

Report TNB5: Inventory

INPUT MATERIALS/PARTS COPY CLASSIC

	Quantity		Inventory
	Units	EUR/Units	mEUR
Initial Inventory	25,000	500.00	12.50
+ Quantity from Supplier	30,000	550.00	16.50
+ Express Delivery	0	780.00	0.00
- Quantity Used in Production	40,000	527.27	21.09
= Final Inventory	15,000	527.27	7.91

inventory situation of the input materials for Copy Classic.

One unit of “input material/parts” is needed to produce one unit of a Copy I copy machine (if the value analysis index is 100.0 - if the index is higher you need less input material accordingly, e.g. if it is 110 you just need $40,000 / 110 \cdot 100 = 40,000 / 1,1 = 36,364$ to produce 40,000 units of finished goods)

Initial inventory is a given figure that results of the final inventory of the previous period

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The quantity received from the Supplier is the amount of parts you ordered in this period, as ordered input material/parts are straight away available at the start of the same period

Value of the quantity received from the Supplier in Period 0 is 550 EUR per unit (as you have ordered more than 29,999 units)

UNITS	EUR / UNIT
< 30,000	650
< 50,000	550
< 70,000	450
70,000 and more	400

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CopyFix produced 40.000 copy machines in Period 0, so the quantity of input material/parts used in production is 40.000 as well

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The **value per unit** is calculated as a weighted average between the value of the initial inventory and the value of the inventory added in the period, the quantity which has been received from the Supplier

Example calculation: $(25.000 \times 500 + 30.000 \times 550) / (25.000 + 30.000) = 527$

Inventory (mEUR) = quantity (units) x value (EUR/unit) – you will see this in the Balance Sheet

The figure 21.09 mEUR represents the **input material/parts cost** and will be needed for the Cost Type, Cost Center Accounting

The Purchase of the 30,000 units lead to a **cash out** of 16,5 mEUR (see Cash Accounting)

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FINISHED PRODUCTS COPY CLASSIC

	Quantity		Inventory
	Units	EUR/Units	mEUR
Initial Inventory	8,000	2,020.00	16.16
+ Quantity produced	40,000	2,052.23	82.09
- Quantity distributed	43,000	2,046.86	88.02
= Final Inventory	5,000	2,046.86	10.23

Inventory situation of finished products (copy machines)

Initial inventory is given through the final inventory of the previous period

The **value** per unit (2.052 EUR/unit) represents the cost of goods manufactured (CGM) for this period (very important figure) (see cost of unit accounting)

The value of 2.046,87 EUR/unit for the sold copy machines (“**quantity distributed**”) = weighted average between the value of initial inventory and the value of the quantity produced in the period

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- Quantity distributed	43,000	2,046.86	88.02
= Final Inventory	5,000	2,046.86	10.23

“Cost of Goods Sold” = 88.02 mEUR will be needed for the Profit and Loss Statement and for the Cost of Sales Accounting. (43,000 x 2,046.86 EUR)

difference between the value of the produced quantity and the distributed quantity
 (82.09 mEUR – 88.02 mEUR = -5.93 mEUR) = “Increase/Decrease in finished goods inventory”
 → will be needed for the Profit and Loss Statement and for the Total Cost Accounting

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STORAGE COSTS

	mEUR
Input Materials/Parts COPY Classic	0.75
Finished Products COPY Classic	0.50
Total	1.25

Both the final inventory of input materials/parts and finished products lead will be important for the Cost Type, Cost Center Accounting to calculate the storage costs (chapter 3.3.2).