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Overview

This job aid is for all **locations** who are currently managing inventory within Umoja, i.e. locations procuring direct material and using Logistics Execution and Inventory Management processes in Umoja.

In Umoja all items managed as inventory are all initially recognized in the same manner (as a current asset), however adjustments are made to expense non-financial inventories for financial statement reporting purposes. These adjustments occur at fiscal year-end (for financial statement reporting purposes).

This document briefly outlines the Umoja solution and focuses on the treatment of inventories and posting schemas from a financial accounting perspective, as well as the process to identifying financial accounting adjustments necessary for financial statement preparation (adjusting for non-financial inventory) and the account treatment of each.

A. Materials management in Umoja

With the introduction of Umoja all items that the UN procures are associated with material masters. The material master outline all the characteristics of the items procured and are used in the source-to-acquire process and are based on *UNSPC codes*.

The Umoja solution has been designed on the basis of two categories of materials:

- 1) '**Valuated**' materials – these are materials which:
 - a) When procured for **consumption** (procured against a cost object – a cost center, an internal order or a project account assignment) – will post to an expense/consumption account when received through a goods receipt posting.
 - b) When procured for **inventory as direct material** (no account assignment) – will post to an inventory balance sheet account when received through a goods receipt posting.
- 2) '**Non-valuated**' materials – are used order to meet the organization's requirements to capitalize costs to a fixed asset master record (and balance sheet account) when receiving the materials though a goods receipt posting, whilst at the same time allowing for the operational management of the items on a quantity basis.

With the introduction of Umoja all items that the UN procure are associated with material numbers procurement can be associated with Direct Purchase or Direct Consumption. The material numbers are grouped into valuation classes which determines the GL account associated with the item.

This document will discuss the accounting treatment items that are valuated materials procured for inventory (that is 1 b above).

The following diagram gives an overview of the associated postings and effect on inventory quantities and values for each material/transaction combination within the current Umoja design:

	Funds 'pre- commitment'	Funds 'commitment'	Actual Expenditure (Delivery Principle)	Financial Posting	Increase Inventory Qty	Increase Inventory Value
'Valuated material' procured for consumption	Purchase Requisition	Purchase Order	Goods Receipt	DB Expense a/c		
'Valuated material' procured as inventory	Purchase Requisition	Purchase Order	Goods Receipt	DB Inventory a/c	✓	✓
'Non-valuated material' procured as asset	Purchase Requisition	Purchase Order	Goods Receipt	DB Asset a/c	✓	

Understanding SAP Account Determination

As mentioned, each material master created is assigned a valuation class which determines which GL accounts it is associated with. This [Account Determination presentation](#) provides an overview as to how Umoja derives the GL account to post to depending on the material itself and nature of the transaction being processed (inventory, asset and consumption).

B. IPSAS 12 & Inventory

IPSAS 12, inventory, outlines the accounting treatment of Inventory. Further guidance specific to the UN Secretariat can be found in:

- **Section 15 of the UN Policy framework for IPSAS**
- **UN IPSAS Corporate Guidance #4, Inventories** (which contains detailed information concerning the accounting treatment of inventories and examples).

1. Financial Versus Non-Financial Inventories

As discussed in Corporate Guidance #4, inventories are assets:

- In the form of materials or supplies to be consumed in the production process (e.g. ink to produce stamps sold by UNPA);
- In the form of materials or supplies to be consumed or distributed in the rendering of services (e.g. rations distributed in field missions);
- Held for sale or distribution in the ordinary course of operations (e.g. souvenirs sold by ICTY and stamps sold by UNPA); or
- In the process of production for sale or distribution (e.g. semi-finished publications).

The United Nations IPSAS Policy Framework outlines the following definitions of inventories:

Operational inventory refers to items maintained in storage and not consumed/used directly upon receipt. Operational inventory can be either financial or non-financial in nature.

Financial inventories include inventory held for sale or external distribution, Strategic Consumables & Supplies including UN Reserves, and Raw Materials and Work in progress. Financial inventories will be reported in the IPSAS statement of financial position as a current asset until used, sold, or distributed, at which point it will be expensed.

Non-financial inventories are materials and supplies consumed internally for the United Nation's own use. These are items that are managed as inventory within the organization though do not meet the definition of inventory as a current asset. Non-financial inventory will be expensed and not recorded as a current asset.

Based on the United Nation's scope of inventories and the recognition criteria, the following classes and sub classes of inventory have been defined as **financial inventories**. In addition, strategic supplies and reserves will also be regarded as financial inventories.

Inventory Class	Sub class
Held for sale or external distribution	<ul style="list-style-type: none"> • Books and Publications • Stamps • Liquor • Rations • Other
Strategic Consumables & Supplies including UN Reserves	<ul style="list-style-type: none"> • Fuel - strategic and local reserves • Medical and emergency supplies • Rations • Bottled Water • Uniforms and badges • Safety and security supplies • Motor vehicle spare parts • Electrical spare parts • All other SDS stock
Raw Materials and Work in progress	<ul style="list-style-type: none"> • Printing supplies • Construction material and supplies • Work in progress

A material in one location could be considered financial inventory and in another be non-financial inventory, as such it is not possible to simply consider all materials associated with a valuation class as financial or non-financial. An example is paper, which in one location is non-financial (as it is consumed internally) and financial in another it is raw material used in the production of a publication. Or spare parts in UNON might be used for internal uses only however in a depot like Brindsi they are considered strategic stocks and are considered financial.

There are cases where a valuation class for the entire UN might always be classified as financial, for example in the case of dry rations (which although they may be held for business continuity, is by its very nature then is considered to be strategic stock hence should be financial inventory in all locations).

The best way to identify the split between financial and non-financial inventories will be done by each entity by reviewing materials associated with inventory valuation classes at their Plant location (or if

appropriate Storage Location) to determine whether they are financial or non-financial. OPPBA-Accounts Division will also provide guidance in the closing instructions issued yearly.

By reviewing and identifying financial and non-financial inventory by Plant (or SLOC if necessary) and inventory valuation class (i.e. H001 Rations or A003 Raw Materials printing) users can set up BI reports and more easily identify adjustments to be made for fiscal year end.

Further information concerning the valuation of inventory can be found in the UN Policy Framework for IPSAS and in UN IPSAS Corporate Guide # 4 or by contacting the IPSAS team.

2. Valuation of Inventories

In accordance with IPSAS 12, inventory *held for sale* are to be measured at the lower of cost and net realizable value (NRV) on an item-by-item or group basis. Inventories held for *distribution* at no charge, or for a nominal charge, are to be measured at the lower of cost and current replacement cost.

Upon full deployment of Umoja, the cost of inventory shall be determined using MAP (as outlined in the UN Policy Framework for IPSAS). The **moving average price** “MAP” method is a method of determining the cost of inventory by re-calculating the average cost of each inventory item after every inventory purchase.

At initial recognition in Umoja all items converted to be managed operationally as inventory (i.e. as valued materials procured for inventory) were converted using their MAP (each entity assigned MAP for the materials concerned). Going forward MAP is adjusted after each goods receipt per plant.

MAP is calculated as...

= Total cost of the items purchased/by the number of items in inventory

The MAP is automatically calculated and maintained by the system for each material and plant. This means that a material will most often have a different MAP in two plants (e.g. UNHQ-US00 and UNON-KE00).

When goods are issued the system uses the current MAP to determine the value of the movement in the balance.

There may be cases though where a MAP adjustment is necessary, for example;

- The material is impaired as a result of damage or
- it was procured quite a while ago and has lost value
- it was transferred from another location and the price per unit significantly different at the new location.

- The MAP upon conversion was incorrect.
- Or there was a user error in a Purchase Order was not corrected before the Goods Receipt was done.

If MAP adjustments are required this can be done using MR21 or MR22. Please refer to the separate job aid on MAP revaluations and send an iNeed WO to Tier 2b-Financial Accounting, as the role is restricted currently to the FI closing user.

Further information concerning the valuation of inventory can be found in the UN Policy Framework for IPSAS and in UN IPSAS Corporate Guide # 4.

C. Financial Accounting posting schemas related to inventory management

As previously mentioned each valuated material is associated with a valuation class. This class is associated with the following GL accounts:

- A Inventory (current asset) ending in 10 (*locked for direct posting*)
- A manual inventory (current asset account) ending in 14 (*available for direct posting*)
- A consumption (expenditure) account
- An impairment (expenditure) account
- A quantity change (expenditure) account,
- A write-off (expenditure account).

The listing of the most relevant General Ledger accounts can be found in Annex B.

The SLOC used derives the fund, fund center and Functional Area (Business Area, Cost Center, Segment are further derived by these).

The movement type used derives the posting in the FI, FM and GM ledgers. For example it determines whether a posting is statistical in FM and GM (i.e. does not consume budget) or real (consumes budget). It is important that FI users familiarize themselves with the posting schemas related to movement types.

1. Initial recognition of inventory balances in Umoja

Items to be managed as operational inventory (valuated inventory materials) where loaded into Umoja by material number as a number of units, entities defined MAP and SLOC.

Example: Material 1500000374 (Pen, Ballpoint) is held in a storage bin at a warehouse and is loaded as a valuated material (i.e. operational inventory). A count was done before conversion 10,000 units and the MAP was determined to be per unit as 1 USD.

Financial accounting posting for conversion was as follows:

Debit/ Credit	Amount	GL account	Description	Nature	CI Stat/r eal?	Fund	Cost/ Funds Center
Debit	10,000	17003510	Invn Office Supply	Current Asset	Stat	10RCR	16204
Credit	(10,000)	19991010*/ 17181014	SAP Conversion Acct (C3/C4) Inventory Galileo Manual (GDP)	Current Asset	Stat	10RCR	16204

Impact on Material

Material In	Material Out	Total
10,000		10,000

For Clusters 3/4 as these items did not exist as an asset prior to go live there was a second posting to the general ledger done by the Umoja FI team to reverse the effect on current assets. *The actual financial effect of these items was converted in net asset accounts as they were expensed in IMIS/SUN prior to conversion.*

Debit/ Credit	Amount	GL account	Description	Nature	CI Stat/real?	Fund	Cost/ Funds Center
Debit	10,000	19991010	SAP Conversion Acct	Current Asset	Statistical	10RCR	16204
Credit	(10,000)	17003514*	Invn Office Supply Manual	Current Asset	Statistical	10RCR	16204

* Note because all inventory accounts are blocked for direct posting, manual accounts have been created (these allow direct posting and are linked to statistical CI). There is one for each inventory valuation class.

2. Goods receipt of valuated materials procured as Inventory

The below posting is relevant to both Goods Receipt (MIGO) and Virtual Goods Receipt (VL06I).

Example: Material 1500000374 (Pen, Ballpoint), 3,000 cost 1.2 USD each were procured in SRM using a shopping cart and were received.

Note that standard associated costs of 4% are also being charged in this instance.

Debit/ Credit	Amount	GL account	Description	Nature	CI Stat/real?	Fund	Cost/ Funds Center
Debit	3,744	17003510	Invn Office Supply	Current Asset	Real	10RCR	16204
Credit	(3,600)	35401010	AP Exch Goods Receipt Payable GRIR	Current Liability	Statistical	10RCR	16204
Credit	(144)	74201040	OE Freight Std Cost	Current Liability	Real	10RCR	16204

Material In	Material Out	Total
3,000		13,000

MAP = Total cost of the items/number of items
 =(10,000+3,744)/13,000

New MAP
1.06each*

* rounded for the sake of example to 2 decimal places.

Note at this point Umoja assigns a new moving average price to the inventory (i.e. each time a goods receipt note is done). Each time a good issuance is done it now uses the new MAP.

3. Goods issuance

When the issuance of a material is done from a storage location, how it posts in the FI, FM and GM ledgers depends on the movement type selected. Movement types are broadly categorized as either budget relevant (real in FM GM) or non-budget relevant (statistical in FM GM). Real simply means it consumes budget and statistical that it does not consume budget. FI users should ensure they understand the LE posting schemas for the various movement types.

Budget relevant

Example: Issuance of Material 150000374 (Pen, Ballpoint), 1,000 at 1.06 USD each were issued to office A, it is deemed a budget relevant transfer (their budget will be charged for the items via the cost recovery fund, and a cash pool transfer will be affected).

Debit/ Credit	Amount	GL account	Description	Nature	CI Stat/real ?	Fund	Cost/ Funds Center
Debit	1,060	77003510	Consum Stationary and Office Supply	Expenditure		10UNA	
Credit	(1,060)	17003510	Invn Office Supply	Current Asset		10RCR	16204
Debit	1,060	11701010	Csh Main Pool	Current Asset	Statistical	10RCR	16204
Credit	(1,060)	11701010	Csh Main Pool	Current Asset	Statistical	10UNA	

Material In	Material Out	Total
	(1,000)	12,000

Non-Budget relevant

Example: Issuance of Material 150000374 (Pen, Ballpoint), 700 at 1.06 USD each were issued to office B, it is deemed a NON-budget relevant transfer.

Note: When non-budget relevant issuances are done entities are asked to issue the item to themselves. This avoids posting to AR Due to Due from that need to be cleared (if fund/grant/segment/BA are crossed). This is further explained in the job aid "Clearing open items in 19401010 (AR Due to Due From)".

Debit/ Credit	Amount	GL account	Description	Nature	CI Stat/real?	Fund	Cost/ Funds Center
Debit	742	77003510	Consum Stationary and Office Supply	Expenditure	Statistical	10RCR	16204
Credit	(742)	17003510	Invn Office Supply	Current Asset	Statistical	10RCR	16204

(NOTE this is for example only, most non-budget relevant issuances will originate from SLOC mapped to 10UNA not 10RCR).

Material In	Material Out	Total
	(700)	11,300

Note the posting to 19401010 needs to be cleared using FV50 (doc type SF).

4. MAP adjustment (MR21 & MR22)

The procedure to adjust the MAP is using t-code MR21 or MR22. There is a separate job aid published on this topic, as such please also refer to FI-LE: 2-0 Moving Average Price Revaluations.

Example the pens we have used above have sat in stock idle for 2 years and the market price is now 0.90 cents each.

Total value is currently

MAP current	Total items	Total Current
1.06*	11,300	11,978

MAP new	Total items	Total New
0.90*	11,300	10,170

MAP Difference	Total items	Total Difference
0.16*	11,300	1,808

* rounded for the sake of example to 2 decimal places, in Umoja although expressed and displayed as 2 decimal places the number of decimal places is many more.

Debit/ Credit	Amount	GL account	Description	Nature	CI Stat/real?	Fund	Cost/ Funds Center
Debit	1,808	77303510	Impair Stationary and Office Supply	Expenditure	Statistical	10RCR	16204
Credit	(1,808)	17003510	Invn Office Supply	Current Asset	Statistical	10RCR	16204

5. Physical Count Differences

Example the 300 of the pens we have used above could not be found during a stock count.

MAP new	Total items	Total val. lost
0.90*	300	270

Debit/ Credit	Amount	GL account	Description	Nature	CI Stat/real?	Fund	Cost/ Funds Center
Debit	270	77603510	Qty Change Stationary and Office Supply	Expenditure	Statistical	10RCR	16204
Credit	(270)	17003510	Invn Office Supply	Current Asset	Statistical	10RCR	16204

6. Corrections for Non-financial inventory MAP, Quantity change, Write-off adjustments

When MAP changes, quantity change (physical count) or write-offs of inventory are posted, they are done by **material number** and **plant/SLOC** location.

If one of these adjustments is done on a material that is considered non-financial inventory (or a material that is only partially considered financial at that location) then an adjustment to reduce/eliminate the effect on the impairment, quantity change or write-off (expenditure) account is needed.

These postings can be found reviewing the trial balance (ZGLTRIALBAL) or GL balances (FS01N) or GL line items (FAGLL03) reports in Financial Accounting. The postings can also be analyzed using various Logistics Execution reports (refer to job aids in Logistics Execution) for a list of available reports.

For example, let's suppose the material impaired in 6. Above is considered non-financial for this plant as such the effect on the P&L needs to be reversed, the effect of the posting would be as follows.

Debit/ Credit	Amount	GL account	Description	Nature	CI Stat/real?	Fund	Cost/ Funds Center
Debit	1,808	17003514	Invn Office Supply Manual	Current Asset	Statistical	10RCR	16204
Credit	(1,808)	77303510	Impair Stationary and Office Supply	Expenditure	Statistical	10RCR	16204

7. Balances in GL IF the valuation class was considered non-financial inventory

Balance in 17003510 Invn Office Supply

#	Description	Amount	Cumulative total
1.	Opening balance (conversion)	10,000	10,000
2.	Goods Receipt	3,744	13,744
3.	Goods issuance (budget/non-bud relevant)	(1,802)	11,942
4.	MAP adjustment	(1,808)	10,134
5.	Qty Change Adjustment	(300)	9,834
	Year-end balance		9,834

Adjustments recorded in 17003514 Invn Office Supply Manual

#	Description	Amount	Cumulative total
1.	Opening balance (conversion)	(10,000)	(10,000)
2.	MAP adjustment (reversal)	1,808	(8,942)
3.	Qty Change Adjustment	300	(8,642)
	Year-end balance		(8,642)

#	Description	Cumulative total
1.	Year-end balance 17003510	9,834
2.	Year-end balance 17003514	(8,642)
	Year-end balance net balance of inventory class	1,192

This balance represents the posting that must be made to the consumption account as per part E below (i.e. where the inventory is considered non-financial).

8. Balances in GL IF the valuation class was considered Financial Inventory**Balance in 17003510 Invn Office Supply**

#	Description	Amount	Cumulative total
1.	Opening balance (conversion)	10,000	10,000
2.	Goods Receipt	3,744	13,744
3.	Goods issuance (budget/non-bud relevant)	(1,802)	11,942
4.	MAP adjustment	(1,808)	10,134
5.	Qty Change Adjustment	(300)	9,834
	Year-end balance		9,834

Adjustments recorded in 17003514 Invn Office Supply Manual

#	Description	Amount	Cumulative total
	Year-end balance		0

#	Description	Cumulative total
1.	Year-end balance 17003510	9,834
2.	Year-end balance 17003514	0
	Year-end balance net balance of inventory class	9,834

This balance represents the total financial inventory balance for this valuation class.

D. Identifying financial accounting adjustments for non-financial inventory

The best method to determine the split between financial and non-financial inventories should be done by each entity by reviewing materials managed through the Inventory Management (IM) Module in Umoja.

Each Storage Location is mapped to a Fund and Fund Center (through FM Derive), see annex B for current list of SLOC.

Examples of possible methods are discussed below.

Review by Fund:

Some funds only carry financial inventory by nature, for example 20BLB (Strategic Deployment Stocks held in Brindisi).

In order to review inventory balances by fund run ZGLTRIALBAL.

The screenshot shows the SAP Trial Balance Operational Report interface. The title bar reads "Trial balance Operational Report". Below the title bar, there are several icons for navigation and actions. The main area is titled "Selection Criteria" and contains a list of fields for defining the report parameters:

Field	Value	Operator	Value	Action
Company Code	1000	to		↔
Business Area		to		↔
Fund	20BLB	to		↔
Fund Group		to		↔
Grant		to		↔
Grant Group		to		↔
Segment		to		↔
Funded Program		to		↔
GL Account	17000000	to	17999999	↔
Fiscal Year	2017	to		↔
Posting Period		to		↔
Ledger	01			

Below the selection criteria, there are radio buttons for "Currency":

- Document Currency
- Local Currency
- Group Currency

Total balances will then be displayed.

Note volume 2 entities should take care to select NL for the ledger when displaying balances for year end.

Trial Balance Report

Report Variant :

Current Date: 29.08.2017
 Ledger : 0L
 Local Currency : X
 Company Code : (Include - EQ) 1000
 Fund : (Include - EQ) 208LB
 Fiscal Year : (Include - EQ) 2017
 GL Account : (Include - BT) 17000000 To
 GL Account : (Include - BT) 17999999

Cur...	GL Account	GL Account Long Text	Business Ar...	Fund	Fund Cen...	Opening Balan...	Period Debit	Period Cre...	Period Total	Ending Balance
USD	0017001010	Invent Sanitary and Cleaning Supply	S100	208LB	10109	0.00	3,474.90	0.00	3,474.90	3,474.90
USD	0017001510	Invent Public Information Supply	S100		10109	0.00	1,276.41	0.00	1,276.41	1,276.41
USD	0017002010	Invent Uniform Badge and Gear	S100		10100	0.00	696,272.2...	0.00	696,272.2...	696,272.25
USD	0017002510	Invent Medical Supply	S100		10110	0.00	202,751.0...	0.00	202,751.0...	202,751.06
USD	0017003010	Invent Packaging Material	S100		10100	0.00	359,439.2...	0.00	359,439.2...	359,439.21
USD	0017003510	Invent Stationary and Office Supply	S100		10100	0.00	26,327.99	0.00	26,327.99	26,327.99
USD	0017005010	Invent Spare Part Generic Supply	S100		10104	0.00	116.64	0.00	116.64	116.64
USD	0017005410	Invent Spare Part IT End User	S100		10100	0.00	321,461.3...	0.00	321,461.3...	321,461.32
USD	0017005420	Invent Spare Part ITComputerIT Network&IT Storage	S100		10100	0.00	232,608.8...	0.00	232,608.8...	232,608.81
USD	0017005810	Invent Spare Part Communication and Network	S100		10100	0.00	293,928.4...	0.00	293,928.4...	293,928.46
USD	0017006210	Invent Spare Part Engineering	S100		10108	0.00	1,011,817...	0.00	1,011,817...	1,011,817.44
USD	0017006610	Invent Spare Part Ground Transport	S100		10104	0.00	525,514.5...	0.00	525,514.5...	525,514.57
USD	0017007610	Invent Engineering Supply	S100		10100	0.00	634,636.8...	0.00	634,636.8...	634,636.84
USD	0017008010	Invent Petrol Oil and Lubricants Facility Infrastr	S100		10104	0.00	1,252.36	0.00	1,252.36	1,252.36
USD	0017009050	Invent Welfare Military and Formed Police Unit	S100		10100	0.00	191.16	0.00	191.16	191.16
USD	0017021010	Invent Raw Material Construction	S100		10108	0.00	335,607.2...	0.00	335,607.2...	335,607.28
USD	0017026010	Invent Raw Material Printing	S100		10100	0.00	2,268.97	0.00	2,268.97	2,268.97
USD	0017143050	Invent PreFab Unassembled	S100		10108	0.00	565,172.0...	0.00	565,172.0...	565,172.04
USD	0017151010	Invent Office Equip	S100		10100	0.00	112,477.7...	0.00	112,477.7...	112,477.74
USD	0017152010	Invent Furniture	S100		10108	0.00	731,347.4...	0.00	731,347.4...	731,347.40
USD	0017156010	Invent Fixture	S100		10108	0.00	381,711.3...	0.00	381,711.3...	381,711.30
USD	0017159010	Invent Library Reference Book Set	S100		10104	0.00	2,436.63	0.00	2,436.63	2,436.63
USD	0017171010	Invent IT Equip End User	S100		10100	0.00	1,024,725...	0.00	1,024,725...	1,024,725.63
USD	0017171020	Invent IT Equip Computer and Storage	S100		10100	0.00	1,039,089...	0.00	1,039,089...	1,039,089.46
USD	0017171510	Invent Communication and Network Equip	S100		10100	0.00	3,608,145...	0.00	3,608,145...	3,608,145.82
USD	0017172010	Invent Audio Visual Equip	S100		10100	0.00	109,507.0	0.00	109,507.0	109,507.04

Change the layout to include other information which might be interesting like business area (which would be required for any manual adjustment).

Review by Fund Center and/or Valuation class:

In some locations entities may be able to highlight the split of financial and non-financial inventory within a fund by reviewing balances within a particular fund/fund center combination, because for instances, all inventory held by the fund center in question is always financial or not financial.

All other balances in the same location may be considered non-financial.

In the below example UNON have the following Storage Locations, in the last location they determine that inventory stocks related to raw materials for printing are all financial in nature (NB for example only).

Plant	SLOC	Fund	Fund Center	Fund Center Name
KE00	1102	10UNA	11403	UNON Business Continuity
KE00	2104	10RCR	11418	UNON Joint Medical Services
KE00	4101	10RCR	11435	UNON Facility Management Transportation
KE00	5101	10RCR	11433	UNON Stores
KE00	7103	10UNA	11454	DSS SSS Nairobi
KE00	8102	10RCR	11631	DGACM N Publishing

The screenshot shows the 'Trial balance Operational Report' selection criteria in SAP. The 'Selection Criteria' section includes the following fields:

- Company Code: 1000
- Business Area: S300
- Fund: (empty)
- Fund Group: (empty)
- Grant: (empty)
- Grant Group: (empty)
- Segment: (empty)
- Funded Program: (empty)
- GL Account: 17000000 to 17999999
- Fiscal Year: 2015
- Posting Period: (empty)
- Ledger: 0L

Under 'Currency', the 'Local Currency' radio button is selected. The 'Additional Selection Criteria' section includes:

- Cost Center: (empty)
- WBS Element: (empty)
- Internal Order: (empty)
- Functional Area: (empty)
- Cost Element: (empty)

NB in the above case UNON have checked that the Fund Centers are mapped to their Business Area.

Report Variant :

Current Date: 26.02.2016
 Ledger : 0L
 Local Currency : X
 Business Area : (Include - EQ) S300
 Company Code : (Include - EQ) 1000
 Fiscal Year : (Include - EQ) 2015
 GL Account : (Include - BT) 17000000 To
 GL Account : (Include - BT) 17999999

Currency	GL Account	GL Account Long Text	Fund	Fund Center	Opening Balance	Period Debit	Period Credit	Period Total	Ending Balance
USD	0017001010	Invent Sanitary and Cleaning Supply	10RCR	11433	0.00	386.28	46.62-	339.66	339.66
USD	0017001010	Invent Sanitary and Cleaning Supply	10RCR	11435	0.00	48,676.25	8,188.57-	40,487.68	40,487.68
USD	0017001010	Invent Sanitary and Cleaning Supply	10UNA	11403	0.00	2,480.83	0.00	2,480.83	2,480.83
USD	0017001010	Invent Sanitary and Cleaning Supply	10UNA	11435	0.00	23,512.81	23,512.81-	0.00	0.00
USD	0017001014	Invent Sanitary and Cleaning Supply Manual	10RCR	11433	0.00	0.00	383.32-	383.32-	383.32-
USD	0017001014	Invent Sanitary and Cleaning Supply Manual	10RCR	11435	0.00	0.00	23,512.81-	23,512.81-	23,512.81-
USD	0017001014	Invent Sanitary and Cleaning Supply Manual	10UNA	11403	0.00	0.00	2,480.83-	2,480.83-	2,480.83-
USD	0017001014	Invent Sanitary and Cleaning Supply Manual	10UNA	11435	0.00	23,512.81	23,512.81-	0.00	0.00
USD	0017002010	Invent Uniform Badge and Gear	10RCR	11435	0.00	99.84	49.92-	49.92	49.92
USD	0017002010	Invent Uniform Badge and Gear	10UNA	11435	0.00	49.92	49.92-	0.00	0.00
USD	0017002010	Invent Uniform Badge and Gear	10UNA	11454	0.00	65,779.81	9,276.80-	56,503.01	56,503.01
USD	0017002014	Invent Uniform Badge and Gear Manual	10RCR	11435	0.00	0.00	49.92-	49.92-	49.92-
USD	0017002014	Invent Uniform Badge and Gear Manual	10UNA	11435	0.00	49.92	49.92-	0.00	0.00
USD	0017002014	Invent Uniform Badge and Gear Manual	10UNA	11454	0.00	0.00	47,226.21-	47,226.21-	47,226.21-
USD	0017002510	Invent Medical Supply	10RCR	11418	0.00	6,534.57	0.00	6,534.57	6,534.57
USD	0017002510	Invent Medical Supply	10RCR	11435	0.00	811.20	0.00	811.20	811.20
USD	0017002510	Invent Medical Supply	10UNA	11435	0.00	811.20	811.20-	0.00	0.00
USD	0017002514	Invent Medical Supply Manual	10RCR	11418	0.00	0.00	6,534.57-	6,534.57-	6,534.57-
USD	0017002514	Invent Medical Supply Manual	10RCR	11435	0.00	0.00	811.20-	811.20-	811.20-
USD	0017002514	Invent Medical Supply Manual	10UNA	11435	0.00	811.20	811.20-	0.00	0.00
USD	0017003010	Invent Packaging Material	10RCR	11435	0.00	2,535.47	0.00	2,535.47	2,535.47
USD	0017003010	Invent Packaging Material	10RCR	11631	0.00	295.68	127.20-	168.48	168.48
USD	0017003010	Invent Packaging Material	10UNA	11435	0.00	2,535.47	2,535.47-	0.00	0.00
USD	0017003014	Invent Packaging Material Manual	10RCR	11435	0.00	0.00	2,535.47-	2,535.47-	2,535.47-

Export to excel if you find it easier to review balances.

	A	B	C	D	E	F	G	H	I	J
	Currency	GL Account	GL Account Long Text	Fund	Fund Cent	Opening Balance	Period Debit	Period Cred	Period Total	Ending Balance
23	USD	17003010	Invent Packaging Material	10RCR	11631	-	295.68	(127.20)	168.48	168.48
26	USD	17003014	Invent Packaging Material Manual	10RCR	11631	-	-	(295.68)	(295.68)	(295.68)
29	USD	17003510	Invent Stationary and Office Supply	10RCR	11631	-	3,132.62	(700.88)	2,431.74	2,431.74
31	USD	17003514	Invent Stationary and Office Supply Manual	10RCR	11631	-	-	(2,495.64)	(2,495.64)	(2,495.64)
43	USD	17005420	Invent Spare Part IT Computer and Media Storage	10RCR	11631	-	1,924.00	(537.68)	1,386.32	1,386.32
45	USD	17005424	Invent Spare Part IT Computer and MediaStorage Man	10RCR	11631	-	-	(1,924.00)	(1,924.00)	(1,924.00)
56	USD	17007610	Invent Engineering Supply	10RCR	11631	-	65.52	(65.52)	-	-
62	USD	17007614	Invent Engineering Supply Manual	10RCR	11631	-	-	(65.52)	(65.52)	(65.52)
84	USD	17026010	Invent Raw Material Printing	10RCR	11631	-	135,704.46	(48,259.36)	87,445.10	87,445.10
108	USD	17171020	Invent IT Equip Computer and Storage	10RCR	11631	-	0.30	-	0.30	0.30
110	USD	17171024	Invent IT Equip Computer and Storage Manual	10RCR	11631	-	-	(0.30)	(0.30)	(0.30)
137	USD	17174510	Invent Printing Publishing and Conf Equip	10RCR	11631	-	593.61	(209.31)	384.30	384.30
138	USD	17174514	Invent Printing Publishing and Conf Equip Manual	10RCR	11631	-	-	(593.61)	(593.61)	(593.61)
153										

In this case they would maintain the balance in GL 17026010 and reduce all other GL balances, following instructions in section E.1 below accrual reversals.

For example above the balance in the Packing Materials valuation class is

	A	B	C	D	E	F	G	H	I	J	K
	Currency	GL Account	GL Account Long Text	Fund	Fund Cent	Opening Balance	Period De	Period Cr	Period Tot	Ending Balance	
1											
2	USD	17003010	Invent Packaging Material	10RCR	11631	-	295.68	(127.20)	168.48	168.48	
3	USD	17003014	Invent Packaging Material Manual	10RCR	11631	-	-	(295.68)	(295.68)	(295.68)	(127.20)
4											
5											

In this instance, for this inventory valuation class, there has been more inventory issued than inventory received.

The accrual posting is therefore as follows

Posting Key	GL account	GL Account Long Text	Fund	Fund Center	Amount
40	17003014	Invent Packaging Material	10RCR	11631	127.20
50	77003010	Consum Packaging Material	10RCR	11631	127.20

Note: There are various other reports also available in Logistics Execution and Logistics Execution Information Systems. These can be used to identify the total USD balances of certain materials or valuation classes in certain Plants and SLOC at year end. These reports can also be used as a basis for yearend accounting adjustments for financial inventory.

Please refer to closing instructions also issued at year end by OPPBA-Accounts Division

E. Fiscal year-end Adjustments for non-financial inventory

1. Accrual postings for non-financial balances

Once the **non-financial inventory balances** are identified for reversal the FINANCIAL_ACCOUNTING: SENIOR_USER and FINANCIAL_ACCOUNTING: CLOSING_USER will post adjustments to the general ledger using **FBS1** (accrual postings), Doc type SZ.

Note the posting date needs to be the end of the month (either 31.12.XXXX or 30.06.XXXX), ensure you enter the first of the following month as the reversal date.

As an example, let us suppose that the entire balance amount of the inventory valuation class in the earlier examples is considered Non-financial. The entity simply needs to look at the net balance of inventory in both the 17XXXXX10 and 17XXXXX14 accounts, as follows:

#	Description	Cumulative total
1.	Year-end balance 17003510	9,834
2.	Year-end balance 17003514	(8,642)
	Year-end balance net balance of asset class	1,192

The reversal entry then would be as follows:

Debit/ Credit	Amount	GL account	Description	Nature	CI Stat/real?	Fund	Cost/ Funds Center
Debit	1,942	77003510	Consum Stationary and Office Supply	Current Asset	Statistical	10RCR	16204
Credit	(1,942)	17003514*	Invn Office Supply Manual	Current Asset	Statistical	10RCR	16204

1. Log into ECC
2. Enter T-code **FBS1**
3. Doc date
4. Posting type **SZ**
5. Posting date (needs to be **31.12.XXXX** or **30.06.XXXX**)
6. Reversal Reason **5**
7. Reversal date first of the following month (i.e. **01.01.XXXX** or **01.07.XXXX**)
8. Posting key **40** or **50** (depending if you are increasing or decreasing the manual inventory account)
9. GL account (needs to be one of the **manual reversal accounts** listed- see Annex A)

Document Edit Goto Extras Settings Environment System Help

Enter Accrual/Deferral Doc.: Header Data

Acct model Fast Data Entry Post with reference Editing Options

Document Date 31.12.2015 Type sz Company Code 1000
 Posting Date 31.12.2015 Period 12 Currency/Rate USD
 Document Number Ledger Grp Translatn Date
 Reference Cross-CC no.
 Doc.Header Text reversal non-fin inv
 Trading Part.BA

Inverse Posting
 Reversal Reason 05
 Reversal date 01.01.2016

First line item
 PstKy 40 Account 17003514 SGL Ind TType

10. Enter Amount
11. Fund
12. Cost Center (please enter cost center should be entered to derive the fund center and correct functional area and also to allow easier reconciliation of inventory accounts).
13. Enter the description

Enter Accrual/Deferral Doc. Correct G/L account item

More data Acct model Fast Data Entry Taxes

G/L Account 17003514 Invent Stationary and Office Supply Manual
 Company Code 1000 United Nations

Item 1 / Debit entry / 40

Amount 1,942.00 USD
 Tax code Calculate tax
 Fund 10RCR BP B15
 Cost Center 16204 Grant GMNR
 Functional Area 34AC0001 Funded Program FPNR
 Funds Center 16204 Commitment Item 17003510S

Purchasing Doc.
 Assignment
 Text December reversal of non-financial inventory Long Texts

14. Enter the posting key **40** or **50** (depending on if you are increasing or decreasing the consumption account)
15. Enter the Consumption account related to the inventory account refer to Annex A.

Next Line Item			
PstKy	50	Account	77003510
		<input type="checkbox"/> L Ind	
		New co.code	

16. Enter the Fund
17. Enter the Cost Center
18. Enter the description

Enter Accrual/Deferral Doc. Correct G/L account item

More data Acct model Fast Data Entry Taxes

G/L Account: 77003510 Consum Stationary and Office Supply
 Company Code: 1000 United Nations

Item 2 / Credit entry / 50

Amount: 1,942.00 USD

Tax code:

Business Area: S100 Trdg Part.BA:

Cost Center: 16204 Order:

Sales Order: Asset:

WBS Element: Network:

Purchasing Doc.:

Quantity:

Assignment: Asst retirement:

Text: December reversal of non-financial inventory

19. Then simulate

The screenshot shows the SAP menu bar with 'Document', 'Edit', 'Goto', 'Extras', 'Settings', 'Environment', 'System', and 'Help'. The 'Document' menu is open, and the 'Simulate' option (Shift+F9) is highlighted. Other options include 'Other document' (Shift+F5), 'Post with reference', 'Get held document', 'Reset', 'Post' (Ctrl+S), 'Save as completed', 'Park', 'Hold', and 'Exit' (Shift+F3).

20. Review the posting

Document Edit Goto Extras Settings Environment System Help

Enter Accrual/Deferral Doc. Display Overview

Display Currency Taxes Reset

Document Date 31.12.2015 Type S2 Company Code 1000
 Posting Date 31.12.2015 Period 12 Currency USD
 Document Number INTERNAL Fiscal Year 2015 Translatn Date 31.12.2015
 Ledger Grp ReversalRsn 05 Reversal Date 01.01.2016
 Reference Cross-CC no.
 Doc.Header Text reversal non-fin inv Trading Part.BA

Items in document currency

PK	BusA	Acct		USD	Amount	Tax amnt
001	40	S100 0017003514	Invn OfficeSuppl Ma		1,942.00	
002	50	S100 0077003510	Consu Office Supply		1,942.00-	

Document Edit Goto Extras Settings Environment System Help

Display Document: General Ledger View

Display Currency Entry View Other Ledger

Data Entry View

Document Number 1300001451 Company Code 1000 Fiscal Year 2015
 Document Date 31.12.2015 Posting Date 31.12.2015 Period 12
 Reference Cross-Comp.No.
 Currency USD Texts exist Ledger Group

Ledger 0L

Doc. 1300001451 FiscalYear 2015 Period 12

Co...	Itm	L.Item	PK	SG	Account	Description	Curr.	Amount ...	G/L Account	Assignment	BusA	Fund	Grant
1000	1	000001	40		17003514	Invn OfficeSuppl Man	USD	1,942.00	17003514	13000014512015	S100	10UNA	GMNR
	2	000002	50		77003510	Consu Office Supply	USD	1,942.00-	77003510	13000014512015	S100	10UNA	GMNR

Annex A: Valuation class, Inventory Account, Consumption Account*

Valuation Class-Name	Inventory Current Asset	Manual Inventory Current Asset	Consumption Expenditure	Impairment Expenditure	Qty Change Expenditure	Write-off Expenditure
A001 - Raw Mat. - Construction	17021010	17021014	77021010	77321010	77621010	79681010
A002 - Raw Mat. - Printing	17026010	17026014	77026010	77326010	77626010	79681010
A003 - Raw Mat. - Bottling	17027010	17027014	77027010	77327010	77627010	79681010
A004 - Raw Mat. - Prefab Struct.	17143050	17143054	77143050	77343050	77743050	79681010
A005 - Raw Mat. - Textile	17023010	17023014	77023010	77323010	77623010	79681010
B001 - Spare Parts General	17005010	17005014	77005010	77305010	77605010	79681010
B002 - Spare Parts Ground Transp	17006610	17006614	77006610	77306610	77606610	79681010
B003 - Spare Parts - IT End User	17005410	17005414	77005410	77305410	77605410	79681010
B004 - Spare Parts - IT Comp	17005420	17005424	77005420	77305420	77605420	79681010
B005 - Spare Parts - Comms	17005810	17005814	77005810	77305810	77605810	79681010
B006 - Spare Parts - Engineering	17006210	17006214	77006210	77306210	77606210	79681010
B007 - Spare Parts - Air Trans	17007010	17007014	77007010	77307010	77607010	79681010
B008 - Spare Parts - MarineTrans	17007410	17007414	77007410	77307410	77607410	79681010
E001 - Finished - Publication	17011010	17011014	77011010	77311010	77611010	79681010
E002 - Finished - Stamps	17012010	17012014	77012010	77312010	77612010	79681010
E003 - Finished - Liquor	17019010	17019014	77019010	77319010	77619010	79681010
F001 - Office Equipment	17151010	17151014	77151010	77451010	77751010	79681010
F002 - Furniture	17152010	17152014	77152010	77452010	77752010	79681010
F003 - Fixture	17156010	17156014	77156010	77456010	77756010	79681010
F004 - IT Equip. - IT End User	17171010	17171014	77171010	77471010	77771010	79681010
F005 - IT Equip. - IT Comp	17171020	17171024	77171020	77471020	77771020	79681010
F006 - Medical Equipment	17172510	17172514	77172510	77302510	77772510	79681010
F007 - Engin. Machinery Equip.	17175010	17175014	77175010	77475010	77775010	79681010
F008 - Print. Publish. Conf Equ.	17174510	17174514	77174510	77474510	77774010	79681010
F009 - Water Treat. & Fuel Distrib	17176010	17176014	77176010	77476010	77776010	79681010
F010 - Ground Transport Equip.	17177010	17177014	77177010	77477010	77777010	79681010
F011 - Air Transport Equipment	17177510	17177514	77177510	77477510	77777510	79681010
F012 - Safety & Security Equip	17173010	17173014	77173010	77473010	77773010	79681010
F013 - Mine Detect. & Clearing Equ	17173510	17173514	77173510	77473510	77773510	79681010
F014 - Accom. & Refrig. Equip.	17174010	17174014	77174010	77474010	77774510	79681010
F015 - Sanitary & Cleaning Supply	17001010	17001014	77001010	77301010	77601010	79681010
F016 - Public Information Supply	17001510	17001514	77001510	77301510	77601510	79681010
F017 - Uniform Badge and Gear	17002010	17002014	77002010	77302010	77602010	79681010
F018 - Audio Visual Equip	17172010	17172014	77172010	77472010	77772010	79681010
F019 - Communication Equipment	17171510	17171514	77171510	77471510	77771510	79681010
F020 - Stationary & Office Supply	17003510	17003514	77003510	77303510	77603510	79681010
F021 - Mine Detect. & Clearing Supp	17004010	17004014	77004010	77304010	77604010	79681010
F022 - Ammunition	17004510	17004514	77004510	77304510	77604510	79681010
F023 - Water Bottle	17009030	17009034	77009030	77309030	77609030	79681010
F024 - Marine Transp. Equip	17178010	17178014	77178010	77478010	77778010	79681010
F025 - Engineering Supply	17007610	17007614	77007610	77307610	77607610	79681010
F026 - Library Reference	17159010	17159014	77159010	77459010	77759010	79681010
G001 - Medical Supplies	17002510	17002514	77002510	77472510	77602510	79681010
H001 - Ration-Military Contingt	17009010	17009014	77009010	77309010	77609010	79681010
H006 - Ration-Bottled Water	17009030	17009034	77009030	77309030	77609030	79681010
I001 - POL-Facility Infrastr	17008010	17008014	77008010	77308010	77608010	79681010
I002 - POL Facility Air Trans	17008210	17008214	77008220	77308210	77608210	79681010
J001 - Packaging Materials	17003010	17003014	77003010	77303010	77603010	79681010

* As at August 2017.

Annex B: Plant & Storage Location Fund and Fund Center Derivations (Aug-2017)

To obtain an up-to-date contact your location FM/LE process expert.

Link: [Overview of Umoja Inventory for FI](#)