



Microsoft Dynamics® GP
Monetary Correction of Inventory

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Introduction

Monetary Correction of Inventory allows you to revalue the inventory based on the price index given by the legal authorities. These revaluations will reflect the change in the value of an item due to the correction. You can set up and assign purchasing currencies to the items to calculate the corrections. You can also generate reports for all the items that have been revalued.

Check for current instructions

This information was current as of May 2010. The documentation may be updated as new information becomes available. Check the Microsoft Dynamics® GP online Web site (<http://go.microsoft.com/fwlink/?LinkID=161199>) for the most current documentation.

The introduction is divided into the following sections:

- [What's in this manual](#)
- [Symbols and conventions](#)
- [Resources available from the Help menu](#)
- [Send us your documentation comments](#)

What's in this manual

This manual is designed to give you an in-depth understanding of how to use the features of Monetary Correction of Inventory, and how it integrates with the Microsoft Dynamics GP system.

To make best use of Monetary Correction of Inventory, you should be familiar with systemwide features described in the System User's Guide, the System Setup Guide, and the System Administrator's Guide.

Some features described in the documentation are optional and can be purchased through your Microsoft Dynamics GP partner.

To view information about the release of Microsoft Dynamics GP that you're using and which modules or features you are registered to use, choose Help >> About Microsoft Dynamics GP.

The manual is divided into the following chapters:

- [Chapter 1, "Setup,"](#) describes how to set up monetary correction for inventory so that it meets the needs of your business. You can set up and assign a purchase currency to inventory items.
- [Chapter 2, "Routines and reports,"](#) describes the various processes you must follow to perform the monetary correction of inventory for a specified period. You can print reports for the monetary correction you have performed.

Symbols and conventions

For definitions of unfamiliar terms, see the glossary in the manual or refer to the glossary in Help.

Symbol	Description
	The light bulb symbol indicates helpful tips, shortcuts and suggestions.
	The warning symbol indicates situations you should be especially aware of when completing tasks.

This manual uses the following conventions to refer to sections, navigation and other information.

Convention	Description
<i>Creating a batch</i>	Italicized type indicates the name of a section or procedure.
File >> Print or File > Print	The (>>) or (>) symbol indicates a sequence of actions, such as selecting items from a menu or toolbar, or pressing buttons in a window. This example directs you to go to the File menu and choose Print.
TAB or ENTER	All capital letters indicate a key or a key sequence.

Resources available from the Help menu

The Microsoft Dynamics GP Help menu gives you access to user assistance resources on your computer, as well as on the Web.

Contents

Opens the Help file for the active Microsoft Dynamics GP component, and displays the main “contents” topic. To browse a more detailed table of contents, click the Contents tab above the Help navigation pane. Items in the contents topic and tab are arranged by module. If the contents for the active component includes an “Additional Help files” topic, click the links to view separate Help files that describe additional components.

To find information in Help by using the index or full-text search, click the appropriate tab above the navigation pane, and type the keyword to find.

To save the link to a topic in the Help, select a topic and then select the Favorites tab. Click Add.

Index

Opens the Help file for the active Microsoft Dynamics GP component, with the Index tab active. To find information about a window that’s not currently displayed, type the name of the window, and click Display.

About this window

Displays overview information about the current window. To view related topics and descriptions of the fields, buttons, and menus for the window, choose the appropriate link in the topic. You also can press F1 to display Help about the current window.

Lookup

Opens a lookup window, if a window that you are viewing has a lookup window. For example, if the Checkbook Maintenance window is open, you can choose this item to open the Checkbooks lookup window.

Show Required Fields

Highlights fields that are required to have entries. Required fields must contain information before you can save the record and close the window. You can change the font color and style used to highlight required fields. On the Microsoft Dynamics GP menu, choose User Preferences, and then choose Display.

Printable Manuals

Displays a list of manuals in Adobe Acrobat .pdf format, which you can print or view.

What's New

Provides information about enhancements that were added to Microsoft Dynamics GP since the last major release.

Microsoft Dynamics GP Online

Opens a Web page that provides links to a variety of Web-based user assistance resources. Access to some items requires registration for a paid support plan.

Current implementation and upgrade information The most recent revisions of upgrade and implementation documentation, plus documentation for service packs and payroll tax updates.

User documentation and resources The most recent user guides, how-to articles, and white papers for users.

Developer documentation and resources The most recent documentation and updated information for developers.

Product support information Information about the Microsoft Dynamics GP product support plans and options that are available, along with information about peer support and self-support resources.

Services information Information about Microsoft Dynamics GP support, training, and consulting services.

Microsoft Dynamics GP Community Access to newsgroups, where you can ask questions or share your expertise with other Microsoft Dynamics GP users.

CustomerSource home page A wide range of resources available to customers who are registered for a paid support plan. Includes access to Knowledge Base articles, software downloads, self-support, and much more.

Customer Feedback Options

Provides information about how you can join the Customer Experience Improvement Program to improve the quality, reliability, and performance of Microsoft® software and services.

Send us your documentation comments

We welcome comments regarding the usefulness of the Microsoft Dynamics GP documentation. If you have specific suggestions or find any errors in this manual, send your comments by e-mail to the following address: bizdoc@microsoft.com.

To send comments about specific topics from within Help, click the Documentation Feedback link, which is located at the bottom of each Help topic.

Note: By offering any suggestions to Microsoft, you give Microsoft full permission to use them freely.

Chapter 1: Setup

Use this information to complete the setups required to perform the monetary correction of inventory. This includes defining the purchasing currencies for items and updating the currency correction table with the correction values specified by the legal authorities. You can also assign a default currency to items that do not have a purchasing currency.

When you set up Monetary Correction of Inventory, you can open each setup window and enter information, or you can use the Setup Checklist window (Microsoft Dynamics GP menu >> Tools >> Setup >> Setup Checklist) to guide you through the setup process. See your System Setup Guide (Help >> Contents >> select Setting up the System) for more information about the Setup Checklist window.

This information is divided into the following sections:

- [*Defining the purchasing currency*](#)
- [*Assigning the purchasing currency to inventory items*](#)
- [*Defining the default correction currency and account*](#)
- [*Assigning the default currency to items*](#)
- [*Designating the excluded warehouses*](#)
- [*Designating the special classes for monetary correction*](#)
- [*Forcing the correction parameters*](#)
- [*Updating the currency correction percentage*](#)
- [*Selecting transactions for currency correction*](#)

Defining the purchasing currency

Use the Define/Update Purchase Currency window to define the purchasing currency for items and the percentage for monetary corrections. This percentage should correspond to that specified by the legal authorities from time to time. The monetary correction is performed based on either the Greater Value or the Last Purchase Value of the items. The Greater Value is the highest purchase price paid for an item during the fiscal year. The last purchase value is the price at which the last purchase for the item was made in the fiscal period.

To define the purchasing currency:

1. Open the Define/Update Purchase Currency window.
(Cards >> Inventory >> Define/Update Purchase Currency)

Currency Code	C1
Description	Currency Code1
%Curr. Corr. with no Purchases during the Year	0000
%Curr. Corr. with Purchases during 1st Semester	
Monetary Correction Method	Last Purchase Value

2. Enter a Currency Code.
3. Enter a Description for the currency code you are setting up.

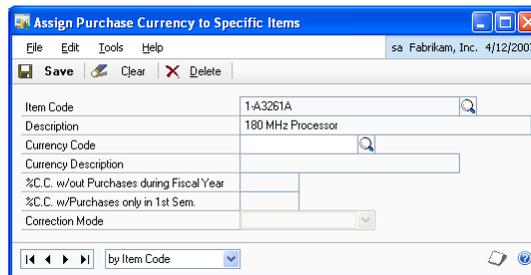
4. Enter the percentage of currency correction specified by the legal authorities for items that had no purchases entered during the year.
5. Enter the percentage of currency correction for items that had purchases entered during the first half of the year, but not during the second half. This is specified by the authorities.
6. Choose whether the monetary correction will be performed on the Last Purchase Value, or on the Greater Value of each item.
7. Choose Save to save the currency code details you have entered.
8. Choose Clear to clear, or choose Delete to delete the currency code details displayed in the window.

Assigning the purchasing currency to inventory items

Use the Assign Purchase Currency to Specific Items window to assign a purchasing currency to specific inventory items.

To assign the purchasing currency to inventory items:

1. Open the Assign Purchase Currency to Specific Items window.
(Cards >> Inventory >> Assign Purchase Currency to Items)



2. Enter or select the Item Code to which to assign the purchasing currency.
3. The Description field displays the description for the selected item.
4. Enter or select the currency code to be assigned to the item code.
5. The Currency Description, the Monetary Correction percentage, and the Correction Mode fields display the values for the selected currency code that you have set up in the Define/Update Purchase Currency window. You cannot change these values. Refer to [Defining the purchasing currency](#) on page 5 for more information.
6. Choose Save to save the item and currency code combination you have set up.
7. Choose Clear to clear, or Delete to delete the values displayed in the window.

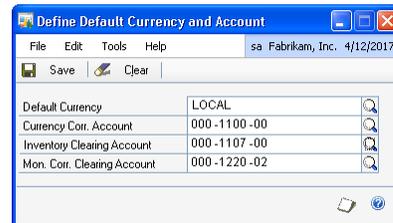
Defining the default correction currency and account

You can select the default currency to perform monetary corrections for items that do not have a specific purchasing currency assigned to them and assign a default account to update the currency correction. You must also set up the inventory

clearing account and the monetary correction clearing account in this window. These accounts are used to hold the monetary correction value before the correction is posted. Refer to [Assigning the default currency to items](#) on page 7 for more information.

To define the default correction currency and account:

1. Open the Define Default Currency and Account window.
(Cards >> Inventory >> Default Currency and Account)



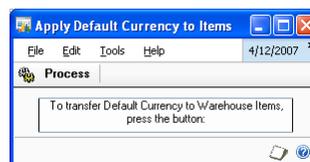
2. Enter or select the currency in the Default Currency field.
3. Enter or select the currency correction account. This account is updated with the difference during currency correction.
4. Enter or select an Inventory Clearing account. This account is updated with the inventory cost amount for the negative and positive adjustments that are created during the monetary correction process.
5. Enter or select a Monetary Correction Clearing account. This account is updated with the inventory cost amount for the negative and positive adjustments that are created during the monetary correction process.
6. Choose Save to save your settings or Clear to clear the values entered.

Assigning the default currency to items

Use the Apply Default Currency to Items window to assign the default currency to inventory items that do not have a specific purchasing currency assigned to them. You must have already set up the default currency in the Define Default Currency and Account window. Refer to [Defining the default correction currency and account](#) on page 6 for more information.

To assign the default currency to items:

1. Open the Apply Default Currency to Items window.
(Cards >> Inventory >> Apply Default Curr. to Items)



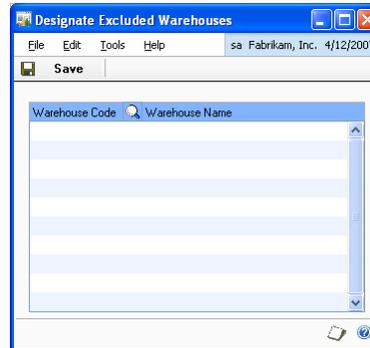
2. Choose Process to assign the default currency to inventory items.

Designating the excluded warehouses

You can select the warehouses to exclude while determining the base reference cost for the monetary correction. The companies must have a legal approval to exclude the warehouses.

To designate the excluded warehouses:

1. Open the Designate Excluded Warehouses window.
(Cards >> Inventory >> Designate Excluded Warehouses)



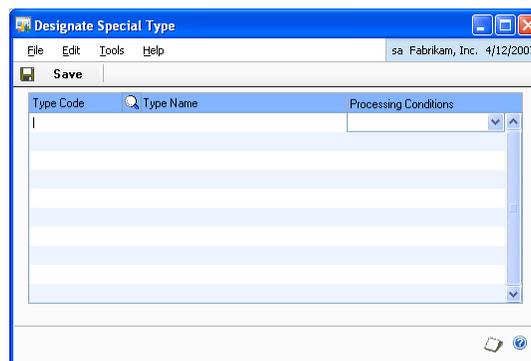
2. Select a warehouse code that you want to exclude from the monetary correction. The warehouse name is displayed next to the code. You can select multiple warehouses to exclude.
3. Choose Save to save your settings and close the window.

Designating the special classes for monetary correction

Use the Designate Special Type window to specify the type of monetary correction that applies to an inventory class. The companies must have legal acceptance to designate these special classes for currency correction.

To designate the special classes for monetary correction:

1. Open the Designate Special Type window.
(Cards >> Inventory >> Designate Special Types)



2. Select a Type Code. The name for the code is displayed in the Type Name field.

3. Select the currency correction method to be applied to the inventory class. This correction method will be applied to all the items belonging to that inventory class.

Normal Process Select this option to process the inventory class as per the purchasing currency code assigned to it.

Exclude from CC Select this option to exclude all items in the class from the monetary correction process.

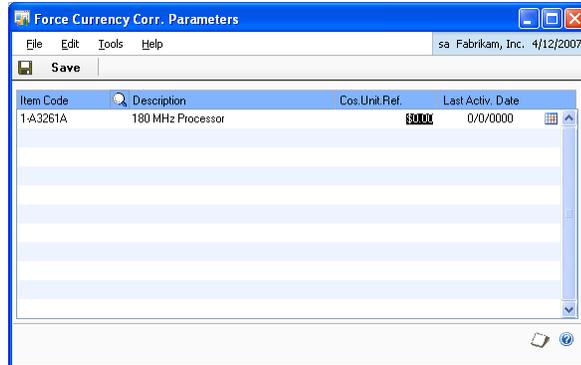
Correct as Fixed Asset Select this option to consider the inventory classes as a fixed asset. The monetary correction for such inventory classes will be calculated according to the fixed assets monetary correction table. Refer to [Updating the currency correction percentage](#) on page 9 for more information.

Forcing the correction parameters

Use the Force Currency Corr. Parameters window to specify a different cost per unit reference for each item. The Last Activ. Date that you specify in this window is used to perform the currency correction based on the percentages defined in the Define/Update Purchase Currency window. Refer to [Defining the purchasing currency](#) on page 5 for more information.

To force the correction parameters:

1. Open the Force Currency Corr. Parameters window.
(Cards >> Inventory >> Force Correction Parameters)



2. Enter or select the Item Code. The Description field displays the description for the item code.
3. Enter the unit cost reference value in the Cos.Unit. Ref. field.
4. Enter the last active date for considering the currency correction values in the Last Activ. Date field.
5. Choose Save to save the values you have entered.

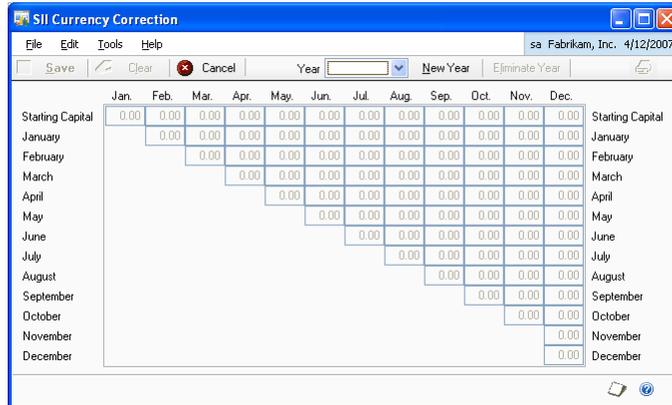
Updating the currency correction percentage

Use the SII Currency Correction window to specify the currency correction percentage for inventory items that are treated as fixed assets. You can use this table to perform monetary correction of fixed assets if you have not installed the

Microsoft Dynamics GP Fixed Assets Management module. You can set up the inventory items to be treated as fixed assets in the Designate Special Type window. The currency correction percentage for such fixed assets is defined by the legal authorities from time to time.

To update the currency correction percentage:

1. Open the SII Currency Correction window.
(Cards >> Inventory >> Fixed Assets Mon. Corr. Perc)



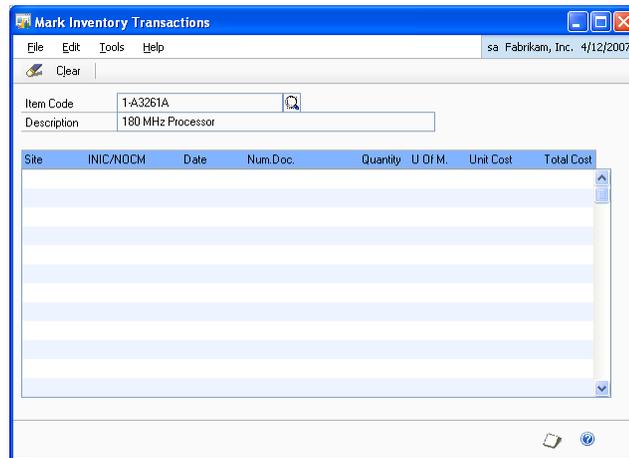
2. Choose New Year to enter a year for which to specify the currency correction percentage. Enter the percentage for each month as specified by the legal authorities.
3. Select an existing year from the Year list to update the existing currency correction percentages.
4. Choose Eliminate Year to delete a year for which you do not want to maintain currency correction percentages.
5. Choose Save to save the values you entered, or Cancel to close the window without saving the changes.

Selecting transactions for currency correction

Use the Mark Inventory Transactions window to include or exclude transactions while calculating the currency correction.

To select transactions for currency correction:

1. Open the Mark Inventory Transactions window.
(Cards >> Inventory >> Mark Inventory Transactions)



2. Enter or select the Item Code.
3. The Description field displays the description for the item code. The scrolling window displays the details for all the transactions for the selected item in the current year.
4. Select whether to include or exclude a transaction from the currency correction.



Leaving this field blank will include the transaction for the currency correction.

INIC Select this option to include the transaction for currency correction.

NOCM Select this option to exclude the transaction while determining the base reference cost for the monetary correction.

5. Choose Clear to clear the selection.

Chapter 2: Routines and reports

This part of the documentation includes information about currency correction routines and reports. Use this information to understand how the inventory cost is calculated and updated. You can generate reports for the currency corrections that you have performed.

Monetary Correction of Inventory reports are available in the report list. You can select a report in the report list and add it to My Reports for easy access. Refer to the Microsoft Dynamics GP documentation for more information.

This information is divided into the following sections:

- [Understanding the currency correction process](#)
- [Correcting the cost of inventory](#)
- [Calculating the currency correction and posting adjustments](#)
- [Posting the currency correction](#)
- [Generating reports](#)

Understanding the currency correction process

The monetary correction of inventory allows you to change the unit cost of your inventory on hand quantities based on the correction index specified by the legal authorities. The following validations take place before the process begins:

- The cost is corrected only for those items of type Sales Inventory that have a positive on hand quantity.
- The cost is corrected only for the on hand quantity. If you maintain quantities other than on hand, such as Returned, Damaged etc., then those quantities are not considered for correction.
- You must have posted all saved transactions for the current year before processing the monetary correction.
- We recommend that you do not post any transactions for future periods before posting the monetary correction. However, if you have posted any receipts for future periods, then the cost is corrected for these receipts as well.

Correcting the cost of inventory

Use this information to understand the processes that take place when you run the monetary correction.

- **Calculate the new unit cost for each inventory item** The new cost is calculated by applying the appropriate correction percentage based on the transactions posted during the year. Refer to [Defining the purchasing currency](#) on page 5 for more information.
- **Post the adjustment entries** A negative adjustment entry is posted to reset the inventory quantity and value to zero. A positive adjustment entry is then posted to reset the inventory quantity to the current on hand quantity, and update the inventory cost to the new corrected cost. These entries update the inventory clearing account and the monetary correction clearing account. Refer

to [Calculating the currency correction and posting adjustments](#) on page 14 for more information.

- **Post the monetary correction** This transfers the balance from the inventory clearing account to the inventory account for each item or to the site segment account, if set up. It also transfers the balance from the monetary correction clearing account to the monetary correction account. Refer to [Posting the currency correction](#) on page 15 for more information.

The unit cost is updated for the total on hand inventory quantity at the time that the correction is run. We recommend that you do not post any transactions for future periods that will affect your inventory balance before you have posted the monetary correction.

Calculating the currency correction and posting adjustments

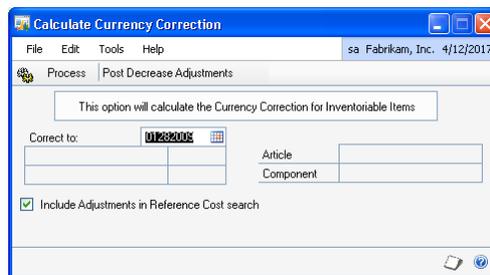
Use the Calculate Currency Correction window to revalue the inventory items. The reference cost depends on the transactions posted for the item during the current year. You can choose to include adjustment transactions to calculate the reference cost. Refer to [Defining the purchasing currency](#) on page 5 for more information.



You must have posted all transactions for the current year before running the correction process.

To calculate the currency correction and posting adjustments:

1. Open the Calculate Currency Correction window.
(Microsoft Dynamics GP menu >> Tools >> Routines >> Inventory >> Calculate Currency Correction)



2. Enter the date to calculate the currency correction in the Correct to field.

Displays the item IDs and the components being processed in the Article field and the Component field respectively.

3. Mark the option Include Adjustments in Reference Cost search, to include the adjustment entries while determining the reference cost.

4. Choose Process to perform the currency correction calculation. You can preview the Issue Currency Correction Detail and Summary reports to verify the cost calculation. Refer to [Generating reports](#) on page 15 for information on viewing the report.



The Issue Currency Correction preview reports are only indicative. The actual values are updated once you post the adjustment entries.

5. Choose Post Decrease Adjustments to post the negative adjustment entries for the items that are valued using the average perpetual method.
6. Choose Post Increase Adjustments to post positive adjustment entries. This button is available only if you have posted the decrease adjustment entries.

Posting the currency correction

Use the Currency Correction Posting window to post the currency correction for sales inventory type items. Posting the currency correction creates a journal entry for the difference between the positive and negative adjustment amounts per item per site. The balance from the monetary correction clearing account is transferred to the monetary correction account, and the balance from the inventory clearing account is transferred proportionately to the respective item account. If you are using site segments to maintain accounts per site, then the final variance amount updates the posting account based on the segment assigned to the site. When you post the currency correction, variance entries are created in the HITB tables to ensure accuracy in reporting. The source document code for the variance entries is CM.

To post the currency correction:

1. Open the Currency Correction Posting window.
(Microsoft Dynamics GP menu >> Tools >> Routines >> Inventory >> Post Currency Correction)



2. Enter the posting date for the currency correction.
3. Choose Process to post the currency correction and create the distributions for the monetary correction variance entries. The Recs Read field displays the number of transactions processed.

Generating reports

Use this information to generate detailed and summary reports for the currency correction that you have performed. You can also generate a report listing the items that could not be resolved through currency correction.

The Historical Inventory Trial Balance report prints the distribution details for the monetary correction clearing account and inventory clearing account for each item, site-wise.

The following table lists the paths for the reports that you can generate.

Report Name	Path
Issue currency correction report Detail	Reports >> Inventory >> Issue Currency Corr. Report >> Detail
Issue currency correction Report Summary	Reports >> Inventory >> Issue Currency Corr. Report >> Summary
Issue Report for Unresolvable Items	Reports >> Inventory >> Issue Report for Unresolvable Items

Glossary

Base Reference Cost

The cost on which to apply the correction index.

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