



FACTSHEET

# **COSTING METHOD 365**

## Special solution

The Costing Method 365 module allows customers to change the inventory issue method of their items while maintaining the completeness of cost information in the item entries and historical item information.

Costing Method 365 has been developed directly in Microsoft Dynamics 365 Business Central to allow customers to flexibly and easily redefine the inventory issue methods of their items after the initial setup.

An item's inventory issue method defines the way in which the cost and total stock value of an item is calculated. Different inventory issue methods that access the same data basis can often produce widely differing costs and stock values. The decision as to which inventory issue method should be used is central to the calculation of a company's stock value and should therefore not be underestimated. As soon as item movements are posted, the item's inventory issue method is fixed in the item and value entries that contain cost information.

Regardless of the importance of setting up an inventory issue method where it becomes necessary to change an item's inventory issue method. For example, this may be required in the following cases:

- **User error:** When setting up an item, a user accidentally selects the wrong inventory issue method.
- **Legal grounds:** If conformity with the International Accounting Standards (IAS) is sought, this may require a change in the inventory issue method. For example, IAS does not permit the use of the LIFO inventory issue method, meaning that a company which has previously used the aforementioned inventory issue method must find a way to change the inventory issue method.
- **Change in procurement:** An item that was previously manufactured by the company itself (for example, using the standard inventory issue method) will be purchased in the future. This may require adjustment to an inventory issue method that is more suitable for purchasing.

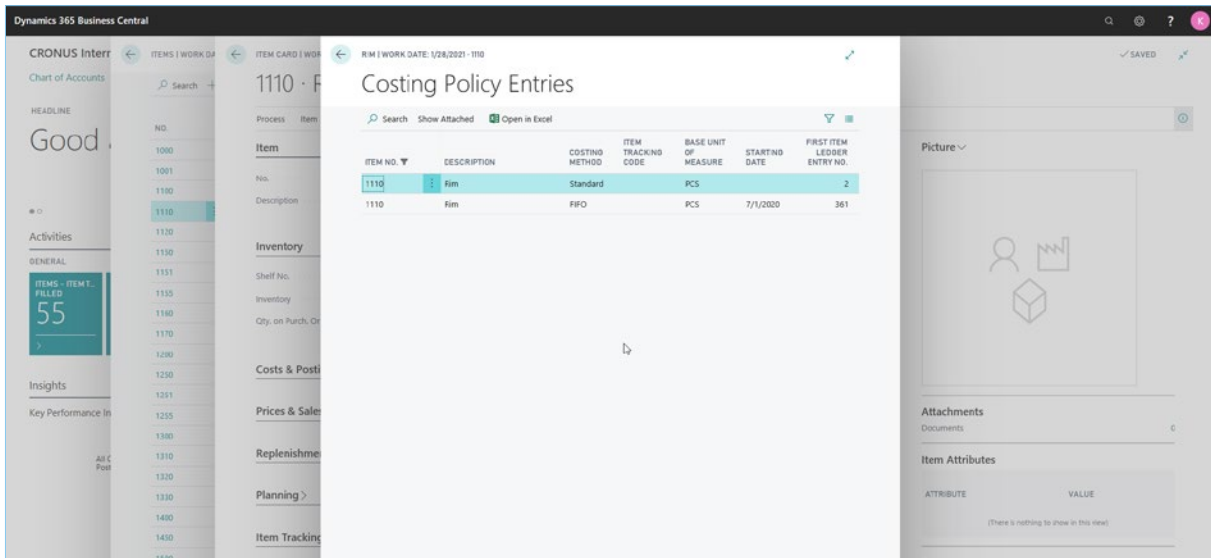
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## Inventory issue method entries

One of the main concerns when changing an item inventory issue method is: How can we clearly log that the inventory issue method for an item was changed at a particular time?

To help the program and the user to trace the use and change of inventory issue methods, Costing Method 365 posts inventory issue method entries. Beginning with the initial setup of the item, the program creates an entry each time the inventory issue method of the item is changed. You can access the entries of an entry's inventory issue method from the item card or item overview.

The key pieces of information for these items are the start date and first sequential item entry no. They indicate from when and where in the entry the program uses the new inventory issue method. With this information, the program and the user can understand when and how a inventory issue method was changed.



ITEM NO.	DESCRIPTION	COSTING METHOD	ITEM TRACKING CODE	BASE UNIT OF MEASURE	STARTING DATE	FIRST ITEM LEDGER ENTRY NO.
1110	Fim	Standard		PCS		2
1110	Fim	FIFO		PCS	7/1/2020	361

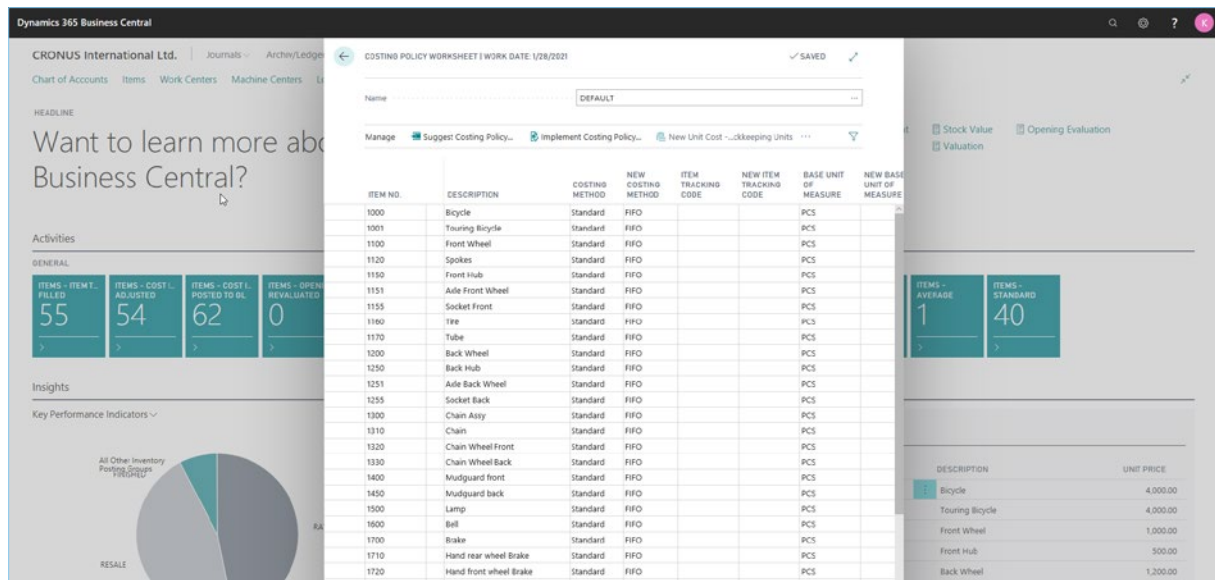
### Value flow strategy entries

# Inventory issue method suggestion

Changes to the inventory issue method are made via a suggestion. This offers two advantages: Firstly, users are accustomed to using suggestions to edit information in Microsoft Dynamics 365 Business Central. The second advantage is that a suggestion offers a high degree of flexibility: If necessary, many items can be changed at the same time using different tracking parameters for different item groups.

You can enter the information manually in the inventory issue method suggestion or call a function that automatically fills the suggestion using set filter criteria.

You specify the new inventory issue method in the inventory issue method suggestion. If the standard inventory issue method is used, you can also determine a new fixed standard cost. In addition, the program allows you to set up new fixed standard costs for inventory data assigned to an item.



**Figure 2: Inventory issue method suggestion window**

When the suggestion is complete, you only need to perform batch processing to make the changes to the inventory issue methods. The program clears the old item entries and creates new ones based on the new inventory issue method. This ensures a consistent history for the item in the item entry and a unique record for the change in the inventory issue method item.



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**Contact**

For further information about Costing Method 365 please contact us or your Dynamics partner. Our partners will be happy to advise and support you with the implementation and deployment of Costing Method 365.