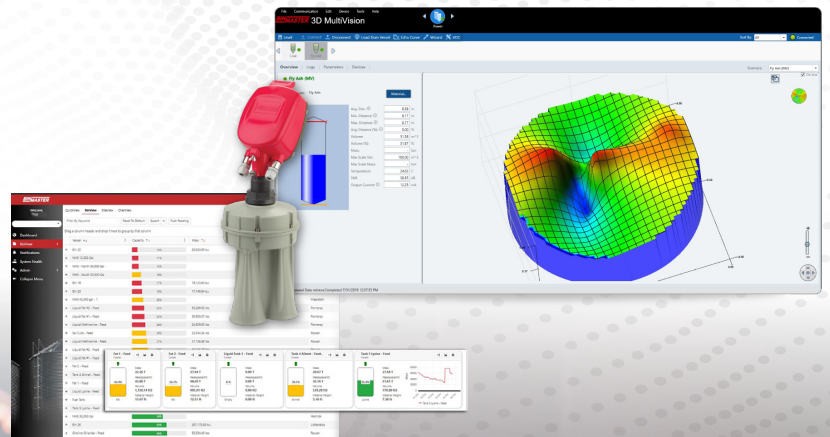


for bean counters...

Precision inventory impacts bottom line

Accounting professionals and bulk operators grapple with inventory accuracy challenges that impact financial statements and operations planning. Traditional measurement (tapes and spreadsheets) often result in substantial discrepancies. Precise inventory data plays a pivotal role in several key areas. It ensures financial reports, including balance sheets and income statements, accurately reflect the company's position. This accuracy is crucial for tax planning, helping avoid overstated profits that could lead to overpayment of estimated taxes. Correct inventory levels are essential for optimizing working capital management and cash flow, preventing unnecessary purchases. In cost accounting, accurate data provides a clearer understanding of the true costs of goods sold.



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KEYWORDS

grain bins, concrete silos,
bulk measurement, precision
inventory, accounting

OBJECTIVE

Learn to combine sensor and
software technology to auto-
mate level measurement.

CONSIDER

Manual bulk measurement is
risky and can create critical
accounting errors..

ONLINE

<https://www.binmaster.com/products/continuous-level/3d-level-scanner.html>

 <https://www.binmaster.com/support/sales/contact-form>

Bulk Accuracy

Measure well, account correctly

Silos full. Conveyors humming. Trucks on time. What could go wrong? Inventory measurements could --and often do--cause trouble. A cost controller says, "there is no way your material measurements are right. You said we had 120,000 cubic feet of material at the end of May. Based on sales and deliveries, you should have been closer to 7,700 cubic feet."

That went wrong.

Dropping a tape to measure bulk material may result in incorrect bulk volume estimates. Bad measures can be costly. Inflated bulk inventory measurements could mean operators oversell material, not having enough volume to deliver an order.

How does bulk inventory affect financial planning?

An accurate statement of inventory can eliminate the need for an abundance of physical inventory and allow the CFO to anticipate the need for short-term funding and improves a company's ability to create accurate and timely financial reports.

Inventory affects profitability and, therefore, taxes. Companies often project year-end profitability and are surprised by losses when physical inventory reveals a wide discrepancy between records and physical inventory counts.

Does sales planning require good bulk material measurement?

Accurate bulk inventory pound-by-pound, gallon-by-gallon, is the best way to know exactly what can be sold to customers. Marketing plans can focus their activity on specific products.

Can product planning prevent wasted bulk material?

Bulk products can spoil, compact, and become unusable over time. To avoid these problems, accurate inventory leads to better decisions on ordering allowing for a good percentage of depletion of old product. Good bulk ordering management also anticipates and avoids stock-outs which endangers production, transportation, and customer relations.

Material Requirements Planning (MRP) and bulk inventory

In manufacturing, the scheduling of bulk procurements can be a simple calculation based on inventory on hand, on order, and a determination of the quantity and schedule of future procurements. BinMaster's BinCloud software anticipates MRP offering a forecast line report showing use over time and a trendline of material use in the future.

How do you balance lean manufacturing and Just-in-Time (JIT) with bulk material inventory?

Just-in-Time, continuous improvement, and lean approaches help companies face competitive environments. These methods target waste (any activity that doesn't add value). Waste can take the form of excess inventory, non-automated tasks like hand measuring silos and bins, material movement, and rejects. Lean programs like JIT can dramatically lower inventories. The need for material measurement increases as tighter JIT requirements are implemented because lower on-hand balances translate directly to the possibility of stock-outs.

What does the US Government require for bulk material measurement?

In 1988, the government established 10 Material Management and Accounting System (MMAS) standards for federal contractors. The fifth standard requires contractors and subcontractors to "establish and maintain adequate levels of inventory accuracy" and says that "95% inventory record accuracy is desirable."



ACCOUNTING PROBLEMS WITH BULK INACCURACY

>**Inventory discrepancies** often result in overstated cost of goods sold and gross profits.

>**Overstated profits** based on bad measurements may lead to an overpayment of estimated taxes.

>**Underestimated measurements** could lead to the purchase of too much material tying up working capital on excess bulk material inventory and storage capacity issues

>**Excess inventory** results in additional storage and handling costs.

Case Study: Acme 'Bean Counters' Not Happy

Acme Beans* was improperly measuring levels in their large storage bins over a 5-month period from November to March. Undertrained seasonal workers visually estimated bin levels instead of using proper measurement tools and techniques, leading to inaccurate inventory records being entered into the company's systems.

Underestimated levels led to purchasing too much bulk inventory, tying up \$1.4 million in working capital on excess soybean inventory. Bean counters (aka accountants) discovered the problem after several months of measurements just didn't balance. The discrepancy led to a \$1.9 million overstated cost of goods sold and gross profit.

In all, several months of inaccurate measurements meant lost revenue, excess inventory costs, overpaid taxes, fines, and other expenses.

If Acme Bean installed a 3D Level Scanner, accountants would have access to level measurements based on technology that reads conditions of material in their vessel. Accurate measurements bring transparency of material inventory and data for great business decisions.

**Company name changed.*



Accurate bin measurement: 3D Level Scanner

Many measure bulk material using the closest access door atop a vessel. They drop a weighted tape and hope one single point reveals an average volume in the vessel. However, in big vessels, material sits in hills and valleys. One point of measurement won't do it.

BinMaster has exclusive worldwide rights to provide the ATEX certified 3D Level Scanner. This sensor uses acoustic technology to read the topography of material inside a vessel and account for buildup, cone up or down conditions.

3DVision software accounts for irregular material surfaces when calculating volume.

The 3D Level Scanner's acoustics-based technology penetrates dust ensuring reliable measurements. This non-contact technology accurately measures solids and powders, including low-dielectric materials. It is hazardous location certified for CFM Class I & II and IECEx/ATEX.