
WELCOME
TO The Fabulous
LAS VEGAS
NEVADA
2026
DYNAMICS
CON
Vegas

Understanding Inventory Costing in Dynamics 365

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Agenda

- Introduction to Logan Consulting
- Standard Cost Methodology
- Actual Cost Methodology
- Demo
- Questions

LOGAN CONSULTING

ABOUT US

- Founded in 1992
  33+ Years ERP Expertise
- Chicago-Based, Global Reach
  125+ Consultants Deployed Annually
- Certified Microsoft Business Solutions Partner
- User Group Contributor since 2014
- Microsoft is our largest practice
- Over a dozen Microsoft Certifications

Core Service

- Assessments
- Implementations/Migrations
- Change Management
- Optimization
- Ongoing Support

Extended Service

- AI Readiness
- Copilot Deployment
- Data Engineering
- Technology Selection
- Project/Program Management
- CRM Implementations
- EDI Management
- Technology Strategy

Standard Cost Methodology

Standard Cost

- Overview of standard cost
- Std. vs. actual – pros/cons
- Costing versions
- Costing sheet/costing groups
- Cost calculations (standard cost rollup on finished goods)
- Standard cost transactions – Physical vs. financial
- Purchase Price Variance analysis
- Production Price Variance Analysis

What is standard cost

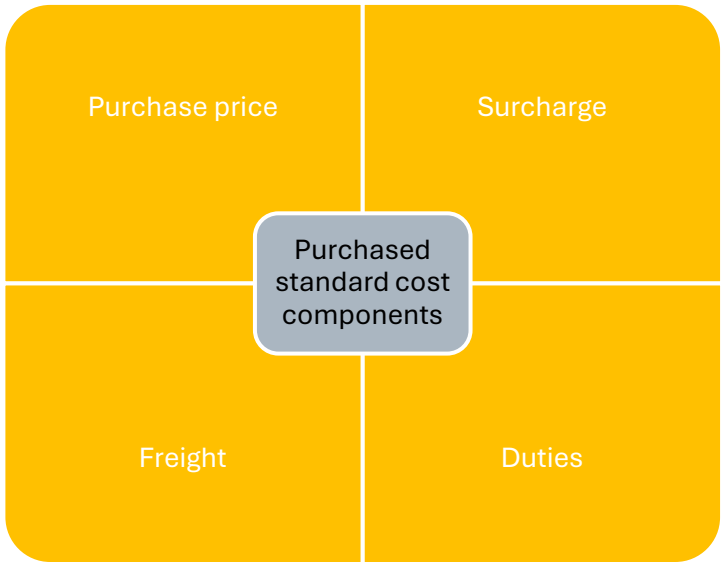
- Pre-determined fixed cost for purchased and/or manufactured goods.
- Variances are in play between fixed standard cost and actual costs of doing business.
- Costs are not updated without user intervention. Requires cost reviews and new standard cost setup periodically.

Pros and Cons of Standard Costing

Common environments	Manufacturing environments generally producing same goods repeatedly.
	Material cost does not change frequently, less common in process manufacturing and environments where commodity pricing is used.
	Multiple sources of material with varying costs, e.g. buying same item from US and China.
Pros	Variance analysis, all variances are tracked providing greater visibility into inefficiencies.
	Easier budgeting knowing what products are expected to cost.
	Easier sell price determination, knowing the cost leads to better pricing the products in market.
Cons	Not suited for major market events (covid) and costs can over time vary from actuals over time.
	Relies heavily on good data, BOMs, Routes, Times, Scrap etc. Accuracy of that data is more critical than other methods.
	High level cost, not suitable where cost is required at lower levels like batches, serial number, warehouse
	Does not work well in make vs buy scenarios
	Requires additional resources to track/analyze variances and adjust standard costs periodically.

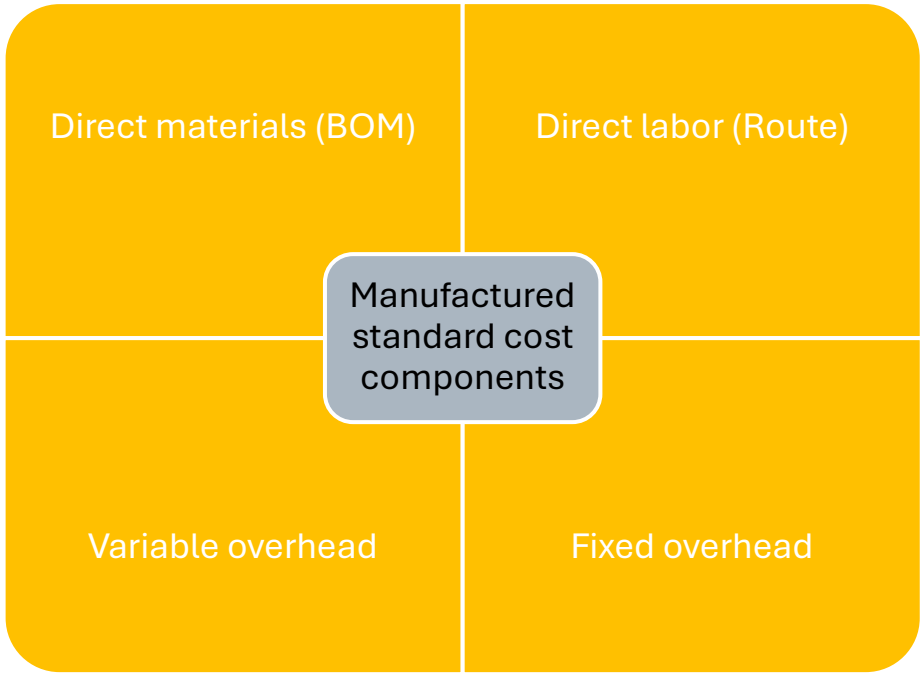
Purchased Items

- Generally, requires some input from users before this is calculated, common practice is to expected load purchase prices and run cost calculation to apply overheads
- Trick - D365 can calculate this based on latest cost price/purchase price if a business chose to set their new standards automatically using above basis.



Manufactured Items

- Generally calculated in system using cost roll up feature
- Highly dependent on accuracy of BOMs and Routes

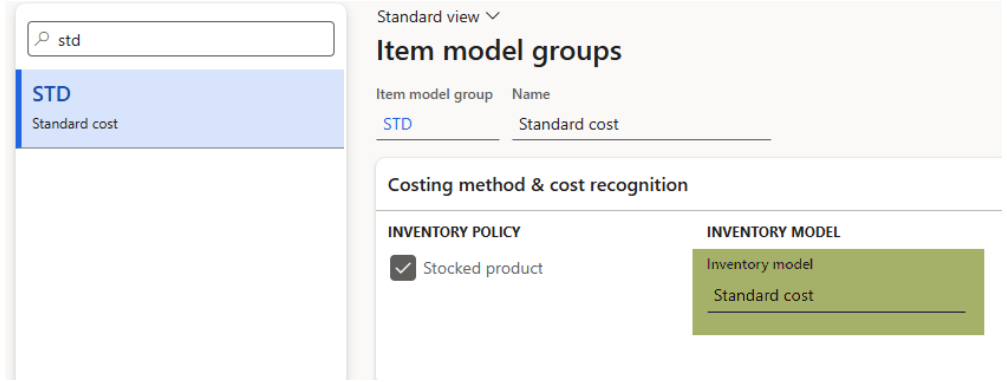


D365 Standard Cost Key Concepts

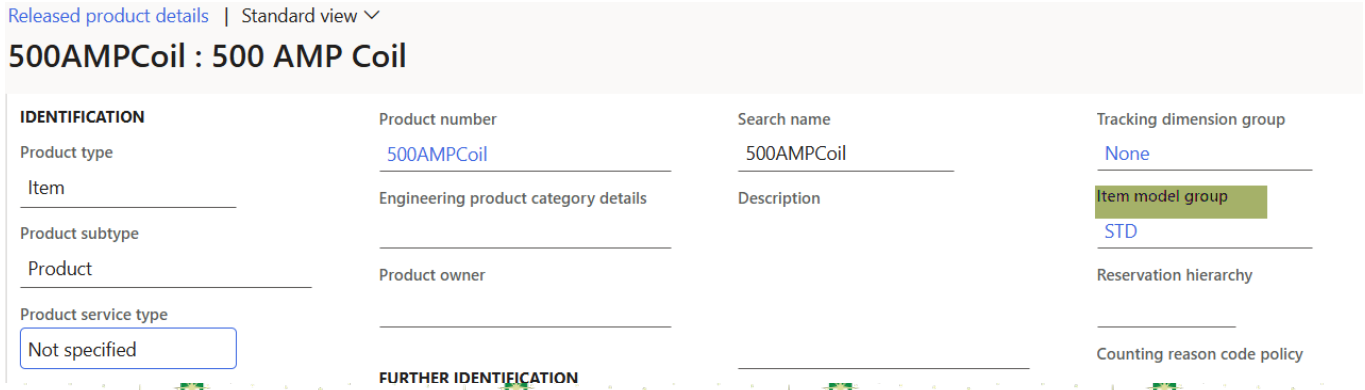
- Costing method
- Cost groups
- Costing versions
- Costing sheet
- Cost calculation
- Cost activation
- Posting profiles
- Standard cost transactions

Item Model Groups

- Item model group costing method = D365 inventory model

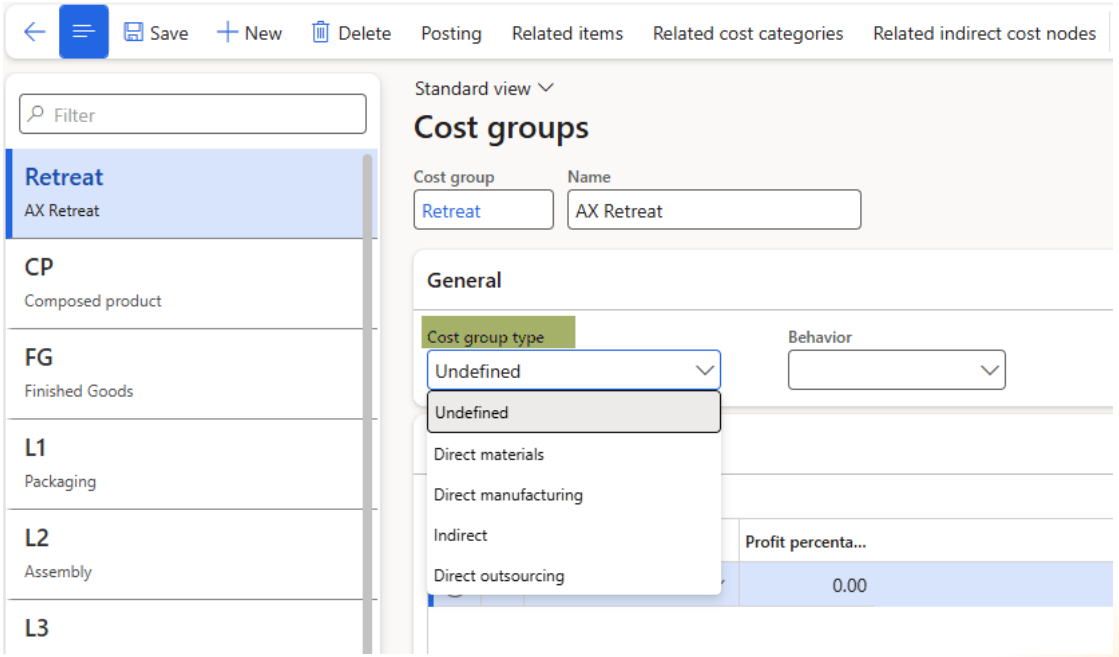


- Item model group is assigned to products



Cost Groups

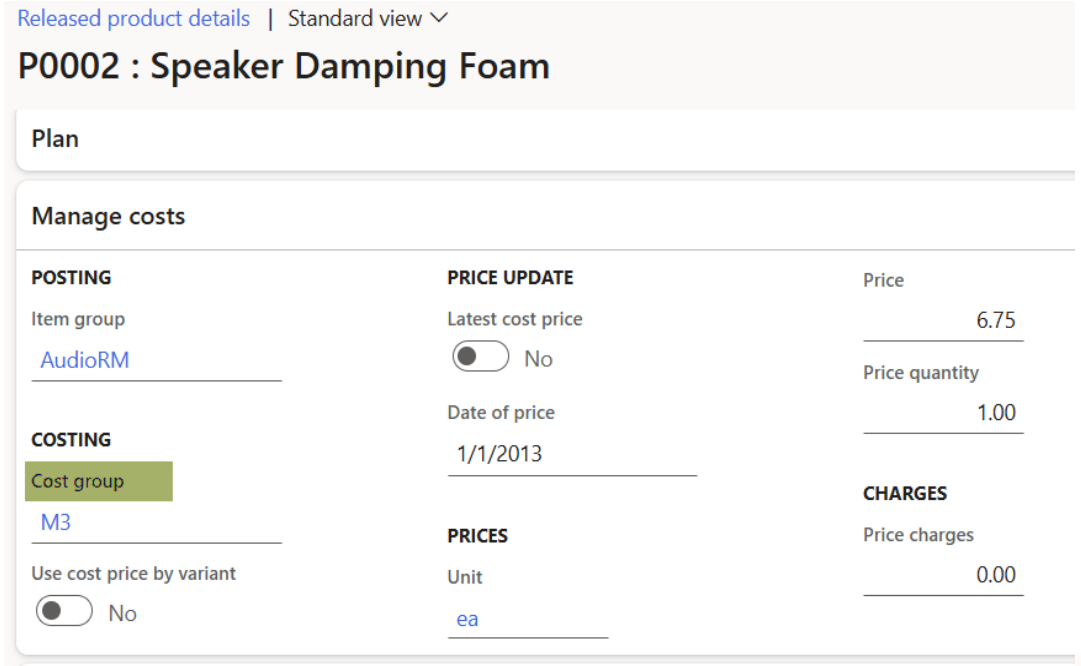
- Building blocks for costing sheet, allows bundling of similar costs for calculation and variance reviews
- Types
  - Direct materials – Assigned to items
  - Direct manufacturing – Assigned to cost categories
  - Indirect – Assigned to material or labor in costing sheet
  - Direct outsourcing – Assigned to service items for subcontracting
  - Undefined – Anything goes



Cost Groups

- Cost group assignment to "Released products"

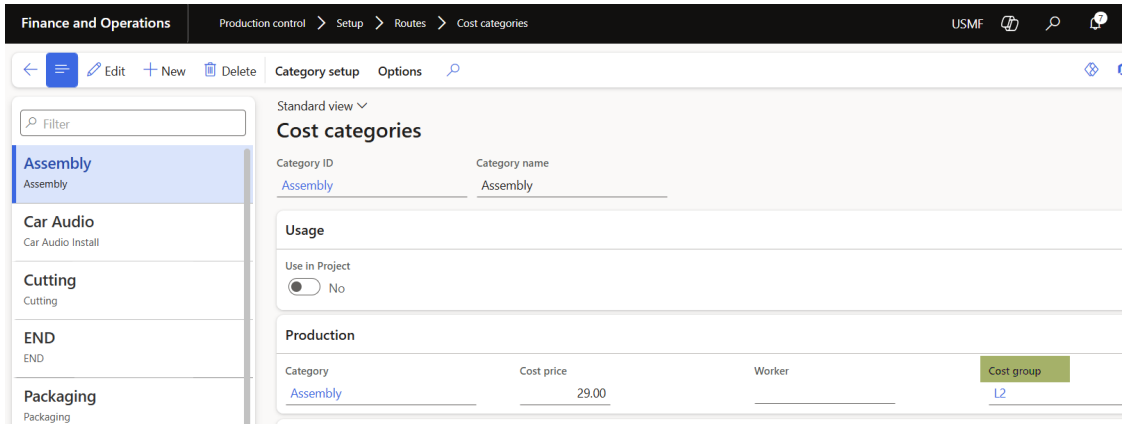
- Product information management->Products->Released products->Manage costs
  - Allows grouping different items into common cost groups
  - "Direct material" type cost groups are most assigned to items.
  - If outsource service items, you may assign a cost group of type "Direct outsourcing"



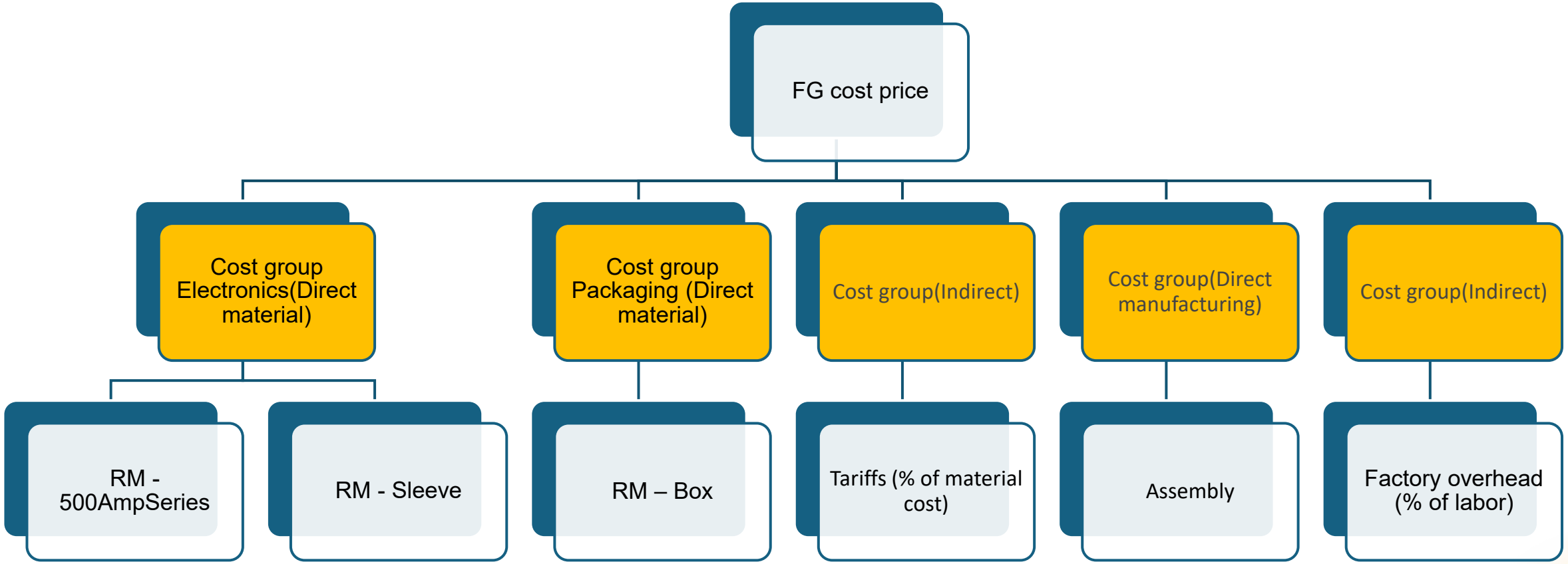
Cost Groups

- Cost group assignment to "Cost categories"

- Production control->Setup->Routes->Cost categories->Production
  - Allows grouping different cost categories into common cost groups
  - "Direct manufacturing" type cost groups are most assigned to cost categories.
  - Cost categories are then assigned to production route operations.



Cost Groups

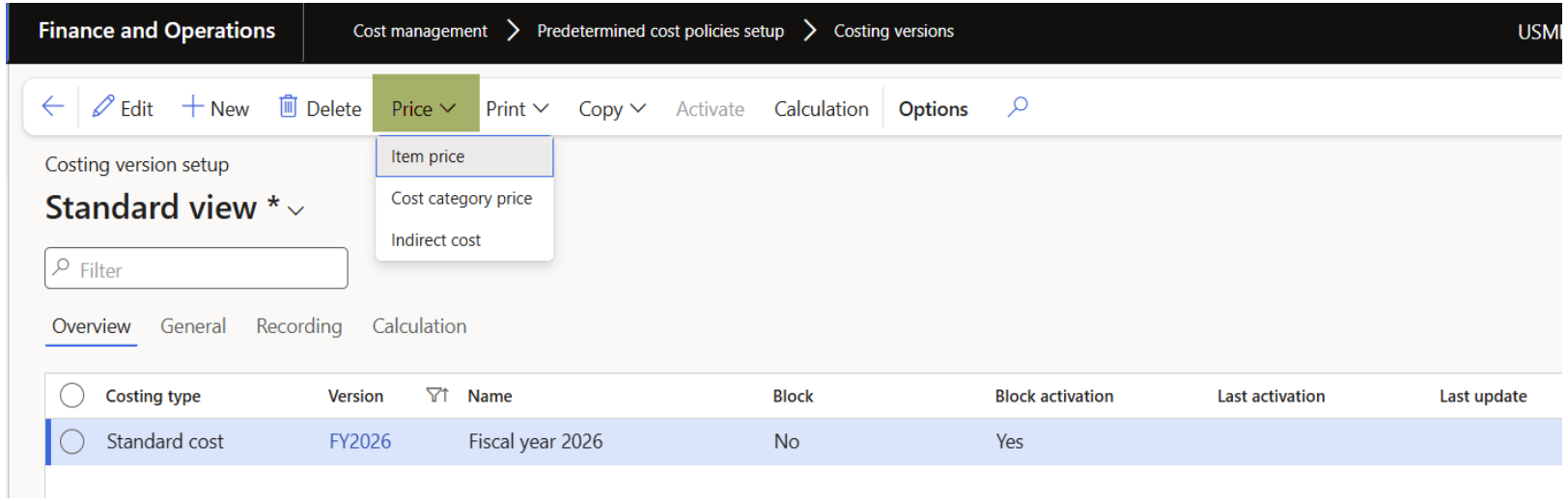

FG cost price
Cost group Electronics(Direct material)
Cost group Packaging (Direct material)
Cost group(Indirect)
Cost group(Direct manufacturing)
Cost group(Indirect)
RM - 500AmpSeries
RM - Sleeve
RM – Box
Tariffs (% of material cost)
Assembly
Factory overhead (% of labor)

Costing Version Setup

- Costing versions is a grouping mechanism in D365 to contain a set of product, labor and overhead prices
- Uses
  - Track cost of products/overheads/labor over time
  - Generate future standard costs and activate them when needed e.g., beginning of next year
  - Run cost/price simulations
  - Mass calculate costs instead of item by item

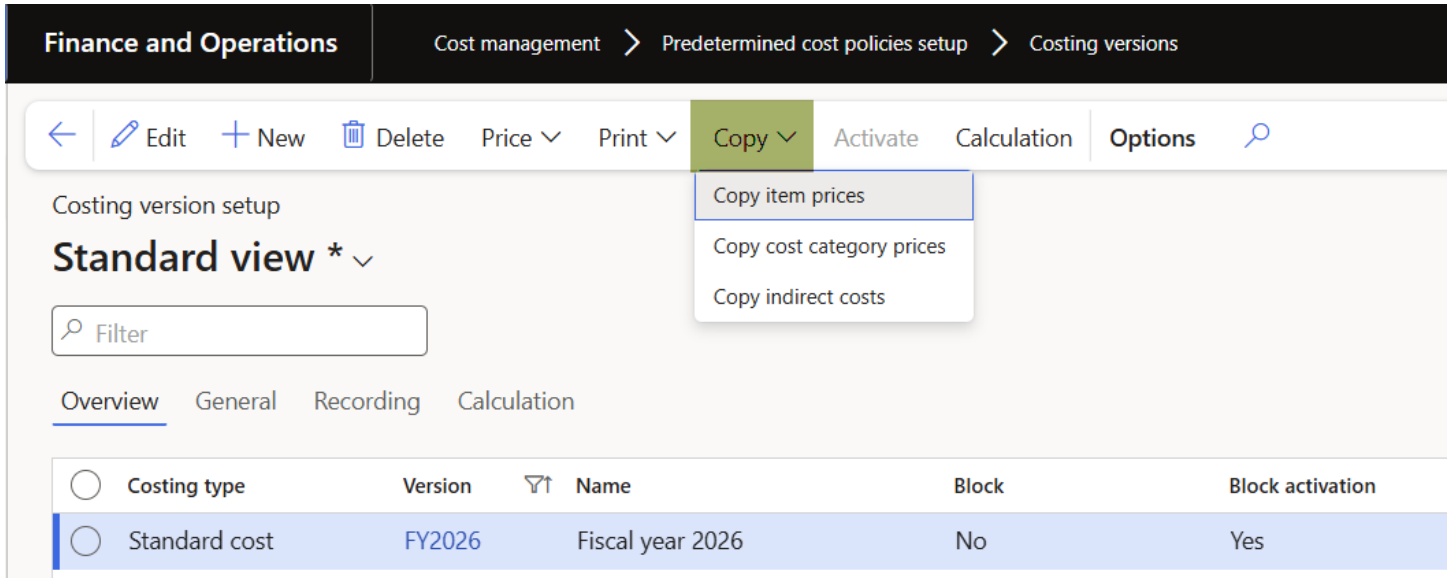
Costing Version Setup

- Price types
  - Stores item cost/price
  - Stores cost category price
  - Stores indirect costs



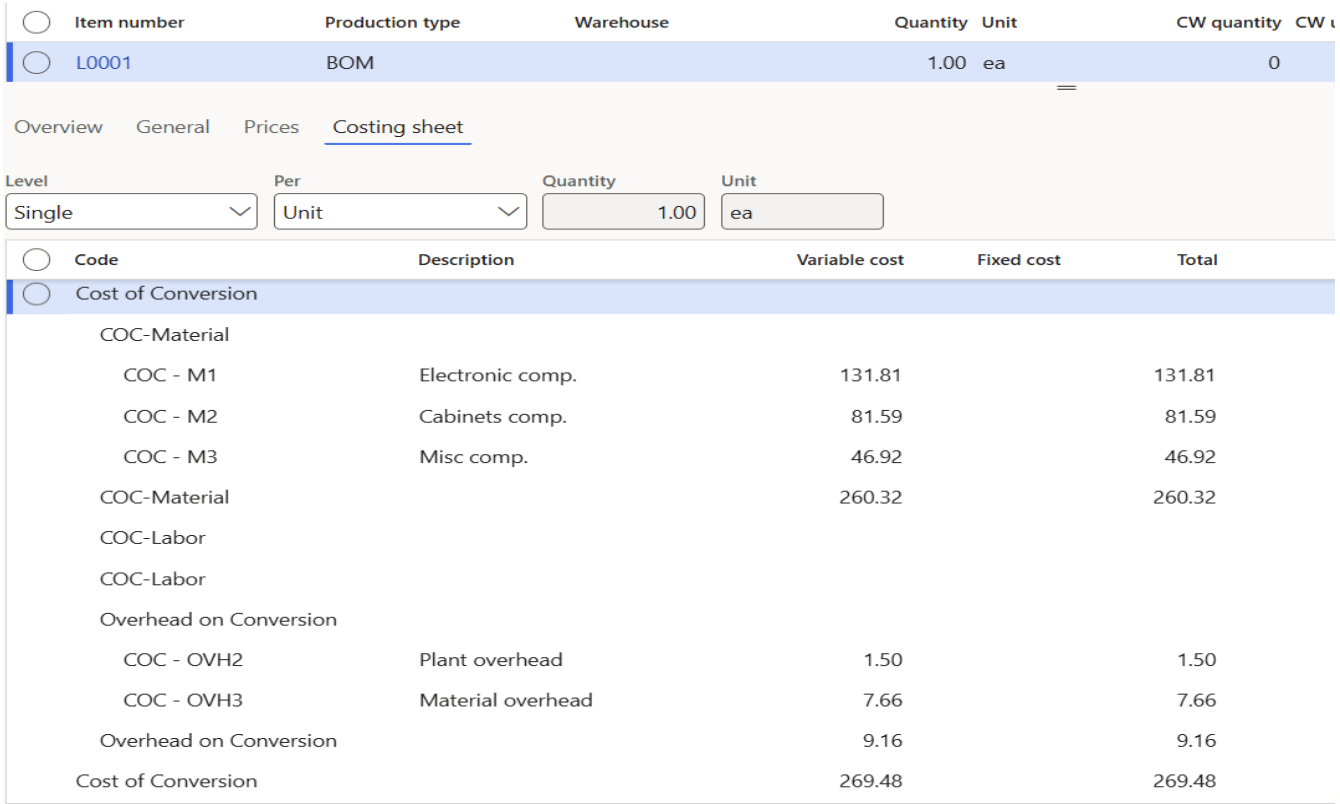
Costing Version Setup

- Copy feature
  - Facilitates copy from one costing version to another
  - Allows for basic increases and decreases with a multiplying and addition factor



Costing Sheet Setup

- What is costing sheet?
  - An organized template to setup and view costs breakdown.
- Why do we need it? (Not everyone uses it)
  - Only way to add indirect costs (People add these to BOMs and Routes in creative ways if not using costing sheets)
  - It is better to see price breakdown like following vs just seeing total cost of 269.48



Item number	Production type	Warehouse	Quantity	Unit	CW quantity	CW u
L0001	BOM		1.00	ea	0	

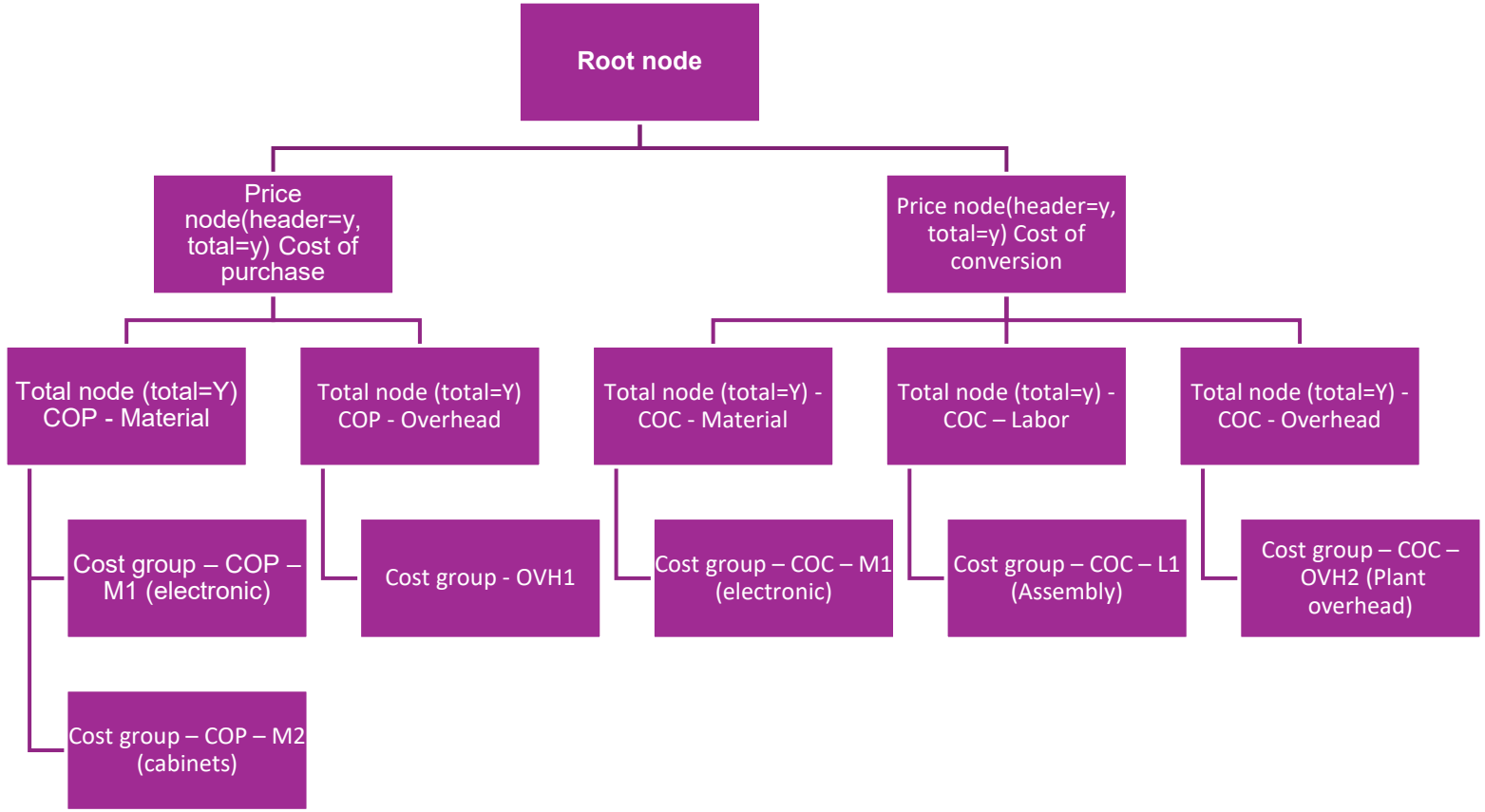
Overview | General | Prices | Costing sheet

Level: Single | Per: Unit | Quantity: 1.00 | Unit: ea

Code	Description	Variable cost	Fixed cost	Total
Cost of Conversion				
COC-Material				
COC - M1	Electronic comp.	131.81		131.81
COC - M2	Cabinets comp.	81.59		81.59
COC - M3	Misc comp.	46.92		46.92
COC-Material		260.32		260.32
COC-Labor				
COC-Labor				
Overhead on Conversion				
COC - OVH2	Plant overhead	1.50		1.50
COC - OVH3	Material overhead	7.66		7.66
Overhead on Conversion		9.16		9.16
Cost of Conversion		269.48		269.48

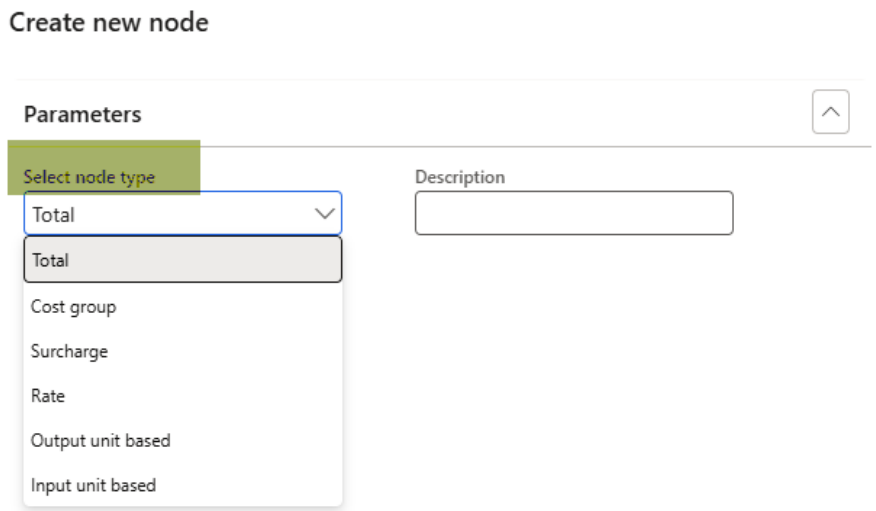
Costing Sheet Setup

- Understanding Costing Sheet

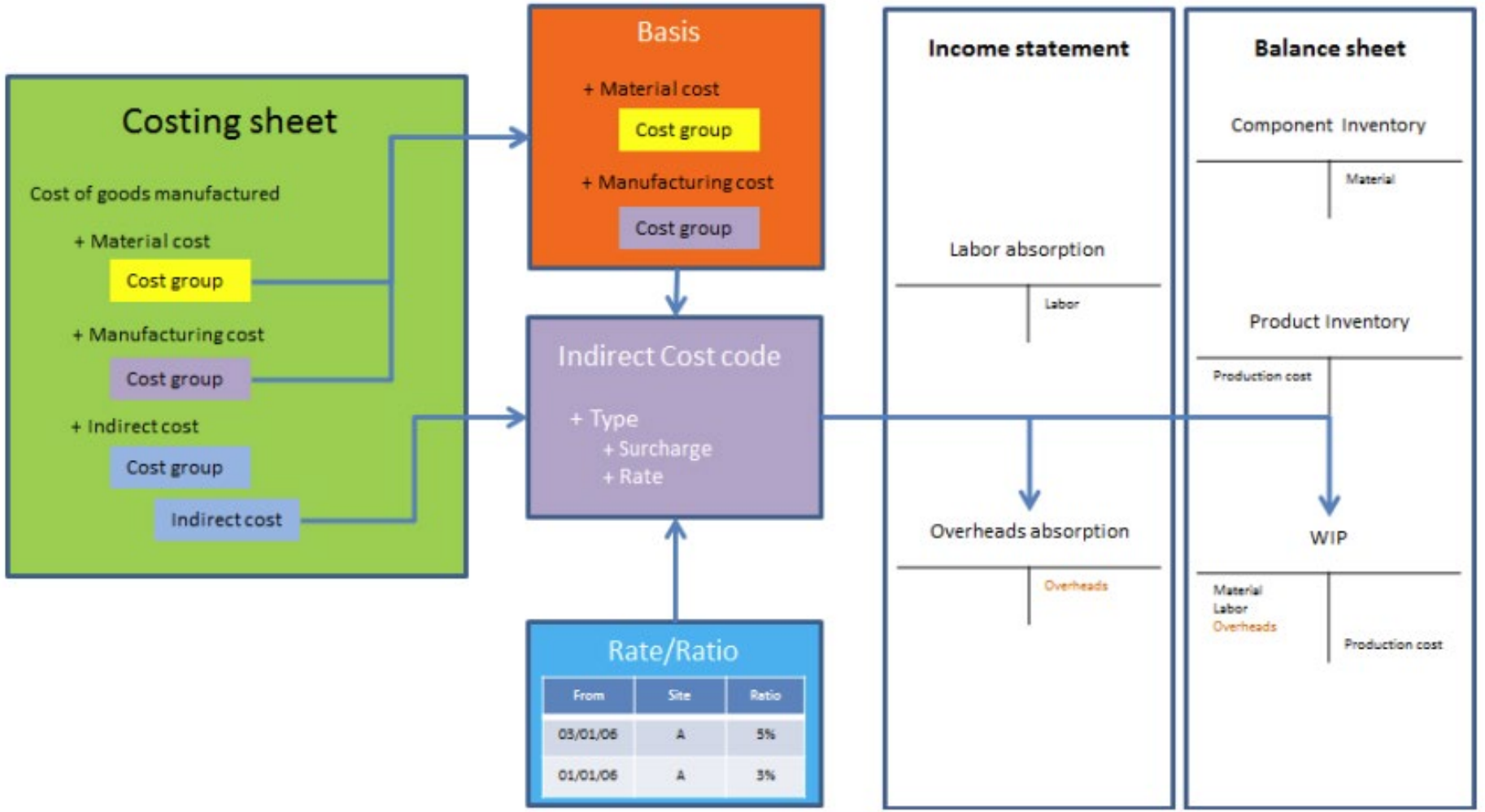


Costing Sheet Setup

- Types of indirect costs available in costing sheet
  - Surcharge: An indirect cost calculated as a percentage of another cost component.
  - Rate: A fixed amount of cost applied to a certain input or output unit.
  - Input Unit-Based: A cost that is calculated by multiplying a specified amount by the selected unit on a per-input basis.
  - Output Unit-Based: A cost that is calculated by multiplying a specified amount by the selected unit on a per-output basis.
- Editing cost sheet
  - Add 20% Tariffs on all material (Surcharge)
  - Add $2 receiving charge on electronic components (Rate/unit based)

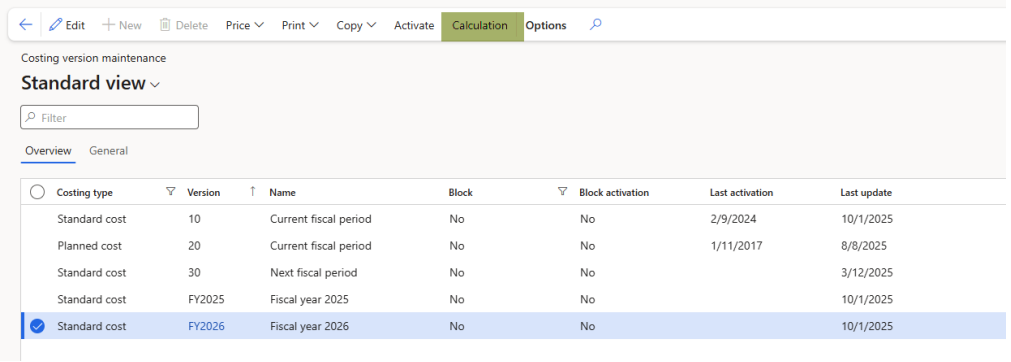


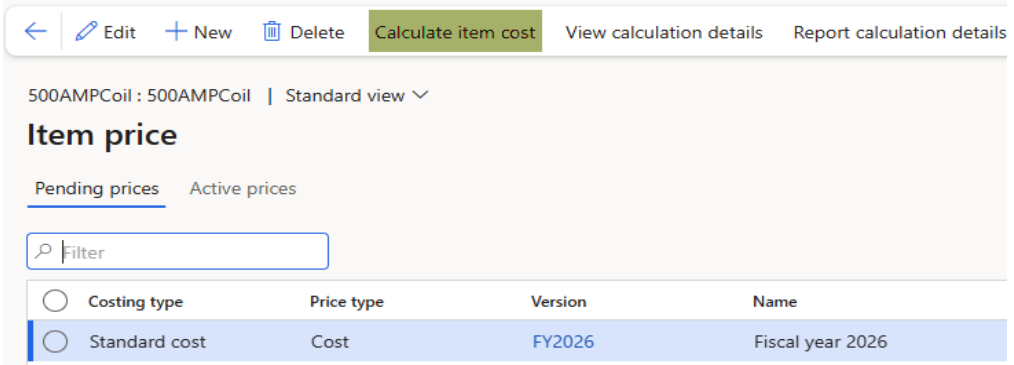
Costing Sheet Setup



Cost Roll Ups

- Calculates purchased and manufactured material costs with or without costing sheet
- Costs are rolled from lowest BOM levels to top
- Can run from multiple places in system, costing versions, items.

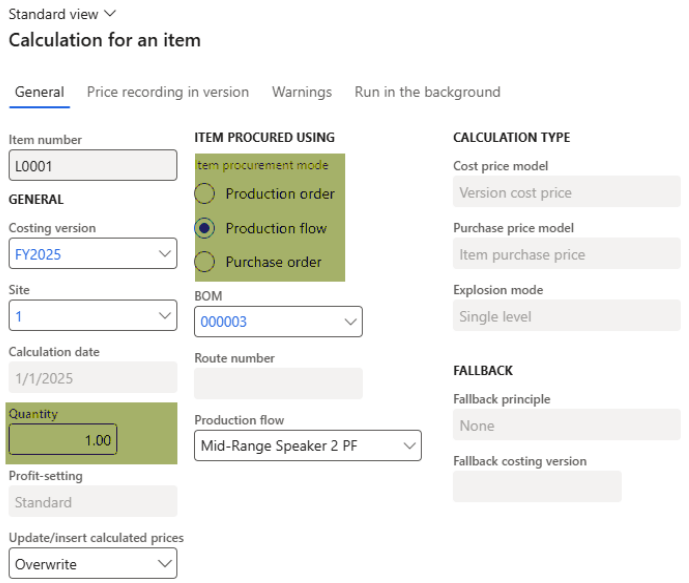




- All cost calculations generate a pending price
- We can activate a costing version which includes everything or in day to day scenario new items.
- Unlike actual cost, Standard cost items cannot be transacted upon until a cost is specified.

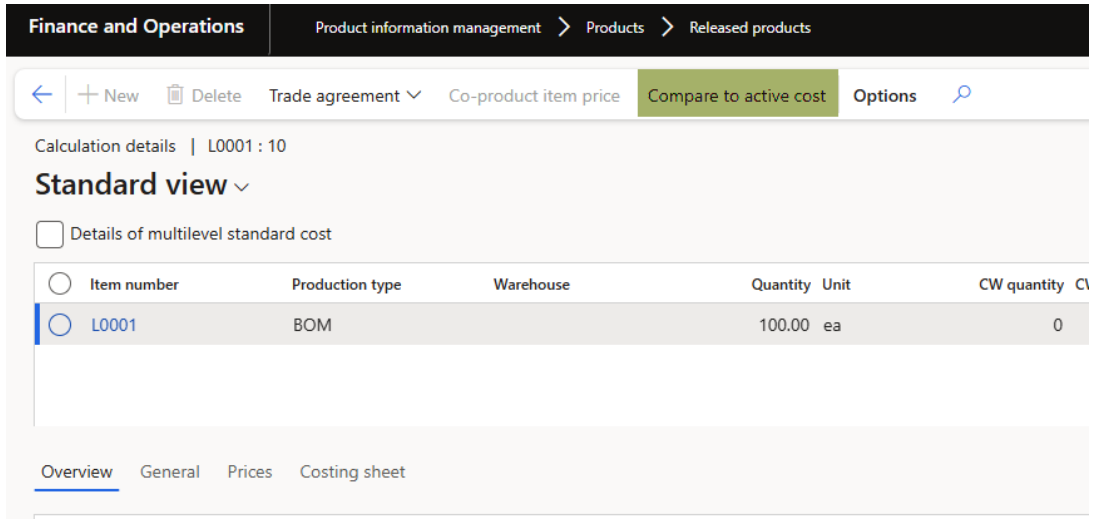
Cost Roll Ups

- Quantity – This is lot size quantity, makes difference in what system calculated cost will be.
- Item procurement mode
  - Production order – Discreet and Process manufacturing
  - Production Flow – Lean manufacturing
  - Purchase order – Purchased items



Cost Roll Ups

- Example, USMF – L0001, Cost calculation Costing version 10, Qty 1 and 100
  - Calc pending
  - Compare to active costs

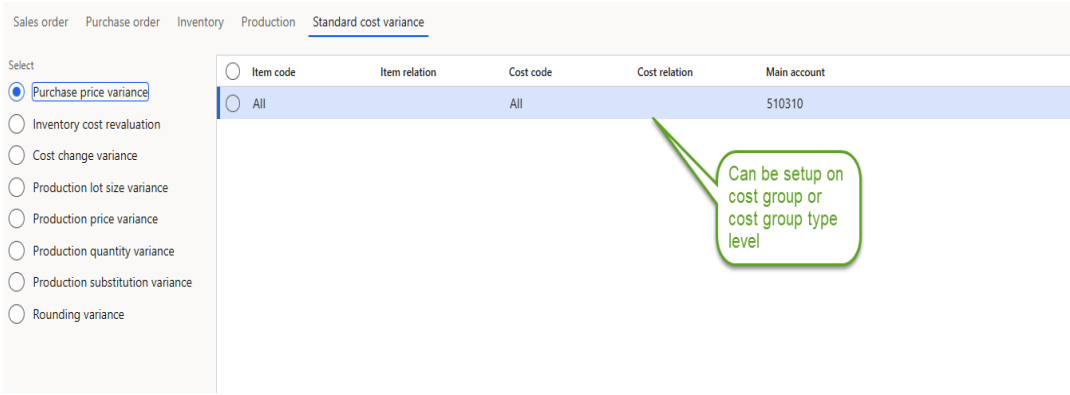


- Activate costs

Additional Setup for Standard Cost

- Posting profiles – GL setup for variance needs to be setup

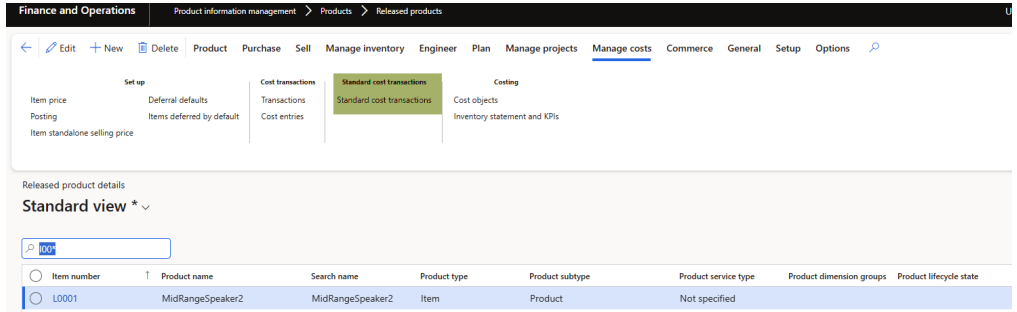
Posting type	Description
Purchase price variance	This account is used when there is a variance between the purchase price and standard cost on a purchase order.
Inventory cost revaluation	This account is used when a new costing version is activated for a standard cost item to revalue the on-hand inventory.
Cost change variance	This account is used when there is a difference in standard costs between sites, or when an item is returned and there is a change between the original standard cost and the current standard cost for a product.
Production lot size variance	This account is used when there are differences between the bill of materials (BOM) calculation basis and the actual quantity for the production order cost calculation.
Production price variance	This account is used when there are price differences between the estimated cost and the actual cost for a production order.
Production quantity variance	This account is used when there are quantity differences between the estimated cost and the actual costs for a production order.
Production substitution variance	This account is used when there is unexpected consumption on a production order.
Rounding variance	This account is used when there is a rounding difference when the production costs are calculated from the standard costs.



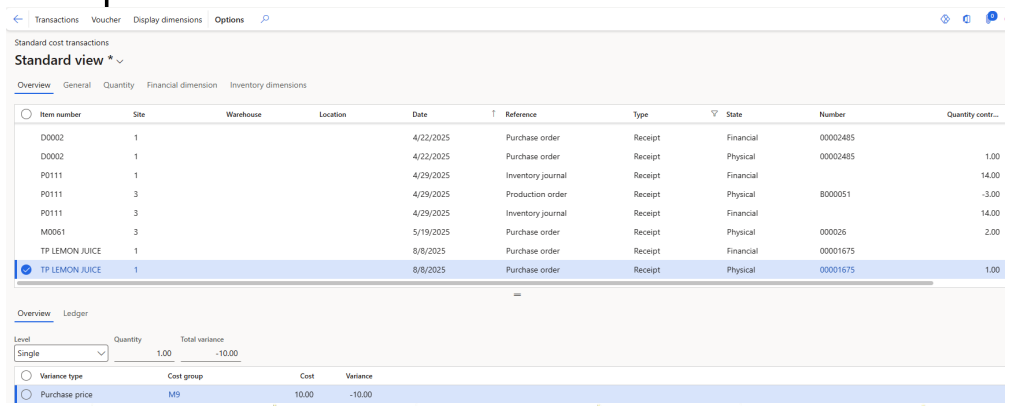
- Variance – Difference in transacted amount and standard cost for any receipt transaction. Issue transactions will never have variance.

Standard Cost Transactions

- All transactions for standard cost items go to this screen, irrespective of variances or not



- Cost management>Inquiries and reports>Inventory accounting> inquiries>Standard cost transactions



Standard Cost Transactions

- Previous screen, unusual balances in variance accounts are used by cost accountant to analyze variances and dispositioned. Another useful report is variance analysis statement, it groups variances by Cost group types.
  - Cost management>Inquiries and reports>Inventory accounting analysis report> Variance analysis statement

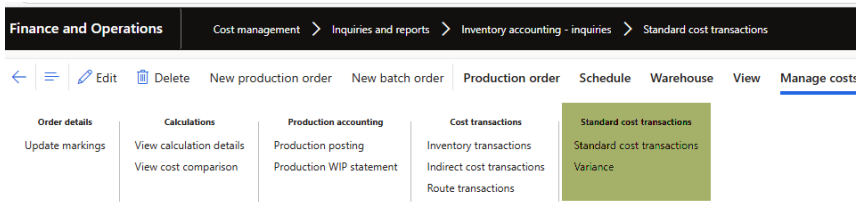
Variance analysis statement
Contoso Entertainment System USA

From date: 1/1/2025 To date: 12/31/2025
Site: Sorting and grouping: Item Detail: Transaction Level: Total

Item group	Item number	Product name / Reference	Order number	Type	State	Variance type	Quantity contribution	Variance	Undefined	Direct materials	Direct manufacturing	Indirect
Audio	**D0002**	**Cabinet**					**1.00**	**0.00**		**0.00**		
		Purchase order	00002485	Receipt	Physical	Purchase price				0.00		
	D0002							0.00		0.00		
Audio	**D0008**	**Licensed High End Speaker**					**50.00**	**24,950.00**		**24,950.00**		
		Purchase order	00000900	Receipt	Physical	Purchase price				24,950.00		
	D0008							24,950.00		24,950.00		
Audio	**M0061**	**Catalyst**					**2.00**	**0.80**		**0.80**		
		Purchase order	000026	Receipt	Physical	Purchase price				0.80		
	M0061							0.80		0.80		
Audio	**TP LEMON JUICE**	**TP LEMON JUICE**					**1.00**					
		Purchase order	00001675	Receipt	Financial	Purchase price				10.00		
		Purchase order	00001675	Receipt	Physical	Purchase price				-10.00		
	TP LEMON JUICE											
Audio								24,950.80		24,950.80		

Standard Cost Process

- Production orders track variances under "Standard cost transactions" screen



Production order (details) | P000911 : Cabinet | Standard view

P000911

General

IDENTIFICATION

Production: P000911

Item number: D0002

Name: Cabinet

Print | Standard cost transactions | Options

P000911 : Cabinet | Standard view

Production variance

Level: Single | Quantity: 8.00 | Total variance: 294.41 | Details: Yes

Resource	Resource name	Oper. No.	Cost group	Net realized q...	Net realized cost	Allowed quant...	Allowed cost	Lot size variance	Price variance	Quantity varia...	Substitution variance
Assembly	Assembly	20	L2	1.25	9.75	1.00	7.80			1.95	
Padding	Foam padding	30	L2	2.50	19.50	2.00	15.60			3.90	
Polishing	Cabinet polishing	10	L3	15.00	120.00	12.00	96.00			24.00	
M0005	Enclosure	10	M2	10.00	815.90	8.00	652.72				163.18
M0006	Binding posts	20	M3	10.00	154.53	8.00	123.62				30.91
P0002	Speaker Damping Foam	30	M3	40.00	275.40	32.00	220.32			55.08	
Machine depreciation	Output unit based		OVH2	8.00	12.00	8.00	12.00				
Internal logistics	% of cost		OVH3	1,240.43	37.21	977.12	29.31			7.90	
Indirect labor cost	Rate per process time		OVH4	18.75	37.50	15.00	30.00			7.50	

Standard Cost Wrap Up

- Inventory close is not required as all cost transactions happened at one cost, so no adjustments are needed.
- There is a standard cost conversion tool to migrate existing actual cost items to standard cost.
- Inventory GL reconciliation is not an issue as costs are standard.
- Physical and Financial transaction costs are same
- Common customer issues
- Incorrect costing sheets leading to wrong standard cost calculation
- Customers not understanding variances
- Customers not understanding costs when multiple BOM levels are involved
- Only costing model which does not breakdown with allowing physical negative inventory
- Variances have to be analyzed periodically and if outside tolerance standard costs must be updated to reflect better inventory value

Actual Cost Methodology

Overview of Actual Costing Methods

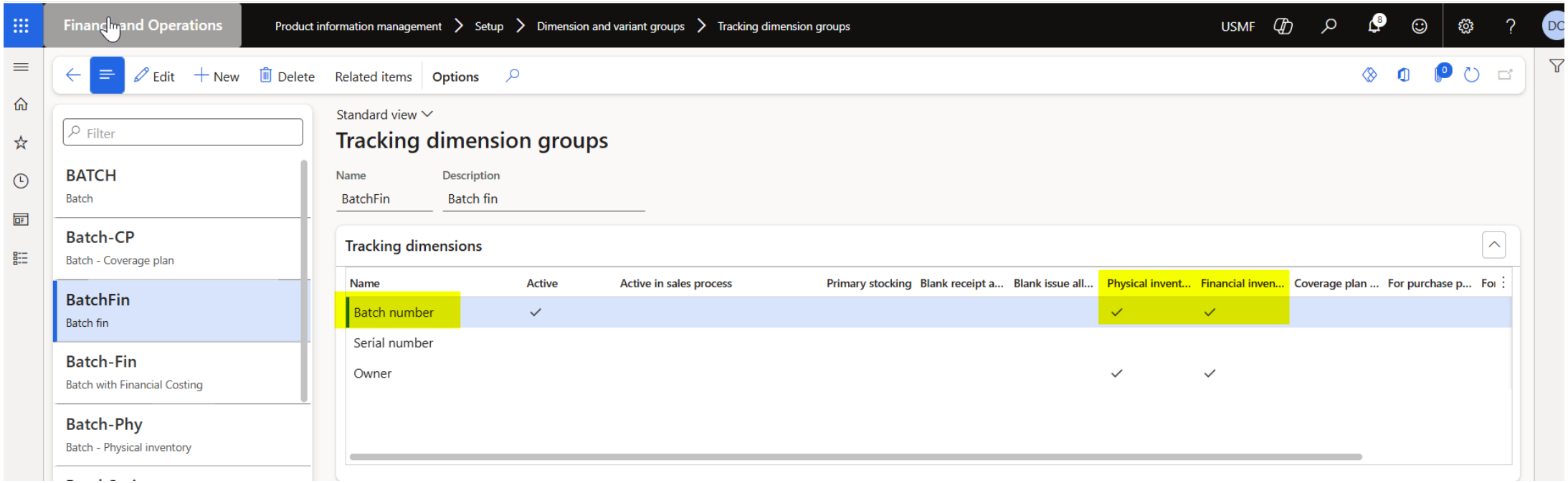
- Weighted Average - Smoothing
- Moving averages – Purchase price trends
- FIFO - Perishable
- LIFO – Rare
- Specific Identification – Requires configuration at tracking dimension level – Value/Serial
  - Talk about this in a few slides
  - Still weighted average
  - Not an actual selection in the drop down

Acutal Cost Pros and Cons

- Pros:
  - Reflects true cost of materials, labor overhead
  - Used for margin analysis and product profitability
  - Provides accurate reporting for industries with volatile costs
  - Easier to maintain
- Cons:
  - Fluctuating item cost
  - No variance analysis
  - Can be harder to understand/explain where costs came from

Costing By Dimension - Configuration

- Tracking Dimension Groups - Financial Inventory



Costing By Dimension - Difference

Cost at Site/WH	Cost at Batch

Cost at WH and Site
Day 1: 10 Pieces @ $5 = $50
Day 2: 5 Pieces @ $7 = $35
Day 3: 3 Pieces @$13 = $39

Total OH

18 Pieces at $124
= 6.88 cost per piece

Cost of Batch #1
Day 1: 10 Pieces @ $5 = $50

Total OH Batch #1:
10 Pieces at $50
= $5 per piece

Cost of Batch #2
Day 2: 5 Pieces @ $7 = $35

Total OH Batch #2:
5 Pieces at $35
= $7 per piece

Cost of Batch #3
Day 3: 3 Pieces @ $13 = $39

Total OH Batch #3:
3 Pieces at $39
= $13 per piece

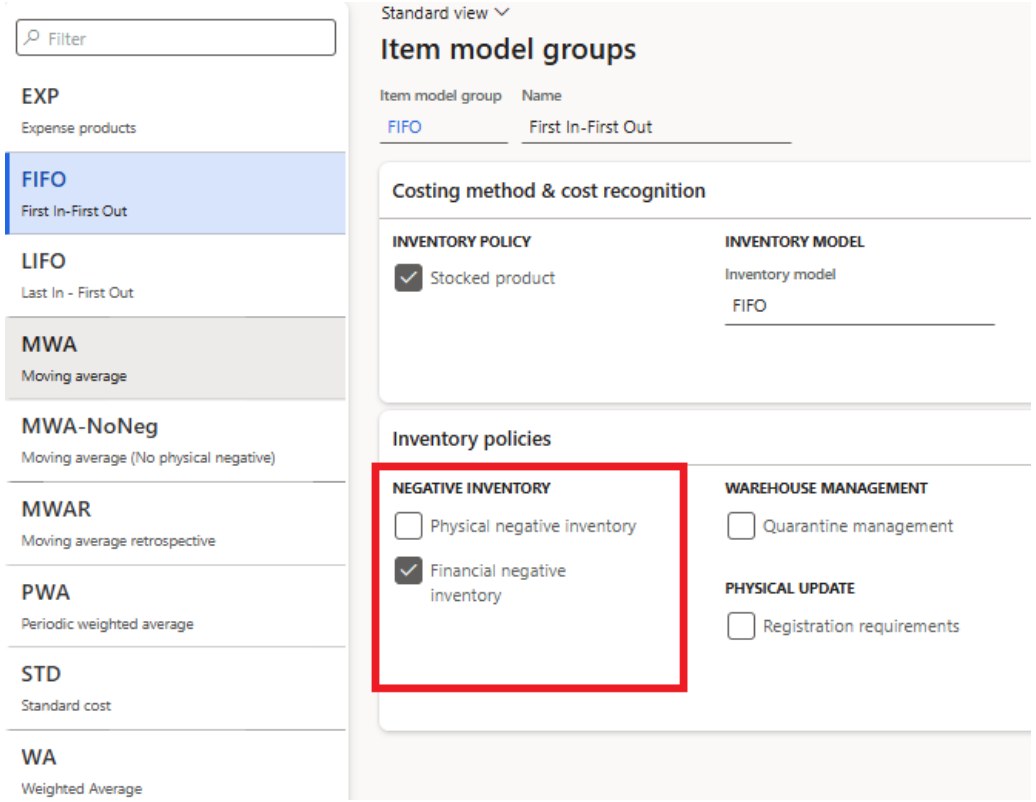
Physical vs. Financial

- Physical Costs:
  - Posts when physical transactions are updated
    - Receipt Posting
    - Picking List Posting
    - Report as Finished Posting
    - Packing Slip Posting
  - These are temporary and NOT the final cost on inventory transactions

- Financial Costs
  - Posts when financial transactions are updated
    - Purchase Order Invoice Posting
    - Production Order End
    - Sales Order Invoice Posting
  - These are the final costs on inbound transactions (unless manually adjusted)
  - Outbound (issue transactions) costs are always subject to change with revaluation

Negative Costs

- Allowing negative physical inventory
  - Use with EXTREME caution
    - Commonly used in high-volume and fast paced environments where timing gaps occur
    - Retail, wholesale distro
    - Operational continuity takes precedence over inventory accuracy
  - If Supporting a negative cost environment
    - Need STRONG inventory processes
    - Need to account for negative quantities daily!
- Allowing negative financial Inventory
  - Necessary to support typical business processes
  - EX: Ship/invoice SO before the PO it was received on has been invoiced
    - Receive PO @ $10 – Physical Inventory = $10
    - Ship SO @ $10 – Phyiscal Inventory = $0
    - Invoice SO @ $10 – Financial Inventory = -$10



Purchase Order Charges

- If costs need to be updated on items AFTER PO invoicing
  - Can adjust the invoice by using Charge codes
  - Charge codes can only be Debit/Credit to inventory and offset to a GL account (NOT Vendor account)
  - Adjustments will come through once Reval occurs

Other Actual Cost Notes

- Cannot move from Standard cost TO actual cost
- Complex Debugging - Research on client issues may involve a time study of inventory transactions
  - I.e. when was a purchase order received, how long was it in inventory and when did the material get sold
  - Common issues are weighted averages at a site and warehouse level
- Variance surprises – Unexpected variances may arise if purchase, production, freight costs are not captured in a timely manner
- Data dependency – Similar to Standard cost, if item model groups, BOMs, Routes are not setup correctly you will run into issues
- Adjustments only hit one adjustment field on transactions which hits one voucher; unless modified
- Common issues are between GL and subledger

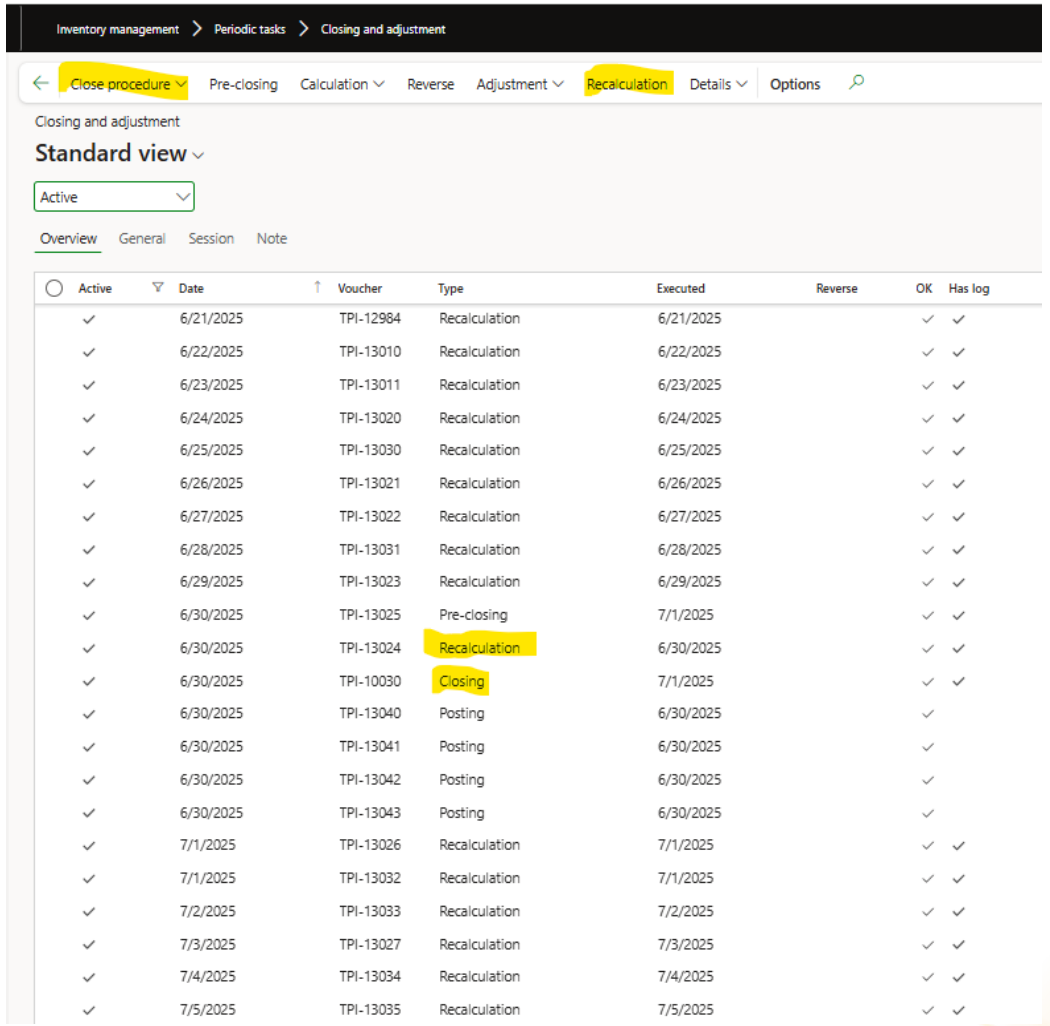
Month End Inventory Costing Tasks & Reporting

Month End Inventory Costing Tasks & Reporting

- Closing and Adjustment
  - Recalculations/Closing
  - Adjusting Cost Transactions
- Viewing inventory transactions – Physical/Financial/Adjustments
- Subledger/Ledger Reconciliation
  - Reporting
    - Inventory Value
    - Potential Conflicts
  - Inventory Postings
  - GL Entries to Subledger Accounts – Do not allow manual entry

Closing and Adjustment

- Recalculations/Closing
  - Necessary if you are using any of the actual costing methodologies
  - Not required for Standard Cost
  - Recalculations should be run frequently to keep costs as accurate as possible
  - Inventory close should be performed monthly, run for the last day of every month



Active	Date	Voucher	Type	Executed	Reverse	OK	Has log
✓	6/21/2025	TPI-12984	Recalculation	6/21/2025		✓	✓
✓	6/22/2025	TPI-13010	Recalculation	6/22/2025		✓	✓
✓	6/23/2025	TPI-13011	Recalculation	6/23/2025		✓	✓
✓	6/24/2025	TPI-13020	Recalculation	6/24/2025		✓	✓
✓	6/25/2025	TPI-13030	Recalculation	6/25/2025		✓	✓
✓	6/26/2025	TPI-13021	Recalculation	6/26/2025		✓	✓
✓	6/27/2025	TPI-13022	Recalculation	6/27/2025		✓	✓
✓	6/28/2025	TPI-13031	Recalculation	6/28/2025		✓	✓
✓	6/29/2025	TPI-13023	Recalculation	6/29/2025		✓	✓
✓	6/30/2025	TPI-13025	Pre-closing	7/1/2025		✓	✓
✓	6/30/2025	TPI-13024	Recalculation	6/30/2025		✓	✓
✓	6/30/2025	TPI-10030	Closing	7/1/2025		✓	✓
✓	6/30/2025	TPI-13040	Posting	6/30/2025		✓	
✓	6/30/2025	TPI-13041	Posting	6/30/2025		✓	
✓	6/30/2025	TPI-13042	Posting	6/30/2025		✓	
✓	6/30/2025	TPI-13043	Posting	6/30/2025		✓	
✓	7/1/2025	TPI-13026	Recalculation	7/1/2025		✓	✓
✓	7/1/2025	TPI-13032	Recalculation	7/1/2025		✓	✓
✓	7/2/2025	TPI-13033	Recalculation	7/2/2025		✓	✓
✓	7/3/2025	TPI-13027	Recalculation	7/3/2025		✓	✓
✓	7/4/2025	TPI-13034	Recalculation	7/4/2025		✓	✓
✓	7/5/2025	TPI-13035	Recalculation	7/5/2025		✓	✓

Closing and Adjustment

- What does a Recalculation/Close do?
  - Recalculation and close true up ISSUE (sales) costs with RECEIPT (purchase) costs
    - Receipt costs can change for a variety of reasons ex:
      - Invoices posted for different cost than PO cost
      - Manual inventory cost adjustments
      - Charges adjustments
      - Adjustments to production transactions prior to ending
    - Example:

Before close/reclac

Inventory transactions

My view *

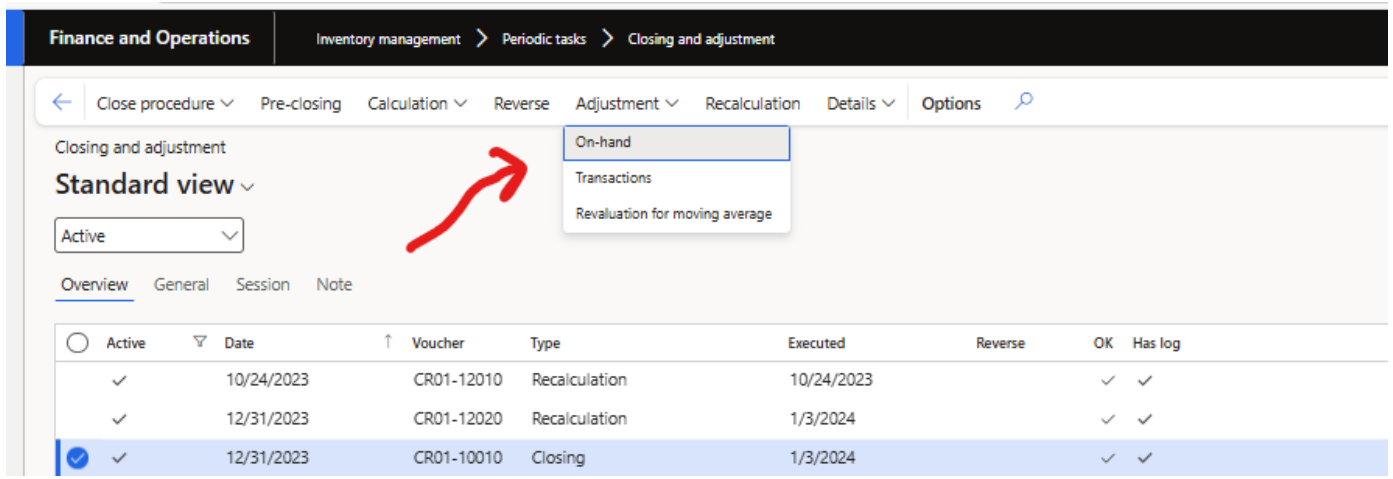
Filter

Product number	Item number	Physical date	Financial date	Reference	Number	Receipt	Issue	Quantity	Unit	Cost amount	Site	Warehouse	Adjustment	Financial cost ...	Physical cost a...
COSTDEMO2	COSTDEMO2	9/30/2025		Purchase order	BCI00002544	Received		10.00	ea		1	11			100.00
COSTDEMO2	COSTDEMO2	9/30/2025	9/30/2025	Sales order	003591		Sold	-10.00	ea	-100.00	1	11		-100.00	-100.00

- Inventory closing prevents inventory transactions in the closed period (before GL is closed for that period)

Closing and Adjustment

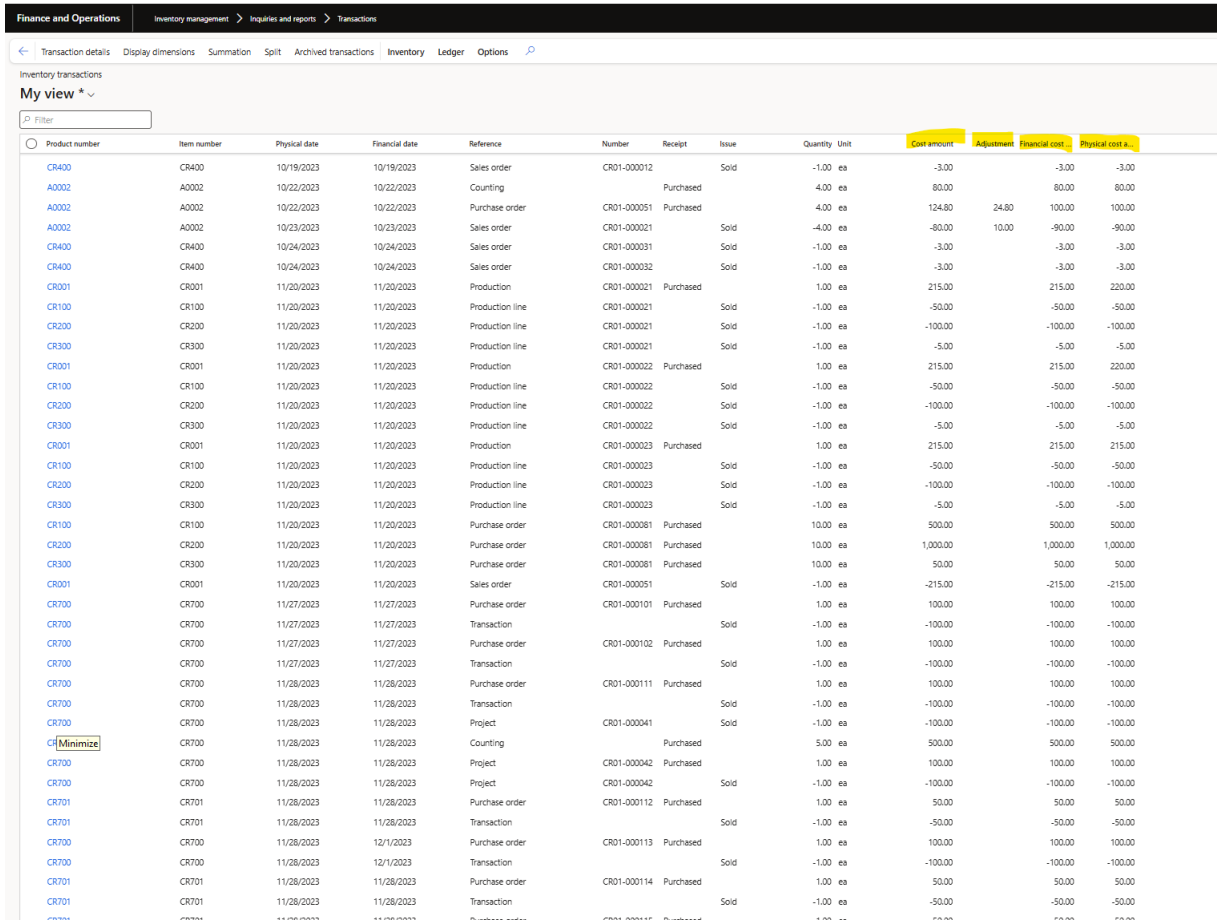
- Adjusting cost transactions
  - Ability to adjust actual cost transactions through closing and adjustment screen
    - By transaction
    - By on-hand quantity – against a close, GL period must be open to post into



  - After adjusting run re-calc or close to see adjustments reflected in issue costs
  - Adjustments will show up on inventory transactions in Adjustment field

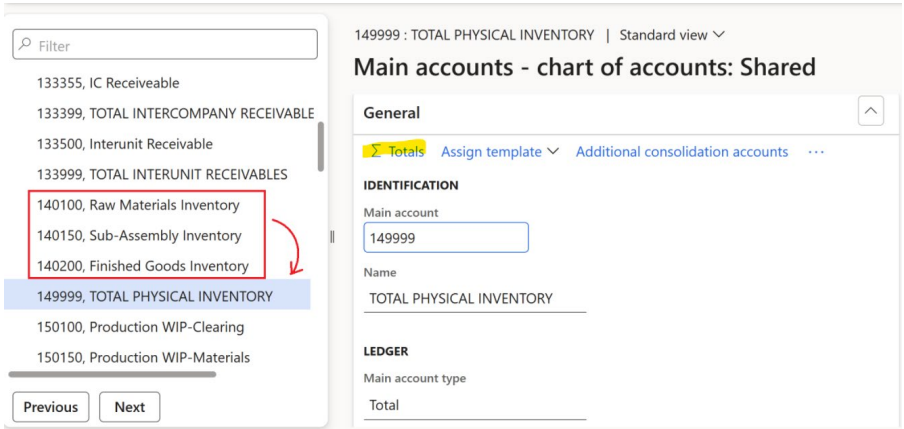
Reviewing Inventory Transactions

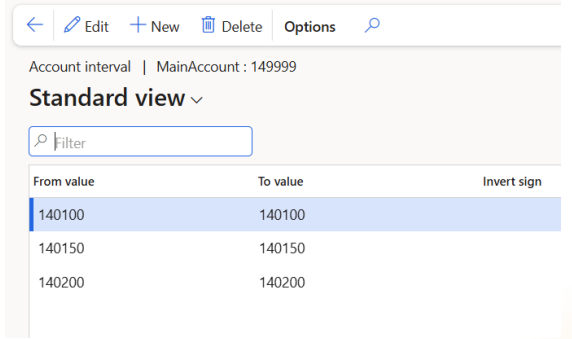
- Viewing inventory transactions – Cost/Physical/Financial/Adjustment



Subledger/Ledger Reconciliation

- Reporting
  - Inventory Value Report
    - This is your inventory subledger
    - This is the TRUE value of on-hand inventory for the date run
    - GL should always be corrected to match the value of the inventory value report
    - I like to run for a single day, faster to run, will run for end of every month to determine where discrepancy started (often dates back to go-live)
  - Potential Conflicts – Inventory and General Ledger
    - This report provides reasons why your Inventory Value Report (subledger) and General Ledger values for a given time period do not match
    - Provides posting issues as well as list of direct entries to GL accounts in detail
    - This is the go-to report to help resolve Subledger/Ledger reconciliation issues
  - Inventory totaling account
    - Inventory totaling account is important to setup for both reports above
    - Allows us to group together all inventory accounts that should balance against subledger





Inventory Value Report

Inventory value

Page 1 of 1
10/1/2025
3:53 PM

Contoso Entertainment System USA

From 9/30/2025
To 9/30/2025

Always run for a single day, runs faster, produces same results.

	Resource group	Resource	Site	Reference	Inventory: Financial quantity	Inventory: Financial amount	Inventory: Physical quantity posted	Inventory: Physical amount posted	Inventory: Quantity	Inventory: Amount	Average unit cost
Consume Resource group					-537.19	25,002.00	-1.16	526.00	-538.35	25,528.00	
	FG	FONA Choco Flavor	FONA	Ending balance	0.00	-3.16	3.00	35.32	3.00	32.16	10.72
	FG	P3E00882578BL3	2	Ending balance	0.00		321.00	10,593.00	321.00	10,593.00	33.00
	FG	P3E00882578WMS	2	Ending balance	42.00	630.00	20.00	300.00	62.00	930.00	15.00
	FG	Pizza	2	Ending balance	5.00	80.00	0.00		5.00	80.00	16.00
FG Resource group					47.00	706.84	344.00	10,928.32	391.00	11,635.16	
	INK	62035	2	Ending balance	19,777.06		-624.16		19,152.90		0.00
INK Resource group					19,777.06		-624.16		19,152.90		
	SEMI-FG	JKE82578BL23335	2	Ending balance	20,315.00	20,315.00	-339.20	-339.20	19,975.80	19,975.80	1.00
SEMI-FG Resource group					20,315.00	20,315.00	-339.20	-339.20	19,975.80	19,975.80	
	SPOOLS	50013	2	Ending balance	10,000.00	30,000.00	-810.55	-2,431.65	9,189.45	27,568.35	3.00
SPOOLS Resource group					10,000.00	30,000.00	-810.55	-2,431.65	9,189.45	27,568.35	
	TV&Video	A0001	1	Ending balance	47.00	564.00	0.00		47.00	564.00	12.00
	TV&Video	A0001	2	Ending balance	1,724.00	16,730.75	124.00	1,488.00	1,848.00	18,218.75	9.86
	TV&Video	A0001	5	Ending balance	199.00	600.00	200.00		399.00	600.00	1.50
	TV&Video	A0001	6	Ending balance	998.00	1,009.00	0.00		998.00	1,009.00	1.01
	TV&Video	A0001	TONE	Ending balance	1,001.00	12,012.00	0.00		1,001.00	12,012.00	12.00
	TV&Video	A0002	1	Ending balance	86.00	2,064.00	0.00		86.00	2,064.00	24.00
	TV&Video	A0002	2	Ending balance	113.00	2,688.00	18.00	432.00	131.00	3,120.00	23.82
	TV&Video	A0002	5	Ending balance	249.00	2,400.00	0.00		249.00	2,400.00	9.64
	TV&Video	A0002	6	Ending balance	-1.00	-24.00	0.00		-1.00	-24.00	24.00
	TV&Video	A0003	2	Ending balance	-2.00	-40.00	0.00		-2.00	-40.00	20.00
	TV&Video	A0004	1	Ending balance	2.00	127.20	5.00	334.50	7.00	461.70	65.96
	TV&Video	A0004	5	Ending balance	501.00	97.29	0.00		501.00	97.29	0.19
	TV&Video	T0002	2	Ending balance	-274.00	-602,800.00	462.00	1,016,400.00	188.00	413,600.00	2,200.00
	TV&Video	T0004	2	Ending balance	-433.00	-69,280.00	625.00	100,000.00	192.00	30,720.00	160.00
	TV&Video	T0005	2	Ending balance	-196.00	-188,160.00	350.00	336,000.00	154.00	147,840.00	960.00
	TV&Video	T0020	2	Ending balance	1,000.00	300,000.00	0.00		1,000.00	300,000.00	300.00
TV&Video Resource group					5,014.00	-522,011.76	1,784.00	1,454,654.50	6,798.00	932,642.74	
Material Totals					6,517,863.27	2,192,089.09	-26,019.10	2,133,675.84	6,491,844.17	4,325,764.93	

Report summary

Sum Inventory: Financial quantity	Sum Inventory: Financial amount	Sum Inventory: Physical quantity posted	Sum Inventory: Physical amount posted	Sum Inventory: Quantity	Sum Inventory: Amount
6,517,863.27	2,192,089.09	-26,019.10	2,133,675.84	6,491,844.17	4,325,764.93

SUBLEDGER

Inventory

Ledger account	Account name	Amount	Percent
140100	Raw Materials Inventory	5,473,204.53	
140150	Sub-Assembly Inventory	0.00	
140200	Finished Goods Inventory	5,638,222.35	
	Total	11,111,426.88	
	Discrepancy	-6,785,661.95	-156.87

LEDGER

Potential Conflicts Report

Date interval code	
From date	1/1/2025
To date	9/30/2025
Exclude physical to ledger	No
Exclude blank dimension values	Yes
Dimension name	
Dimension value	

Run for period of time where you have a discrepancy - a month is usually good

Module	Balance
Inventory	61,545.81
General ledger	62,528.81
Discrepancy	**-983.00**

SUBLEDGER CHANGE OVER PERIOD RUN
LEDGER CHANGE OVER PERIOD RUN

SECTION REPRESENTS INVENTORY POSTING ISSUES

Inventory

Item number	Date	Lot ID	Reference	Value	Comment
Support	4/11/2025	029270	Project	16.00	The posting type Inventory issue is a product of the type Service and it has been posted to a main account that represents inventory.
Vanilla flavor	9/30/2025	032668	Purchase order	1.00	The posting type Cost of purchased materials received has been posted to a main account that does not represent inventory.
Total				**17.00**	

SECTION REPRESENTS GL POSTING ISSUES

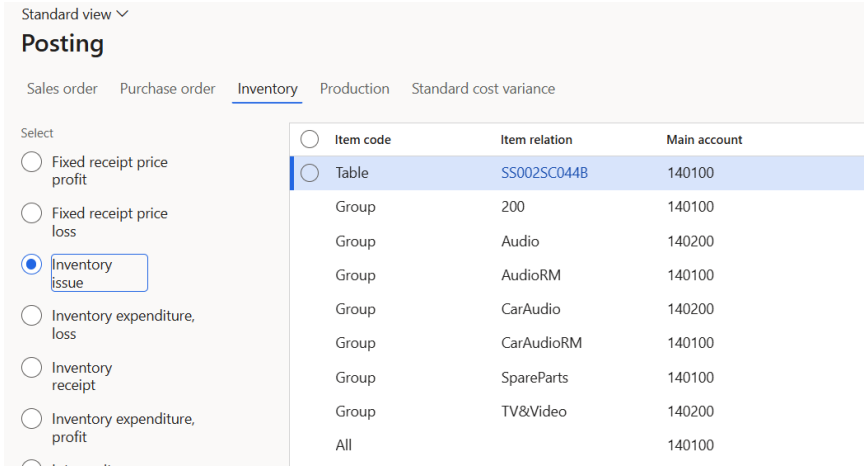
General ledger

Main account	Date	Posting type	Voucher	Value	Comment
140100	9/30/2025	Ledger journal	GNJL000925	-1,000.00	Direct postings on this main account representing inventory will cause imbalance.
Total				**-1,000.00**	

Grand total	**-983.00**

Subledger/Ledger Reconciliation

- Causes of Subledger/Ledger discrepancies
  - Bad Inventory Postings



- GL Entries to Subledger Accounts – Always set inventory accounts to Do Not Allow Manual Entry
- Imbalance from Go-Live – Very Important to match GL with Inventory Value Report during cutover!

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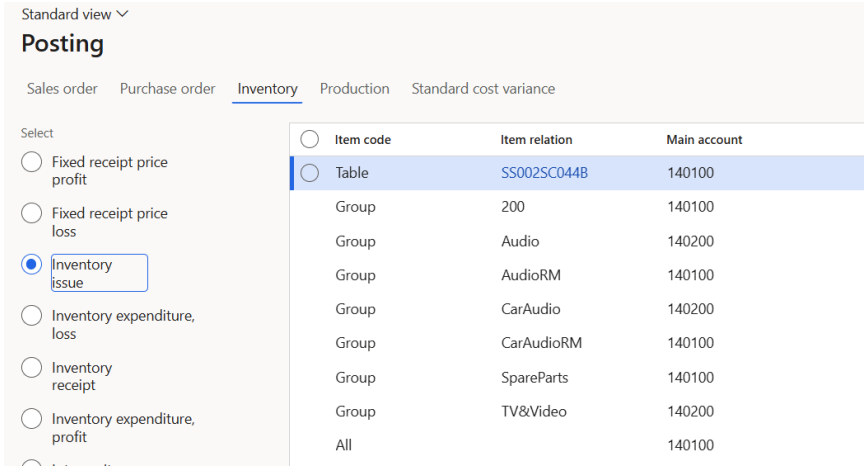

- GL Entries to Subledger Accounts – Always set inventory accounts to Do Not Allow Manual Entry
- Imbalance from Go-Live – Very Important to match GL with Inventory Value Report during cutover!

Subledger/Ledger Reconciliation

- How to reconcile?
  - Fix bad postings/setup
  - GL entry to match GL balances with IVR
  - Frequently monitor Potential Conflicts post reconciliation
  - Establish monthly cadence of reconciling GL with IVR
  - Once this activity is done once, goal to never have to do again!

Questions?