Stock Adjsutments

Contents

1. Stock Adjustments

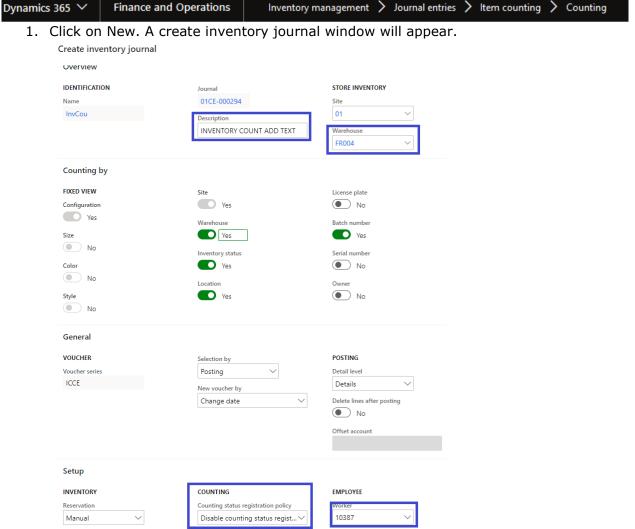| Type of Stock Adjustment	Used for
Inventory count:	Adjust stock quantity
	Mainly for (monthly) stock reconciliation, physical stock checks
Inventory adjustment:	Change inventory status (no blocked warehouses, only inventory status per item per warehouse per batch)
	Mainly when quality issue or relabel, from available to blocked or from RMA blocked to Available
Inventory movement:	Change stock value from one to another ledger account (recharge)
	Mainly to be used for samples, internally damaged goods, testing samples & accruals deduction
Inventory transfer:	**Correct Batch numbers on existing stock**
	Batch number adjustment.

1.1. Counts

Counting journals are used with a (monthly) stock reconciliation or in relation with a physical stock count. Also, incidental stock adjustments can be done via this route, like label write-offs etc.

Upon entering an item code, the inventory counting journal displays the current administrative On-hand stock quantity for the selected warehouse and you can enter the actual physical or to-be stock quantity in the journal's counted field.

D365 calculates the difference between current and to-be quantities and shows the value.

1.1.1. Create an on-hand counting journal

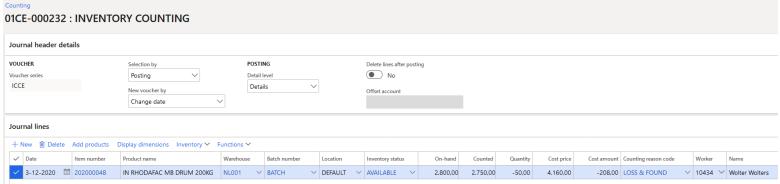1. Click on New. A create inventory journal window will appear.

2. Select the Warehouse where the count is done.
3. Disable counting status registration. *If not done, the specific item used and warehouse can't be used by you or another user in another count until the count is completed.*
4. Select your employee number under Worker (you can search for your number on the arrow)
5. Optionally you can change the Description of the journal for easy reference, e.g. 'Physical stock check NL001 JUNE21'
6. Click OK.

1.1.2. Create counting lines

1. Enter journal lines by clicking New in the journal lines section. The date of today is already filled in. You can change the counting date to a date in the past. Caution: The counting date will generate the on-hand stock as of the date entered. So, if the stock take was a week ago, you can in this way retrieve the stock levels of a week ago in the journal. However, the journal can only be posted as long as the change date will be within the open financial period. Creating adjustments in the previous month will not be possible, since that month will most likely be closed for transactions. If the stock take took place in a closed period, you can still change the stock, but you will have to choose the nearest possible date, and enter the *difference, not the counted stock* in the journal. This is because the administrative stock level could have changed already since the date of stock taking, and if you then enter the counted stock the difference will be calculated against the wrong date.

2. Select the item code and if applicable the batch number.
3. Select the Inventory status that is applicable to the stock quantity you want to change. (AVAILABLE = default). The current on-hand quantity will show automatically.
4. Enter DEFAULT to Location.
5. Add the correct to-be stock in the *Counted* column. The difference with the current quantity will be automatically calculated. You can also add the *difference* in the Quantity column (see point 1 above).
6. Select the reason for adjustment in the column *Counting reason code*. (if column is not visible, click add columns to add this column)

When completed, you can Validate the entries (choose validate from the top menu). If all OK, click Save. Once the stock adjustment is initiated in D365, send an email to the approver (Operations manager (01CE) or Branch Management (SB) including :The transaction type : count, adjustment, movement. The stock adjustment reference, e.g.: 01CE-000432 & Explanation for all stock adjustment > 1000 Euro / Adj reference
& mention the total value of the adjustment (rounded value). You can copy in the Inventory controller, alternatively the approver or (you can forward the approval) to the inventory controller who will do the posting in D365.

After posting of the journal, if the On-hand inventory was higher than the to-be quantity, the transaction details will show it as "Sold". If the On-hand inventory was less than the to-be quantity, the transaction details will show it as "Purchased".

Below a transaction overview which shows a count where the to-be stock was 268 pce lower as the current stock.
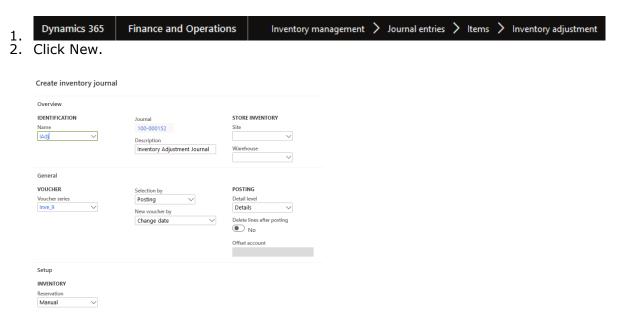
1.2. Inventory Adjustments

We only use the inventory adjustment route when we want to change the *Inventory status* of an item. For instance, from AVAILABLE to BLOCKED or vice versa. We do not use it for quantity adjustments (for quantity adjustments we use Counts).

In case of an inventory status adjustment, stock needs to be decreased and increased in the same quantities with different Inventory Status.
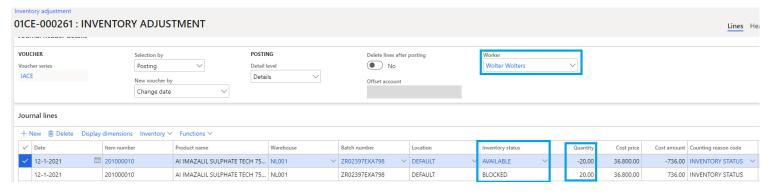
1.2.1. Create an inventory adjustment journal

1.
2. Click New.

3. Choose the Warehouse where you want to work in, the Site follows automatically & optionally amend the description.
4. Click OK.

1.2.2. Create inventory adjustment journal lines

1. Click New in the journal lines section.
2. In the Journal header details, choose your name in the *Worker* field. (if not visible, add the field to the section, you can do this by right clicking on the journal header details and press personalize and the + add a field and select the worker field.)
3. Click new in the Journal lines section to add two new lines
4. In both lines select the same item, with the same batch code (if applicable) with the first line inventory status AVAILABLE & the second one BLOCKED.
5. Select the location (DEFAULT)
6. In the Quantity field of the first line (AVAILABLE), enter a *negative* quantity for the current inventory status.
7. In the second line (BLOCKED), choose the to-be Inventory status and enter a *positive* quantity, (the same quantity is the first line).
8. Click Validate
9. When validation succeeds, click Save
10. When completed, you can Validate the entries (choose validate from the top menu). If all OK, click Save. Once the stock adjustment is initiated in D365, send an email to the approver (Operations manager (01CE) or Branch Management (SB)) including :The transaction type : adjustment. The stock adjustment reference, e.g.: 01CE-000432 & Explanation for all stock adjustment > 1000 Euro & copy in the Quality manager in case of a quality issue. You can copy in the Inventory controller, alternatively the approver or (you can forward the approval) to the inventory controller who will do the posting in D365.
11. When posted the stock is deducted (or if reversed increased) from the AVAILABLE stock and an additional line of BLOCKED stock is available for this quantity.

In the Transaction details of an item the Inventory Adjustment will show with reference "Inventory adjustment".

1.3. Movements

Movement are used when inventory needs to be adjusted in or out but with a known and identifiable cause/reason. Examples for the movement journal would be € 0 value customer samples, internally damaged goods, testing samples etc, or for instance when a consumption of production needs to be revised. It can also be used to deduct accruals on stock.

1.3.1 Create Movement journal

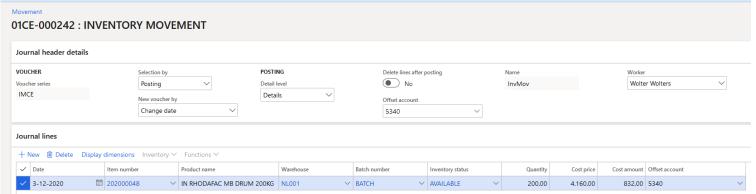| Dynamics 365 ∨	Finance and Operations	Inventory management > Journal entries > Items > Movement

1. Click New.
2. Choose the Warehouse where you want to work in, the Site follows automatically
3. A general ledger (called offset account) will be automatically filled, if not the desired one, choose the General ledger that you want the modifications to.
4. Click OK.

1.3.2 Create movement journal lines

1. Click New in the journal lines section.
2. In the Journal header details, choose your name in the *Worker* field. (if not visible, add the field to the section)
3. Click new in the Journal lines section to add a new line
4. Add the Item and batch if applicable
5. Add Location (DEFAULT)
6. Add the quantity, negative or positive
7. For certain GL's you also need to add financial dimensions e.g. the department, cost center of FOC account., this can be done on line level.
8. Click Validate
9. If validated with no errors, click Save.
10. If all OK, click Save. Once the stock adjustment is initiated in D365, send an email to the approver Branch Management (SB) including :The transaction type : movement. The stock adjustment reference, e.g.: 01CE-000432 & Explanation for all stock adjustment > 1000 Euro / Adj reference & mention the total value of the adjustment (rounded value). You can copy in the Inventory controller, alternatively the approver or (you can forward the approval) to the inventory controller who will do the posting in D365.
11. After posting the stock is changed and booked on the chosen General ledger account.

Transfers

We use transfers to change batch codes in the system when they do not match with reality.
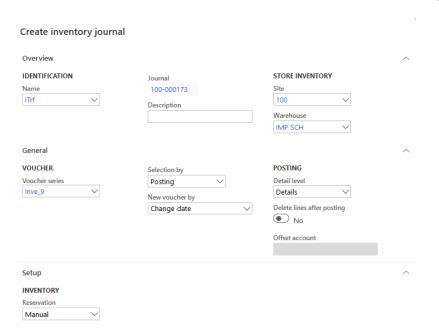The value of the stock stays the same.
In the Transaction details of an item the Transfer will show with reference "Transfer".

1.4.1. Create Transfer journal

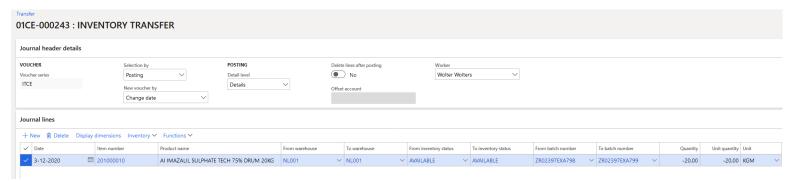| Dynamics 365	Finance and Operations	Inventory management > Journal entries > Items > Transfer

1. Click new
2. Choose the Warehouse where you want to work in, the Site follows automatically
3. You can also so change the description.
4. Click OK

1.4.2 Create transfer journal lines

1. Click New in the journal lines section.
2. In the Journal header details, choose your name in the *Worker* field. (if not visible, add the field to the section. See inventory adjustment on how to.)
3. If it's the first time please make sure you have the correct inventory dimensions, you can select them by pressing on Display dimensions on top of the journal lines. Please select warehouse, location, inventory status & batch number.
4. Fill in item code
5. Choose the same warehouse for the *From Warehouse* and *To Warehouse* column
6. The same applies for the location, inventory status to can be left blank.
7. Fill in the batch number that you want to change in *From batch number*
8. Fill in batch number that you want to result in *To batch number. In case the new number is not available, you will need* to create the new batch number or ask someone who can create them for you.
9. Enter the Quantity(negative) that you want to transfer
10. Click Validate
11. Click Post (this can be done by you, no approval is needed).
12. The batch change is now done.

Additional screens:

Counting reason code

| | Form information |
| Personalize: Counting reason code |
| Export all rows |
| Hide this column |
| Insert columns... |
| View shortcuts |

Insert columns

🔍 Filter

Se... ↓	Field	Type	Table
✓	Counting reason code	Text	Inventory journal lines

Insert columns

🔍 Filter

Se... ↓	Field	Type	Table
✓	Counting reason code	Text	Inventory journal lines