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DYNAMICS CON LIVE

MAY 2024

Let's Get Physical, or Financial.

Understanding Inventory Value.

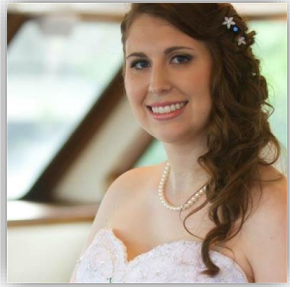
Presented by:

Brittany Burke & Lauren Wooll

Ca f2Code LLC



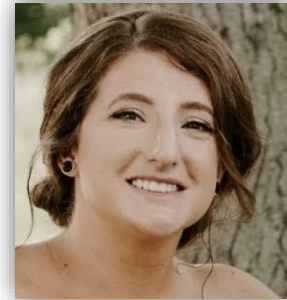
Who are we?



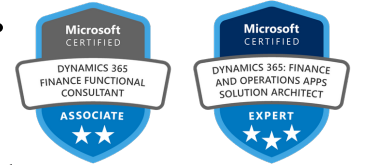
Brittany Burke
Solutions Architect



- Masters in Accounting
- Enjoy tracing financial transactions throughout all functions in D365
- Blog: D365 with Brittany
- DUG Meetup Leader



Lauren Wooll
Solutions Architect



- Bachelors in Retailing
- Keen understanding of product and inventory management in D365
- Loves dogs
- Plays soccer



Agenda

- Inventory Value
 - What is Inventory Value?
 - Why is it important?
 - Operational Processes and Financial Configuration
 - Physical Inventory Value
 - Financial Inventory Value
- Inventory Lifecycle
- Valuation Methods
- Recalculation and Closing
- Inventory Value Analysis and Reporting
- Questions



Inventory Value

What is Inventory Value?

The monetary amount associated with inventory at the end of an accounting period. This valuation is based on the costs incurred to acquire the inventory and get it ready for sale.



Inventory Value

Why is Inventory Value Management Important?

- Alignment between Finance and Operations is critical to ensure accurate inventory value and GL reporting.
- The correct operational processes are just as important as correct financial configuration.



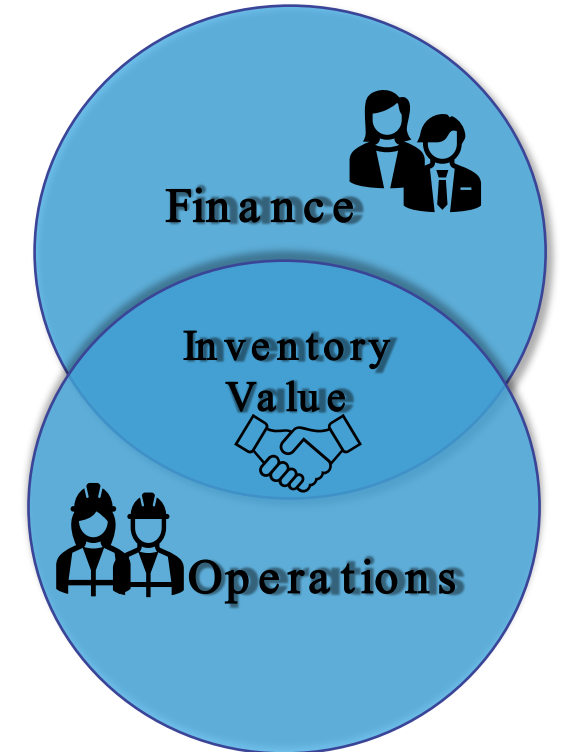
Inventory Value

Operational Processes

- Any process that results in the purchase, consumption, production or sale of inventory
- **Examples:** Purchase Order, Production Order, Sales Order, Inventory Journals (Counting, Adjustment, Movement, etc)

Financial Configuration

- **Posting Types**
 - Defines the main account related to a specific transaction step
 - A single voucher will have more than one posting type
- **Posting Profiles**
 - The collection of posting types for an item, item group, or legal entity that control how the subledger transactions are converted into main account postings



Inventory Value

Physical Inventory Value

- The value that an item has to an organization as it sits in a site and warehouse.
- This is the value an organization defines based on the value it holds during different phases of its life.
- Examples include:
 - A finished good, on its own
 - Raw materials as an input for manufacturing
 - Manufactured good- calculated based on how it was produced and valued internally



Inventory Value

Where is Physical Inventory Value Found?

Product Information Management > Products > Released Products

Released product details

Standard view

filter

Item number	Product name	Search name	Product type	Product subtype	Product service type	Product dimension groups
1000	Surface Pro 128 GB	1001	Item	Product	Not specified	
4401	Proseware 50W Car Radio	Proseware 50W Car Ra	Item	Product master	Not specified	Color
4402	Northwind Traders 50W Car Rad...	Northwind Traders 50	Item	Product master	Not specified	Color
4403	A. Datum 50W Car Radio	A. Datum 50W Car Rad	Item	Product master	Not specified	Color
A0001	HDMI 6' Cables	HDMI 6' Cables	Item	Product	Not specified	
A0002	HDMI 12' Cables	HDMI 12' Cables	Item	Product	Not specified	
C0001	Microsoft Natural Keyboard Elite	Microsoft Natural Ke	Item	Product master	Not specified	Color

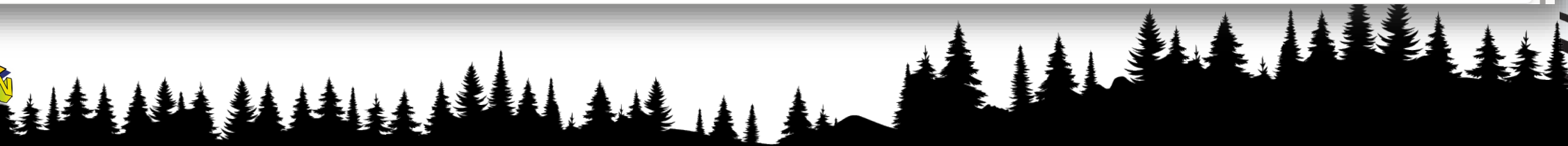


Inventory Value

Where is Physical Inventory Value Found?

The screenshot displays the SAP S/4HANA user interface. At the top, the navigation bar includes 'Manage costs', which is highlighted with a red box. Below it, a sub-menu is visible, with 'Item price' also highlighted by a red box. The main content area shows the 'Released product details' for 'A0001 : HDMI 6' Cables'. The 'General' tab is active, displaying various fields organized into sections: IDENTIFICATION, FURTHER IDENTIFICATION, ADMINISTRATION, RESERVATION HIERARCHY, RELEASE, and READINESS. The 'Item number' is A0001, and the 'Product name' is HDMI 6' Cables. The 'Ware' administration group is selected.

IDENTIFICATION		FURTHER IDENTIFICATION		ADMINISTRATION		RESERVATION HIERARCHY		RELEASE		READINESS	
Item number	A0001	Product name	HDMI 6' Cables	Storage dimension group	Ware	Reservation hierarchy	Default	Release policy		Product readiness policy	
Product type		Search name	HDMI 6' Cables	Tracking dimension group	None	Counting reason code policy					
Item		Description		Item model group	FIFO	Product lifecycle state					
Product subtype	A0001					Advanced notes group					
Product											
Product service type											
Not specified											



Inventory Value

Where is Physical Inventory Value Found?

A0001 : HDMI 6' Cables | Standard view

Item price

Pending prices [Active prices](#)

Show latest only

<input type="radio"/> Costing type	Price type	Version	Name	Site	Price	Price quantity	Price charges	Charges quanti...	Incl. in unit price	Unit	Activation date	Blocked	Calculated	Log
<input checked="" type="radio"/> Standard cost	Cost	10	Current fiscal period	6	12.00	1.00		1.00	✓	Pcs	4/15/2017	✓	✓	



Inventory Value

Where is Physical Inventory Value Found?

← Save + New Delete Calculate item cost View calculation details Report calculation details Cost rollup by cost group Activate pending price(s) Standard cost ▾ Log Dimensions display Landed cost breakdown Options 🔍

A0001 : HDMI 6' Cables | Standard view ▾

Item price

Pending prices Active prices

Filter

<input type="radio"/>	Costing type	Price type	Version	Name	Site	Price	Price quantity	Price charges	Charges quanti...	Incl. in unit price	Unit	From date	Blocked	Calculated	Log
<input checked="" type="checkbox"/>	Planned cost	Cost	* ▾				1.00		0.00	<input type="checkbox"/>	Pcs	* ▾	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



Inventory Value

Where is Physical Inventory Value Found?

← Save + New Delete Calculate item cost View calculation details Report calculation details Cost rollup by cost group Activate pending price(s) Standard cost Log Dimensions display Landed cost breakdown Options

A0001 : HDMI 6' Cables | Standard view

Item price

Pending prices Active prices

Filter

	Costing type	Price type	Version	Name	Site	Price	Price quantity	Price charges	Charges quanti...	Incl. in unit price	Unit	From date	Blocked	Calculated	Log
<input checked="" type="checkbox"/>	Planned cost	Cost	*				1.00		0.00	<input type="checkbox"/>	Pcs	*	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Costing type dropdown menu:

- Cost
- Purchase price
- Sales price

Inventory Value

Where is Physical Inventory Value Found?

← Save + New Delete Calculate item cost View calculation details Report calculation details Cost rollup by cost group Activate pending price(s) Standard cost Log Dimensions display Landed cost breakdown Options

A0001 : HDMI 6' Cables | Standard view

Item price

Pending prices Active prices

Filter

Costing type	Price type	Version	Name	Site	Price	Price quantity	Price charges	Charges quanti...	Incl. in unit price	Unit	From date	Blocked	Calculated	Log
Planned cost	Cost					1.00		0.00	<input type="checkbox"/>	Pcs	*	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Version ↑ Name

- 10 Current fiscal period
- 20 Current fiscal period
- 30 Next fiscal period



Inventory Value

Where is Physical Inventory Value Found?

Navigation: Save + New Delete Calculate item cost View calculation details Report calculation details Cost rollup by cost group Activate pending price(s) Standard cost Log Dimensions display Landed cost breakdown Options

A0001 : HDMI 6' Cables | Standard view

Item price

Pending prices Active prices

Filter

Costing type	Price type	Version	Name	Site	Price	Price quantity	Price charges	Charges quanti...	Incl. in unit price	Unit	From date	Blocked	Calculated	Log
<input checked="" type="checkbox"/> Planned cost	Cost	20	Current fiscal period	<input type="text" value="1"/>		1.00		0.00	<input type="checkbox"/>	Pcs	5/9/2024	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Site ↑ Name

- 1 Home speakers production
- 2 Distribution
- 3 Home foam production
- 4 Auto system production
- 5 Mini speaker production
- 6 Mini speaker distribution



Inventory Value

Where is Physical Inventory Value Found?

← Save + New Delete Calculate item cost View calculation details Report calculation details Cost rollup by cost group Activate pending price(s) Standard cost Log Dimensions display Landed cost breakdown Options

A0001 : HDMI 6' Cables | Standard view

Item price

Pending prices Active prices

Filter

<input type="radio"/>	<input type="checkbox"/>	Costing type	Price type	Version	Name	Site	Price	Price quantity	Price charges	Charges quanti...	Incl. in unit price	Unit	From date	Blocked	Calculated	Log
<input checked="" type="radio"/>	<input type="checkbox"/>	Planned cost	Cost	20	Current fiscal period	1		1.00		0.00	<input type="checkbox"/>	Pcs	5/9/2024	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



Inventory Value

Financial Inventory Value

- The **real cost price** determined by dynamics using the chosen financial accounting method
- This can only be adjusted during the closing and adjustment periods
- **Estimate** until inventory close is run & value open=no
- Depending on the method chosen- the **financial cost calculation differs**, but in the end will be the **true cost** of the good at that given time based on all the costs or steps incurred up until this point of sales or manufacturing completion
- This financial cost is the price that is determined at the end of a manufacturing process, or at the time of invoicing



Inventory Value

Financial Inventory Value – Value Open

Finance and Operations

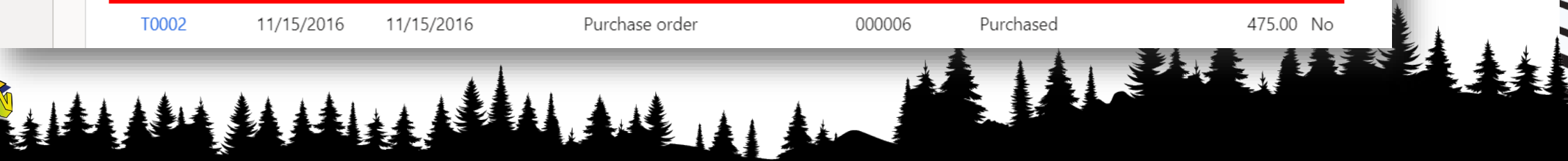
Transaction details | Display dimensions | Summation | Split | Archived transactions | **Inventory** | Ledger | Options

Inventory transactions

Standard view * v

Transaction filter:

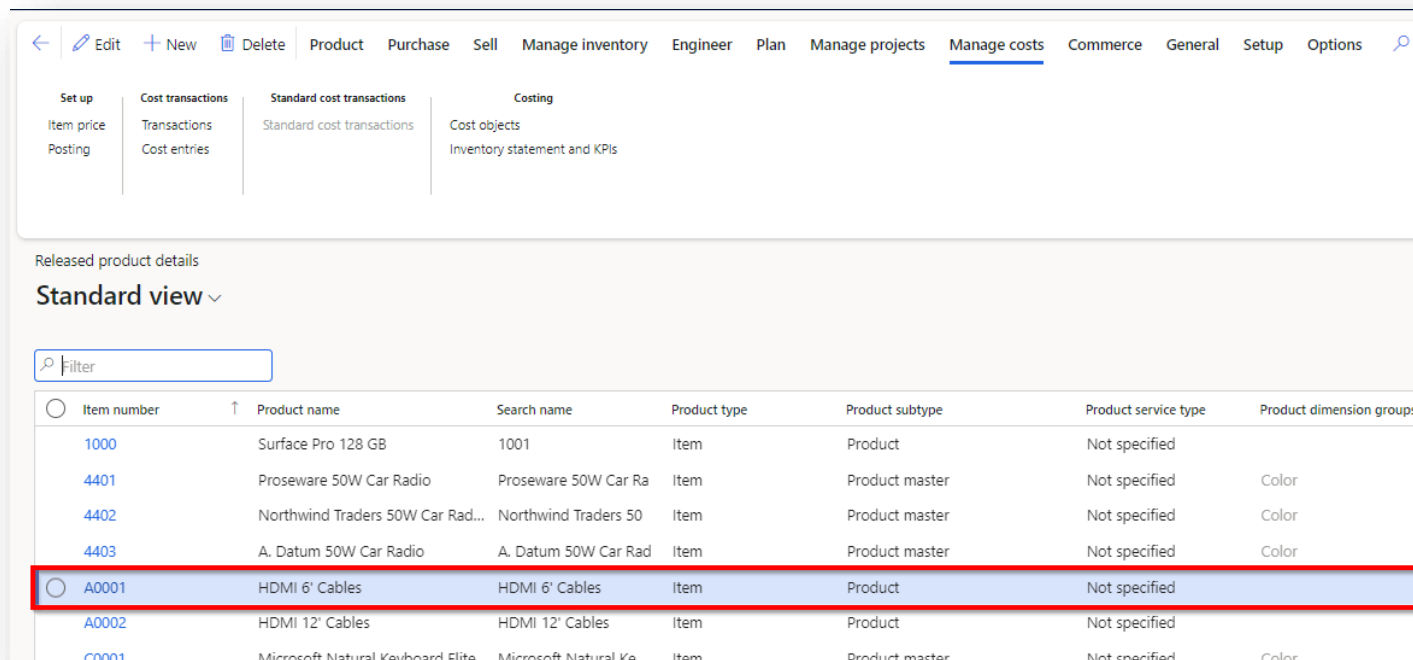
Item number	Physical date	Financial date	Reference	Number	Receipt	Issue	Quantity	Value open
T0002	1/15/2015	1/15/2015	Sales order	000006		Sold	-10.00	Yes
T0003	1/15/2015	1/15/2015	Sales order	000006		Sold	-8.00	Yes
T0001	11/15/2016	11/15/2016	Purchase order	000006	Purchased		650.00	No
T0001	11/15/2016	11/15/2016	Purchase order	000006		Sold	-650.00	No
T0001	12/10/2016		Purchase order	000006	Received		650.00	Yes
T0002	11/15/2016	11/15/2016	Purchase order	000006	Purchased		475.00	No



Inventory Value

Where is Financial Inventory Value Found?

Product Information Management > Products > Released Products



Released product details

Standard view

Filter

Item number	Product name	Search name	Product type	Product subtype	Product service type	Product dimension groups
1000	Surface Pro 128 GB	1001	Item	Product	Not specified	
4401	Proseware 50W Car Radio	Proseware 50W Car Ra	Item	Product master	Not specified	Color
4402	Northwind Traders 50W Car Rad...	Northwind Traders 50	Item	Product master	Not specified	Color
4403	A. Datum 50W Car Radio	A. Datum 50W Car Rad	Item	Product master	Not specified	Color
A0001	HDMI 6' Cables	HDMI 6' Cables	Item	Product	Not specified	
A0002	HDMI 12' Cables	HDMI 12' Cables	Item	Product	Not specified	
C0001	Microsoft Natural Keyboard Elite	Microsoft Natural Ke	Item	Product master	Not specified	Color

Inventory Value

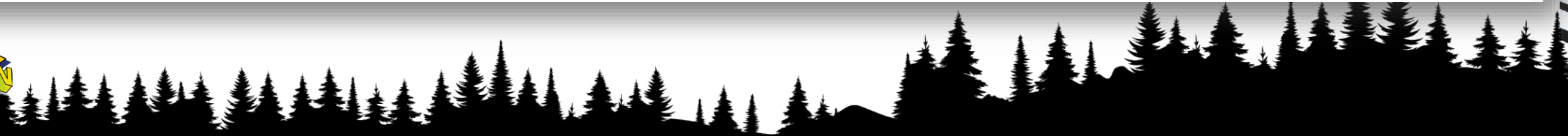
Where is Financial Inventory Value Found?

Released product details | Standard view

A0001 : HDMI 6' Cables

General A0001

IDENTIFICATION	Item number	FURTHER IDENTIFICATION	ADMINISTRATION	Reservation hierarchy	RELEASE
Product type	<u>A0001</u>	Product name	Storage dimension group	<u>Default</u>	Release policy
Item	Product number	<u>HDMI 6' Cables</u>	<u>Ware</u>	Counting reason code policy	
Product subtype	<u>A0001</u>	Search name	Tracking dimension group	Product lifecycle state	READINESS
Product	Engineering product category details	<u>HDMI 6' Cables</u>	<u>None</u>	Advanced notes group	Product readiness policy
Product service type	Product owner	Description	Item model group		
Not specified			<u>FIFO</u>		



Inventory Value

Where is Financial Inventory Value Found?

Cost objects | D0003 : StandardSpeaker

Standard view ▾

Overview

Site	Quantity	Inventory unit	Value	Average unit cost
1	20.00	ea	3,372.88	168.64



Inventory Lifecycle



Inventory Lifecycle

Production Orders

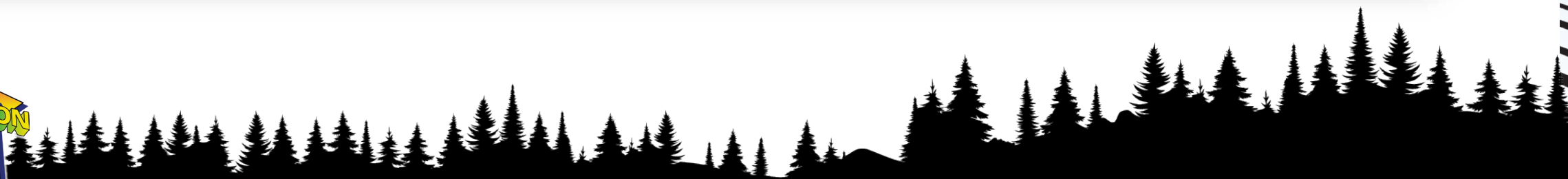
- Production Orders
 - Report as Finished

Inventory transactions | P000192 : Speaker cabinet HLF-41A

Standard view *[∨]

Filter Transaction filter

Item number	Site	Warehouse	Reference	Number	Unit	Quantity	Receipt	Issue	Physical cost a...	Financial cost ...	Value open	Lot ID	Reference lot
F00008	1	11	Production	P000192	pcs	10.00	Ordered				Yes	012620	012587
J00017	1	11	Production line	P000192	pcs	-20.00		Deducted	-9.78		Yes	012624	
J00016	1	11	Production line	P000192	pcs	-10.00		Deducted	-0.02		Yes	012623	
J00015	1	11	Production line	P000192	pcs	-10.00		Deducted	-0.24		Yes	012622	
J00014	1	11	Production line	P000192	pcs	-40.00		Deducted	-3.84		Yes	012621	



Inventory Lifecycle

Purchase Orders

- Purchase Order/Inventory Receipt:
 - “Bringing in inventory”- plus to inventory

000017 : Fabrikam Supplier | Standard view * v

Product receipt journal

Overview Lines

[View charges](#) [Inventory v](#) [Unposted invoices](#) [Purchase cost transactions](#) [Purchase indirect cost](#) [Distribute amounts](#)

<input type="radio"/>	Purchase order	Line number	Item	Description	Site	Warehouse	Ordered	Received	Amount	Remaining qua...	CW received	Unposted invo...	Reason code	Reason comment	:
<input checked="" type="radio"/>	000017	1	M0010	Car Audio Unit 200W	4	41	319.00	319.00	15,943.62			0.00			
<input type="radio"/>	000017	2	M0010	Car Audio Unit 200W	4	41	120.00	120.00	5,997.60			0.00			
<input type="radio"/>	000017	3	M0010	Car Audio Unit 200W	4	41	51.00	51.00	2,548.98			0.00			



Inventory Lifecycle

Purchase Orders

000017 : Fabrikam Supplier | Standard view * v

Product receipt journal

Overview Lines

[View charges](#) [Inventory](#) v [Unposted invoices](#) [Purchase cost transactions](#) [Purchase indirect cost](#) [Distribute amounts](#)

Purchase order	Line number	Item	Description	Site	Warehouse	Ordered	Received	Amount	Remaining qua...	CW received	Unposted invo...	Reason code	Reason comment
000017	1	M0010	Car Audio Unit 200W	4	41	319.00	319.00	15,943.62			0.00		
000017	2	M0010	Car Audio Unit 200W	4	41	120.00	120.00	5,997.60			0.00		
000017	3	M0010	Car Audio Unit 200W	4	41	51.00	51.00	2,548.98			0.00		

M0010 : CarAudioUnit | Standard view v

Item price

Pending prices Active prices

Show latest only

Costing type	Price type	Version	Name	Site	Price	Price quantity	Price charges	Charges quanti...	Incl. in unit price	Unit	Activation date	Blocked	Calculated	Log
Standard cost	Cost	10	Current fiscal period	4	49.98	1.00		1.00	✓	ea	1/19/2013	✓	✓	



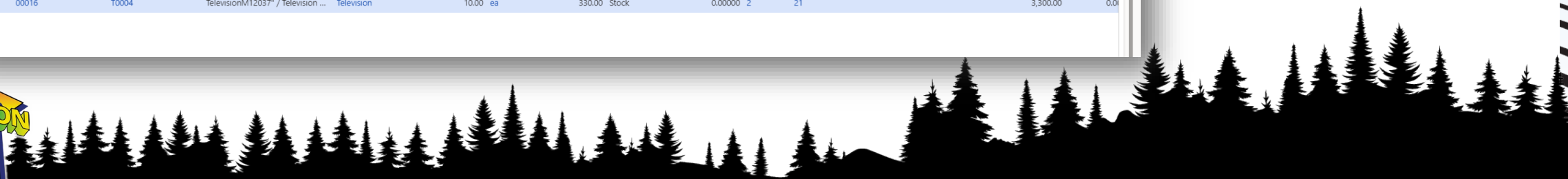
Inventory Lifecycle

Sales Orders

- Sales Order/Inventory issue: *Opposite side of the costing cycle from inventory receipt*
- *Examples include:*
 - Packing Slips
 - Consumption- or “minus to inventory”

The screenshot shows a Dynamics 365 Sales Order form. The top navigation bar includes 'Sales order', 'Sell', 'Manage', 'Pick and pack', 'Invoice', 'Commerce', 'General', 'Warehouse', 'Transportation', 'Credit management', and 'Options'. The 'Pick and pack' menu is expanded, showing options like 'Generate picking list', 'Post packing slip', 'Picking list registration', 'Pro forma packing slip', 'Intercompany picking list', 'Quality management', 'Non conformances', 'Quality orders', 'Picking list', and 'Packing slip'. The main content area shows 'Sales order details' for '000885 : Contoso Retail San Diego'. Below this, there are tabs for 'Lines' and 'Header'. The 'Sales order lines' section is active, displaying a table with one line item.

Ty...	Variant number	Item number	Product name	Sales category	Quantity	Unit	Unit price	Delivery type	Adjusted unit ...	Site	Warehouse	Discount	Discount perce...	Net amount	Adjusted net :
	00016	T0004	TelevisionM12037" / Television ...	Television	10.00	ea	330.00	Stock	0.00000	2	21			3,300.00	0.00



Inventory Lifecycle

Sales Orders

Standard view ▾
Packing slip posting

Arrange [Select](#) [Printer setup](#) ▾

Parameters Picked ▾

Overview ▾

[+ Add](#) [Remove](#) [Tracking information](#) [Sales tax](#)

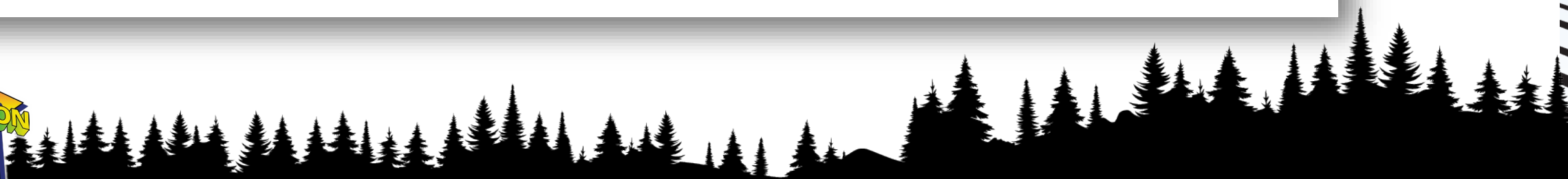
<input type="radio"/>	<input type="radio"/>	Update	Customer pack...	Sales order	Site	Name	Currency
<input type="radio"/>	<input type="radio"/>	Packing slip		000885	2	Contoso Retail San Diego	USD

Setup ▾

Lines ▾

[Delete](#) [Sales order line](#) ▾ [Inventory](#) ▾ [Reset batch disposition code](#) [Update line](#) ▾

<input type="radio"/>	<input type="radio"/>	Sales category	Text	Sales order	↑	Site	Warehouse	CW update	Item number	Update	Net amount	Close	Scrap	Mode of delivery	Delivery name
<input type="radio"/>	<input type="radio"/>	Television	Television M120 37" Silver	000885		2	21		T0004	10.00	3,300.00	<input type="checkbox"/>	<input type="checkbox"/>	10	Contoso Retail San Diego



Inventory Lifecycle

Overview ↑

[+ Add](#) [Remove](#) [Tracking information](#) [Sales tax](#)

	Update	Customer pack...	Sales order	Site	Name	Currency
<input type="radio"/>	<input type="radio"/>	Packing slip	000885	2	Contoso Retail San Diego	USD

Setup ↓

Lines ↑

[Delete](#) [Sales order line](#) [Inventory](#) [Reset batch disposition code](#) [Update line](#)

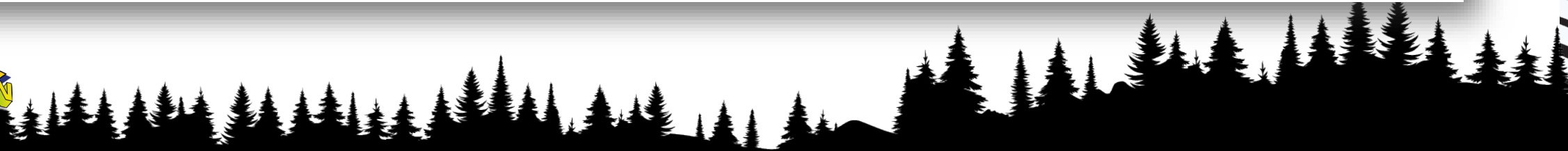
	Sales category	Text	Sales order	Site	Warehouse	CW update	Item number	Update	Net amount	Close	Scrap	Mode of delivery	Delivery name
<input type="radio"/>	Television	Television M120 37" Silver	000885	2	21		T0004	10.00	3,300.00	<input type="checkbox"/>	<input type="checkbox"/>	10	Contoso Retail San Diego

Inventory transactions

Standard view * ↓

Transaction filter

	Item number	Physical date	Financial date	Reference	Number	Receipt	Issue	Quantity	Financial cost...	Physical cost a...	Unit	Cost amount	Site	Warehouse
<input type="radio"/>	T0004	5/10/2024		Sales order	000885		Deducted	-10.00		-1,600.00	e		2	21



Inventory Lifecycle

Inventory Transfer

- **Inventory transfer:** Inventory can hold a different value depending on your accounting method, and item price set up.
 - If an item can be valued differently based on location
 - When a transfer order is received into its new destination- there will be a value adjustment to the items based on its new location.

Cost objects | J00016 : Bottomplate4572

Standard view * v

Overview

Site	Quantity	Inventory unit	Value	Average unit cost
1	78,480.00	lb	60,199.67	0.76707
2	0.00	lb	0.00	0.00000
6	17,685.00	lb	13,567.10	0.76715



Inventory Valuation Methods



Inventory Valuation Methods

How to Choose the Appropriate Method

- **FIFO** – First In First Out
 - The first items received are the first sold, and the costs of items on a sales order are the oldest items in inventory, based on the *financial date* of the inventory transaction.
 - In D365 F&O, FIFO does **not** have a method by which the value is based on the *transaction date*.
- **LIFO** – Last In First Out
 - The last items received are the first sold, and the costs on a sales order are the newest items in inventory, based on the *transaction date* of the inventory transaction as of the end of the period
- **LIFO Date** – Last In First Out by Date
 - Like LIFO, the last items received are the first sold – but in this case, based on the *financial date* of the inventory receipt as of the financial date of the inventory issue



Inventory Valuation Methods

How to Choose the Appropriate Method

- **Weighted Average**
 - Weighted average is the sum of all inventory costs during the period, divided by the quantity of inventory received as of the closing date, plus any on-hand inventory from the prior period.
 - All issues in the period are adjusted so they have the same average price
- **Weighted Average Date**
 - Weighted average date is calculated for each day in the period
 - All issues for each unique *financial* date are adjusted so they have the same average price
 - Each calculation uses the prior day as the starting inventory cost



Inventory Valuation Methods

How to Choose the Appropriate Method

- **Moving Average**
 - Moving Average is a perpetual method where costs of inventory is based on the purchase receipt, not invoice like all other methods
 - If there is a difference in cost between the purchase receipt and invoice, – the difference is proportionally adjusted (capitalized) to the current products in stock and any remainder is expensed
 - If backdating occurs, the difference in cost is expensed and the moving average cost is unaffected
- **Standard Cost**
 - Extremely predictable – an initial standard cost is set as the active cost. The active cost can be changed as needed. All receipts and issues are valued at the same cost based on the active cost
- **The Caveat**
 - If using Project management and accounting, all project transactions are valued using *Weighted Average* regardless of the method setup on the item.



Recalculation and Closing



Recalculation and Closing

Inventory Recalculation

Methods That Require Inventory Recalculation/Closing

- FIFO
- LIFO
- LIFO Date
- Weighted Average
- Weighted Average Date

Methods That Do Not Require Inventory Recalculation/Closing

- Moving Average
- Standard Cost

Physical vs. Financial

- Only *financially* posted inventory transactions are considered during inventory recalculation and closing (transactions are invoiced/finalized)



Recalculation and Closing

Inventory Recalculation

- Frequency of recalculation can vary
 - How frequently do you want to see adjustments from costing hit the GL?
 - How often does the quantity of an item go to zero?
- At the **end of the period**, inventory value for a given method is the same, regardless of the frequency of the inventory recalculation. The question becomes do you want your inventory value **updated each day** or at the **end of the month** in relation to **GL balances**?
- Clients who don't recalculate regularly may see dramatic variations in GL balances throughout the month



Recalculation and Closing

Inventory Recalculation

Inventory management > Periodic tasks > Closing and adjustment

The screenshot shows the Dynamics 365 Finance and Operations interface. The top navigation bar includes 'Finance and Operations' and a search box. Below the navigation bar, there are several menu items: 'Close procedure', 'Pre-closing', 'Calculation', 'Reverse', 'Adjustment', 'Recalculation' (highlighted with a red box), 'Details', and 'Options'. The main area displays 'Closing and adjustment' with a 'Standard view' dropdown and an 'Active' dropdown. Below this, there are tabs for 'Overview', 'General', 'Session', and 'Note'. A table is visible with columns for 'Active', 'Date', 'Voucher', 'Type', 'Executed', and 'Reverse'. The table contains one row with the following data: Active (checked), Date: 11/30/2013, Voucher: IIC-10000, Type: Closing, Executed: 12/26/2016.

The screenshot shows the 'Recalculate inventory' dialog box. It has a title bar with a question mark icon. The dialog is divided into several sections: 'Parameters', 'RECALCULATION', 'PARAMETERS PREVENTING ENDLESS ITERATIONS OF COST CALCULATION', 'INFOLOG SETTING', and 'Records to include'. The 'Parameters' section includes a 'Period code' dropdown, a 'Recalculate inventory up to' date field (set to 5/9/2024), and a 'Specification' dropdown (set to Total). The 'RECALCULATION' section has a 'Note' text area. The 'PARAMETERS PREVENTING ENDLESS ITERATIONS OF COST CALCULATION' section includes a 'Maximum number of iterations allowed' field (set to 100) and a 'Minimum amount allowed. The amount...' field (set to 1.00). The 'INFOLOG SETTING' section has a toggle for 'Allow infolog suppression' (set to No). The 'Records to include' and 'Run in the background' sections each have a dropdown menu. At the bottom right, there are 'OK' and 'Cancel' buttons.

Recalculation and Closing

Inventory Close

Inventory management > Periodic tasks > Closing and adjustment

The screenshot shows the 'Close inventory' menu in the Dynamics 365 Finance and Operations interface. The menu is open, showing options: 'Check open quantities', 'Check cost prices', and 'Close inventory' (highlighted with a red box). Below the menu, there is a table with columns: 'Active', 'Date', 'Voucher', and 'Type'. The table contains one row with a checkmark in the 'Active' column, the date '11/30/2013', the voucher 'IIC-10000', and the type 'Closing'.

Active	Date	Voucher	Type
✓	11/30/2013	IIC-10000	Closing

The screenshot shows the 'Close inventory' dialog box. The dialog has a 'Parameters' section with the following fields: 'Period code' (dropdown), 'Close inventory up to' (date field with '12/31/2013'), and 'Specification' (dropdown with 'Total'). Below these is a 'Note' text area. There is a section titled 'PARAMETERS PREVENTING ENDLESS ITERATIONS OF COST CALCULATION' with two fields: 'Maximum number of iterations allow...' (value 100) and 'Minimum amount allowed. The amou...' (value 1.00). Below that is a 'POST-CLOSING' section with 'Run recalculation after closing' (radio button 'No' selected). There is also an 'INFOLOG SETTING' section with 'Allow infolog suppression' (radio button 'No' selected). At the bottom, there is a 'Run in the background' checkbox and 'OK' and 'Cancel' buttons.

Recalculation and Closing

Inventory Adjustment

Inventory management > Periodic tasks > Closing and adjustment

Finance and Operations

Close procedure ▾ Pre-closing Calculation ▾ Reverse Adjustment ▾ Recalculation

Closing and adjustment

Standard view ▾

Active ▾

- On-hand
- Transactions**
- Revaluation for moving average

Finance and Operations

Adjust transactions | 11/30/2013 : IIC-10000

Standard view * ▾

Line	Date financial	Item number	Site	Warehouse	Posted quantity	Posted value	Adjustment	Edit now	Reference	Number
1	1/11/2017	A0001	2	24	100.00				Counting	
2	1/11/2017	A0001	2	24	100.00				Counting	
3	1/11/2017	A0001	2	25	100.00				Counting	
4	1/11/2017	A0001	2	25	100.00				Counting	
5	1/11/2017	A0001	2	24	10.00				Inventory adjustment	00052
6	1/11/2017	A0002	2	24	10.00				Inventory adjustment	00052
7	12/6/2016	1000	1	13	180.00	161,820.00			Purchase order	000027
8	12/18/2016	1000	1	13	200.00	179,800.00			Purchase order	000032
9	12/12/2016	1000	1	13	200.00	179,800.00			Purchase order	000033
10	12/16/2016	1000	1	13	210.00	188,790.00			Purchase order	000034

Inventory Value Analysis and Reporting



Inventory Value Analysis and Reporting

Inventory Value Report

Inventory management > Inquiries and reports > Inventory value reports > Inventory value

Inventory value report

Parameters

IDENTIFICATION

ID From date

To date

ID	Name
10	Inventory (Site/Item/ItemGroup)
20	Inventory +WIP + GL
30	Moving average
40	Inventory movement

screen

Inventory value
Contoso Entertainment System USA

From 5/1/2024
To 5/31/2024

Material	Resource group	Resource	Site	Reference	Inventory: Quantity	Inventory: Amount
	Audio	D0001	1	Ending balance	11.00	3,329.75
D0001 Resource					11.00	3,329.75
	Audio	D0002	1	Ending balance	704.00	104,489.09
D0002 Resource					704.00	104,489.09
	Audio	D0003	1	Ending balance	20.00	3,372.88
D0003 Resource					20.00	3,372.88
	Audio	D0004	1	Ending balance	1.00	1,068.78
D0004 Resource					1.00	1,068.78
	Audio	D0012	1	Ending balance	0.00	
D0012 Resource					0.00	
	Audio	D0023	1	Ending balance	1,000.00	168,640.00
	Audio	D0023	2	Ending balance	1,000.00	168,640.00



Inventory Value Analysis and Reporting

Inventory Value Report

Inventory management > Inquiries and reports > Inventory value reports > Inventory value

Inventory value report

Parameters

IDENTIFICATION

ID: 20 From date: 5/1/2024 To date:

ID	Name
10	Inventory (Site/Item/ItemGroup)
20	Inventory +WIP + GL
30	Moving average
40	Inventory movement

Inventory value

Contoso Entertainment System USA

From: 5/1/2024
To: 5/31/2024

Resource type	Resource group	Reference	Inventory: Quantity	Inventory: Amount	WIP: Quantity	WIP: Amount
Indirect	OVH2	Ending balance	0.00		0.00	447.00
Indirect	OVH3	Ending balance	0.00		0.00	10,955.28
Indirect	OVH4	Ending balance	0.00		0.00	2,635.75
Labor	1110	Ending balance	0.00		0.00	211.58
Labor	1120	Ending balance	0.00		0.00	339.69
Labor	1210	Ending balance	0.00		0.00	463.95
Labor	1220	Ending balance	0.00		0.00	1,067.98
Labor	1250	Ending balance	0.00		0.00	3,752.58
Labor	1260	Ending balance	0.00		0.00	857.50
Labor	1310	Ending balance	0.00		0.00	2,055.46
Labor	3110	Ending balance	0.00		0.00	2,428.56
Material	Audio	Ending balance	23,074.40	1,957,551.60	29.60	-45,674.82
Material	AudioRM	Ending balance	11,716.00	299,139.99	19,999.60	575,867.40
Material	CarAudio	Ending balance	1,193.00	28,462.69	0.00	
Material	CarAudioRM	Ending balance	102.00	3,312.96	0.00	
Material	Consume	Ending balance	410.00	368,590.00	0.00	
Material	TV&Video	Ending balance	3,074.00	928,160.00	0.00	



Inventory Value Analysis and Reporting

Inventory transactions

Inventory management > Inquiries and reports > Transactions

Finance and Operations Search for a page USM

Transaction details | Display dimensions | Summation | Split | Archived transactions | **Inventory** | Ledger | Options

Inventory transactions

Standard view * ▾

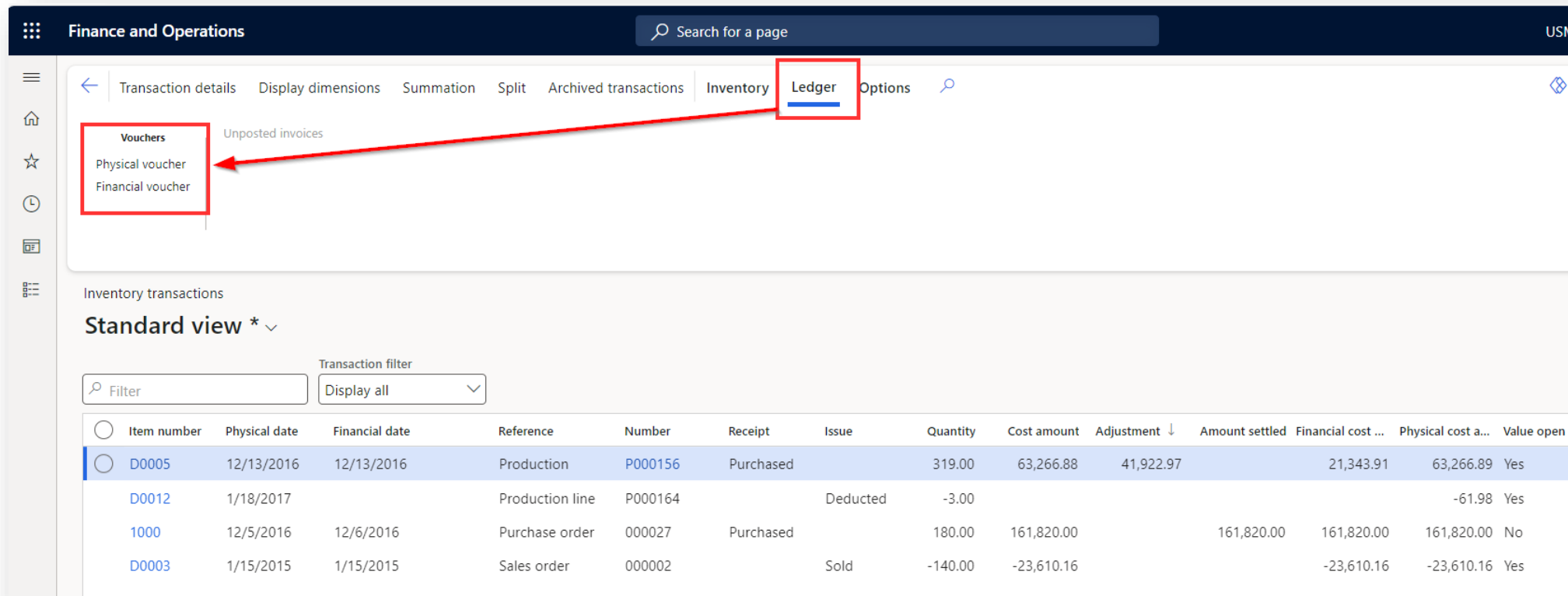
Filter Transaction filter: Display all ▾

Item number	Physical date	Financial date	Reference	Number	Receipt	Issue	Quantity	Cost amount	Adjustment ↓	Amount settled	Financial cost ...	Physical cost a...	Value open
D0005	12/13/2016	12/13/2016	Production	P000156	Purchased		319.00	63,266.88	41,922.97		21,343.91	63,266.89	Yes
D0012	1/18/2017		Production line	P000164		Deducted	-3.00					-61.98	Yes
1000	12/5/2016	12/6/2016	Purchase order	000027	Purchased		180.00	161,820.00		161,820.00	161,820.00	161,820.00	No
D0003	1/15/2015	1/15/2015	Sales order	000002		Sold	-140.00	-23,610.16			-23,610.16	-23,610.16	Yes



Inventory Value Analysis and Reporting

Voucher transactions



The screenshot displays the 'Finance and Operations' interface. The top navigation bar includes 'Transaction details', 'Display dimensions', 'Summation', 'Split', 'Archived transactions', 'Inventory', and 'Ledger'. The 'Ledger' tab is selected and highlighted with a red box. A dropdown menu for 'Vouchers' is open, showing 'Physical voucher' and 'Financial voucher', also highlighted with a red box. A red arrow points from the 'Ledger' tab to the 'Vouchers' dropdown. Below the navigation, the 'Inventory transactions' section is shown in 'Standard view'. A search filter is set to 'Display all'. The table below lists several transactions with columns for Item number, Physical date, Financial date, Reference, Number, Receipt, Issue, Quantity, Cost amount, Adjustment, Amount settled, Financial cost, Physical cost, and Value open.

Item number	Physical date	Financial date	Reference	Number	Receipt	Issue	Quantity	Cost amount	Adjustment	Amount settled	Financial cost ...	Physical cost a...	Value open
D0005	12/13/2016	12/13/2016	Production	P000156	Purchased		319.00	63,266.88	41,922.97		21,343.91	63,266.89	Yes
D0012	1/18/2017		Production line	P000164		Deducted	-3.00					-61.98	Yes
1000	12/5/2016	12/6/2016	Purchase order	000027	Purchased		180.00	161,820.00		161,820.00	161,820.00	161,820.00	No
D0003	1/15/2015	1/15/2015	Sales order	000002		Sold	-140.00	-23,610.16			-23,610.16	-23,610.16	Yes

Inventory Value Analysis and Reporting

Voucher transactions

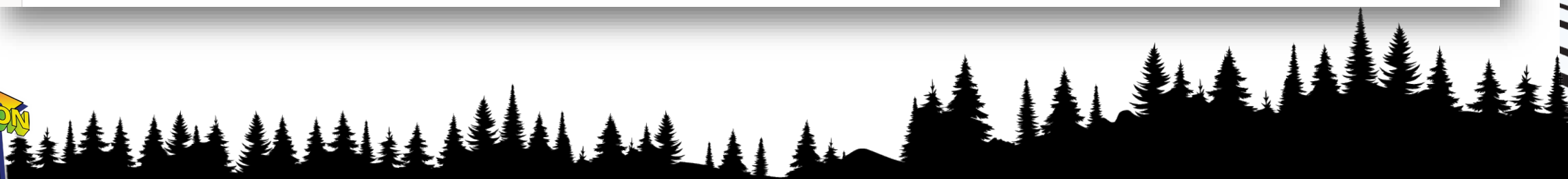
View subledger journal Transaction origin Transactions Audit trail Edit voucher ▾ Posted sales tax Original document Accounting source explorer Reverse transactions ▾ 🔍 ...

Voucher transactions | 000224 : D0003

Standard view * ▾

Overview General

Journal number	Voucher	Date	↑ Ledger account	Account name	Currency	Amount in tra...	Amount	Posting type	Posting layer
000081	INV-10000000	1/15/2015	133300-001-	Intercompany Receivable - USM...	USD	328,130.00	328,130.00	Customer balance	Current
000081	INV-10000000	1/15/2015	500100-001---Audio	COGS - Finished Goods	USD	253,030.68	253,030.68	Cost of goods sold, invoiced	Current
000081	INV-10000000	1/15/2015	130300-001-	Accounts Receivable - Not Invoi...	USD	-328,130.00	328,130.00	Sales - packing slip revenue offset	Current
000081	INV-10000000	1/15/2015	401400-001---Audio	Accrued Sales (Shipped Not Inv...	USD	328,130.00	328,130.00	Sales - packing slip revenue	Current
000081	INV-10000000	1/15/2015	500150-001---Audio	Deferred COGS	USD	-253,030.68	253,030.68	Cost of goods sold, delivered	Current
000081	INV-10000000	1/15/2015	402300-001---Audio	Intercompany Sales - USMF/DE...	USD	-328,130.00	328,130.00	Sales order revenue	Current
000081	INV-10000000	1/15/2015	140200-001-	Finished Goods Inventory	USD	-253,030.68	253,030.68	Cost of units, invoiced	Current
000081	INV-10000000	1/15/2015	140200-001-	Finished Goods Inventory	USD	253,030.68	253,030.68	Cost of units, delivered	Current



Inventory Value Analysis and Reporting

Voucher transactions – Original Document

View subledger journal Transaction origin Transactions Audit trail Edit voucher ✓ Posted sales tax **Original document** Accounting source explorer Reverse transactions ✓

Voucher transactions | 000224 : D0003

Standard view * ✓

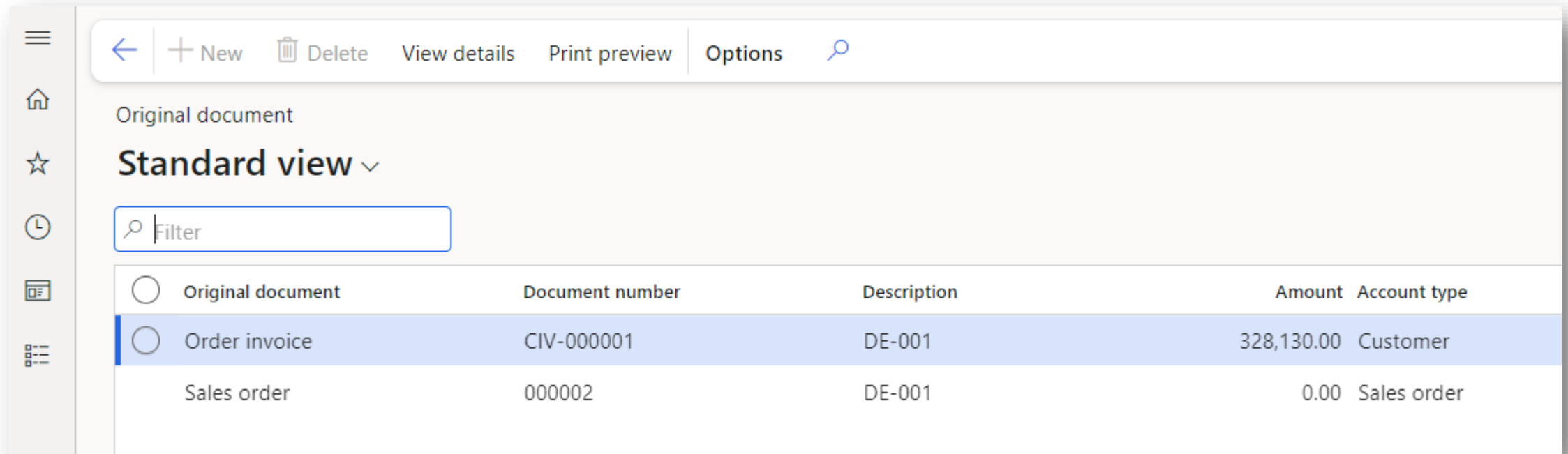
Overview General

Journal number	Voucher	Date	↑ Ledger account	Account name	Currency	Amount in tra...	Amount	Posting type	Posting layer
000081	INV-10000000	1/15/2015	133300-001-	Intercompany Receivable - USM...	USD	328,130.00	328,130.00	Customer balance	Current
000081	INV-10000000	1/15/2015	500100-001---Audio	COGS - Finished Goods	USD	253,030.68	253,030.68	Cost of goods sold, invoiced	Current
000081	INV-10000000	1/15/2015	130300-001-	Accounts Receivable - Not Invoi...	USD	-328,130.00	328,130.00	Sales - packing slip revenue offset	Current
000081	INV-10000000	1/15/2015	401400-001---Audio	Accrued Sales (Shipped Not Inv...	USD	328,130.00	328,130.00	Sales - packing slip revenue	Current
000081	INV-10000000	1/15/2015	500150-001---Audio	Deferred COGS	USD	-253,030.68	253,030.68	Cost of goods sold, delivered	Current
000081	INV-10000000	1/15/2015	402300-001---Audio	Intercompany Sales - USMF/DE...	USD	-328,130.00	328,130.00	Sales order revenue	Current
000081	INV-10000000	1/15/2015	140200-001-	Finished Goods Inventory	USD	-253,030.68	253,030.68	Cost of units, invoiced	Current
000081	INV-10000000	1/15/2015	140200-001-	Finished Goods Inventory	USD	253,030.68	253,030.68	Cost of units, delivered	Current



Inventory Value Analysis and Reporting

Voucher transactions – Original Document



Original document

Standard view ▾

Filter

	Document number	Description	Amount	Account type
<input type="radio"/> Original document				
<input type="radio"/> Order invoice	CIV-000001	DE-001	328,130.00	Customer
<input type="radio"/> Sales order	000002	DE-001	0.00	Sales order

Inventory Value Analysis and Reporting

Accounting Source Explorer

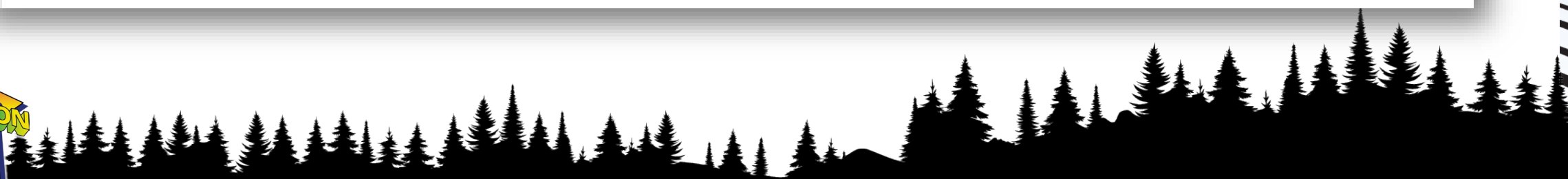
View subledger journal Transaction origin Transactions Audit trail Edit voucher ▾ Posted sales tax Original document **Accounting source explorer** Reverse transactions ▾ 🔍 ...

Voucher transactions | 000224 : D0003

Standard view * ▾

Overview General

Journal number	Voucher	Date	↑ Ledger account	Account name	Currency	Amount in tra...	Amount	Posting type	Posting layer
000081	INV-10000000	1/15/2015	133300-001-	Intercompany Receivable - USM...	USD	328,130.00	328,130.00	Customer balance	Current
000081	INV-10000000	1/15/2015	500100-001---Audio	COGS - Finished Goods	USD	253,030.68	253,030.68	Cost of goods sold, invoiced	Current
000081	INV-10000000	1/15/2015	130300-001-	Accounts Receivable - Not Invoi...	USD	-328,130.00	328,130.00	Sales - packing slip revenue offset	Current
000081	INV-10000000	1/15/2015	401400-001---Audio	Accrued Sales (Shipped Not Inv...	USD	328,130.00	328,130.00	Sales - packing slip revenue	Current
000081	INV-10000000	1/15/2015	500150-001---Audio	Deferred COGS	USD	-253,030.68	253,030.68	Cost of goods sold, delivered	Current
000081	INV-10000000	1/15/2015	402300-001---Audio	Intercompany Sales - USMF/DE...	USD	-328,130.00	328,130.00	Sales order revenue	Current
000081	INV-10000000	1/15/2015	140200-001-	Finished Goods Inventory	USD	-253,030.68	253,030.68	Cost of units, invoiced	Current
000081	INV-10000000	1/15/2015	140200-001-	Finished Goods Inventory	USD	253,030.68	253,030.68	Cost of units, delivered	Current



Inventory Value Analysis and Reporting

Accounting Source Explorer

Accounting source explorer | USD : 253,030.68

Standard view * ▾

Filter Financial dimension set: Main Account ▾

<input type="radio"/>	MainAccount	Journal number	Date	▼	Voucher	Document	Document date	Posting type	Ledger account	Main account	Main account name	Amount	Amount in tra...	Curre...
<input type="radio"/>	140200	000081	1/15/2015		INV-10000000	CIV-000001	1/15/2015	Cost of units, deliver...	140200-001-	140200	Finished Goods Inventory	253,030.68	253,030.68	USD



Inventory Value Analysis and Reporting

Audit Trail

View subledger journal | Transaction origin | Transactions | **Audit trail** | Edit voucher | Posted sales tax | Original document | Accounting source explorer | Reverse transactions | Search | ...

Voucher transactions | 000224 : D0003

Standard view * ▾

Overview | General

Journal number	Voucher	Date	↑ Ledger account	Account name	Currency	Amount in tra...	Amount	Posting type	Posting layer
000081	INV-10000000	1/15/2015	133300-001-	Intercompany Receivable - USM...	USD	328,130.00	328,130.00	Customer balance	Current
000081	INV-10000000	1/15/2015	500100-001---Audio	COGS - Finished Goods	USD	253,030.68	253,030.68	Cost of goods sold, invoiced	Current
000081	INV-10000000	1/15/2015	130300-001-	Accounts Receivable - Not Invoi...	USD	-328,130.00	328,130.00	Sales - packing slip revenue offset	Current
000081	INV-10000000	1/15/2015	401400-001---Audio	Accrued Sales (Shipped Not Inv...	USD	328,130.00	328,130.00	Sales - packing slip revenue	Current
000081	INV-10000000	1/15/2015	500150-001---Audio	Deferred COGS	USD	-253,030.68	253,030.68	Cost of goods sold, delivered	Current
000081	INV-10000000	1/15/2015	402300-001---Audio	Intercompany Sales - USMF/DE...	USD	-328,130.00	328,130.00	Sales order revenue	Current
000081	INV-10000000	1/15/2015	140200-001-	Finished Goods Inventory	USD	-253,030.68	253,030.68	Cost of units, invoiced	Current
000081	INV-10000000	1/15/2015	140200-001-	Finished Goods Inventory	USD	253,030.68	253,030.68	Cost of units, delivered	Current



Inventory Value Analysis and Reporting

Audit Trail

← Voucher transactions Options 🔍

Audit trail | USD : 253,030.68

Standard view ▾

🔍 Filter

<input type="radio"/>	Created ID ↑	Type	Description	Created by	Created date and time
<input type="radio"/>	5637144675	Sales order - invoice	Sales order - invoice	SIMON	01/15/15 5:27:17 PM



Inventory Value Analysis and Reporting

Adjustments Report

Inventory management > Periodic tasks > Closing and adjustment

The screenshot shows the SAP Finance and Operations interface. The top navigation bar includes 'Finance and Operations' and a search box. Below it, a breadcrumb trail reads 'Closing and adjustment'. The 'Standard view' is set to 'Active'. A dropdown menu is open, showing options: 'Adjustments report' (highlighted with a red box), 'Settlements', 'Log', and 'Voucher'.

Canceled	Item number	Date	Voucher	Planning method	Adjustment	Financial date	Reference	Number	Quantity	Financial cost amount	Adjustment in total
No	J00014	5/10/2024	IAD-12000	FIFO	-94.01	5/9/2024	Production line	P000210	-40.00	-3.84	-94.01
No	J00015	5/10/2024	IAD-12000	FIFO	-24.22	5/9/2024	Production line	P000210	-10.00	-0.24	-24.22
No	J00016	5/10/2024	IAD-12000	FIFO	-24.44	5/9/2024	Production line	P000210	-10.00	-0.02	-24.44
No	F00008	5/10/2024	IAD-12000	Adjustment	142.67	5/9/2024	Production	P000210	10.00	28.88	142.67
Total					0.00						

Inventory Value Analysis and Reporting

Settlements

Inventory management > Periodic tasks > Closing and adjustment

The screenshot shows the Dynamics 365 Finance and Operations interface. The top navigation bar includes the 'Finance and Operations' logo and a search bar. Below this, a breadcrumb trail shows the path: 'Close procedure' > 'Pre-closing' > 'Calculation' > 'Reverse' > 'Adjustment' > 'Recalculation' > 'Details' > 'Options'. The 'Options' menu is expanded, showing 'Adjustments report', 'Settlements' (highlighted with a red box), and 'Log'. The left sidebar shows 'Closing and adjustment' and 'Standard view' (set to 'Active').

The screenshot shows the 'Settlements for voucher' report for voucher 5/10/2024 : IAD-12000. The report is displayed in 'Standard view' and includes tabs for 'Overview', 'General', 'Ledger', and 'Financial dimensions'. The 'Overview' tab is active, showing a table of settled transactions.

Item number	Reference	Number	Transaction	Principle	Adjustment	Canceled
J00014	Production line	P000210	002701	FIFO	-94.01	
J00015	Production line	P000210	002702	FIFO	-24.22	
J00016	Production line	P000210	002703	FIFO	-24.44	
F00008	Production	P000210	002704	Adjustment	142.67	

Let's Get Physical, or Financial.
Understanding Inventory Value.

Thank You for Attending!

Questions?



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