# Costing methods in MS Dynamics NAV

**(Inventory Costing-basics)**

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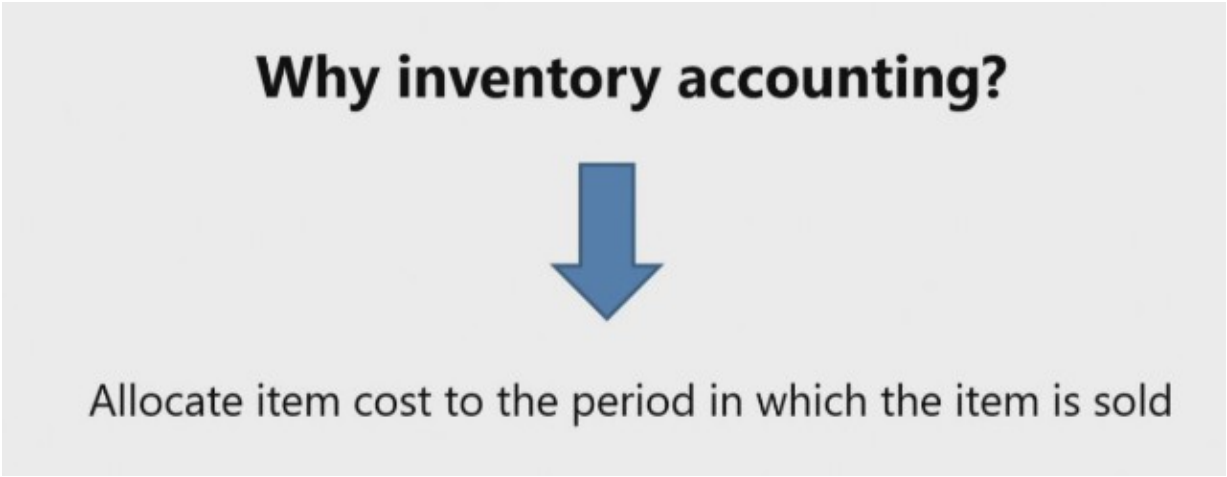
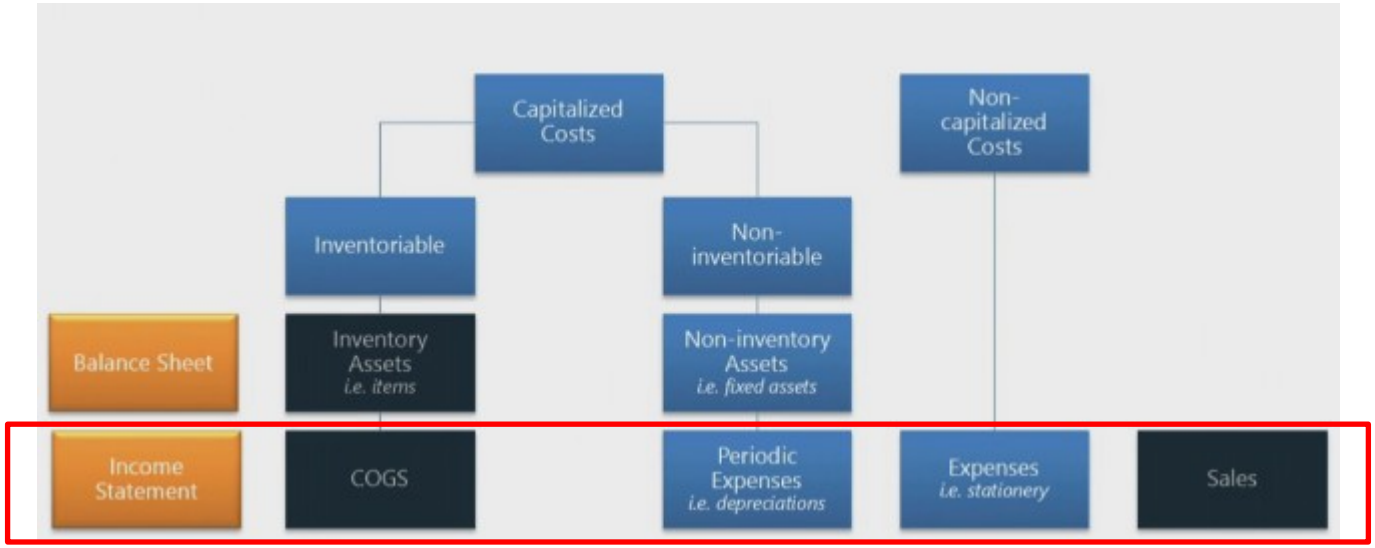
# Inventory Costing overview





Known Known Recorded Solved for - vypočítáváno

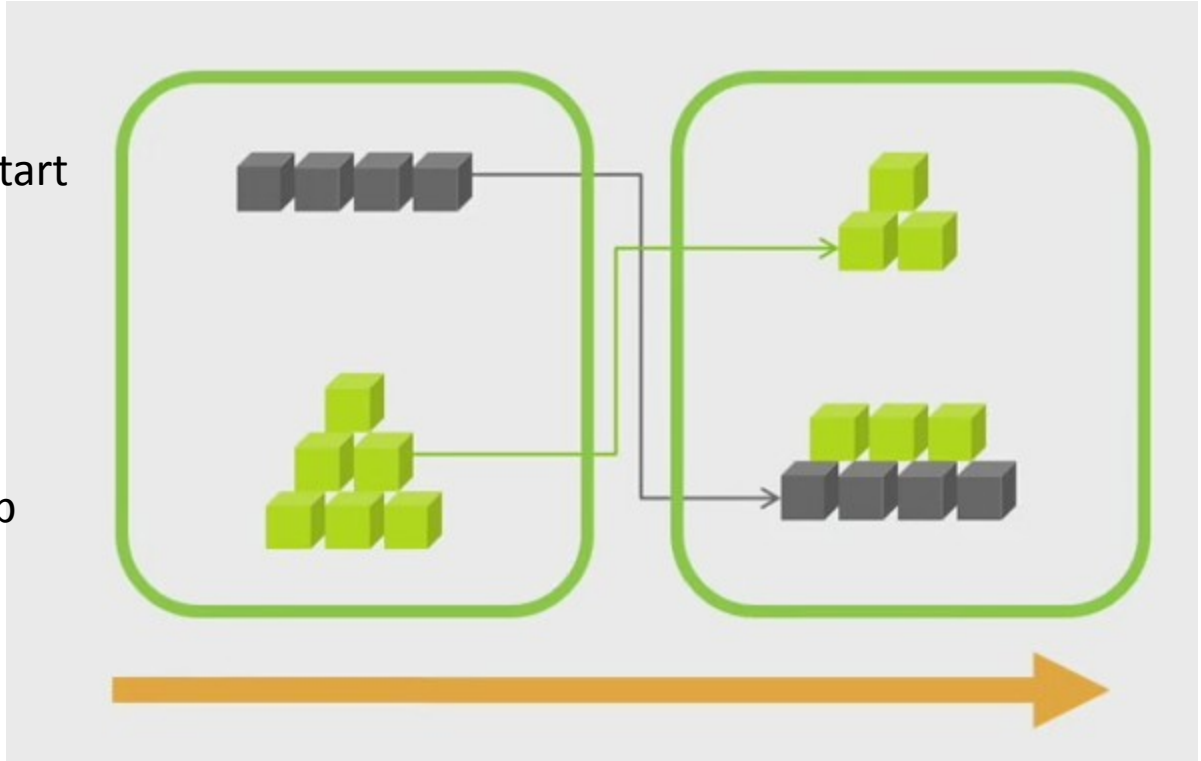
# Inventory costing overview



# Costing methods (FIFO)

Sklad-start

Nákup

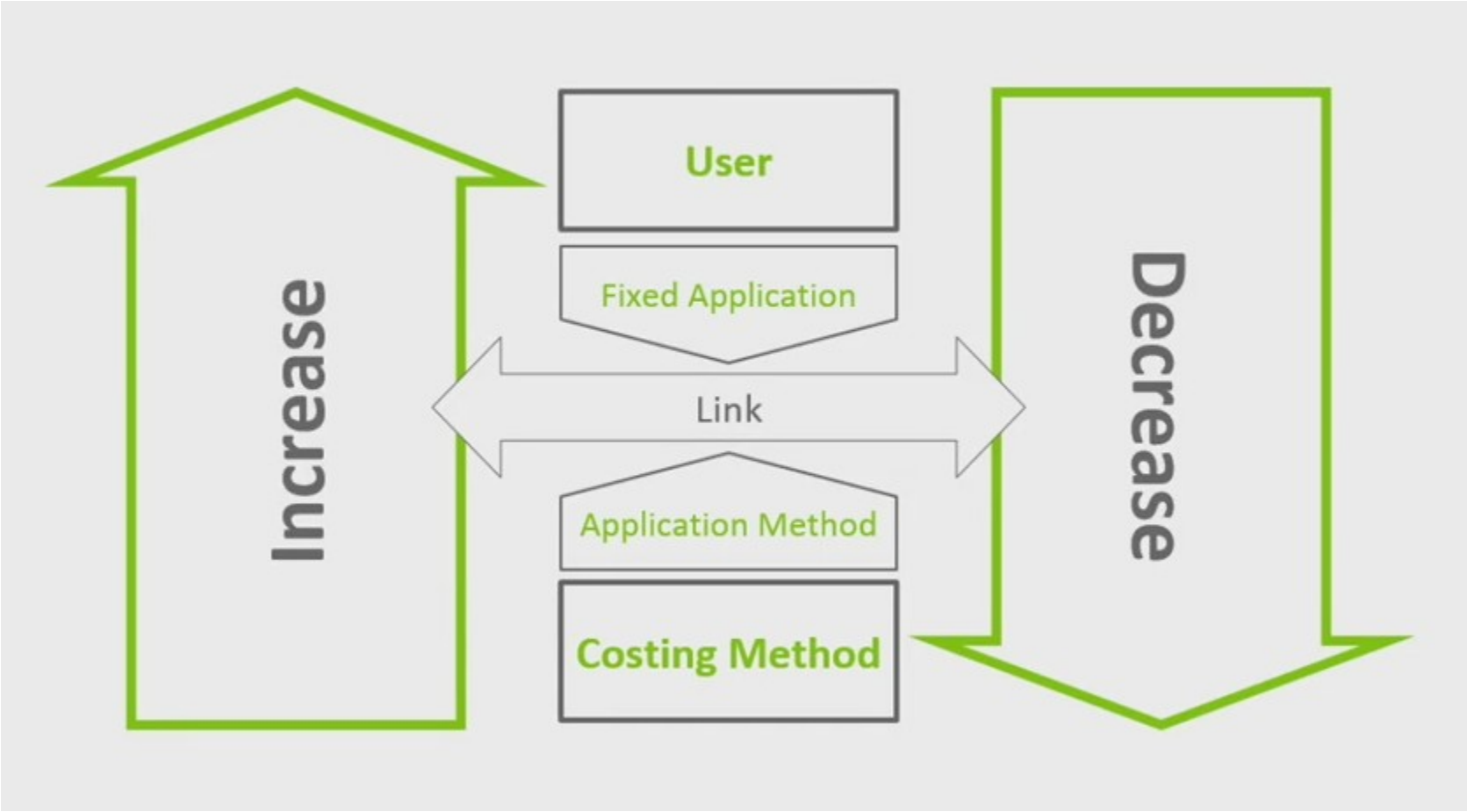


Sklad-konec

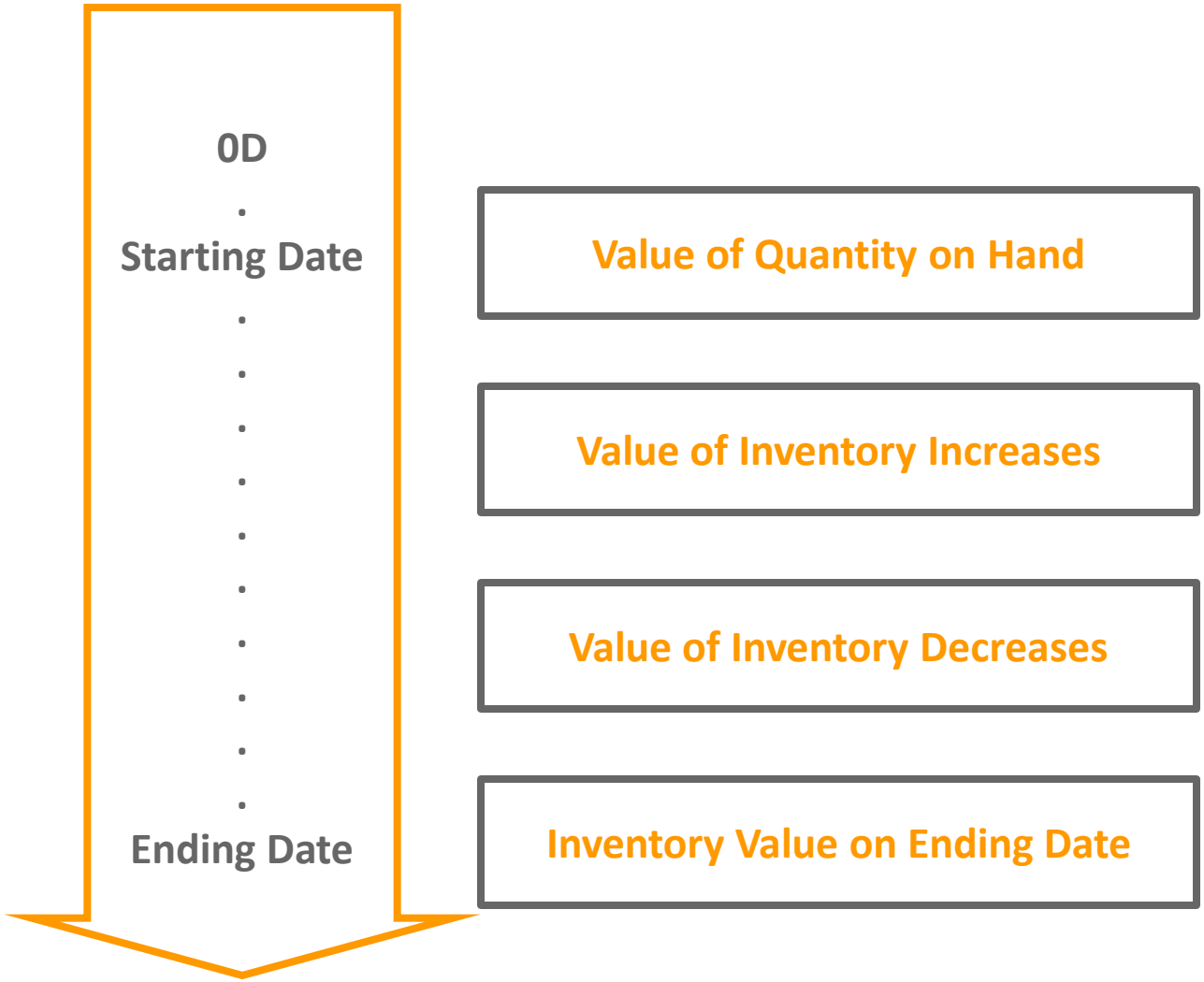
Prodej

(Náklady na prodané zboží )

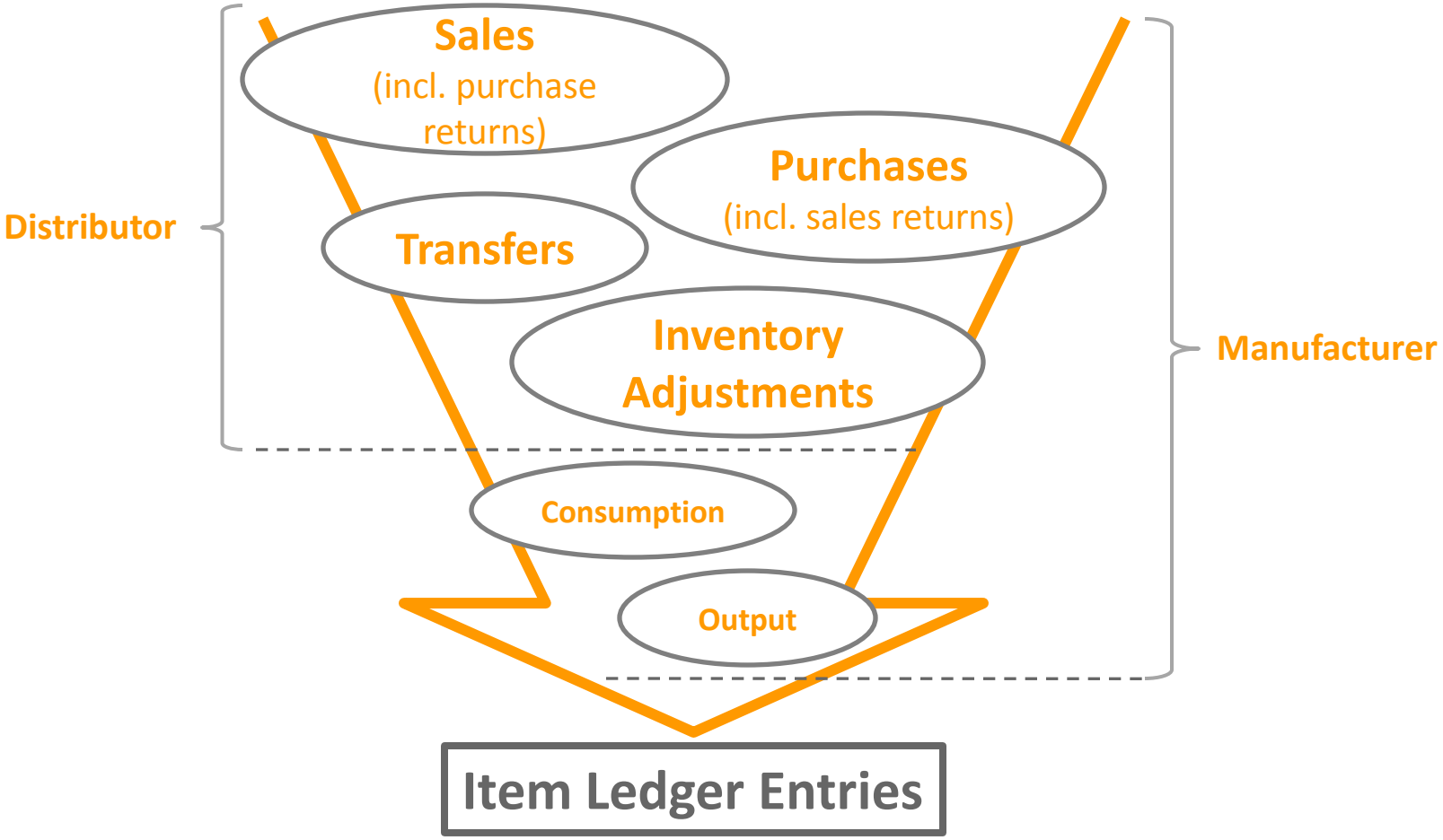
# Cost flow assumption



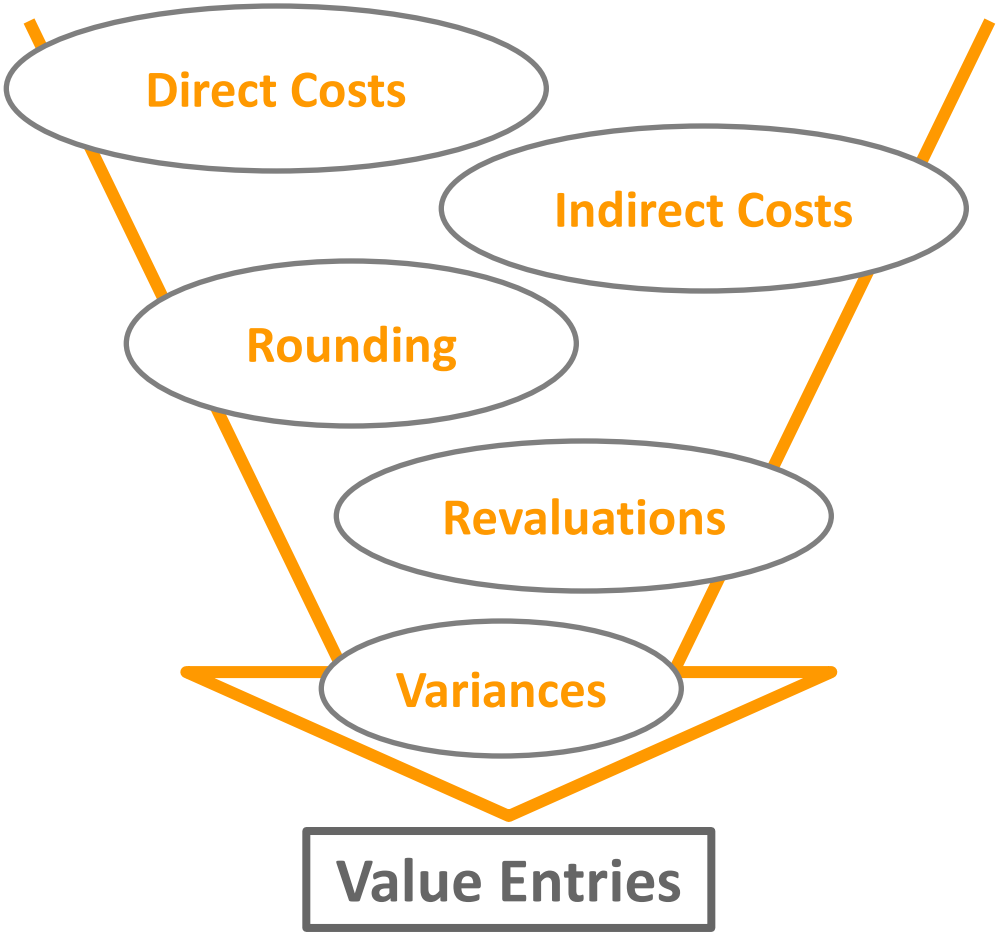
# Accounting and inventory



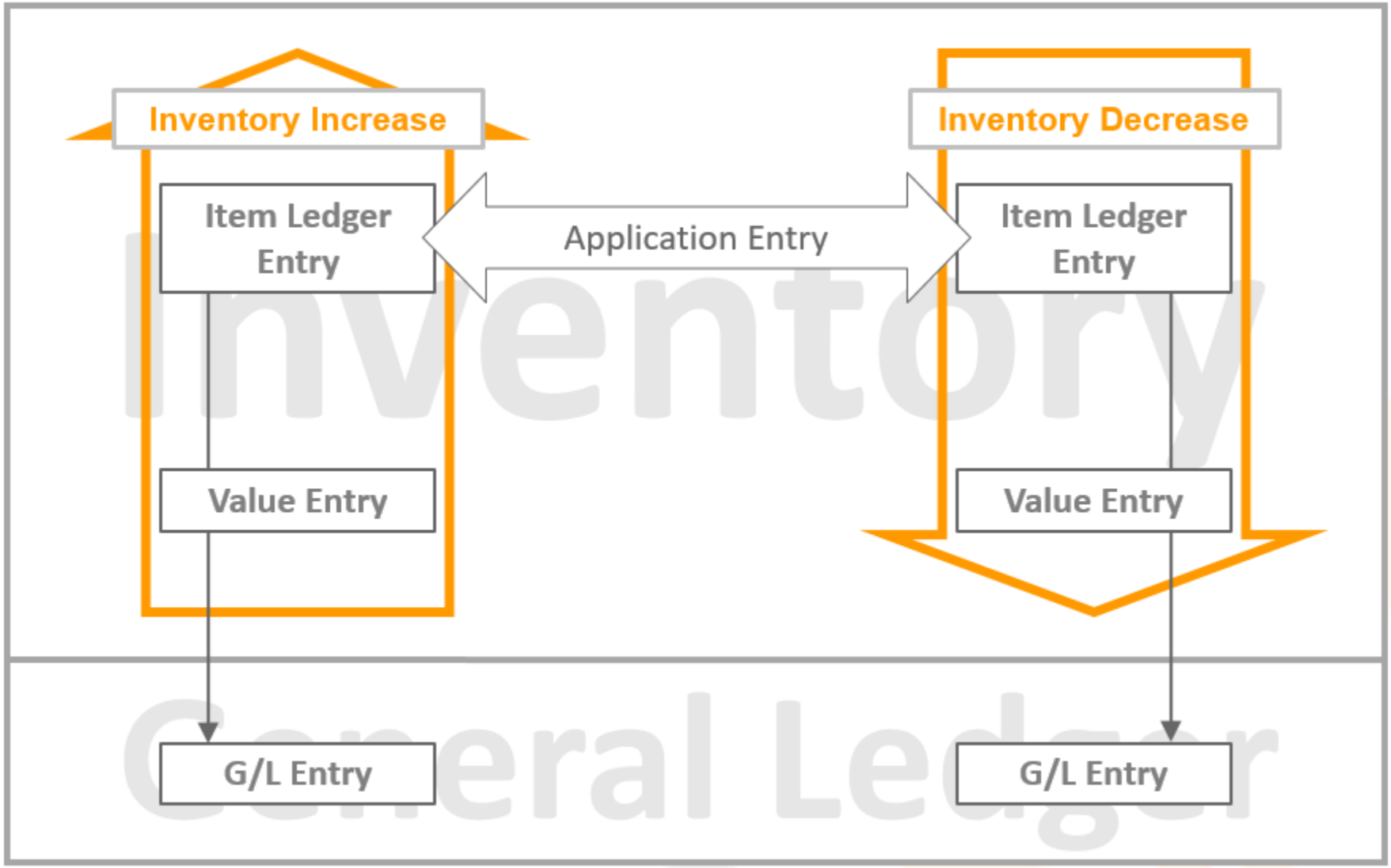
# Inventory costing flow – zaúčtování množství



# Inventory costing flow – zaúčtování hodnoty



# Inventory posting flow



# FIFO

## Costing Methods

### First In, First Out (FIFO)

| Posting Date | Cost Amount (Actual) | Entry No. |
|---|---|---|
| 1/1/2010 | 10 | 1 |
| 1/1/2010 | 20 | 2 |
| 1/1/2010 | 30 | 3 |
| 1/2/2010 | -10 | 4 |
| 1/3/2010 | -20 | 5 |
| 1/4/2010 | -30 | 6 |

# LIFO

| Posting Date | Cost Amount (Actual) | Entry No. |
|---|---|---|
| 1/1/2010 | 10 | 1 |
| 1/1/2010 | 20 | 2 |
| 1/1/2010 | 30 | 3 |
| 1/2/2010 | -30 | 4 |
| 1/3/2010 | -20 | 5 |
| 1/4/2010 | -10 | 6 |

# Average

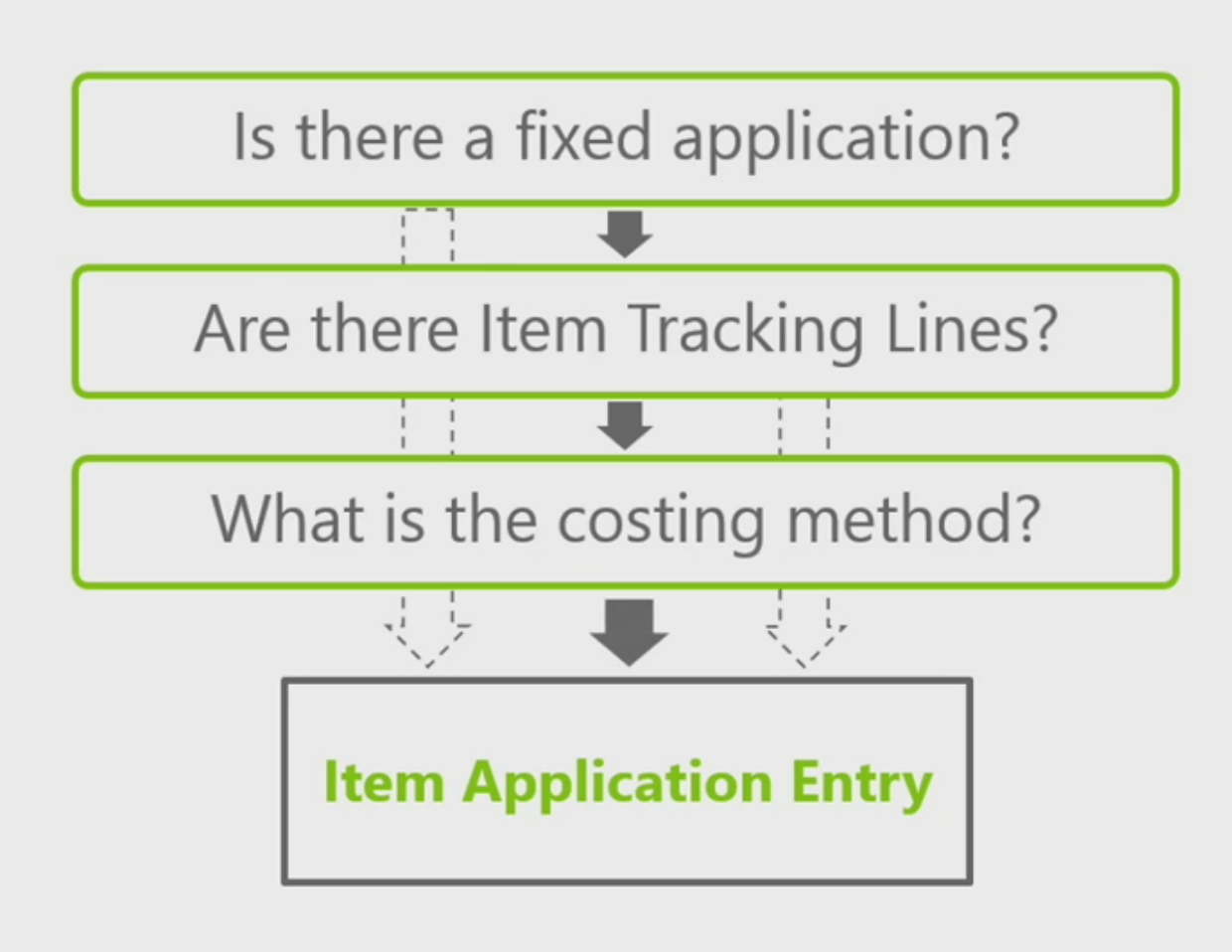
| Posting Date | Cost Amount (Actual) | Entry No. |
|---|---|---|
| 1/1/2010 | 10 | 1 |
| 1/1/2010 | 20 | 2 |
| 1/1/2010 | 30 | 3 |
| 1/2/2010 | -20 | 4 |
| 1/3/2010 | -20 | 5 |
| 1/4/2010 | -20 | 6 |

# Specific (Fixed application)

| Posting Date | Cost Amount (Actual) | Entry No. | Applies-to Entry No. |
|---|---|---|---|
| 1/1/2010 | 10 | 1 | |
| 1/1/2010 | 20 | 2 | |
| 1/1/2010 | 30 | 3 | |
| 1/2/2010 | -20 | 4 | 2 |
| 1/3/2010 | -10 | 5 | 1 |
| 1/4/2010 | -30 | 6 | 3 |

Viz označování položek s pomocí šarží !!! Výběr vyrovnání je určován uživatelem.

# Application algorithm - algoritmus vyrovnávání



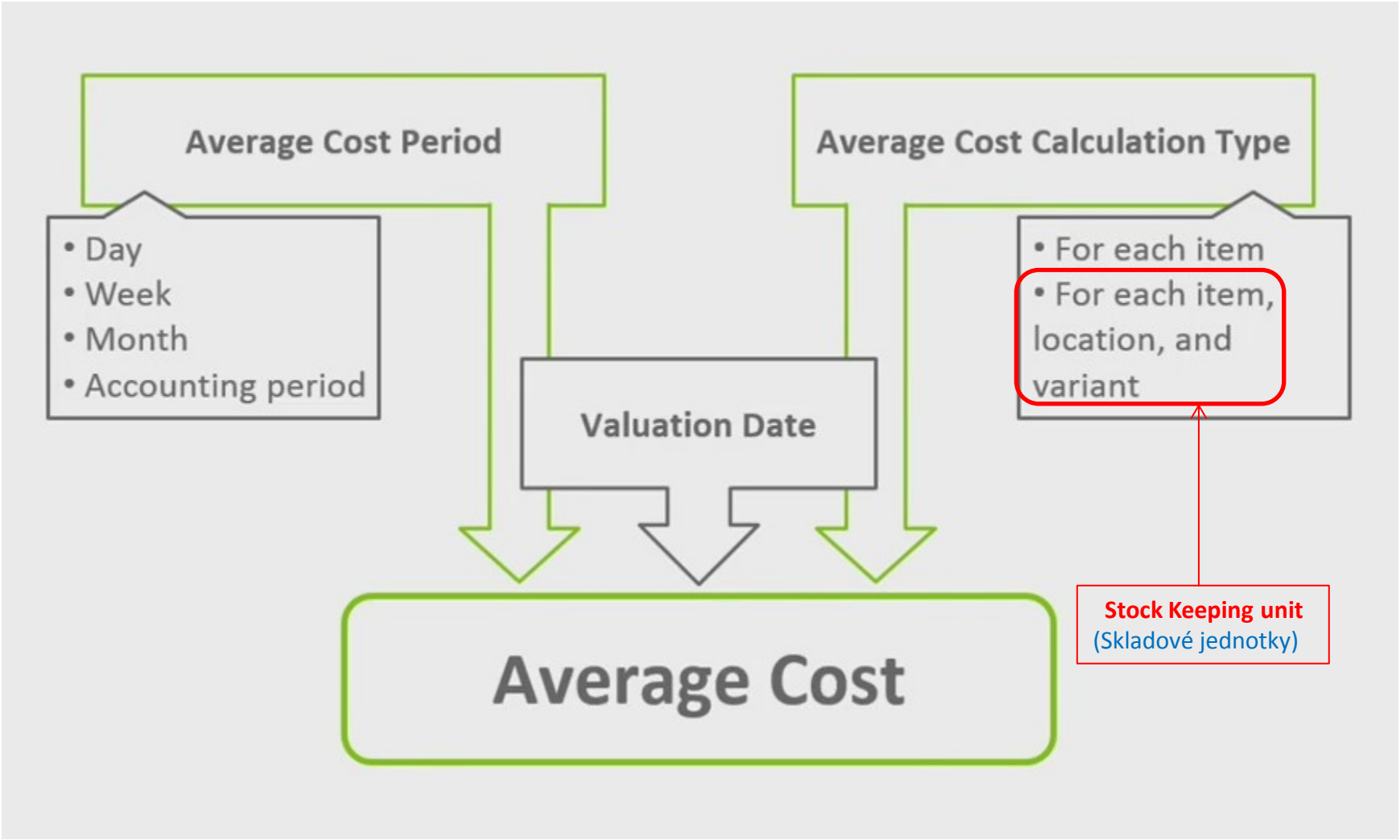
# Standard – pevná cena

| Posting Date | | Cost Amount (Actual) | Entry No. |
|---|---|---|---|
| 1/1/2010 |  | 15 | 1 |
| 1/1/2010 |  | 15 | 2 |
| 1/1/2010 |  | 15 | 3 |
| 1/2/2010 |  | -15 | 4 |
| 1/3/2010 |  | -15 | 5 |
| 1/4/2010 |  | -15 | 6 |

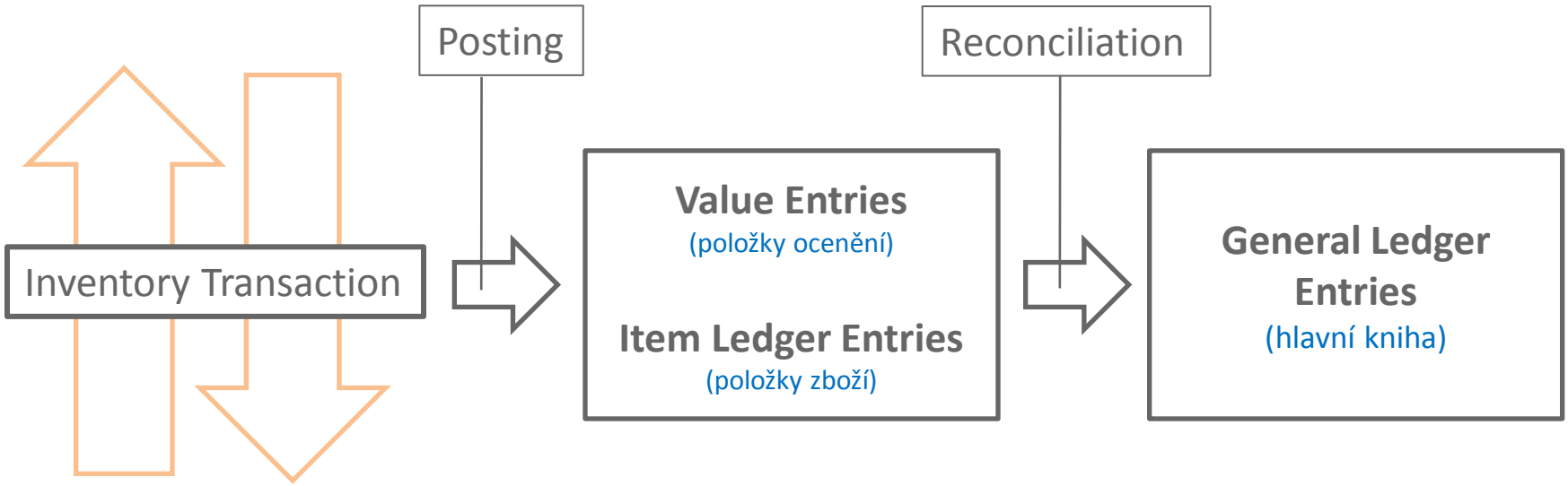
# Fixed application -pevné vyrovnání

| Posting Date | Cost Amount (Actual) | Entry No. | Applies-to Entry No. |
|---|---|---|---|
| 1/1/2010 | 10 | 1 | |
| 1/1/2010 | 20 | 2 | |
| 1/1/2010 | 30 | 3 | |
| 1/2/2010 | -20 | 4 | 2 |
| 1/3/2010 | -10 | 5 | 1 |
| 1/4/2010 | -30 | 6 | 3 |

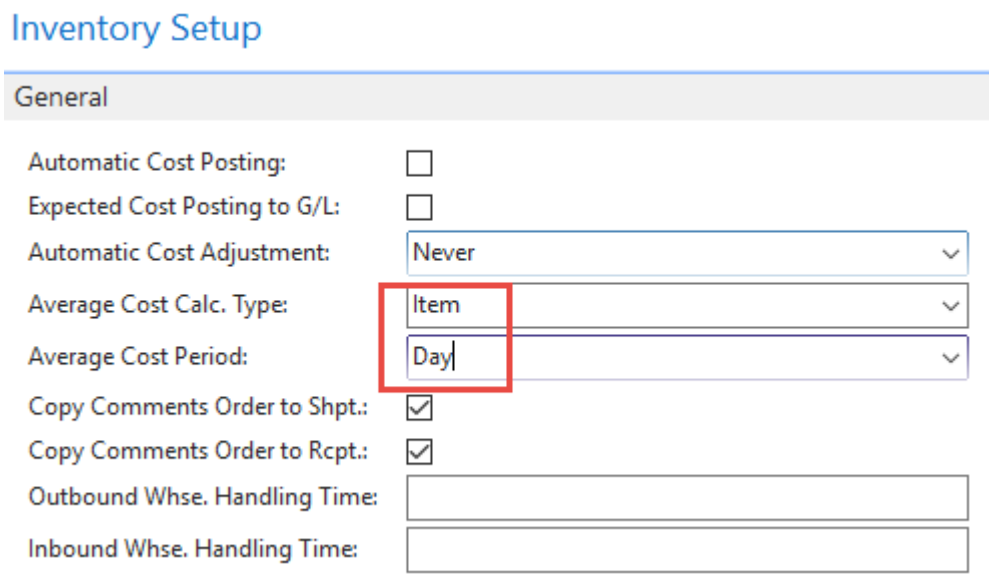
# Average Cost Calculation



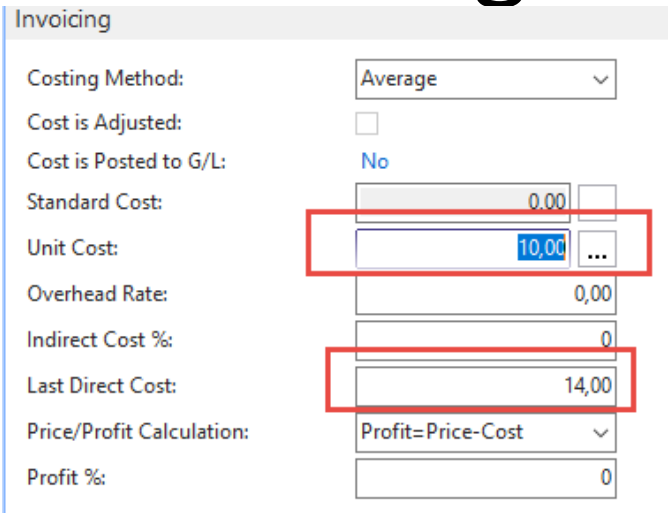
# Inventory Value determination



# Average Cost calculation setup



# Average Calculation per day




3 times Purchase of one item
With Costing methods=Average,
Costs 10, 12 and 14 ->36/3=12

Average Cost Calc. Overview

Type to filter (F3) | Type

No filters applied

| Type | Valuation Date | Item No. | Unit Cost | Cost is ... | Entry Type | Quantity | Cost Amount (Expected) | Cost Amount (Actual) |
|---|---|---|---|---|---|---|---|---|
| **Closing Entry** | **31.01.2017** | AVRG_01 | **10,00** | ☐ | | **1** | **0,00** | **10,00** |
| **Increase** | **31.01.2017** | AVRG_01 | **10,00** | ☐ | Purchase | **1** | **0,00** | **10,00** |
| **Closing Entry** | **01.02.2017** | AVRG_01 | **11,00** | ☐ | | **2** | **0,00** | **22,00** |
| **Increase** | **01.02.2017** | AVRG_01 | **12,00** | ☐ | Purchase | **1** | **0,00** | **12,00** |
| **Closing Entry** | **02.02.2017** | AVRG_01 | **12,00** | ☐ | | **3** | **0,00** | **36,00** |
| **Increase** | **02.02.2017** | AVRG_01 | **14,00** | ☐ | Purchase | **1** | **0,00** | **14,00** |

# Average Calculation per day

Average Cost Calc. Overview

Type to filter (F3) | Type

No filters applied

| Type | Valuation Date | Item No. | Unit Cost | Cost is ... | Entry Type | Quantity | Cost Amount (Expected) | Cost Amount (Actual) |
|---|---|---|---|---|---|---|---|---|
| **Closing Entry** | **31.01.2017** | AVRG_01 | **0,00** | ☐ | | **0** | **0,00** | **-10,00** |
| **Increase** | **31.01.2017** | AVRG_01 | **10,00** | ☐ | Purchase | **1** | **0,00** | **10,00** |
| **Decrease** | **31.01.2017** | AVRG_01 | **20,00** | ☐ | Sale | **-1** | **0,00** | **-20,00** |
| **Closing Entry** | **01.02.2017** | AVRG_01 | **2,00** | ☐ | | **1** | **0,00** | **2,00** |
| **Increase** | **01.02.2017** | AVRG_01 | **12,00** | ☐ | Purchase | **1** | **0,00** | **12,00** |
| **Closing Entry** | **02.02.2017** | AVRG_01 | **8,00** | ☐ | | **2** | **0,00** | **16,00** |
| **Increase** | **02.02.2017** | AVRG_01 | **14,00** | ☐ | Purchase | **1** | **0,00** | **14,00** |

We have sold by use of item journal one item with cost (manually entered) 20, so Closing Entry is 36-20=16 and Unit Cost per one item is 16/2=8

| Posting Date | Entry Type | Document Type | Document No. | Item No. | Descrip... | Location Code | Quantity | Lot No. | Invoiced Quantity | Remaining Quantity | Sales Amount (Actual) | Cost Amount (Actual) | Cost Amount (Non-Invtbl.) | Open | Order Type | Entry No. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 31.01.2017 | Purchase | | T00002 | AVRG_01 | | MODRÝ | 1 | | 1 | 0 | 0,00 | 10,00 | 0,00 | ☐ | | 359 |
| 01.02.2017 | Purchase | | T00003 | AVRG_01 | | MODRÝ | 1 | | 1 | 1 | 0,00 | 12,00 | 0,00 | ☑ | | 360 |
| 02.02.2017 | Purchase | | T00004 | AVRG_01 | | MODRÝ | 1 | | 1 | 1 | 0,00 | 14,00 | 0,00 | ☑ | | 361 |
| 31.01.2017 | Sale | | T00005 | AVRG_01 | | MODRÝ | -1 | | -1 | 0 | 0,00 | -20,00 | 0,00 | ☐ | | 362 |

# After adjustment

est Report (Not Posted)

alue Entry: Item No.: AVRG_01

| ntry o. em | Item Ledger Entry Type | Document No. | Source No. | Inventory Posting Group | Posting Date | COGS | Inventory Adjustment | Direct Cost Applied | Overhead Applied | Purchase Variance | Mfg. Direct Cost Variance | Manufacturing Ovhd Variance | WIP Inventory | Inventory | Expected Cost |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | AVRG_01 | Average_01 | | | | | | | | | | | | | |
| 25 | Purchase | T00002 | | PRODEJ | 31.01.17 | | | -10,00 | | | | | | 10,00 | No |
| 28 | Sale | T00005 | | PRODEJ | 31.01.17 | 20,00 | | | | | | | | -20,00 | No |
| 29 | Sale | T00005 | | PRODEJ | 31.01.17 | -10,00 | | | | | | | | 10,00 | No |
| 26 | Purchase | T00003 | | PRODEJ | 01.02.17 | | | -12,00 | | | | | | 12,00 | No |
| 27 | Purchase | T00004 | | PRODEJ | 02.02.17 | | | -14,00 | | | | | | 14,00 | No |
| | | | | Inventory Cost Posted to G/L | | 10,00 | | -36,00 | | | | | | 26,00 | |

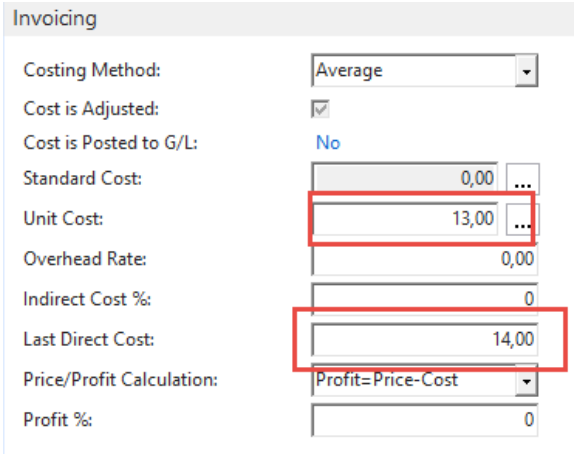
Values entered were 10+12+14 and finally applied value after sales was 10, so 36-10=26 = ending inventory value

Invoicing

| | |
|---|---|
| Costing Method: | Average |
| Cost is Adjusted: | ☑ |
| Cost is Posted to G/L: | No |
| Standard Cost: | 0,00 |
| Unit Cost: | 13,00 |
| Overhead Rate: | 0,00 |
| Indirect Cost %: | 0 |
| Last Direct Cost: | 14,00 |
| Price/Profit Calculation: | Profit=Price-Cost |
| Profit %: | 0 |

26/2=13

# After adjustment




So manually entered unit cost=20 was replaced by applied item entry with cost 10

No filters applied

| Type | Valuation Date | Item No. | Unit Cost | Cost is ... | Entry Type | Quantity | Cost Amount (Expected) | Cost Amount (Actual) |
|---|---|---|---|---|---|---|---|---|
| **Closing Entry** | **31.01.2017** | AVRG_01 | **0,00** | ☑ | | **0** | **0,00** | **0,00** |
| **Increase** | **31.01.2017** | AVRG_01 | **10,00** | ☐ | Purchase | **1** | **0,00** | **10,00** |
| **Decrease** | **31.01.2017** | AVRG_01 | **10,00** | ☐ | Sale | **-1** | **0,00** | **-10,00** |
| **Closing Entry** | **01.02.2017** | AVRG_01 | **12,00** | ☑ | | **1** | **0,00** | **12,00** |
| **Increase** | **01.02.2017** | AVRG_01 | **12,00** | ☐ | Purchase | **1** | **0,00** | **12,00** |
| **Closing Entry** | **02.02.2017** | AVRG_01 | **13,00** | ☑ | | **2** | **0,00** | **26,00** |
| **Increase** | **02.02.2017** | AVRG_01 | **14,00** | ☐ | Purchase | **1** | **0,00** | **14,00** |

# End of section

(Costing methods)