



WHITEPAPER - Using "Non-Inventory" and "Service" Type Items in Business Central

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Business Central allows users the ability to set up and track items in the system. Normally, this feature related to inventory items. Besides tracking inventory items, the system also allows you to specify "non-inventory" and "service" items and perform certain transactions against them. The "Type" field on the item card allows you to specify the type of item you are using, which affects the degree to which you can manage items in inventory.

The "service" type of item has actually been part of BC/NAV for a long time. Users of earlier versions of NAV would need to expose the "Type" field on the item card in order to designate an item as "service". When Microsoft introduced the "non-inventory" type, they also exposed the Type field on the item card to allow users to make the selection easier.

Both "non-inventory" and "service" type items function similarly with one significant difference which will be discussed later. These types can be used successfully when you want to track purchases of items that you do not want to stock and which you just want to expense when you buy them. These can be things like copy paper, latex gloves, or other such items. Normally, the purchase order is just created with a G/L line type and the description is changed. But this doesn't allow you to track the purchase of such items or ensure that they are expensed to the correct account each time they are purchased. "Non-Inventory" and "Service" type items help with this.

Microsoft notes that "service" type items are "a labor time unit, such as consultancy hours, for limited business support", but they can be used similar to "non-inventory" type items.

Set up of these types is similar to the normal item card setup with the following notes:

- Most normal fields are still needed such as the Base UOM, Unit Cost, Unit Price, etc.
- Type = Non-Inventory or Service. Note: Depending on your version, this field may need to be exposed on the item card.
- Gen. Prod. Posting Group – This field (along with the Gen. Bus. Posting Group) will determine where any purchases or sales of these item are to be posted.
- Purchases are charged to the account in the "Purch. Account" field on the General Posting Setup for the GBPG/GPPG combination.



- Sales are charged to the account in the “Sales Account” field on the General Posting Setup for the GBPG/GPPG combination.
- No Inventory Posting Group code is needed (or allowed) on the item card since no inventory values are posted.
- While Replenishment settings are allowed, Planning fields are not available since you can’t plan for these items.

Purchasing Transactions:

- When receiving these items on purchase orders, the system will record the quantity in the Item Ledger Entry (ILE), but with no remaining quantity.
- No G/L entries are posted when just ‘receiving’ these items.
- Upon invoicing, the purchase cost will show in the Cost Amount (Non-Invtlb.) field in the VE table which also flows through to that field in the ILE table.
- G/L posting will post a debit to the Purchases Account from the General Posting Setup (uses normal GBPG and GPPG fields) and a credit to the Payables Account from the Vendor Posting Setup for the vendor.

Sales Transactions:

- Upon posting of the shipment, negative quantity is shown in the ILE table and still no remaining quantity shows.
- No cost and no sales amount (either actual or expected) are shown in the ILE table when posting only the ‘shipment’.
- No G/L entries are posted when only posting the ‘shipment’.
- When posting the invoice, the ILE table will only show the Sale Amount (Actual) on the sales line.
- Upon invoice posting, the G/L entries will show a debit to the Receivable Account from the Customer Posting set up for the customer and a credit to the Sales Account from the General Posting Setup (using normal GBPG and GPPG fields).
- Another benefit is that the “inventory” can go negative. No remaining quantities are ever reported in the ILE table, so there’s no open inventory to track.

Since both the purchase and sale of these items is recorded in the ILE table, you can easily extract that information to report on purchase/sales trends if needed.



As noted above, setting up and processing “non-inventory” and “service” items is similar in most ways. The major difference between the types is that “non-inventory” items can be included in BOMs or consumed on production/assembly orders. This allows companies greater functionality when using “non-inventory” items to consume items which manufacturers need to include for costing purposes, but do not need to inventory. This can include nuts and bolts, oils and grease, maintenance items, etc. These items can contribute a significant cost to a manufactured item, but users were not easily able to include those costs previously.

Lastly, note that when talking about items with a type of “service”, we’re NOT talking about service items which are part of the Service Management functionality. These are items with a Type = “Service”. Take a look and see how this feature can work for manufacturing, purchasing, and selling items in your organization.