



Split valuation

In materials inventory maintenance applications in which goods produced in-house are supplemented by goods procured externally, the question of how to value the stocks is often asked. In addition it can be desirable to ensure that articles either come from in-house production or are procured from third parties, depending on the customer's choice or the operational situation.

This at the latest is the moment when you should consider split valuation, either with or without batch management. This enables the producer to record his goods on a strictly separate basis. The valuation is allocated immediately during production or when the goods are acquired. Thus for example bought-in goods are directly allocated to bookings under the "external" batch as soon as they are received, and goods which have been generated by means of a processing or production order are allocated to the "own" batch. The batches can then be evaluated as desired and systematically booked when goods are dispatched.

Procedure

For materials with split valuations, the stocks and stock values are recorded cumulatively at valuation area level. The price control "V" is necessary for the material at valuation area level because the moving price is recorded for the entire valuation area. In addition a valuation rate with specific valuation data is established for each type of valuation used.

Recommendation for implementation

It is recommended that split valuations be introduced with the aid of batch management. One advantage of this is that a better overview of stocks is obtained when these are structured according to batches. Another is the fact that when materials are sold, it is possible

to determine in the background which types of stocks (procured from third parties or produced in-house) are to be released from store, and thus sold, and in which order.

Depending on the business process and the quantity structure of the transactions which incorporate the existing materials numbers, care should be taken when introducing split valuations to consider whether the existing materials numbers should continue to be used, or whether it is preferable to generate new ones. XEPTUM can provide an aid to decision making here in the form of a selection matrix.

New business potential

Different types of valuation can be defined, with standard pricing (valuation type "produced in-house") or a rolling average price (valuation type "procured externally") so that the value of stocks can be determined precisely. In addition, it is easier to react to special customer wishes in terms of the origin of goods.

Comprehensive expertise

Introducing split valuations requires both adjustments to your technical systems and also organizational planning, which also includes incorporating the new function into your existing business processes.

XEPTUM offers you optimal professional support in determining and implementing the best possible processes and IT solutions for your company.

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