### **Scenario 1. Standard Flow (No Issues, No Returns)**

1. Purchase order is confirmed → Stock received.
2. Sales Order is confirmed → Manufacturing Order is created & completed.
3. Finished goods are delivered to the customer.
4. No returns or cancellations.

**Purchase Order (PO) Confirmed**

* Receipt Validated → Component Product valuation **increases**
* Stock Move: **From Vendor → To Location/Stock**
* Accounting Journal Entry:

| Date | Account | Debit | Credit |
| --- | --- | --- | --- |
| YYYY-MM-DD | Stock Valuation | \*\*\* |  |
| YYYY-MM-DD | Stock Interim (Received) |  | \*\*\* |

**Sales Order (SO) Confirmed**

**Manufacturing Order (MO) Completed**

* Component Product valuation **decreases**
* Stock Move: From **Location/Stock → To Virtual Location/Production**
* Accounting Journal Entry:

| Date | Account | Debit | Credit |
| --- | --- | --- | --- |
| YYYY-MM-DD | Stock Interim (Production) | \*\*\* |  |
| YYYY-MM-DD | Stock Valuation |  | \*\*\* |

* Main Product valuation **increases**
* Stock Move: From **Virtual Location/Production → To Location/Stock**
* Accounting Journal Entry:

| Date | Account | Debit | Credit |
| --- | --- | --- | --- |
| YYYY-MM-DD | Stock Interim (Production) |  | \*\*\* |
| YYYY-MM-DD | Stock Valuation | \*\*\* |  |

**Delivery Order Validated**

* Main Product valuation **decreases**
* Stock Move: From **Location/Stock → To Customers**
* Accounting Journal Entry:

| Date | Account | Debit | Credit |
| --- | --- | --- | --- |
| YYYY-MM-DD | Stock Interim (Delivered) | \*\*\* |  |
| YYYY-MM-DD | Stock Valuation |  | \*\*\* |

### **Scenario 2: Delivery Order is Returned by Customer**

1. Purchase Order is confirmed → Stock received.
2. Sales Order is confirmed → Manufacturing Order is created & completed.
3. Delivery is completed.
4. The customer returns the product → The finished product is received back into stock.
5. Finished goods valuation increases.
6. The MO is cancelled automatically, and components return to stock.

**Purchase Order is Confirmed**

**Sales Order (SO) Confirmed**

**Manufacturing Order (MO) Completed**

**Delivery Returns**

* Main Product valuation **increases**
* Stock Move: **From Customers → To Location/Stock**
* Accounting Journal Entry:

| Date | Account | Debit | Credit |
| --- | --- | --- | --- |
| YYYY-MM-DD | Stock Interim (Delivered) |  | \*\*\* |
| YYYY-MM-DD | Stock Valuation | \*\*\* |  |

**MO Automatically Canceled**

* Main Product valuation **decreases**
* Stock Move: From **Location/Stock → To Virtual Location/Production**
* Accounting Journal Entry:

| Date | Account | Debit | Credit |
| --- | --- | --- | --- |
| YYYY-MM-DD | Stock Interim (Production) | \*\*\* |  |
| YYYY-MM-DD | Stock Valuation |  | \*\*\* |

* Component Product valuation **increases**
* Stock Move: From **Virtual Location/Production → To Location/Stock**
* Accounting Journal Entry:

| Date | Account | Debit | Credit |
| --- | --- | --- | --- |
| YYYY-MM-DD | Stock Interim (Production) |  | \*\*\* |
| YYYY-MM-DD | Stock Valuation | \*\*\* |  |

### **Scenario 3: Sales Order Cancelled After MO Completion (Before Delivery)**

1. Purchase order is confirmed → Stock received.
2. Sales Order is confirmed → Manufacturing Order is created & completed.
3. Before delivery, the sales order is canceled → **the MO is reversed.**
4. Components are returned to stock.
5. Stock and accounting entries for the MO are reversed, and finished goods are removed from stock.

**Purchase Order is Confirmed**

**Sales Order (SO) Confirmed**

**Manufacturing Order (MO) Completed**

**Sale Order (SO) Cancel**

* Main Product valuation **decreases**
* Stock Move: From **Location/Stock → To Virtual Location/Production**
* Accounting Journal Entry:

| Date | Account | Debit | Credit |
| --- | --- | --- | --- |
| YYYY-MM-DD | Stock Interim (Production) | \*\*\* |  |
| YYYY-MM-DD | Stock Valuation |  | \*\*\* |

* Component Product valuation **increases**
* Stock Move: From **Virtual Location/Production → To Location/Stock**
* Accounting Journal Entry:

| Date | Account | Debit | Credit |
| --- | --- | --- | --- |
| YYYY-MM-DD | Stock Interim (Production) |  | \*\*\* |
| YYYY-MM-DD | Stock Valuation | \*\*\* |  |

### **Scenario 4: Cancel MO After Delivery**

1. Purchase order is confirmed → Stock received.
2. Sales Order is confirmed → Manufacturing Order is created & completed.
3. Delivery is completed.
4. MO is cancelled after delivery → Components return to stock, but the main product valuation decreases.
5. Finished goods are removed from stock.
6. Component stock increases again.

**Purchase Order is confirmed**

**Sales Order is confirmed**

**Manufacturing Order is created & completed.**

**Delivery is completed.**

**MO is canceled after delivery**

* Main Product valuation **decreases**
* Stock Move: From **Stock/Location → To Virtual Location/Production**
* Accounting Journal Entry:

| Date | Account | Debit | Credit |
| --- | --- | --- | --- |
| YYYY-MM-DD | Stock Interim (Production) | \*\*\* |  |
| YYYY-MM-DD | Stock Valuation |  | \*\*\* |

* Component Product valuation **increases**
* Stock Move: From **Virtual Location/Production → To Stock/Location**
* Accounting Journal Entry:

| Date | Account | Debit | Credit |
| --- | --- | --- | --- |
| YYYY-MM-DD | Stock Interim (Production) |  | \*\*\* |
| YYYY-MM-DD | Stock Valuation | \*\*\* |  |

### **Scenario 5: Scrap Products**

* Scrap Order is confirmed → scrap of defective components or finished goods.
* Product valuation **decreases**
* Stock Move: **From Location/Stock → To Virtual Location/Scrap**
* Accounting Journal Entry:

| Date | Account | Debit | Credit |
| --- | --- | --- | --- |
| YYYY-MM-DD | Stock Interim (Delivered) | \*\*\* |  |
| YYYY-MM-DD | Stock Valuation |  | \*\*\* |

### **Scenario 6: Inventory Adjustment**

* Manually adjusting stock levels to match actual inventory.

**Increases Product Quantity**

* Product valuation **increases**
* Stock Move: **Virtual Location/Inventory Adjustment → To Location/Stock**
* Accounting Journal Entry:

| Date | Account | Debit | Credit |
| --- | --- | --- | --- |
| YYYY-MM-DD | Stock Interim (Received) |  | \*\*\* |
| YYYY-MM-DD | Stock Valuation | \*\*\* |  |

**Decreases Product Quantity**

* Product valuation **decreases**
* Stock Move: **Location/Stock → To Virtual Location/Inventory Adjustment**
* Accounting Journal Entry:

| Date | Account | Debit | Credit |
| --- | --- | --- | --- |
| YYYY-MM-DD | Stock Interim (Delivered) | \*\*\* |  |
| YYYY-MM-DD | Stock Valuation |  | \*\*\* |

**Note:** Increasing the quantity of an **existing product** using **Inventory Adjustment** and increasing a **newly created product** using **Inventory Adjustment** will produce the **same result** in stock valuation.

### 

### **Scenario 7: When a product is purchased and its cost is changed manually, then a sales order is created. The product follows the First In, First Out (FIFO) costing method.**

1. Product: Laptop Battery
2. Costing Method: **FIFO** (First In First Out)
3. Stock Location: **Location/Stock**
4. Inventory Valuation: **Automated**
5. Accounts:

* Stock Valuation Account: **Stock Valuation**
* Stock Output Account: **Stock Interim (Delivered)**
* Stock Input Account: **Stock Interim (Received)**

**Purchase**

| Date | Transaction | Quantity | Unit Cost (FIFO) | Total Stock Value |
| --- | --- | --- | --- | --- |
| 01-Mar | Purchase Order (PO1) | 1 | $250 | $250 |
| 10-Mar | Purchase Order (PO2) | 3 | $260 | $780 |

| Date | Account | Debit | Credit |
| --- | --- | --- | --- |
| 01-Mar | Stock Interim (Received) |  | $250 |
| 01-Mar | Stock Valuation | $250 |  |

| Date | Account | Debit | Credit |
| --- | --- | --- | --- |
| 10-Mar | Stock Interim (Received) |  | $780 |
| 10-Mar | Stock Valuation | $780 |  |

**Change Current Cost Manual = $300**

**Note:** If a product follows the FIFO costing method, manually changing its cost will not affect the valuation.

**Sales Order**

| Date | Transaction | Quantity | Unit Cost (FIFO) | Total Stock Value |
| --- | --- | --- | --- | --- |
| 15-Mar | Sales Order (SO1) | 2 | $255 ($250 + $260) | -$510 |

| Date | Account | Debit | Credit |
| --- | --- | --- | --- |
| 15-Mar | Stock Interim (Delivered) | $510 |  |
| 15-Mar | Stock Valuation |  | $510 |

**Stock Valuation**

| Date | Transaction | Remaining Quantity | Unit Cost (FIFO) | Total Stock Value |
| --- | --- | --- | --- | --- |
| Before Sales | PO1 + PO2 | 4 | $257.50 | $1030 |
| After Sales | Removed 2 qty | 2 | $260 | $520 |

### 

### **Scenario 8: When a product is purchased and its cost is changed manually, then a sales order is created. The product follows the AVCO (average cost) method.**

1. Product: Laptop Battery
2. Costing Method: **AVCO** (Average Cost)
3. Stock Location: **Location/Stock**
4. Inventory Valuation: **Automated**
5. Accounts:

* Stock Valuation Account: **Stock Valuation**
* Stock Output Account: **Stock Interim (Delivered)**
* Stock Input Account: **Stock Interim (Received)**
* Expense Account: **Expenses**

**Purchase**

| Date | Transaction | Quantity | Unit Cost (AVCO) | Total Stock Value |
| --- | --- | --- | --- | --- |
| 01-Mar | Purchase Order (PO1) | 1 | $250 | $250 |
| 10-Mar | Purchase Order (PO2) | 3 | $260 | $780 |
| Total Stock Before Sales |  | 4 |  | $1030 |

| Date | Account | Debit | Credit |
| --- | --- | --- | --- |
| 01-Mar | Stock Interim (Received) |  | $250 |
| 01-Mar | Stock Valuation | $250 |  |

| Date | Account | Debit | Credit |
| --- | --- | --- | --- |
| 10-Mar | Stock Interim (Received) |  | $780 |
| 10-Mar | Stock Valuation | $780 |  |

**Change Current Cost Manual = $300**

| Date | Account | Label | Debit | Credit |
| --- | --- | --- | --- | --- |
| 15-Mar | Expenses | Mitchell Admin changed cost from 257.5 to 300.0 - Laptop Battery |  | $170 |
| 15-Mar | Stock Valuation | Mitchell Admin changed cost from 257.5 to 300.0 - Laptop Battery | $170 |  |

**Sales Order**

| Date | Transaction | Quantity | Unit Cost (AVCO) | Total Stock Value |
| --- | --- | --- | --- | --- |
| 15-Mar | Sales Order (SO1) | 2 | $300 | -$600 |

| Date | Account | Debit | Credit |
| --- | --- | --- | --- |
| 15-Mar | Stock Interim (Delivered) | $600 |  |
| 15-Mar | Stock Valuation |  | $600 |

**Stock Valuation**

| Date | Transaction | Remaining Quantity | Unit Cost (AVCO) | Total Stock Value |
| --- | --- | --- | --- | --- |
| Before Sales | PO1 + PO2 | 4 | $257.50 | $1030 |
| Change Cost |  |  | changed cost from $257.5 to $300.0 | $1200  ($1030 + $170) |
| After Sales | Removed 2 qty | 2 | $300 | $600 |

### 

### 

### **Scenario 9: When a product is purchased and its cost is changed manually, then a scrap order is created. The product follows the first-in, first-out (FIFO) costing method.**

1. Product: Laptop Battery
2. Costing Method: **FIFO** (First In First Out)
3. Stock Location: **Location/Stock**
4. Inventory Valuation: **Automated**
5. Accounts:

* Stock Valuation Account: **Stock Valuation**
* Stock Output Account: **Stock Interim (Delivered)**
* Stock Input Account: **Stock Interim (Received)**

**Purchase**

| Date | Transaction | Quantity | Unit Cost (FIFO) | Total Stock Value |
| --- | --- | --- | --- | --- |
| 01-Mar | Purchase Order (PO1) | 1 | $250 | $250 |
| 10-Mar | Purchase Order (PO2) | 3 | $260 | $780 |

| Date | Account | Debit | Credit |
| --- | --- | --- | --- |
| 01-Mar | Stock Interim (Received) |  | $250 |
| 01-Mar | Stock Valuation | $250 |  |

| Date | Account | Debit | Credit |
| --- | --- | --- | --- |
| 10-Mar | Stock Interim (Received) |  | $780 |
| 10-Mar | Stock Valuation | $780 |  |

**Change Current Cost Manual = $300**

**Note:** If a product follows the FIFO costing method, manually changing its cost will not affect the valuation.

**Scrap Order**

| Date | Transaction | Quantity | Unit Cost (FIFO) | Total Stock Value |
| --- | --- | --- | --- | --- |
| 15-Mar | Scrap Order | 2 | $255 ($250 + $260) | -$510 |

| Date | Account | Debit | Credit |
| --- | --- | --- | --- |
| 15-Mar | Stock Interim (Delivered) | $510 |  |
| 15-Mar | Stock Valuation |  | $510 |

**Stock Valuation**

| Date | Transaction | Remaining Quantity | Unit Cost (FIFO) | Total Stock Value |
| --- | --- | --- | --- | --- |
| Before Scrap | PO1 + PO2 | 4 | $257.50 | $1030 |
| After Scrap | Removed 2 qty | 2 | $260 | $520 |

### 

### 

### **Scenario 10: When a product is purchased and its cost is changed manually, then a scrap order is created. The product follows the AVCO (average cost) method.**

1. Product: Laptop Battery
2. Costing Method: **AVCO** (Average Cost)
3. Stock Location: **Location/Stock**
4. Inventory Valuation: **Automated**
5. Accounts:

* Stock Valuation Account: **Stock Valuation**
* Stock Output Account: **Stock Interim (Delivered)**
* Stock Input Account: **Stock Interim (Received)**
* Expense Account: **Expenses**

**Purchase**

| Date | Transaction | Quantity | Unit Cost (AVCO) | Total Stock Value |
| --- | --- | --- | --- | --- |
| 01-Mar | Purchase Order (PO1) | 1 | $250 | $250 |
| 10-Mar | Purchase Order (PO2) | 3 | $260 | $780 |

| Date | Account | Debit | Credit |
| --- | --- | --- | --- |
| 01-Mar | Stock Interim (Received) |  | $250 |
| 01-Mar | Stock Valuation | $250 |  |

| Date | Account | Debit | Credit |
| --- | --- | --- | --- |
| 10-Mar | Stock Interim (Received) |  | $780 |
| 10-Mar | Stock Valuation | $780 |  |

**Change Current Cost Manual = $300**

| Date | Account | Label | Debit | Credit |
| --- | --- | --- | --- | --- |
| 15-Mar | Expenses | Mitchell Admin changed cost from 257.5 to 300.0 - Laptop Battery |  | $170 |
| 15-Mar | Stock Valuation | Mitchell Admin changed cost from 257.5 to 300.0 - Laptop Battery | $170 |  |

**Scrap Order**

| Date | Transaction | Quantity | Unit Cost (AVCO) | Total Stock Value |
| --- | --- | --- | --- | --- |
| 15-Mar | Scrap Order | 2 | $300 | -$600 |

| Date | Account | Debit | Credit |
| --- | --- | --- | --- |
| 15-Mar | Stock Interim (Delivered) | $600 |  |
| 15-Mar | Stock Valuation |  | $600 |

**Stock Valuation**

| Date | Transaction | Remaining Quantity | Unit Cost (AVCO) | Total Stock Value |
| --- | --- | --- | --- | --- |
| Before Scrap | PO1 + PO2 | 4 | $257.50 | $1030 |
| Change Cost |  |  | changed cost from $257.5 to $300.0 | $1200  ($1030 + $170) |
| After Scrap | Removed 2 qty | 2 | $300 | $600 |

### 

### **Scenario 11: The product follows the standard price method.**

* If the **product cost price is empty** and a **Purchase Order** is created, **no stock valuation** is generated.
* Ensure that the **cost price is set** before purchasing the product.
* When changing the price during a purchase, the **valuation is generated based on the product's cost price**, not the purchase price.

1. Product: Laptop Battery
2. Costing Method: **Standard price**
3. Stock Location: **Location/Stock**
4. Inventory Valuation: **Automated**
5. Accounts:

* Stock Valuation Account: **Stock Valuation**
* Stock Output Account: **Stock Interim (Delivered)**
* Stock Input Account: **Stock Interim (Received)**
* Expense Account: **Expenses**

**Purchase**

| Date | Transaction | Quantity | Unit Cost | Total Stock Value |
| --- | --- | --- | --- | --- |
| 01-Mar | Purchase Order (PO1) | 4 | $400 | $1600 |

**Change Current Cost Manual = $450**

| Date | Account | Label | Debit | Credit |
| --- | --- | --- | --- | --- |
| 15-Mar | Expenses | Mitchell Admin changed cost from $400 to $450 - Laptop Battery |  | $200 |
| 15-Mar | Stock Valuation | Mitchell Admin changed cost from $400 to $450 - Laptop Battery | $200 |  |

**Sales Order**

| Date | Transaction | Quantity | Unit Cost | Total Stock Value |
| --- | --- | --- | --- | --- |
| 15-Mar | Sales Order | 2 | $450 | -$900 |

| Date | Account | Debit | Credit |
| --- | --- | --- | --- |
| 15-Mar | Stock Interim (Delivered) | $900 |  |
| 15-Mar | Stock Valuation |  | $900 |

**Stock Valuation**

| Date | Transaction | Remaining Quantity | Unit Cost | Total Stock Value |
| --- | --- | --- | --- | --- |
| Before Sales | PO1 | 4 | $400 | $1600 |
| Change Cost |  |  | changed cost from $400 to $450 | $1800  ($1600 + $200) |
| After Sales | Removed 2 qty | 2 | $450 | $900 |

### 

### **Scenario 12: Changing the Category Costing Method**

Valuation **decreases**

| Account | Label | Debit | Credit |
| --- | --- | --- | --- |
| Stock Interim (Received) | Costing method change for product category All: from average to standard. | $600 |  |
| Stock Valuation | Costing method change for product category All: from average to standard. |  | $600 |

Valuation **increases**

| Account | Label | Debit | Credit |
| --- | --- | --- | --- |
| Stock Interim (Received) | Costing method change for product category All: from average to standard. |  | $600 |
| Stock Valuation | Costing method change for product category All: from average to standard. | $600 |  |

**Note:** Changing any type of **costing method** will create **two stock valuation** and **two Journal Entries** in Odoo.

### **Scenario 13: Return Products.**

**Sales Order**

| Date | Transaction | Quantity | Unit Cost | Total Stock Value |
| --- | --- | --- | --- | --- |
| 15-Mar | Sales Order | 2 | $255 | -$510 |

| Date | Account | Debit | Credit |
| --- | --- | --- | --- |
| 15-Mar | Stock Interim (Delivered) | $510 |  |
| 15-Mar | Stock Valuation |  | $510 |

**Delivery Returns**

| Date | Account | Debit | Credit |
| --- | --- | --- | --- |
| 15-Mar | Stock Interim (Delivered) |  | $510 |
| 15-Mar | Stock Valuation | $510 |  |

### **Scenario 14: Manufacturing Unbuild.**

**Manufacturing Order**

| **Main Product** | **Quantity** | **Total Stock Value** |
| --- | --- | --- |
| Laptop | 1 | $30000 |
| **Product Components** |  |  |
| Graphics Card | -1 | -$2000 |
| Battery | -1 | -$3000 |
| Memory (RAM) | -1 | -$10000 |
| Storage (SSD/HDD) | -1 | -$7000 |
| Processor (CPU) | -1 | -$8000 |

| Date | Account | Debit | Credit |
| --- | --- | --- | --- |
| 20-Mar | Stock Interim (Production) |  | $30000 |
| 20-Mar | Stock Valuation | $30000 |  |

**Unbuild**

| **Main Product** | **Quantity** | **Total Stock Value** |
| --- | --- | --- |
| Laptop | -1 | -$30000 |
| **Product Components** |  |  |
| Graphics Card | 1 | $2000 |
| Battery | 1 | $3000 |
| Memory (RAM) | 1 | $10000 |
| Storage (SSD/HDD) | 1 | $7000 |
| Processor (CPU) | 1 | $8000 |

| Date | Account | Debit | Credit |
| --- | --- | --- | --- |
| 20-Mar | Stock Interim (Production) | $30000 |  |
| 20-Mar | Stock Valuation |  | $30000 |

### **Scenario 15: Scrap Transfer/Return**

**Scrap Order**

| Date | Transaction | Quantity | Unit Cost (AVCO) | Total Stock Value |
| --- | --- | --- | --- | --- |
| 15-Mar | Scrap Order | 2 | $300 | -$600 |

| Date | Account | Debit | Credit |
| --- | --- | --- | --- |
| 15-Mar | Stock Interim (Delivered) | $600 |  |
| 15-Mar | Stock Valuation |  | $600 |

**Transfer**

| From | To | Quantity | Unit Cost (AVCO) | Total Stock Value |
| --- | --- | --- | --- | --- |
| **Virtual Location/Scrap** | **Location/Stock** | 2 | $600 | $600 |

| Date | Account | Debit | Credit |
| --- | --- | --- | --- |
| 15-Mar | Stock Interim (Delivered) |  | $600 |
| 15-Mar | Stock Valuation | $600 |  |