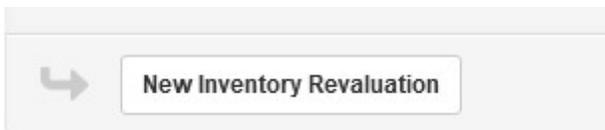

Manually entering average costs can be time-consuming. Instead, use the new `Inventory Revaluation Worksheet` report under the `Reports` tab, which calculates average costs based on the FIFO method (more methods coming soon).

Create a new report and specify the date for calculating average costs for your inventory items.
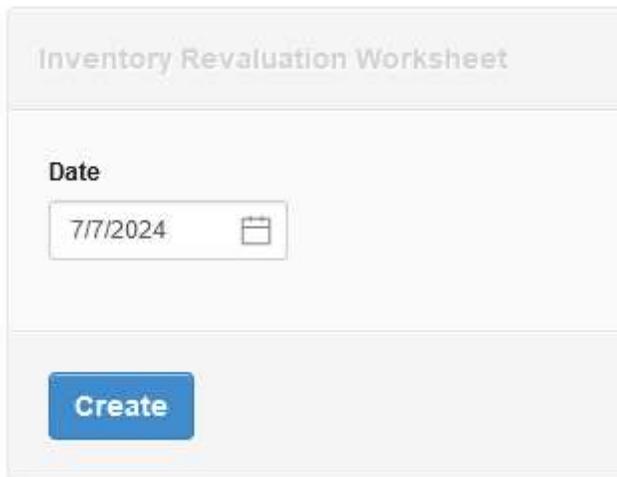
When viewing the report, use the `New Inventory Revaluation` button to transfer the calculated average costs into a new inventory revaluation.

6 Likes

Inventory Avg costs new feature

Inventory Cost Does not Appear in Balance Sheet?

[shahabb](#) 2 July 7, 2024, 4:42am

> lubos:
>
> Create production orders that can output multiple items

Do we have to enter those multiple output items as negative bill of materials?

[lubos](#) 3 July 7, 2024, 5:59am

> shahabb:
>
> Do we have to enter those multiple output items as negative bill of materials?

I didn't implement ability to produce multiple output items but if you are using periodic revaluations for inventory items, you can enter negative quantity in bill of materials in the current version and it will have the desired effect.

shahabb 4 July 7, 2024, 7:12am

Btw is this update optional or at some point we will be only left with this method?

---

lubos 5 July 7, 2024, 11:53pm

Eventually periodic revaluations will be the only method. Automatic revaluations using perpetual weighted average are holding up quite a few topics in `ideas` category.

Automatic revaluations are only nice until something goes wrong. I've seen big and small businesses, both struggling with it when the figures seemed wrong and there was no easy way to troubleshoot them.

1 Like

Mahfuzur_Rahman 6 July 8, 2024, 2:58am

The amount shown in the inventory value summary, should it be the same as the amount shown in the inventory revaluation worksheet on the same date.

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shahabb 7 July 8, 2024, 6:35am

I think Inventory value summary is not working properly as it is not considering sales, and it is also showing values based on automatic revaluation.

1 Like

BawarYassin 8 July 11, 2024, 1:01pm

> lubos:
>
> **Advanced Production Orders**: Create production orders that can output multiple items, not just one. Additionally, production orders will now work in both directions: raw materials can be converted into finished goods, and finished goods can be converted back into raw materials.

This is great news, Thanks a lot

1 Like

BawarYassin 9 July 11, 2024, 1:59pm

> lubos:
>
> Create production orders that can output multiple items, not just one. Additionally, production orders will now work in both directions: raw materials can be converted into finished goods, and finished goods can be converted back into raw materials.

@lubos is this feature implemented because It does not seem to work for me?

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eko 10 July 11, 2024, 2:05pm

> BawarYassin:
>
> @lubos is this feature implemented because It does not seem to work for me?

See 3rd post in this topic:

> lubos:
>
> I didn't implement ability to produce multiple output items but if you are using periodic revaluations for inventory items, you can enter negative quantity in bill of materials in the current version and it will have the desired effect.

---

shahabb 11 July 12, 2024, 9:34am

@lubos can you allow negative finish items using Automatic revaluation?
Also negative raw materials works fine (I think its like this from the beginning) but that additional qty doesn't reflect on Inventory reports.
This can be done using periodic revaluation but we cant start using that until its fully matured as we have to

make updates to previous production transactions and im afraid if it gets major changes again it will disturb all figures.

---

eko 12 July 12, 2024, 11:21am

> shahabb:
>
> using Automatic revaluation?

@Lubos made clear that:

> lubos:
>
> Eventually periodic revaluations will be the only method. Automatic revaluations using perpetual weighted average are holding up quite a few topics in `ideas` category.

Ealfardan 13 July 12, 2024, 12:56pm

I can understand how negative raw materials might be useful to account for byproducts – in fact many other software use this trick to account for byproducts.

However, I cannot understand this:

> shahabb:
>
> @lubos can you allow negative finish items using Automatic revaluation?

What's your use case for this?

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shahabb 14 July 12, 2024, 2:28pm

Finish items conversion into raw materials.
So i want the Finish item to Decrease in value and make the Raw materials increase in value. Which should be a simple credit debit transaction.

Possible through Journal entry but for that you have to calculate Avg costs manually which is a hectic process.

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bayeboafo 15 July 12, 2024, 2:46pm

I just realised new production orders do not provide the option to add non inventory cost to the production order. What must me done to get this option

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lubos 16 July 12, 2024, 10:09pm

> bayeboafo:
>
> I just realised new production orders do not provide the option to add non inventory cost to the production order.

If using periodic revaluation, then non-inventory costs are not supported. I need to understand this better.

In the context of periodic revaluations, non-inventory costs won't have a impact on your production order because inventory item will be costed based on its previously entered average cost.

The only time non-inventory costs could have impact on average price would be if `Inventory Revaluation Worksheet` would take non-inventory costs on production orders into the account when calculating new average costs.

But then again, non-inventory costs would require you assign them per finished item which I think is too much work. Not to mention, it will still not have immediate impact on financial statements. So I'm not sure how I feel about having non-inventory costs on production orders.

Add description field for non-inventory costs on production orders

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bayeboafo 17 July 13, 2024, 5:52am

The non-inventory cost is used to absorb overheads to production cost regardless of what inventory valuation is used. Product cost includes inventory cost and other expenses. Taking this option off will have serious consequences because Manager will no longer be able to give use acurate product cost

Mule1 18 July 22, 2024, 7:29am

@lubos , after following your instruction to activate the periodic revaluation for inventory items, all the production orders from inception have insufficient inventory and do do not show any production cost. Further, under the Inventory profit margin report, it seems the formula is broken too. Kindly, attend to this matter. Or am I missing something?

1 Like

Kwame 21 August 5, 2024, 10:11pm

With a test business, I cannot see average cost and total cost in the edit columns. Please kindly check the update

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shahabb 22 August 6, 2024, 7:30am

Read first post.

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shahabb 23 August 13, 2024, 8:12am

Project and Division appearing for Balance Sheet accounts when using the new Added Periodic Revaluation for Inventory Items.
Is this a bug?

FINATA_MOCHAMMAD_ICH 25 September 4, 2024, 6:54am

Sorry for the unintentional deleted post, it was the same as this one.

Please correct me if I'm wrong, when starting up with periodic systems, you have to:

- Input the inventory master data
- Set the standard cost for each item
- Enter the starting balance (iirc I did it from journal and it post to the right account if the standard cost are set beforehand)

Now we have both the qty and the cost of each items, and the cost value will always be constant, we update it periodically when it's needed, is that how the software works with the new revaluation?

I still hope the periodic system is still there as option though, as in my area it's still the method that's preferred by the majority.

BawarYassin 26 September 4, 2024, 8:47am

I'm all for periodic revaluations but also totally against loosing Automatic Revaluation as most of the business I know find it easier and more convenient.

And since Automatic Revaluation is no longer the default setup of Manager, I had a client contact me thinking the program is broken because it is not showing cost data after entering purchase invoices!. This will indeed make manager less marketable in the long run especially for new and foreign users.

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eko 27 September 4, 2024, 9:22am

> BawarYassin:
>
> especially for new and foreign users.

Not sure what you label "foreign" because manager is used in many countries across the world.

BawarYassin 28 September 4, 2024, 12:19pm

I mean any language foreign to the language we are speaking right now. The main language of the program and the forum.

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eko 29 September 4, 2024, 1:04pm

> BawarYassin:
>
> I mean any language foreign

You used the terms foreign **users** not foreign **language**.

BawarYassin 30 September 4, 2024, 1:46pm

Yeah my bad…

Manager_User 31 September 4, 2024, 6:18pm

If you ever delete your post by accident.
You can restore it by clicking the refresh looking button.

1 Like

FINATA_MOCHAMMAD_ICH 32 September 5, 2024, 8:04am

+1 this. In my country from education to daily company operation perpetual inventory costing is still the most popular. I have to admit that I run a little shop and use periodic calculation myself because lack of time and manpower but middle-big business always want perpetual especially when using software.

1 Like

Related Topics

Topic	Replies	Activity
Inventory Avg costs new feature	2	July 7, 2024
Payment for Inventory automatically select Inventory - Cost, instead of Inventory at Hand, as a result my inventory does not show purchase price	3	September 6, 2024
Inventory Revaluations and Production Orders	3	October 25, 2023
[16.3.50] Added "Average cost" column to "Inventory Items" tab	8	January 18, 2023
Missing average costs after revaluation	6	October 22, 2023