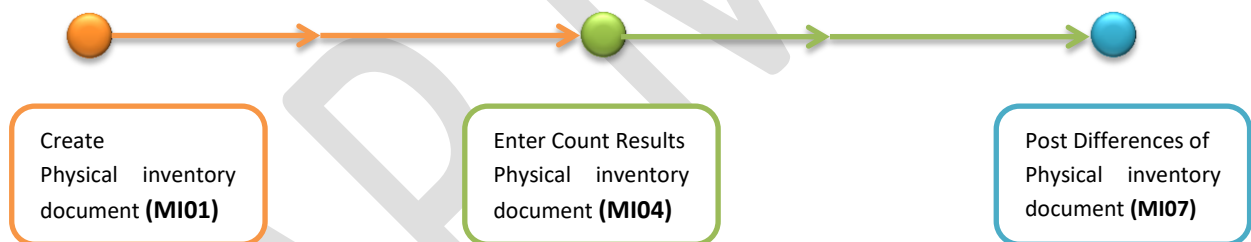# Physical Inventory

"**A process that determine that material stock is exact or if there are any difference in quantity than updated it as per physical calculation.**"
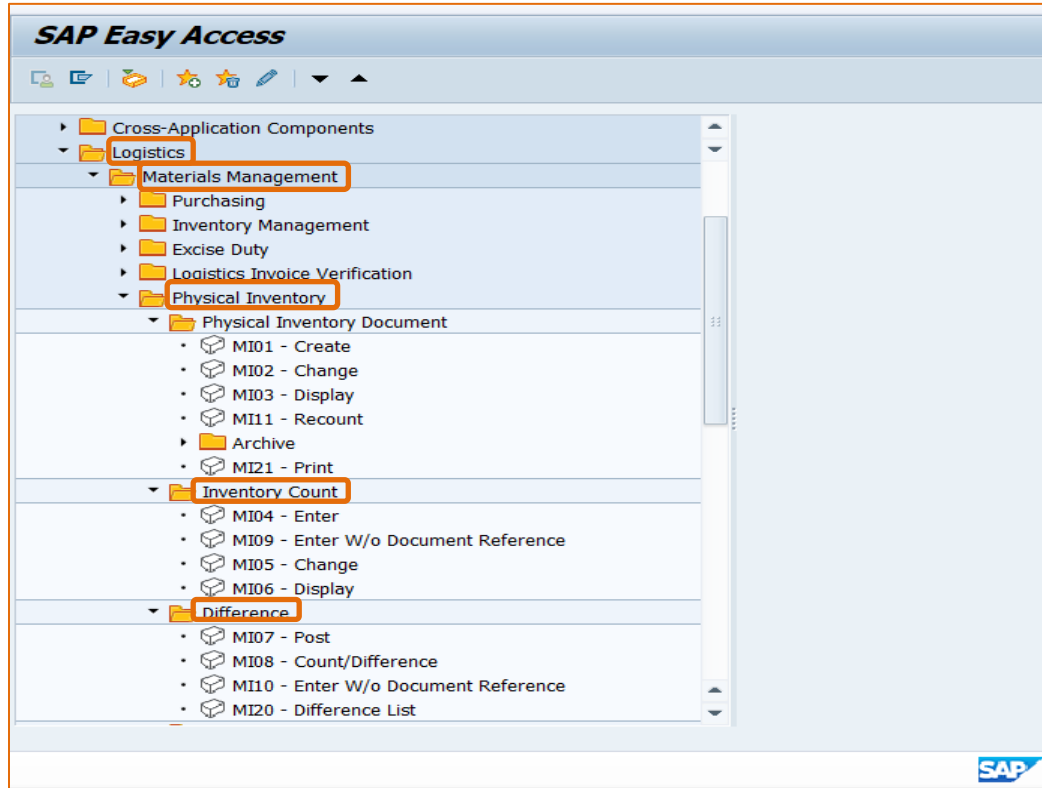
Some of Important Points why we need Physical inventory

1) There legal reasons due to which it is mandatory most of the time to conduct physical inventory at least once in a year.

2) It is helpful for organization to have correct stock in system to match physical stock.

3) If correct stock is not maintained in a system that means there is wrong picture on the financial aspects of the stock in possession.

4) Production planning required accurate MRP data of quantity of stock available for production planning.

Create Physical inventory document **(MI01)**	Enter Count Results Physical inventory document **(MI04)**	Post Differences of Physical inventory document **(MI07)**

There are four types on which organizations do physical inventory

1) Periodic Inventory- This type is mostly use by organization, in this type physical inventory of a material carried out once in a year.

2) Cycle Counting –This type carried out by organizations at regular intervals for particular material, if organization has material which sell is frequently or has high value then organization could count it four times a year while material which organizations not use frequently or has low value then for that material physical inventory carried out once in a year.

3) Continuous inventory – In this type a physical inventory is done for particular material at specific date in a year so we can count some material on January and some on March so on.

4) Inventory Sampling- In this type organization may choose random material and do physical inventory count on them if there are small difference in quantity then others also considered as correct.

Path for Physical Inventory

Material	System Stock	On-order	Physical stock
464802	300	0	240
464804	450	10	500
464822	50	0	52

STEP-1

Create Physical Inventory Document

T-CODE: MI01/MI02/MI03 (Create/Change/Display)

Create Physical Inventory Document: Initial Screen

Document date	01.07.2021
Planned count date	01.07.2021

Loc.of phys.inv.

Plant	Z005
Storage Location	Z051
Special Stock	

Other information

☑ Posting Block
☐ Freeze book invntory
☐ Batches w. del. flag

Phys. inventory no.	
Phys. Inventory Ref.	
Grouping type	
Name	

> Posting block is use if there is a possibility that someone will do a posting while physical inventory is in progress.

SAP

Display Physical Inventory Document 7009 : Overview

Position... Physical Inventory History Statistics... Other Phys. Inventory Doc.

Plant	Z005	FA MUMBAI PLANT
Stor. Loc.	Z051	RAW

Items

Itm	Material	Material Description	Batch	STy	AUn	Del
1	464802	REAR VIEW MIRROR		1	✓	☐
2	464804	WINDOW FRAME		1	✓	☐
3	464822	Rotar (Disk)		1	✓	☐

> These are material on which I want physical inventory to be carried out.

☑ Physical inventory document 7009 created   SAP

Display Physical inventory **T-CODE: MI03**

Display Physical Inventory History 7009 / 001

◄ ► Other Item... Display Material Document

Material	464802	REAR VIEW MIRROR

Location of phys.inv.

Plant	Z005	FA MUMBAI PLANT
Stor. Location	Z051	RAW
Stock type	Warehouse	

Promotions

Phys.inv.status	Not yet counted

> We can see here for this material has not yet been counted.

Goods Receipt Purchase Order 4500025360 - AKASHH

Show Overview | ☐ | Hold Check Post | ⓘ Help

A01 Goods Receipt ▼	R01 Purchase Order ▼		Plant	Z005	⊕ 🔍 🗑	GR goods receipt	101

General Vendor 👥

Document Date	01.07.2021	Delivery Not
Posting Date	01.07.2021	Bill of Ladin
🖨 ☐ 1 Individual Slip ▼		GR/GI Slip

> For this material I had an open PO however if someone try to post document then this kind of error will face because we have maintained posting block.

Line	Sta...	Mat. Short Text						Stock Type
1	●◌◌	WINDOW FRAME		✓	10	EA	RAW	101 + Unrestrict...

Display logs

Typ	Item	Message text	LTxt
🔴	1	Material 464804 Z005 Z051 blocked due to a physical inventory	❓

✓ ❓ 🔧 Technical Information ⏮ ◀ ▶ ⏭ 🔻 🖨 🗐 📋 Current display variant 🗔 🗔 🖨 Print 🔍 🔎 🛑 0 🔴 1 ⚠ 0 🟩 0 ⓘ Help ❌

Plant	FA MUMBAI PLANT	Z005	🏔
Storage Location	RAW	Z051	

STEP-2

Enter Inventory Count

T-CODE: MI04

Enter Inventory Count: Initial Screen

Other Count

Phys. Inventory Doc.   7009
Fiscal Year   2021

Date
Count Date   01.07.2021

Other Information
Variance in %   10

> **10 % of variance is allowed between our material's actual stock and system stock.**

Enter Inventory Count 7009: Collect.Processing

Physical Inventory History   Set Zero Count   Other Count

Plant   Z005 FA MUMBAI PLANT
Stor. Loc.   Z051 RAW

Items

Itm	Material	Batch	Sales Value	STy	Quantity	UnE	ZC
	Material Description				Quantity	SKU	
1	464802				240	EA	
	REAR VIEW MIRROR			1	0	EA	
2	464804				500	EA	
	WINDOW FRAME			1	0	EA	
3	464822				60	PC	
	Rotar (Disk)			1	0	PC	

Plant Z005 FA MUMBAI PLANT
Stor. Loc. Z051 RAW

Itm	Material	Batch	Sales Value	Quantity	UnE	ZC
	Material Description		STy	Quantity	SKU	
1	464802			240	EA	
	REAR VIEW MIRROR		1	240	EA	
2	464804			500	EA	
	WINDOW FRAME		1	0	EA	
3	464822			60	PC	
	Rotar (Disk)		1	0	PC	

> As I enter physical quantity and actual quantity there is a difference more than 10% variance, system is showing me negative difference warning massage.

Entry 1 of

⚠ Qty counted for mat. 464802 differs from book inv. bal. by 60,000- EA

Selection

Material	464802	⬚EAR VIEW MIRROR
Material Type	ROH	Raw material standard
Unit of Measure	EA	Base Unit of Measure

Stock Overview

Detailed Display

Client/Company Code/Plant/Storage Location/Batch/Special Stock	Unrestricted use	Qual.
▾ 🖳 Full		300,000
▾ 📱 1000 BestRun Germany		300,000
▾ 🏭 Z005 FA MUMBAI PLANT		300,000
• ▦ Z051 RAW		300,000

As it shows this message we can cross check or if we not made any mistake then we can bypass warning message.

Enter Inventory Count 7009: Collect.Processing

Physical Inventory History   Set Zero Count   Other Count

Plant Z005 FA MUMBAI PLANT
Stor. Loc. Z051 RAW

Itm	Material	Batch	Sales Value	Quantity	UnE	ZC
	Material Description		STy	Quantity	SKU	
1	464802			240	EA	
	REAR VIEW MIRROR		1	240	EA	
2	464804			520	EA	
	WINDOW FRAME		1	520	EA	
3	464822			52	PC	
	Rotar (Disk)		1	52	PC	

> Here system showing positive difference

Entry 1 of 3

⚠ Qty counted for mat. 464804 differs from book inv. bal. by 70,000 EA

Selection

Material	464804	⬚WINDOW FRAME
Material Type	ROH	Raw material standard
Unit of Measure	EA	Base Unit of Measure EA

Stock Overview

Detailed Display

Client/Company Code/Plant/Storage Location/Batch/Special Stock	Unrestricted use	Qual. inspection
▾ 🖳 Full		450,000
▾ 📱 1000 BestRun Germany		450,000
▾ 🏭 Z005 FA MUMBAI PLANT		450,000
• ▦ Z051 RAW		450,000

☑ Count entered for phys. inv. doc. 7009

Now as I have done with my counting system showing me counted and difference on item level.

Display Physical Inventory History 7009 / 001

◄ ► Other Item... Display Material Document

Material   464802   ⬚AR VIEW MIRROR

Location of phys.inv.

Plant   Z005 FA MUMBAI PLANT
Stor. Location   Z051 RAW
Stock type   Warehouse

Promotions

Phys.inv.status   Counted
Count date   01.07.2021   Counted by   AKASHH

Quantities and values

Quantity   240   EA
Book quantity   300   EA   Ext.sales value   0,00
Difference qty   60,000-   EA   Book value   0,00

STEP-3

Post differences

Post Inventory Difference: Initial Screen

🖨 Selection Screen   Other Difference

Phys. Inventory Doc.   7009   ⬚
Fiscal Year   2021

Date

Posting Date   01.07.2021

Other Information

Threshold Value   [   ]

Post Inventory Difference 7009: Selection Screen

Position... Physical Inventory History Other Difference

| Plant | Z005 | FA MUMBAI PLANT |
| Stor. Loc. | Z051 | RAW |

Negative difference

Items

Itm	Material	Batch	ST	Difference	BUn	Difference Amnt	Reas.
						Diff. Sales Value	
☑ 1	464802		1	60-	EA	9.000,00	1
						0,00	
☑ 2	464804		1	70	EA	12.600,0	1
						0,00	
☑ 3	464822		1	2	PC	4.000,00	21
						0,00	

Positive difference

Here we need to give reason for difference

Reason for inventory diff. (1) 82 Entries fo...

Restrictions

MvT	Reas.	Reason for Movement
101	0111	reason is mandatory
101	0123	Timepass
101	0777	test
101	1211	PRACTICE
102	0123	wrong posted GR
103	0003	Decision pending
103	0100	due to qc
103	0103	Spoiled
122	0001	Poor quality
122	0002	Incomplete
122	0003	Damaged
122	0004	delivered wrong prod
122	0005	quality failed
122	0006	Higher Price
122	0008	Damaged

82 Entries found

☑ Diffs in phys. inv. doc. 7009 posted with m. doc. 7013

SAP

Display Material Document 7013 : Overview

Details from Item Material Accounting Documents...

| Posting Date | 01.07.2021 | | Name | AKASHH |

Items

Item	Quantity	EUn	Material	Plnt	SLoc	Batch	Re	MvT	S	S
		BUn	Material Description			Reserv.No.	Itm			EIs
1	60	EA	464802	Z005	Z051			702		-
			REAR VIEW MIRROR							
2	70	EA	464804	Z005	Z051			701		+
			WINDOW FRAME							
3	2	PC	464822	Z005	Z051			701		+
			Rotar (Disk)							

702 (-) =GI from Unrestricted

701 (+) =GR to Unrestricted

Thanks & Regards,
Akash Hiwale
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