

# Business Type Settings

## Module Guide: Business Type Settings

### Module Location

Settings > System Settings > Business Type Settings

### Module Purpose

The **Business Type Settings** module serves as a high-level control panel to define the core business logic related to inventory movement. Its purpose is to configure which modules or processes will officially reduce stock (inventory consumption) within the system. This setting is highly fundamental and affects how profitability and stock valuation are calculated.

## View & Configuration Explanation

This page contains one crucial setting:

### Inventory Issuance Control:

- **Description:** "This setting is used to determine the module that will reduce the quantity of goods."
- **Options:** This dropdown likely contains a list of modules or processes that can issue goods from the warehouse, such as:
  - Service Entry
  - Delivery Order

- Sales Invoice
- And others, depending on the system's configuration.
- **Function:** The value selected here will become the single source of truth for stock reduction transactions. For example, if "Delivery Order" is selected, the stock quantity will only decrease in the system when a Delivery Order is created and processed, even if a Sales Invoice may have been created earlier.

## Action Buttons

- **Change:** Saves the choice that has been set.

## Workflow & System Impact

- **Stock Reduction Logic:** The choice in this module directly defines the **cost of goods sold (COGS)** or when the cost of goods is recognized as an expense.
  - If set to **Delivery Order**, then COGS and stock reduction occur when the goods physically leave the warehouse. This is the most common practice.
  - If set to **Sales Invoice**, COGS and stock reduction occur when the customer is billed, which could happen before or after the goods are shipped.
- **Inventory Data Integrity:** By establishing a single trigger, the system prevents double stock reduction (e.g., stock decreasing when an invoice is created, and then decreasing

again when a delivery order is made). This maintains the accuracy of inventory data.

- **Impact on Accounting:** This setting has a direct impact on accounting journal entries. The selected transaction will trigger a journal entry to debit COGS and credit the Inventory account.

## Tips & Important Notes

- **Fundamental Decision:** This is one of the most fundamental decisions in an ERP implementation. This choice must be discussed and agreed upon by the Accounting, Finance, and Logistics teams, as it affects the way all these departments work.
- **Process Consistency:** Once set, this choice must be followed consistently throughout the company. Changing this setting mid-stream without careful data reconciliation can cause major chaos in financial reports and stock valuation.
- **Best Practice:** For most manufacturing and distribution businesses, setting stock reduction based on the **Delivery Order** is the best practice because it most accurately reflects the physical movement of goods.

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