Inventory Integration & Negative Qty On Hand Updates

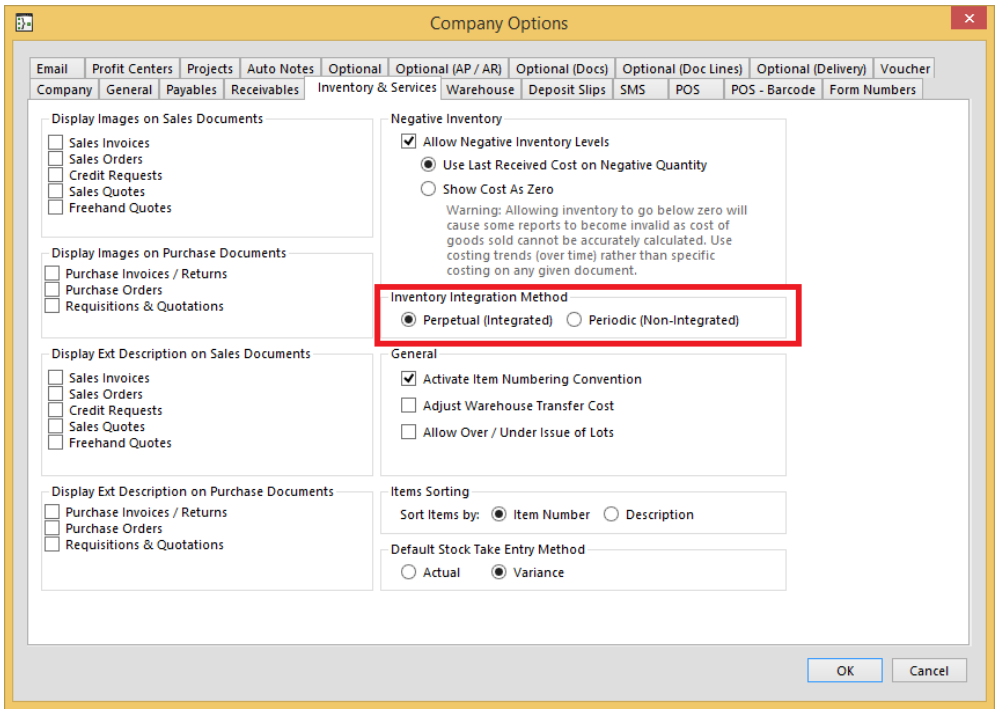
This document will assist you in understanding the Palladium Inventory Integration methods, as well as the ways in which we Manage Negative Inventory on hand updates.

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Inventory Integration Methods

Palladium has the ability to integrate to the General Ledger on either a Perpetual (Integrated) or on a Periodic (non-Integrated) method. Note that the system will allow you to switch from one method to another as required.



Perpetual Method

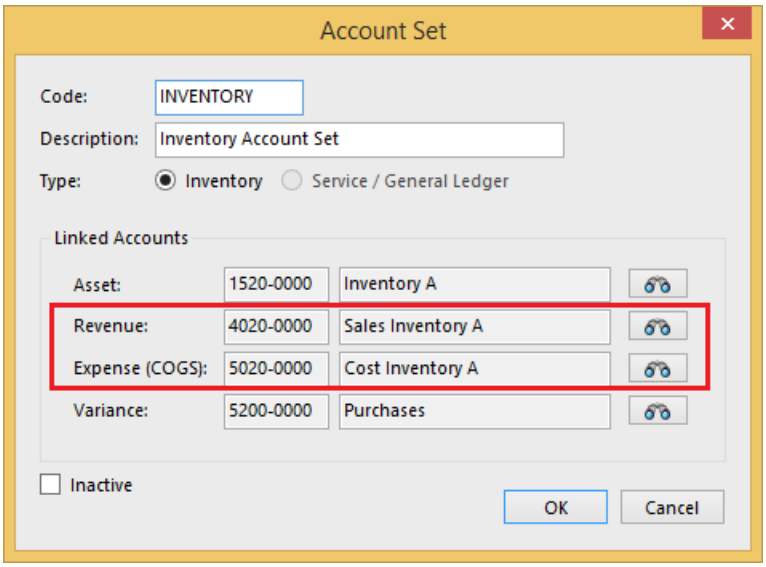
The Perpetual, or integrated method, will post a general ledger entry for the Cost of Sales/Inventory leg of a sales transaction, ensuring that the Inventory control account is updated with the correct value of the inventory on hand on a real-time basis.

Periodic Method

The Periodic, or non-integrated method, does not write any transactions to the inventory or cost of sales accounts at time of sale and relies on the user to post the correct general ledger journal entries at period, or month-end. In addition to this, no general ledger transactions are written for Inventory Adjustments or Stock Take processes.

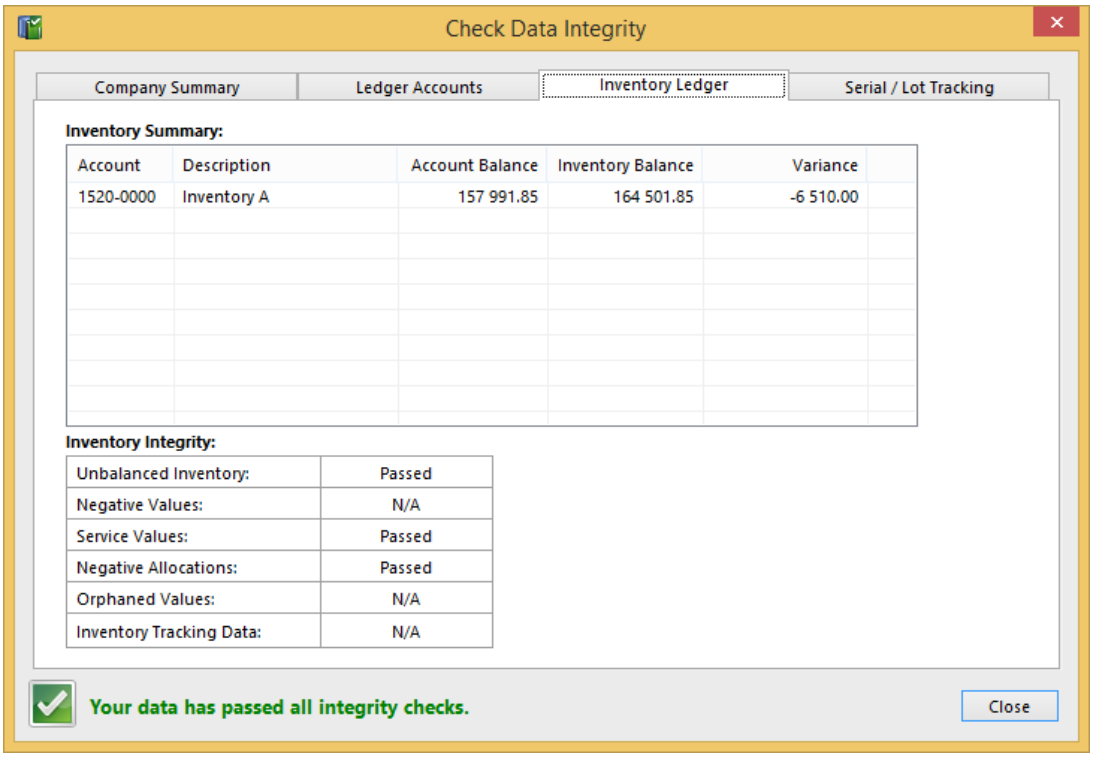
Setup

The setup methods are the same with the use of Account sets, although the main difference is that with the Periodic Method, Palladium will only use the Revenue account for Sales, and the Expense accounts (Cost of Goods) for Purchases. The reason for this is because we require control accounts for month end Journals and related account balancing.

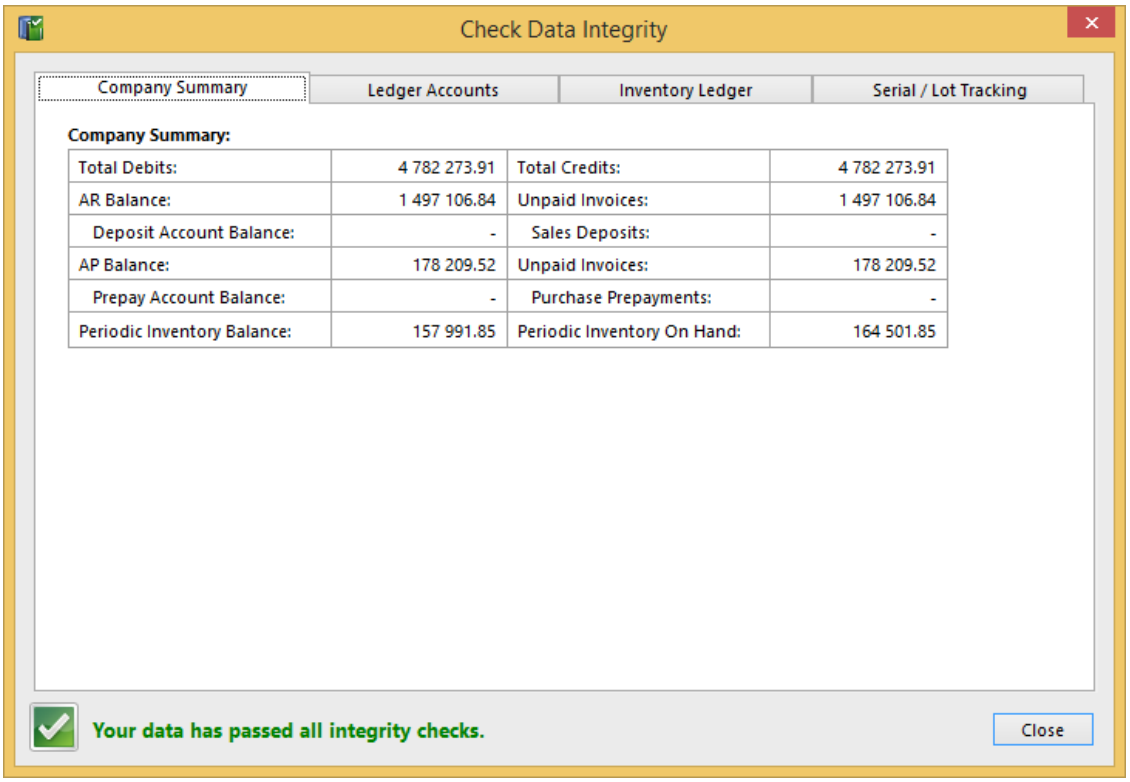


Data Integrity

Certain functionality has been set as inactive using the Periodic method. These include the Inventory Ledger Validations as seen below as well as the Inventory Balance in the Company Summary tab.



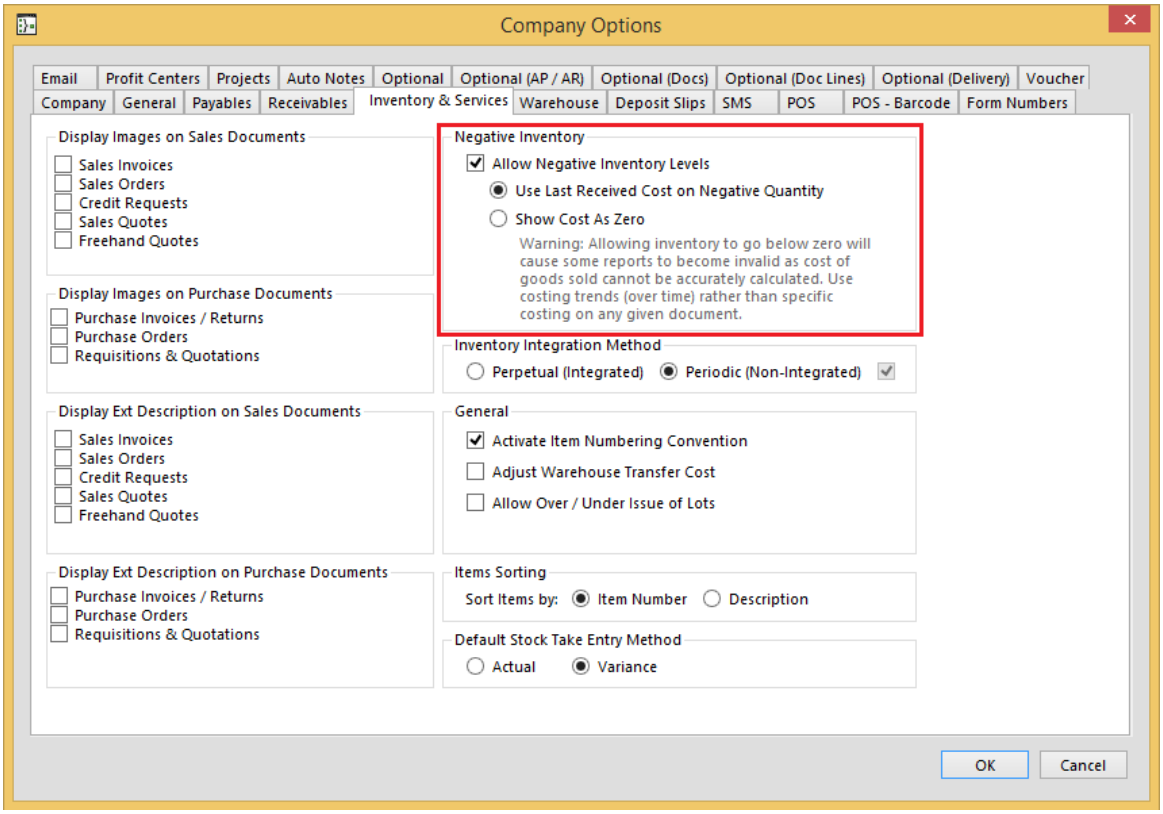
You will also see that we have set the Inventory Balance as Periodic Inventory Balance to simplify the identification thereof.



Negative Inventory

General

We have the ability to record negative on hand inventory updates either using the items last received cost or to update at zero cost.

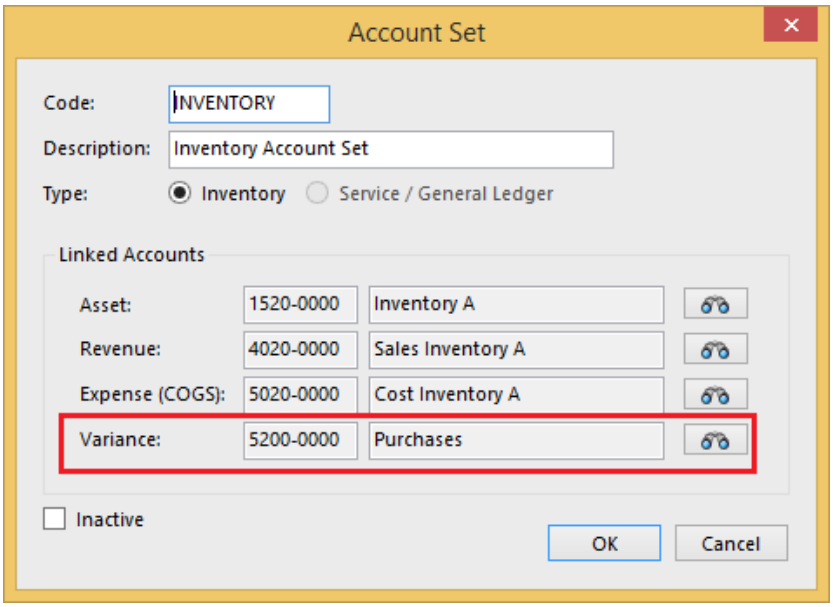


Update at Zero Cost

Updating at zero cost will value all inventory with a negative value at Zero and a value only being recorded for all quantities exceeding 0.

Example

Should you have a negative quantity of say 3 of item X and receive 5 at $100 each, Palladium will receive 3 at $0, and 2 at $100 each, with the balance of the $300 being allocated to that items Variance account as set on the Account sets.



Update at Last Received Cost

Updating at last received cost will record all negative quantity items at the prevailing last received cost per unit. When the items are sold they will be sold at the last received cost. When items are received, the items will be received at the average negative cost, with the balance between this and the Received cost being allocated to the Variance Account as set on the Item Account Set.

Example

Should we have a negative quantity of say 3 of item X where the prevailing last received cost was $200 each, showing a value of -$600, and receive 5 at $100 each, Palladium will receive 3 at $200, and 2 at $100 each, with the balance of the $200 being allocated to the Item's Variance Account.

Additional Support

Should you have any further queries or if you require any document adaptations or customizations, you may reach us on the details below.

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