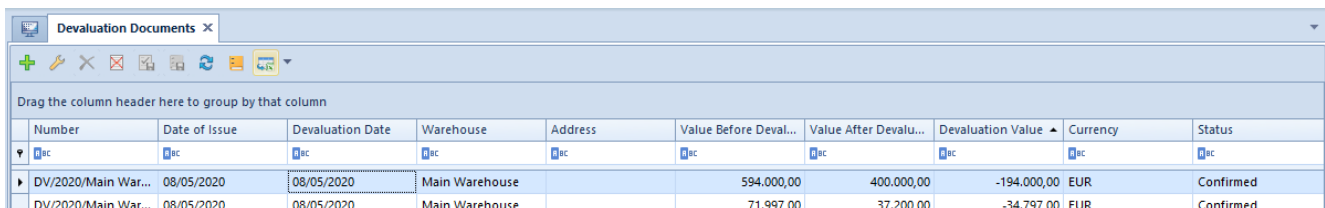# Introduction to devaluation

Devaluation allows for changing values of resources in a warehouse. Depending on resource collection method determined in the system configuration, it is possible to:

- change price or value of specified deliveries for FIFO/LIFO databases
- change price/value of specified lots registered in a warehouse for AVCO databases

A list of documents is available in menu *Warehouse (Resources) → Devaluations.*

List of devaluations

Possibility of creating devaluations is available for a user who belongs to [operator groups](#) with permission *Access to purchase prices* granted.

Note
It is not possible to issue a devaluation document for a [consignment warehouse](#).
In case in a warehouse there is a devaluation document with *Initiated* or *Unconfirmed* status, in a document including devaluated deliveries (FIFO/LIFO)/lots (AVCO), it is not possible to:

- add an item lot to a document (database with AVCO method of queuing resources)
- deleting an item from the list of items in an unconfirmed document
- change quantity of an item/subitem in an unconfirmed

document
- issue a quantity/value correction (value correction for documents for released items)
- confirm a document and its corrections
- change warehouse to a warehouse subject to devaluation
- add/remove a subitem
- introduce modifications in the tab *Deliveries* in item details
- add/remove a subitem
- delete an unconfirmed document
- cancel a document

Creating devaluation

In order to add a new devaluation document, it is necessary to select [**Add**] button. It results with opening a new devaluation document form

Devaluation document form

Detailed description of the document form and its tabs can be found in subcategory [Document forms](#).

Unique fields of devaluation document header:

- **Value Before Devaluation**
- **Value After Devaluation**
- **Devaluation Value** – value of devaluation document, calculated as a difference between value before devaluation and value after devaluation
- **Devaluation Date** – date on which value of a warehouse resource was changed. The devalued resource retrieved onto document for released items has always value the same as after devaluation, irrespective of date of sale set on that document. Devaluation date is taken into account in archival stock levels, item history and delivery history.

Note
Devaluation document can be issued only in the system currency.
Unique fields of devaluation *Items* tab:

- **Delivery Date** – date with which a given item was received into original warehouse (available only for databases with FIFO/LIFO method selected)
- **Document** – number of a document which registered receipt of an item into warehouse (available only for databases with FIFO/LIFO method selected)
- **Source Document** – number of a document which created a delivery (available only for databases with FIFO/LIFO method selected)
- **Price Before Devaluation** – unit purchase price of an item before devaluation
- **Price After Devaluation** – unit purchase price of an item after devaluation
- **Value Before Devaluation** – purchase value of an item before devaluation

- **Value After Devaluation** – purchase value of an item after devaluation
- **Devaluation Value** – value of an item, calculated as a difference between value before and after devaluation

Note
Items derived from deliveries with confirmed total quantity are not subject to devaluation.
When adding an item onto devaluation document, whole quantity of a resource stored in a given warehouse is retrieved (also those quantities which have resource reservations registered) with a possibility of deleting a selevted delivery. Moreover, depending on the set resources collection method:

- **FIFO/LIFO** – all deliveries associated with a given item, which are stored in warehouse selected in a document header, are added. Document item is in this case delivery of the given item.
- **AVCO** – all lots of a given item, which are stored in warehouse selected in a document header, are added. Document item is in this case lot of the given item.

Note
It is not possible to ad an item onto devaliation document if there is an *Unconfirmed/Initiated* devaluation document issued for the same warehouse.

Note
It is not possible to generate a SOR warehouse document to a trade document, if a resource is subject to devaluation.
Upon selecting at least one item a user is able to recalculate entire *Devaluation* document. Selecting [**Recalculate**] button results in opening the following form.

Form with parameters of recalculating items

It is possible to determine fields which are to be subject to modification:

- **Field**
    - Value
    - Price
- **Change Direction**
    - Reduction
    - Increase
    - Fixed Value
- **Change**
    - Percentage
    - Value
- **Value** by which change will be made

Confirming devaluation

Confirming a devaluation document results in updating:

- value of a resource in the warehouse according to value specified in field *Value After Devaluation*

- price of a resource in the warehouse according to formula *Value after devaluation/Quantity of resource in the warehouse*
- purchase value of a given lot, which will be calculated as total of values after devaluation of resources and other resources
- unit price, which will be calculated according to formula *Lot value after devaluation/Quantity of the given lot resources*
- resource which has been reserved with a warehouse document for released

Note
Upon confirming a devaluation document, purchase/acquisition values are not updated in SO/SI documents which reserved resources of the devaluated items.
When confirming a devaluation document, *Devaluation Date* is verified.In case of resource queuing method:

- **FIFO/LIFO –** if delivery date is later than devaluation date, it is not possible to confirm the document
- **AVCO –** parameter *[Control chronology of resource modifications](#)* is verified.If date of the last modification of resources uploaded onto the DV document is later than devaluation date, it is not possible to confirm the document

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Canceling devaluation –

FIFO/LIFO

During the cancellation the system verifies if in a warehouse there is any quantity of a resource from delivery as that which was subject to devaluation. In case the quantity:

- **is available** – the value of a resource in a warehouse is update by the amount which was devaluated for that resource

Example

1. A delivery was received into outlet warehouse with document POR/2016/00001 including item Scarf 10 pcs for 1.00 USD/pcs.
2. 5 pcs of item Scarf was released from the outlet warehouse with document SOR/2016/00001
3. The resource was devaluated:

There are 5 pcs of item Scarf from document POR/2016/00001 for 1.00 USD/pcs available in the outlet warehouse before the devaluation – resource value is 5.00 USD.

Price of the item was reduced on the devaluation document to 0.90 USD.

Delivery status after devaluation:

5 pcs * 0.90 USD = 4.50 USD

1. 4 pcs of Scarf item were released from the outlet warehouse with the use of SOR/2016/00002 document

Delivery status after the release with the use of the document SOR/2016/00002

1 pcs * 0.90 USD = 0.90 USD

1. The devaluation was canceled

Delivery status after devaluation:

Value: 1.40 USD (0.90 USD resource value + 0.50 USD from the canceled devaluation)

- **is not available** – a CC is generated. A CC generated this way is not associated with any warehouse document.

Example

1. A delivery was received into complaint warehouse with document POR/2016/00002 including item Tie: 20 pcs for 10.00 USD/pcs.
2. 10 pcs of item Tie was released from the complaint warehouse with document SOR/2016/00002.
3. The resource was devaluated:

There are 10 pcs of item Tie from document POR/2016/00002 for 10.00 USD/pcs available in the complaint warehouse before the devaluation – resource value is 100.00 USD.

Price of the item was reduced on the devaluation document to 9.00 USD.

Delivery status after devaluation:

10 pcs * 9.00 USD = 90.00 USD

1. 10 pcs of the item received with POR/2016/00002 document was released with document SOR/2016/00003

Resource status after the release:

No resource.

1. The devaluation was canceled

CC document for the complaint warehouse was created.

CC value: 10.00 USD

Note
In case of issuing two devaluation documents for one warehouse, it is not possible to cancel the one issued earlier — first, the later document must be canceled.

Canceling devaluation — AVCO

During the cancellation the system verifies if in a warehouse there is any quantity of a resource from delivery as that which was subject to devaluation. In case the quantity:

- **is available** — the value of a resource in a warehouse is update by the whole value of a given item of the devaluation document

Example
There are 20 pcs of item Boots available in main warehouse:

10 pcs of lot size 37 for 10.00 USD/pcs

10 pcs of lot size 38 for 10.00 USD/pcs

1. Devaluation document was issued, in which price was reduced to 9.00 USD both for size 37 and size 38 lot

Resource status after the release:

Lot with size 37: 10 pcs * 9.00 USD = 90,00 USD

Lot with size 38: 10 pcs * 9.00 USD = 90,00 USD

2. 5 pcs of the lot with size 37 was released with document SOR/2016/00004.

Resource status after the release:

Lot with size 37: 5 pcs * 9.00 USD = 45 USD

Lot with size 38: 10 pcs * 9.00 USD = 90.00 USD

3. The devaluation was canceled

Resource status after the release:

Lot with size 37:

- Value: 51.66 USD

Lot with size 38:

Value: 103.34 USD

- **is not available** – a CC is generated for a given warehouse for the whole value of a given item of the devaluation document

Example
There are 20 pcs of item Scarf available in complaint warehouse:

10 pcs of lot striped for 10.00 USD/pcs

10 pcs of lot polka dot for 10.00 USD/pcs

1. Devaluation document was issued, in which price was reduced to 9.00 USD both for striped and polka dot lot

Resource status after the release:

Striped lot: 10 pcs * 9.00 USD = 90,00 USD

Polka dot lot: 10 pcs * 9.00 USD = 90,00 USD

2. 10 pcs from striped lot was released with SOR/2016/00006 document

Resource status after the release:

Polka dot lot: 10 pcs * 9.00 USD = 90.00 USD

3. The devaluation was canceled

Resource status after the release:

Polka dot lot:

Value: 90.00 pcs * 20.00 USD = 110.00 USD

Note
In case of issuing two devaluation documents for one warehouse, it is not possible to cancel the one issued earlier — first, the later document must be canceled.