



# Financial Impacts of Production

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Clients First Business Solutions

# Financial Impacts of Production

## Session Objectives

- Understand the costing sheet on the production posting.
- Understand WIP and Absorption
- Understand how raw materials go into WIP and out as finished goods.
- See how labor and overhead gets applied to the product through the routes and costing sheets
- Report on production actual versus cost estimate

# Session Agenda

- Review Costing Sheet
- Review BOM/Formula Costing
- Walk through Production Order
- Review Production Order Postings
- Production Reporting

Poll: What version of AX are you on?

# Meet Your Presenter



- **Managing Director, Midwest**
  - Project Management and Functional Consulting
- **Previous Customer**
  - Retired/Recovering Chief Financial Officer
  - Working with AX for 13 years (since 3.0)
  - 2 AX Implementations in 2 end users
- **Prior AXUG Board Member**

Poll: How many use costing sheets?

# Costing Sheet

## Absorption costing

Purchase

Manufacturing

## Cost Groups Manufacturing

Direct material

Direct labor

Indirect costs

Fixed or Variable

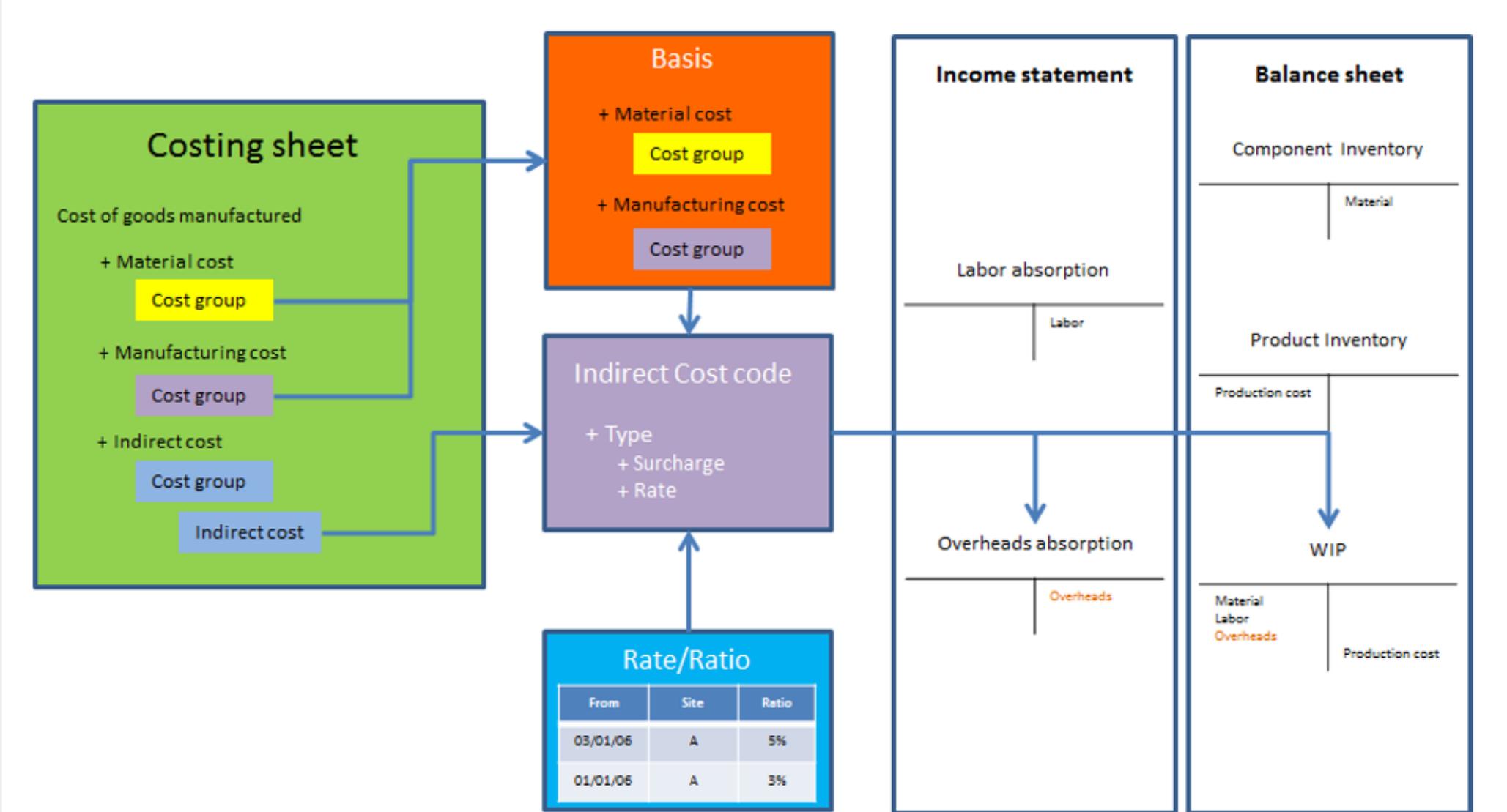
## Indirect Cost Calculation

Output unit based

% of cost

Rate per process time

# Costing Sheet Components



# Demo

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Poll: Process or Discrete  
Manufacturing?

# Review BOM/Formula Costing

## Routes

Operations

Cost Categories

## BOM Lines

Raw materials

Cost groups

## Formulas

Raw materials

Co-products and by-products

# Demo

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Poll: What inventory valuation method do you use?

# Production Order Walk Through

## Start (Estimate has no GL impact)

Impact on GL based on Flushing Principal and posting route card and picking list  
Items and route consumption may be posted at this time and go into WIP

## Report as Finished

Takes amounts out of WIP

Creates cost for the Finished Goods or WIP item if it is a sub-component

Physical inventory cost

## End

Reconciles any cost differences (FIFO can revalue later)

Financial inventory cost

# Demo

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# Review Production Order Costing

## Material Consumption

Raw materials

Substitutions

## Route Consumption

Labor Absorption

Actual time

## Report as Finished/Indirect Cost

WIP

Finished Goods

Indirect Cost Absorption

## Costing

Reconciles cost differences

# Demo

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# Production Reporting

## Budget vs. Actual

- Cost estimates and costing
  - Subtotal by Cost Group
  - Estimate vs. Actual

# Demo

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# Questions?

# Suggested Sessions

**What's New in Manufacturing for Microsoft Dynamics AX 10/13 3:15 Grand Ballroom Salon E**

**Microsoft Feedback Session: SCM – Dynamics Cost Accounting 10/14 3:45 Greco Boardroom**

# Contact Info

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