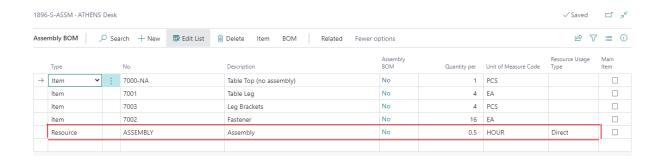
Dynamics 365 Business Central Assembly Orders Posting to General Ledger

The only thing on assembly orders that creates entries in the general ledger is the posting of the assembly order. On manufacturing production orders, you can post multiple things multiple times (consumption, output, subcontracting, etc.) but for assembly orders there is only one thing to post which is the completion of a number of assemblies. Posting an assembly order consumes the components, posts the labor in terms of resources (if any) and outputs the assembly item.

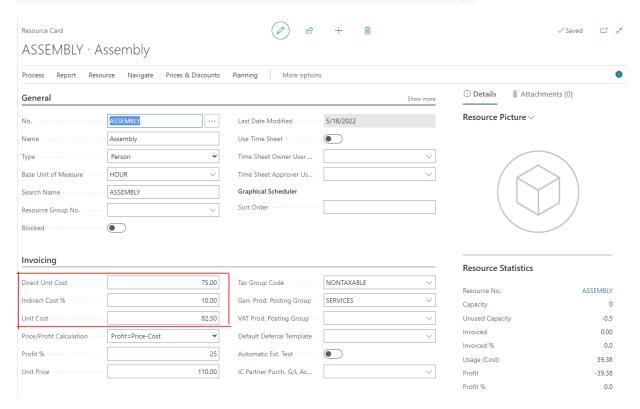
Below is an example of how it works and what gets posted into the general ledger on what account.

Setup of Assembly Item

In this example I will use a demo item 1896-S ATHENS Desk modified to be a serialized assembly item. I have added a resource to the assembly BOM according to below. The resource will be used to add some labor cost to the assembly.



The resource added has the direct unit cost of 75 and an indirect cost of 10 %



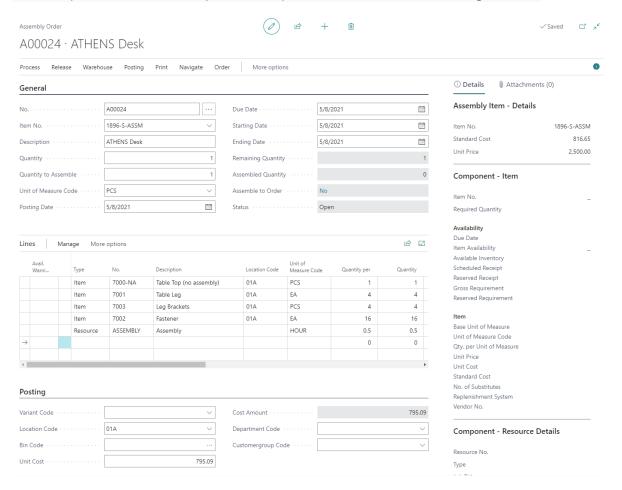
The item assembled is in this case setup with FIFO costing method, and a cost rollup has been performed when the item was created. Note that the costs of the resource in the assemble BOM gets roll-up in the capacity cost fields.



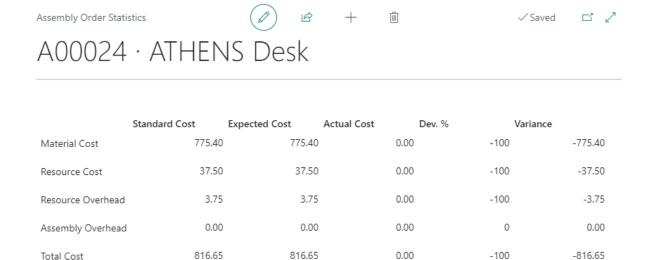
Also note the resource usage type option in the assembly BOM, if this is set to direct then the hours are per unit produced, if this is set to fixed then it is per assembly order (like run time vs. setup time). So, if you set it to be fixed you need to populate the lot size field on the item card to get a proper standard cost roll-up where the cost of the capacity is allocated towards a certain quantity. (the same way as you would do for setup costs on items that are produced using production orders).

The Assembly Order

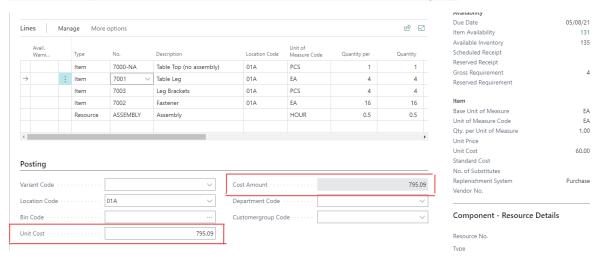
The example will use an assembly order for 1 pcs of the ATHENS Desk according to below.



An assembly order has a statistic page that shows the cost breakdown where the standard cost comes from the fields on the item card, the expected costs come from the assembly order lines and the actual costs comes from the transactions posted against the order (just like production orders).

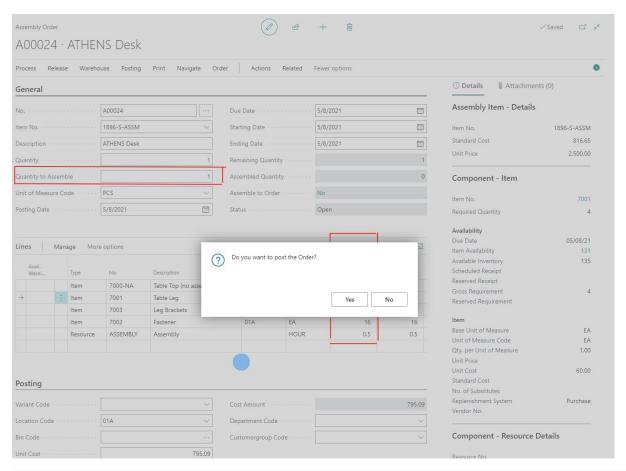


In addition to the statistics page is the unit cost field on the invoicing tab (and a cost amount which is the unit cost multiplied with the quantity). If the assembly item is a standard cost item, then this unit cost is the standard cost from the item card, if the assembly item not a standard cost item, then this unit cost is the sum of the costs of the components (and it's updated automatically if components are changed).



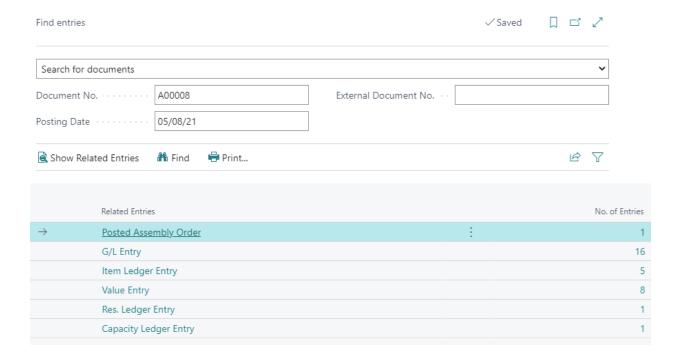
Posting the Assembly Order

Now we post the assembly order; this consumes components and resources according to the quantity to consume on the assembly order line and outputs the quantity according to the quantity to assemble in the header of the assembly order. If you change the quantities to consume on the lines a variance is posted into the P&L

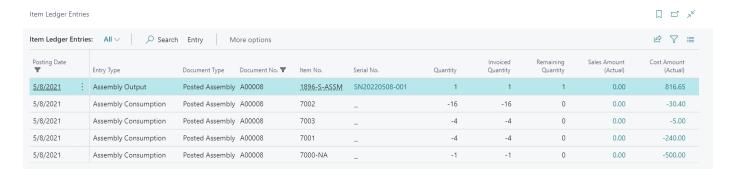


When an assembly order is posted it becomes a posted assembly order. And if the remaining quantity is 0 the original assembly order is deleted.

If we navigate to the posted assembly order, we see all the transactions that were created during the posting (just like on any other posted document in BC).

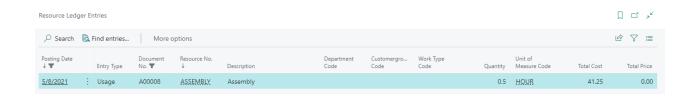


If we first look at the item ledger entries, we see that there is an assembly output for the assembly part and assembly consumptions for the components.

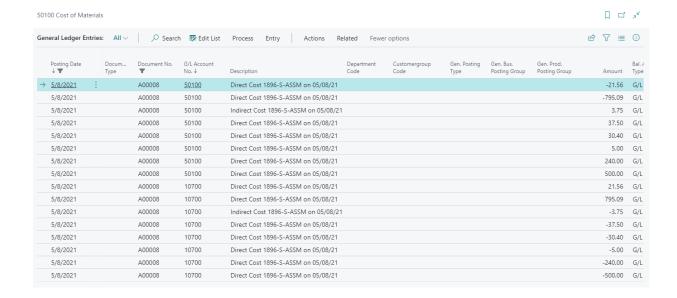


Note that one of the items were serial number tracked, and as you might know the serial numbers are on the item ledger entries, so you get one transaction per serial number.

We also get a resource ledger entry for the resource that was on the assembly order. In this case 4 hours for a total cost of 198.



And the general ledger entries as below.

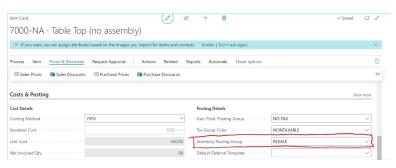


Consumption of Components

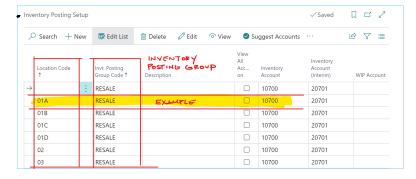
For the consumption, the inventory account is credited according to the cost of the component consumed, and the debit side of this transaction goes to the inventory adjustment account in the P&L. The inventory account is defined in the inventory posting setup and the inventory adjustment account is defined in the general posting setup (based on the posting groups of the component). Kind of the same as a negative inventory adjustment.

Account Type	I/B	Setup Area	Debit	Credit
Inventory	В	Inv Posting Setup		Х
Inventory Adjustment		Gen Posting Setup	Χ	

Inventory account used is a combination of the Inventory Posting Group and Location (inventory location)



Inventory Posting Setup



Inventory Adjustment Account (General Posting Setup)

	Gen. Bus. Posting Group †		Gen. Prod. Posting Group †	Purch. Pmt. Tol. Credit Acc.	Purch. Prepayments Account	COGS Account	COGS Account (Interim)	Inventory Adjmt. Account	Invt. Accr Acc. (Inte
\rightarrow	~	:	NO TAX			50100	10701	50100	50100
			RETAIL			50100	10701	50100	50100
			SERVICES			50100	10701	50100	50100
	DOMESTIC		NO TAX			50100	10701	50100	50100
	DOMESTIC		RETAIL			50100	10701	50100	50100

Resource Costs

For the resource cost, BC credits the cost of capacity account and debits the inventory adjustment account for the direct cost and for the indirect cost it credits the overhead applied account and debits the inventory adjustment account (all P&L accounts, no WIP in the balance sheet to increase as it would have been with a production order). All the accounts come from the general posting setup of the posting group defined on the resource card (direct cost applied account, overhead applied account, and inventory adjustment account). The amounts are the costs on the resource card multiplied with the quantity posted.

Direct Costs

Account Type	I/B	Setup Area	Debit	Credit
Direct Cost Applied Account	I	Gen Posting Setup		X
Inventory Adjustment	- 1	Gen Posting Setup	X	

Gen. Bus. Posting Group †		Gen. Prod. Posting Group †	Purch. Prepayments Account	COGS Account	COGS Account (Interim)	Inventory Adjmt. Account	Invt. Accrual Acc. (Interim)	Direct Cost Applied Account	Overhead Applied Account
~	:	NO TAX		50100	10701	50100	50100	10700	10700
		RETAIL		50100	10701	50100	50100	10700	10700
		SERVICES		50100	10701	50100	50100	10700	10700
DOMESTIC		NO TAX		50100	10701	50100	50100	10700	10700
DOMESTIC		RETAIL		50100	10701	50100	50100	10700	10700
DOMESTIC		SERVICES		50200	10701	50100	50100	10700	10700
DOMESTIC		TOOL TRUCK		*					

Indirect Costs

Account Type	I/B Setup Area		Debit	Credit
Overhead Applied Account	1	Gen Posting Setup		X
Inventory Adjustment	1	Gen Posting Setup	X	



Output Assemblies

For the output, BC debits the inventory account in the balance sheet and credit the inventory adjustment account in the P&L. The amount is the sum of the posted inventory and resource costs. If the item is a standard cost item (like in our case) you might also get some variances posted into the P&L (if there is a difference between the standard and actual costs). The variance accounts come from the inventory posting setup for the posting group defined on the assembly item and the balancing account for the variances is the inventory account (which makes the inventory value in the balance sheet match the standard cost).

Keep in mind that if the finished good has a different Inventory Posting and General Product Posting Group then those accounts are used for the below transaction. The inventory adjustment account for the finished goods General Product Posting Group should be the same as components.

Account Type	I/B	I/B Setup Area		Credit
Inventory	В	Inv Posting Setup	X	
Inventory Adjustment	1	Gen Posting Setup		X

That's it related to what general ledger accounts that are used during an assembly order posting.

Dimensions on Assembly Orders

Microsoft has given us the option to choose through a setup called 'copy components dimensions from' in the assembly setup table. It is either from the items/resources or from the header of the assembly order.

