

CHAPTER 1: INVENTORY CONTROL

Objectives

The objectives are:

- Determine actual and projected item availability.
- Make manual adjustments to inventory quantities.
- Count and record how many items are physically present in inventory.
- Reclassify an inventory item by changing information attached to its item ledger entry.

Introduction

Inventory management is a cornerstone of any company within the wholesale and manufacturing business. Inventory reliability at a low cost is the key factor to ensure the smooth functioning of all related operations.

Microsoft Dynamics® NAV supports companies in achieving their goals of having accurate inventory data and reliable availability figures. The "Introduction to Microsoft Dynamics® NAV 2009" training material provided a general explanation of the functions and use of item cards representing inventory records.

Inventory Control covers the following topics:

- Analyzing availability
- Manually adjusting inventory levels
- Counting the physical inventory
- Reclassifying inventory items

Analyze Item Availability

To service customers properly, most wholesalers and manufacturers need:

- Reliable availability figures when taking orders.
- Overview of inventory levels and expected supplies over time to promise delivery dates.

In principle, available items can be defined as a quantity that the company has at its disposal at a given point of time. This definition goes beyond the actual inventory quantity and includes such factors as allocations, meaning quantities that are already set aside or reserved for specific purposes, and expected inbound orders representing future supply.

With this in mind, item availability is defined in connection to the following three aspects:

- Item
- Location
- Point of time

Depending on the profile and requirements of the company's functional units, calculating the availability of items is done in a broad range of situations:

- Generally, when inquiring into the item availability situation.
- For a requisition department, when deciding if, when, and how much to replenish a specific item. In this case, it is necessary to know the quantity available during a certain planning time period.
- For a sales department, when responding to customers' inquiries as to if their orders can be met and when.
- When a customer request for a specific item cannot be met, salespeople must be able to get an overview of other alternatives, such as, if there are item quantities that are set aside for other purposes or can be found elsewhere, or a requested item can be substituted with a similar one.
- When the warehouse staff needs to know the availability of an item to be picked.
- When counting physical inventory and identifying differences.

Availability calculations in Microsoft Dynamics NAV meet all of the above-mentioned requirements. Availability calculation consists of the following elements:

- Inventory. (This is relevant in connection to the situations in the first and last bullet in the preceding list.)
- Inventory minus allocations. (This is usually relevant in connection to the situation in the fourth bullet in the preceding list.)
- Inventory plus inbound orders minus allocations. (This is relevant in connection to the situations in the second and third bullet in the preceding list.)

In principle, availability calculation is based on the following formula:

Availability = Inventory + Inbound Quantity - Allocations

Because the expected dates of inbound and allocated quantities are known, the program can calculate availability over time. This is shown as projected available balance. Refer to "Projected Availability" in this lesson.

Inventory

Microsoft Dynamics NAV calculates the inventory quantity as the sum of all item increases minus all item decreases on the current date. Accordingly, inventory is calculated from posted item transactions, that is item ledger entries.

The total inventory quantity across all locations is shown in the **Inventory** field on the **General** FastTab of each item card.

Follow these steps to open the item card for item 70060 and review the item ledger entries:

1. On the navigation pane, click the **Departments** button and then click **Warehouse**.
2. On the **Warehouse** page, click **Planning & Execution**, and then click **Items**.

3. Locate item 70060 and then double-click the line to open the Item Card.
4. Click the **Inventory** field (showing 832 pieces) to open the **Item Ledger Entries** page. Review how inventory is the sum of quantities flowing in and out of the company's warehouse locations.

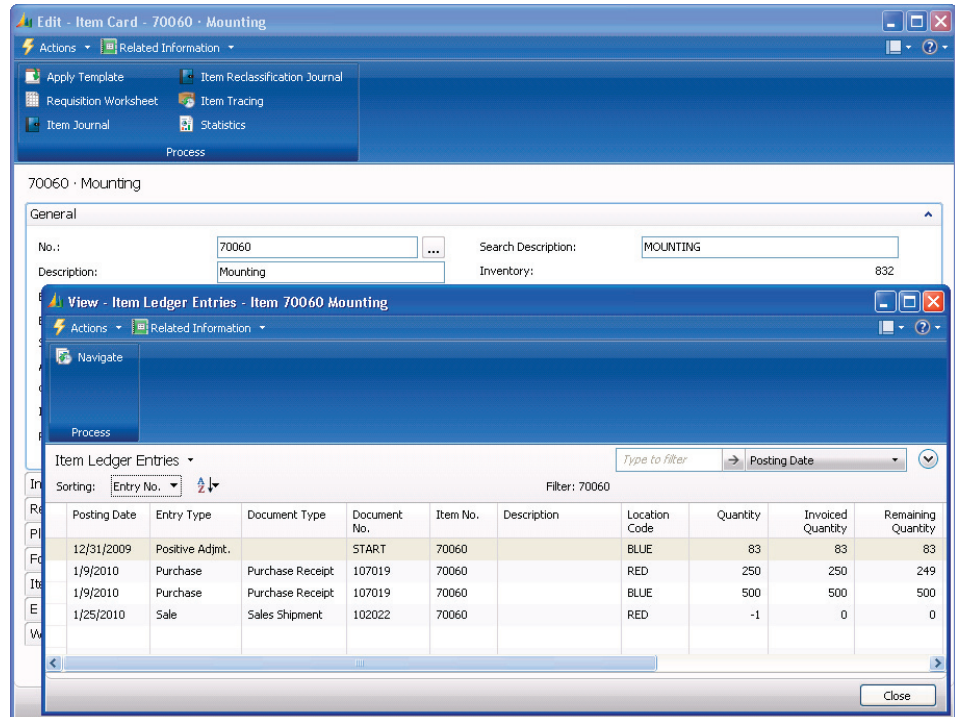


FIGURE 1.1 INVENTORY FIELD SHOWS THE SUM OF QUANTITIES EXISTING IN ALL LOCATIONS AS SHOWN IN THE ITEM LEDGER ENTRIES PAGE.

When a company has more than one location set up in Microsoft Dynamics NAV and orders are received into different locations, it is relevant to know the current and expected availability of items for each location. This is provided with the **Items by Location Matrix** page.

Follow these steps to open the **Items by Location Matrix** page:

1. Close the **Item Ledger Entries** page.

2. On the **Related Information** menu, point to **Item** and then click **Items by Location**.
3. Set filters and then click **Show Matrix**.

No.	Description	BLUE	GREEN	RED	SILVER
70060	Mounting	583		249	
70100	Paint, black	3,641			
70101	Paint, yellow	3,718			
70102	Paint, blue	3,231		-1	
70103	Paint, red	3,026			
70104	Paint, green	3,788			
70200	Hinge	1,631			
70201	Doorknob	1,260			
766BC-A	CONTOSO Confe...				
766BC-B	CONTOSO Office ...	3		1	

FIGURE 1.2 INVENTORY QUANTITIES OF ITEMS SHOWN BY LOCATION

This page contains the item quantities available on all company sites that are set up in the program as locations. The Blank location is not included. For more information about locations, refer to "Multiple Locations" in this training material.

The actual physical inventory quantity can differ from the recorded quantity due to shrinkage caused by, for example, scrap, deterioration, or pilferage, and administrative mistakes. For more information, refer to the "Count Inventory" lesson.

Allocations

The available quantity can be reduced by allocations, that is, quantities set aside for a specific purpose, temporarily or permanently. The following are examples of allocations:

- A quantity entered on outbound orders, but is yet unposted.
- A quantity, either on inventory or an inbound order, that is reserved for an outbound order, either manually, automatically, or through planning.
- A quantity defined as safety stock.
- A quantity that is blocked.
- A quantity specified for picking or shipment in the warehouse.

For more information about manual and automatic reservations, refer to "Item Reservations and Order Tracking" in this training material.

A typical scenario where the availability calculation must consider possible allocations is a sales situation. On every sales line, Microsoft Dynamics NAV checks if the requested quantity can be fulfilled against the inventory quantity minus allocations on the sales shipment date.

Projected Availability

Inbound quantities or outstanding receipts like purchase orders, inbound transfers, and production orders are included in the projected (expected) availability calculation. This is relevant in situations when there is a need to know when the inventory quantity is supposed to increase, such as to promise a delivery.

Retrieve an overview of when quantities are expected to be available in the three different **Item Availability by** pages. Using the **Item Availability by Periods** page is described in the "Introduction to Microsoft Dynamics® NAV 2009" training material. For information about using dedicated order promising functions, refer to the "Trade in Microsoft Dynamics® NAV 2009" training material.

Follow these steps to open the **Item Availability by Location** page for item 1908-S:

1. Open the item card for item 1908-S.
2. On the **Related Information** menu, point to **Item**, then to **Item Availability by**, and then click **Location**.
3. On the **Options** FastTab, set the date interval in the **View by** field to Month (this will automatically filter on the month of the work date).

In the **View as** field, determine the way quantities are calculated. When **Net Change** is selected, calculations are based on entries with posting dates within the selected period. When **Balance at Date** is selected, calculations are based on entries with dates up to and including the last day of the selected period.

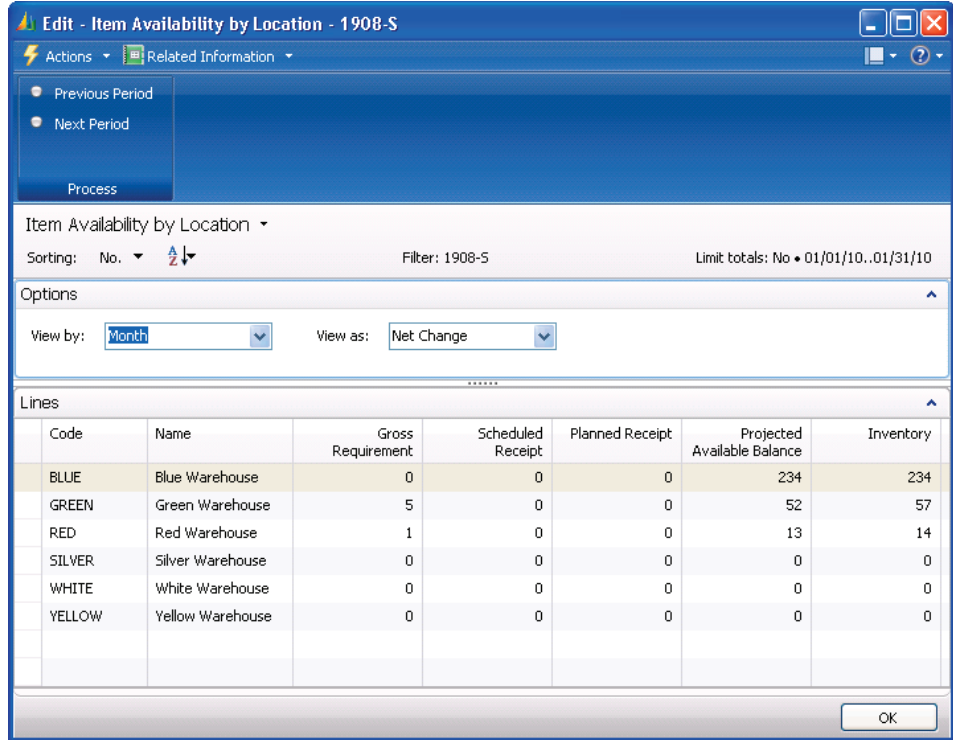


FIGURE 1.3 AVAILABILITY INFORMATION OVER TIME REPRESENTED IN MASTER PLANNING SCHEDULE (MPS) DIMENSIONS.

The preceding illustration shows that the projected availability is calculated for each location based on gross requirements (outbound quantities) and scheduled receipts (inbound quantities). For example, in the GREEN location, five are outbound, none are inbound, and 57 are in inventory. Therefore, 52 are expected to be available by the end of January.

NOTE: Use the Choose Columns function to display the **Inventory** column.

Adjust Inventory

It is sometimes necessary to make adjustments to quantities in inventory, such as when there is inventory shrinkage or items that cannot be sold.

Adjustments of this kind are usually made when the physical inventory is counted, typically at the end of a fiscal year. For that particular purpose, inventory adjustments are made in the **Phys. Inventory Journal** page. For more information, refer to the "Count Inventory" lesson.

Most companies may need to do minor inventory adjustments a few times in the course of the fiscal year, while other companies regularly make inventory adjustments as a part of their business process. An example of this, is of a smaller wholesaler who sometimes performs light manufacturing in the process of fulfilling sales orders, but does not use production orders.

Item Journal

The **Item Journal** page is used to post item transactions to adjust inventory levels directly without posting a business document, such as purchase or sales orders.

The item journal can be used to post the following four types of item entries:

- Purchase - To post a positive inventory adjustment that works as a purchase order transaction.
- Sale - To post a negative inventory adjustment that works as a sales order transaction.
- Positive Adjmt. - To post a positive inventory adjustment.
- Negative Adjmt. - To post a negative inventory adjustment.

Most fields on the item journal are elementary and therefore not covered here. However, three fields relate to cost accounting and are briefly explained in the following table.

Field	Description
Unit Amount	Shows the price of one unit of the item on the journal line. Depending on what is selected in the Entry Type field, the price is represented by either a unit cost or a unit price. When the Item No. field is filled in, the program automatically copies the price from one of the following fields on the Item Card: <ul style="list-style-type: none">• Purchase Entry Type, Last Direct Cost field• Sale Entry Type, Unit Price field• Positive Adjmt. Entry Type, Unit Cost field• Negative Adjmt. Entry Type, Unit Cost field

Field	Description
Unit Cost	Shows the cost for each unit of the item on the journal line. It is copied from the item's Unit Cost field.
Applies-to Entry	Identifies an entry number if the item journal line must be applied to a posted document.

Refer to the "Inventory Costing in Microsoft Dynamics® NAV 2009" training material for more information about why and how these three fields are used.

Demonstration: Save and Post Recurring Production as a Standard Journal

If a company often uses the item journal to make inventory adjustments, for example, in connection with consumption and output of items in light manufacturing, the Save as Standard Journal and Get Standard Journals functions can be used to make this recurring work easier.

***NOTE:** The functionality for standard journals also applies to general journals where an example of use can be the monthly posting of employee salaries to the general ledger.*

Scenario: CRONUS International Ltd.'s Furniture Wholesale division has completed the sale of a custom-made Athens Desk. This type of order is rare and the company therefore does not have Production functionality, but uses the item journal to post the involved output and consumption. Ellen, the warehouse manager, fills in the item journal and then saves it as a standard item journal for reuse the next time a Athens Desk is custom-ordered.

Follow these steps to fill in the item journal:

1. On the **Warehouse** page, click **Inventory** and then click **Item Journals**.
2. Fill in the lines as shown in the following table, using the posting date of 01/28/08 and a description of "Production of new ATHENS Desk" on each line.

Entry Type	Item No.	Quantity
Positive Adjmt.	1896-S	1
Negative Adjmt.	70000	1
Negative Adjmt.	70001	1
Negative Adjmt.	70002	1
Negative Adjmt.	70003	1
Negative Adjmt.	70040	2

The unit amounts on all lines are carried from the respective item cards. The item journal is ready to be posted, but first it must be saved as a standard item journal.

Posting Date	Entry Type	Item No.	Description	Quantity	Unit of Measure Code	Unit Amount	Amount
1/28/2010	Positive Adjmt.	1896-5	Production of new ATHENS Desk	1	PCS	481.27	481.27
1/28/2010	Negative Adjmt.	70000	Production of new ATHENS Desk	1	PCS	15.70	15.70
1/28/2010	Negative Adjmt.	70001	Production of new ATHENS Desk	1	PCS	20.60	20.60
1/28/2010	Negative Adjmt.	70002	Production of new ATHENS Desk	1	PCS	14.60	14.60
1/28/2010	Negative Adjmt.	70003	Production of new ATHENS Desk	1	PCS	15.10	15.10
1/28/2010	Negative Adjmt.	70040	Production of new ATHENS Desk	2	PCS	55.10	110.20

Item Description
ATHENS Desk

FIGURE 1.4 ONE POSITIVE INVENTORY ADJUSTMENT CREATED FOR THE FINISHED "NEW ATHENS DESK." FIVE NEGATIVE INVENTORY ADJUSTMENTS MADE FOR THE ITEMS USED TO BUILD IT.

3. Select all the journal lines. Only selected lines are included in this function.
4. On the **Actions** menu, point to **Functions** and then click **Save as Standard Journal**.

Microsoft Dynamics NAV now prepares to save the lines that are currently in the item journal, but first name the standard item journal that they must be saved in. The **Save as Standard Item Journal** page appears.

5. In the **Code** field, type a code to identify the standard item journal that is being saved. For the purpose of this demonstration, type Demo1896-S.
6. In the **Description** field, type a description of this default journal. For the purpose of this demonstration, type Production of new ATHENS Desk.
7. Select the **Save Unit Amount** check box to save the value(s) in the **Unit Amount** field of the item journal that is being saved.
8. Select the **Save Quantity** check box to save the value(s) in the **Quantity** field of the item journal that is being saved.

***NOTE:** Selecting the **Save Unit Amount** and/or **Save Quantity** check boxes eliminates from having to enter amounts and quantities in a future item journal that reuses the standard item journal. But, it also increases the risk of wrongful posting if the quantities and amounts of that future item journal are not supposed to be the same as those in the standard item journal.*

9. Click **OK** to save the item journal and then click **OK** to the message that the standard item journal is successfully created.

Microsoft Dynamics NAV reverts to the **Item Journal** page.

To illustrate the Get Standard Journal function, delete the existing item journal lines and then retrieve the lines from the standard journal just created.

Follow these steps to use the Get Standard Journal function and then post the journal:

1. Delete all lines in the Item Journal.
2. On the Action Pane, click **Get Standard Journals**. The **Standard Item Journals** page appears showing codes and descriptions for all existing standard item journals.

To review or change a standard item journal before it is selected for reuse, click the **Related Information** menu, point to **Standard** and then click **Show Journal**.

***NOTE:** Any changes made in a standard item journal are implemented right away, that is, they will also be there the next time the standard item journal in question is opened or reused. Therefore, ensure the change needs to apply generally. Otherwise, make the specific change in the item journal after the standard item journal lines are inserted.*

3. In the **Standard Item Journals** page, select the standard item journal for DEMO1896-S, and then click **OK** to complete the Get Standard Journals function.

The item journal is now populated with the lines saved as the standard item journal.

If journal lines already existed in the item journal, the inserted lines are placed below the existing journal lines.

Normally, that is, if the **Save Unit Amount** check box is not selected during the Save as Standard Journal function, the **Unit Amount** field on lines inserted are automatically filled with the item's current value (copied from the **Unit Cost** field on the item card).

***NOTE:** If the **Save Unit Amount** and/or **Save Quantity** check boxes are selected during the Save as Standard Journal function, now ensure the inserted values are correct for this particular inventory adjustment before the item journal is posted.*

If inserted item journal lines carry saved unit amounts, which are not going to be posted, adjust them to the current value of the item by selecting the item journal line(s) in question, clicking the **Related Information** menu, pointing to **Line** and then clicking **Recalculate Unit Amount**. This will update the **Unit Amount** field with the current unit cost of the item card.

4. On the Action Pane, click **Post** and then click **Yes** to post the journal lines.

Count Inventory

Occasionally, at the end of a fiscal year as a minimum, the items that are physically in the company warehouse(s) must be counted to check if the quantity registered in the program agrees with the actual inventory quantity. If there are differences, these must be posted to the item accounts before the Finance Department performs their periodic inventory valuation.

Physical Inventory Journal

To assist in taking a physical inventory, Microsoft Dynamics NAV provides a special version of the item journal: the **Phys. Inventory Journal** page.

Taking a physical inventory involves a number of steps:

1. Fill in a physical inventory journal with calculated (expected) inventory.
2. Print the Phys. Inventory List sheet to write counted quantities on.
3. Count the quantity of each item and write the figure in the empty field.
4. Enter the counted quantities in the physical inventory journal.
5. Post the journal.

After posting the journal, the inventory quantities registered in the program will agree with the actual quantities in inventory as determined by the physical count.

The physical inventory process is often initiated and managed by a company's Finance Department as a part of doing the annual accounts, but may also be a shared responsibility of the warehouse staff.

Demonstration: Count Physical Inventory at the Yellow Warehouse

Scenario: John, the warehouse worker at CRONUS in charge of the Yellow Warehouse, must perform the annual count of inventory items. He initiates the process by filling the physical inventory journal with calculated inventory quantities, prints the Physical Inventory List report, and then proceeds to do the physical counting. In the process, he records that two Swivel Chairs are missing and that one lost Guest Chair is found.

Follow these steps to count and post the physical inventory:

1. On the **Warehouse** page, click **Inventory** and then click **Phys. Inventory Journals**.
2. On the Action Pane, click **Calculate Inventory**.
3. On the **Item** FastTab of the **Calculate Inventory** request form, set a Location Filter for **YELLOW**.
4. Click **OK** to run the calculation.

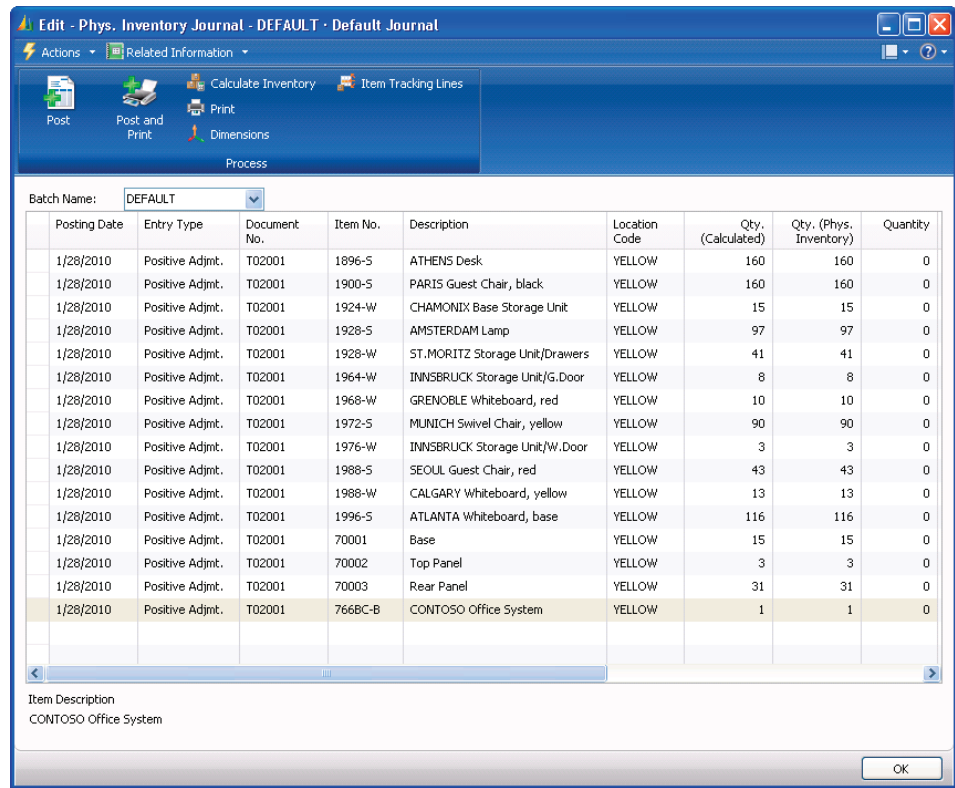


FIGURE 1.5 PHYSICAL INVENTORY JOURNAL FILLED WITH CALCULATED YELLOW INVENTORY

The **Qty. (Calculated)** field holds the quantities that the program expects to be in inventory. The **Qty. (Phys. Inventory)** field is preset with the same quantities, and this is where John will enter counted quantities if they differ from the calculated.

5. Proceed to prepare the physical inventory report by clicking **Print** on the Action Pane.

The **Options** FastTab defines what information will be shown on the printed Phys. Inventory List report. John prefers to print the sheet with the expected quantities preset so that he only has to write down the deviating figures.

None of the items in this warehouse carry serial or lot numbers so the **Show Serial/Lot Number** field is irrelevant. For information about counting serial/lot numbers, refer to "Serial/Lot Numbers" in this training material.

6. Select the **Show Qty. (Calculated)** check box and then click **Preview** or **Print**.

With the printout in hand, John now goes into the Yellow Warehouse to take a physical inventory. In the process he discovers that two MUNICH Swivel Chairs, item 1972-S, are missing and that there is one more SEOUL Guest Chair than expected.

- For item 1972-S, John writes 88 after the calculated 90 on the empty line in the **Qty. (Phys. Inventory)** column.
- For item 1988-S, John writes 44 on the empty line. All other items are on inventory in the expected quantity and he leaves these lines empty.

The physical counting is done and John proceeds to record the actual inventory quantities in the system.

7. In the physical inventory journal that contains the calculated Yellow Warehouse inventory, select the line for item 1972-S, MUNICH Swivel Chair.

8. In the **Qty. (Phys. Inventory)** field, type 88 and then press ENTER or TAB. The **Entry Type** field changes to Negative Adjmt. and the **Quantity** field shows 2.
9. On the line for item 1988-S, SEOUL Guest Chair, type 44 in the **Qty. (Phys. Inventory)** field.

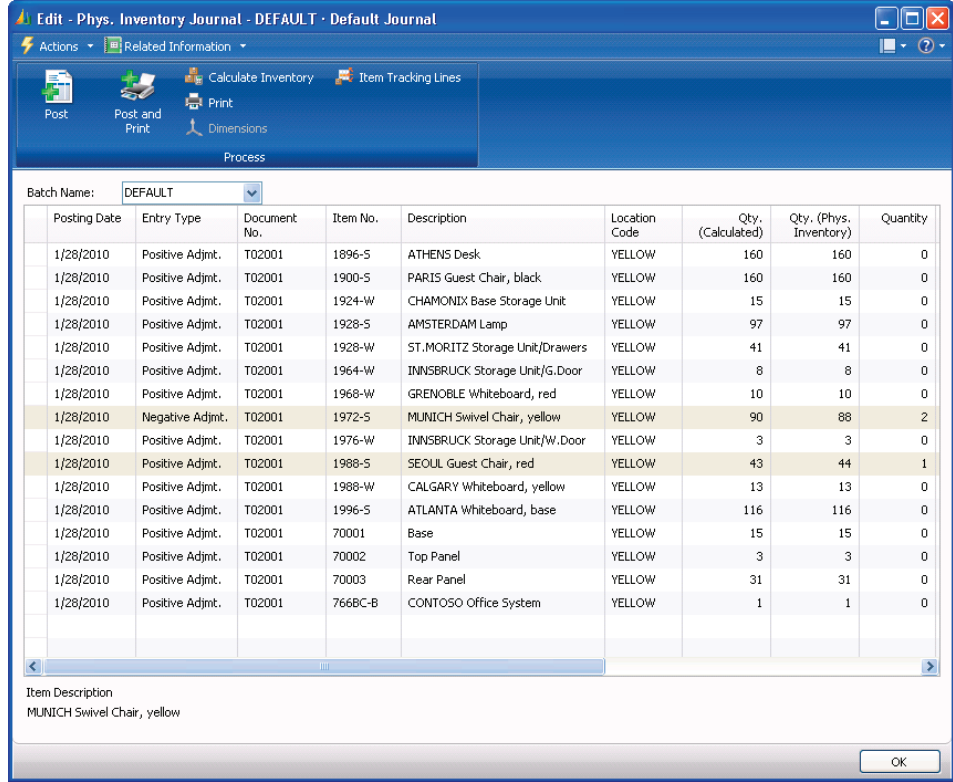


FIGURE 1.6 PHYS. INVENTORY JOURNAL READY TO POST THE INVENTORY ADJUSTMENTS.

10. On the Action Pane, click **Post** and then click **Yes** to post the journal lines.

Reclassify Inventory

It is sometimes necessary to change information attached to items in inventory, such as to correct a data entry error made when the item is posted to inventory.

The following are examples of information that can be changed:

- Dimension code
- Location code
- Bin code

- Serial/lot number
- Expiration date (of a serial/lot number)
- Serial/lot number information cards

For more information about the last three types of item information, refer to "Serial/Lot Numbers" in this training material.

Item Reclassification Journal

Changing such information on item ledger entries can only be done in the **Item Reclass. Journal**. Although this journal functions in a way similar to the item journal and physical inventory journal, it is unique because of the dedicated "New..." fields in which to enter the new information value.

In the **Customize Item Reclass. Journal** dialog box, for each changeable field there is a corresponding "New..." field, such as the **New Department Code** field.

Demonstration: Change Department Code from Sales to Blank

Scenario: On 01/17/10, two units of item 1968-S are placed in inventory after they are returned by a customer. The two item ledger entries still carry the SALES department code assigned during the original sale, and this dimension value must be removed from the inventory items. Ellen, the warehouse manager, uses the item reclassification journal to make this correction.

Follow these steps to set up the **Item Reclass. Journal** for the task:

1. On the **Warehouse** page, click **Inventory** and then click **Item Reclass. Journals**.
2. Use the Choose Columns feature to add the **Department Code**, **New Department Code**, and **Location Code** fields. If it is necessary, close the journal and reopen to activate the changes.

The journal now includes the fields that will hold the old and new department codes, plus it shows where the item is stored.

3. In the **Posting Date** field, enter 01/17/10.
4. In the **Item** field, enter 1968-S and then press ENTER or TAB.

Before proceeding to fill in the remainder of the journal line, Ellen verifies that the item ledger entry currently carries the SALES department code.

5. On the **Related Information** menu, point to **Item** and then click **Ledger Entries** to open the **Item Ledger Entries** page.

The second-to-the-last item ledger entry of item 1968-S shows that two pieces were returned on 01/17/10 and put back into the RED location with the SALES department code.

***NOTE:** The last item ledger entry shows that on 01/24/10, the two swivel chairs are sold again, with the SALES department code. This demonstration assumes that this date has not yet arrived. Therefore, disregard the last item ledger entry.*

6. Close the **Item Ledger Entries** page and return to the **Item Reclass. Journal**.
7. In the **Department Code** field, enter SALES.
8. Leave the **New Department Code** field empty to indicate that the item ledger entry will not hold a dimension value.
9. In the **Location Code** field, enter RED to ensure that the reclassification happens in the right warehouse.
10. In the **Quantity** field, type 2.

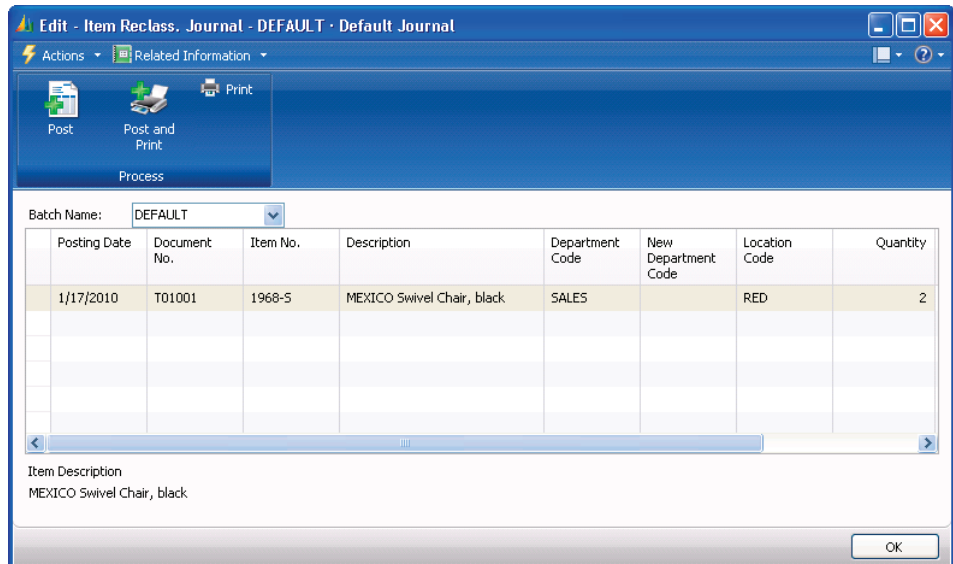


FIGURE 1.7 ITEM RECLASSIFICATION JOURNAL READY TO POST AND THEREBY REMOVE THE SALES DEPARTMENT CODE FROM THE ITEM LEDGER ENTRY.

11. On the Action Pane, click **Post** and then click **Yes** to post the journal line.
12. Close the **Item Reclass. Journal** page.

Follow these steps to verify that the reclassification functioned as is intended:

1. On the **Warehouse** page, click **Planning & Execution** and then click **Items**.
2. Locate and select item 1968-S.

3. On the **Related Information** menu, point to **Item**, then to **Entries**, and then click **Ledger Entries**.
4. Add the **Department Code** field using the Choose Columns feature.

Posting Date	Entry Type	Document Type	Document No.	Item No.	Description	Department Code	Location Code	Quantity
12/31/2009	Positive Adjmt.		START	1968-5			BLUE	236
12/31/2009	Positive Adjmt.		START	1968-5			RED	28
12/31/2009	Positive Adjmt.		START	1968-5			GREEN	14
1/7/2010	Sale	Sales Shipment	102001	1968-5		SALES	RED	-2
1/8/2010	Sale	Sales Shipment	102002	1968-5		SALES	RED	-1
1/9/2010	Sale	Sales Shipment	102003	1968-5		SALES	RED	-2
1/11/2010	Sale	Sales Shipment	102004	1968-5		SALES	RED	-2
1/14/2010	Sale	Sales Shipment	102006	1968-5		SALES	RED	-1
1/15/2010	Sale	Sales Shipment	102008	1968-5		SALES	RED	-4
1/17/2010	Sale	Sales Shipment	102011	1968-5		SALES	RED	-1
1/17/2010	Sale	Sales Return Receipt	107001	1968-5		SALES	RED	2
1/17/2010	Transfer		T01001	1968-5		SALES	RED	-2
1/17/2010	Transfer		T01001	1968-5			RED	2
1/24/2010	Sale	Sales Shipment	102021	1968-5		SALES	RED	-2

FIGURE 1.8 SALES DEPARTMENT CODE REMOVED THROUGH RECLASSIFICATION

Two new item ledger entries of type Transfer are created: one for a quantity of -2, removing the existing entry, and one for a quantity of +2, restoring the entry, but without the SALES department code.

Again assuming that the last item ledger entry does not exist, when 01/24/10 arrives, the order processor will sell from inventory, two MEXICO Swivel Chairs that do not hold dimension values since this is a CRONUS company rule.

Summary

A typical task involved in controlling inventory is to analyze and maintain inventory levels to keep the supply chain flowing. Other general tasks are to post adjustments to inventory, either with the item journal, as a substitute for production orders or other purposes, with the physical inventory journal in connection with periodic counting, or with the reclassification journal when only attached item information needs to be changed.

Test Your Knowledge

Test your knowledge with the following questions.

1. Which of the following pages show item availability according to MPS concepts? (Select all that apply)
 - Item Availability by Period
 - Item Availability by Date
 - Item Availability by Variant
 - Item Availability by Location

2. Which of the following are allocations? (Select all that apply)
 - A quantity consumed as production components.
 - A quantity entered on inbound orders, but yet unposted.
 - A quantity entered on outbound orders, but yet unposted.
 - Reserved items

3. Which page shows how many items are available in different warehouses?
 - Item Availability by Warehouse
 - Location Availability
 - Item Availability by Location
 - Warehouse Availability

4. Complete the following availability calculation formula:
Availability = _____ + Inbound Quantities - _____

5. Which item journal functions allow item journal lines to be reused? (Select all that apply)
 - Reuse Journal Lines
 - Get Standard Journals
 - Get Posted Journal lines
 - Save as Standard Journal

6. Which check box must be selected on the **Options** FastTab of the **Phys. Inventory List** dialog box to show expected inventory on the Phys. Inventory List report?

7. Put the following steps of taking a Physical Inventory count in the proper order:

Step:

_____: Print the Phys. Inventory List sheet to write counted quantities on.

_____: Enter the counted quantities in the physical inventory journal.

_____: Count the quantity of each item and write the figure in the empty field.

_____: Fill in a physical inventory journal with calculated (expected) inventory.

8. In the **Phys. Inventory Journal**, what value is shown in the **Entry Type** field when a surplus is entered in the **Qty. (Phys. Inventory)** field?

9. Which of the following are special characteristics of the reclassification journal? (Select all that apply)

- It is used to rename items.
- It creates one item ledger entry of type Transfer for each posting.
- It uses variations of the "New..." field.
- It creates two item ledger entries for each posting.

10. Which journal is used to post an adjustment of item information in inventory?

Quick Interaction: Lessons Learned

Take a moment and write down three key points you have learned from this chapter:

1.

2.

3.

Solutions

Test Your Knowledge

1. Which of the following pages show item availability according to MPS concepts? (Select all that apply)
 - Item Availability by Period
 - Item Availability by Date
 - Item Availability by Variant
 - Item Availability by Location
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 - A quantity entered on inbound orders, but yet unposted.
 - A quantity entered on outbound orders, but yet unposted.
 - Reserved items
3. Which page shows how many items are available in different warehouses?
 - Item Availability by Warehouse
 - Location Availability
 - Item Availability by Location
 - Warehouse Availability
4. Complete the following availability calculation formula:
Availability = _____ + Inbound Quantities - _____

MODEL ANSWER: 1: Inventory 2: Allocations

5. Which item journal functions allow item journal lines to be reused? (Select all that apply)
 - Reuse Journal Lines
 - Get Standard Journals
 - Get Posted Journal lines
 - Save as Standard Journal

6. Which check box must be selected on the **Options** FastTab of the **Phys. Inventory List** dialog box to show expected inventory on the Phys. Inventory List report?

MODEL ANSWER: Show Qty. (Calculated)

7. Put the following steps of taking a Physical Inventory count in the proper order:

Step:

2 : Print the Phys. Inventory List sheet to write counted quantities on.

4 : Enter the counted quantities in the physical inventory journal.

3 : Count the quantity of each item and write the figure in the empty field.

1 : Fill in a physical inventory journal with calculated (expected) inventory.

8. In the **Phys. Inventory Journal**, what value is shown in the **Entry Type** field when a surplus is entered in the **Qty. (Phys. Inventory)** field?

MODEL ANSWER: Positive Adjmt.

9. Which of the following are special characteristics of the reclassification journal? (Select all that apply)

It is used to rename items.

It creates one item ledger entry of type Transfer for each posting.

It uses variations of the "New..." field.

It creates two item ledger entries for each posting.

10. Which journal is used to post an adjustment of item information in inventory?

MODEL ANSWER: Item Reclassification Journal