

Business One in Action - How does a non-stock item in negative quantity affect Gross Profit?



Applies to:

SAP Business One, [Logistics](#), [Sales and Purchasing](#)

Summary:

This article shows a sample calculation as to how a non-stock item with negative quantity affects the gross profit. The document also has links to Expert Empowerment Sessions on Gross Profit topics.

Author: Kerstin Pauquet, Support Expert, GSC, SAP Business One

Company: SAP

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Author Bio:

Kerstin Pauquet joined SAP in 2003 and is currently active as Global Topic Lead and Support Expert for SAP Business One. She has worked as both technical and business consultant. She authored this article as a direct response to a partner enquiry during the Expert-on-Phone project, where she consulted on mainly financial and banking related topics.

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How does a non-stock item in negative quantity affect Gross Profit?

The gross profit (GP) calculation in SAP Business One depends on the base price in the marketing document. This system behaviour is applicable to all stock and non-stock items.

Consider the following item:

The screenshot shows the SAP Item Master Data dialog box for item 105. The 'Stock Item' checkbox is unchecked and highlighted with a red box, while the 'Sales Item' checkbox is checked. The 'Labour' item type is selected, and the unit price is GBP 100.00.

Item Master Data

Item Number: 105 Bar Code:

Description: 1 hour installation

Desc. in Foreign Lang.:

Item Type: Labour

Item Group: Items

Price List: Price List 01 Unit Price: GBP 100.00

Stock Item

Sales Item

Purchased Item

Fixed Assets

General Purchasing Data Sales Data Stock Data Planning Data Properties Remarks

Manage Stock by Warehouse

Set G/L Accounts by: Item Group

Stock UoM:

Valuation Method: Standard

Item Cost: 50

Stock Level:

Required (Purchasing UoM):

Minimum:

Maximum:

#	Whse ...	Whse Name	In Stock	Committed	Ordered	Available	Item Cost	Expense ...
1	01	General Warehouse					50	500005
2	02	NZ Fruit					50	500005
3	55	Bonded Warehouse					50	500005
4								

Set Default Whse

OK Cancel

When this item with a positive quantity is used in a marketing document, the effect in the GP will be as follows:

The screenshot shows two SAP windows. The top window is 'AR Invoice' for customer 1000 (Fruits R Us) with invoice number 66. The bottom window is 'Gross Profit of Outgoing Invoice' showing a table with one item: '1 hour installation' (Item No. 105) with a base price of GBP 50.00 and a sales price of GBP 100.00, resulting in a gross profit of GBP 50.00. The 'Base Price by' dropdown is set to 'Item Cost'.

#	Item No.	Item Description	Quantity	Unit Price	Discount %	Rate	VAT C...	Total (LC)	G/L Account	T.
1	105	1 hour installation	1	GBP 100.00	0.000000		X0	GBP 100.00	400000	
2					0.000000	0.0000	O1			

Item No.	Item Description	Base Price	Sales Price	Qty	Gross Profit	
1	105	1 hour installation	GBP 50.00	GBP 100.00	1	GBP 50.00

Using this item in conjunction with another item in an AR invoice, such that the document total is > 0:

The screenshot shows two SAP Business One windows. The top window is 'AR Invoice' for customer 'Fruits R Us'. It lists two items: Item 002 (Orange) with a quantity of 100 and a total value of GBP 200.00, and Item 105 (1 hour installation) with a negative quantity of -1 and a total value of GBP -100.00. The bottom window is 'Gross Profit of Outgoing Invoice', which displays a table of gross profit calculations for each item.

#	Item No.	Item Description	Quantity	Unit Price	Discount %	Rate	VAT C...	Total (LC)	G/L Account	T.
1	002	Orange	100	GBP 2.00	0.000000		X0	GBP 200.00		400000
2	105	1 hour installation	-1	GBP 100.00	0.000000		X0	GBP -100.00		400000

Item No.	Item Description	Base Price	Sales Price	Qty	Gross Profit
1	002 Orange	GBP 1.00	GBP 2.00	100	GBP 100.00
2	105 1 hour installation	GBP 50.00	GBP 100.00	-1	GBP -50.00

SAP Business One displays a negative gross profit in red.

Since the non-stock item has a base price of GBP 50.00 and a negative quantity of 1 had been entered in the document, the GP will be affected in that GBP 50.00 will be subtracted from the total Gross Profit. Hence:

Gross Profit for Item 002

$$GP = [\text{Sales Price} - \text{Base Price}] * \text{Quantity}$$

$$GP = [\text{GBP } 2 - \text{GBP } 1] * 100$$

$$GP = \text{GBP } 1 * 100$$

$$GP = \text{GBP } 100$$

Gross Profit for Item 105

$$GP = [\text{Sales Price} - \text{Base Price}] * \text{Quantity}$$

$$GP = [\text{GBP } 100 - \text{GBP } 50] * (-1)$$

$$GP = \text{GBP } 50 * (-1)$$

$$GP = (- \text{GBP } 50)$$

Total Profit

$$TP = \text{Item } 002 + \text{Item } 105$$

$$TP = \text{GBP } 100 + (- \text{GBP } 50)$$

$$TP = \text{GBP } 50$$

The associated journal entry (JE) reflects only the accounting transactions with the business partner (BP) and the stock transactions with the stock item (100 Oranges @ 1.00 each = 100):

Journal Entry

Series	Number	Posting Date	Due Date	Doc. Date	Ref. 1	Ref. 2	Trans. Code	Remarks
Primary	354	22.08.08	20.09.08	22.08.08	66		AR Invoice - 1000	

Origin	Origin No.	Trans. No.	Template Type	Template	Indicator	Project
IN	66	354				

Fixed Exchange Rate EU Report Automatic VAT

G/L Acct/BP Code	G/L Acct/BP Name	Ref. 1	Ref. 2	Ref. 3	Offset Account
1000	Fruits R Us	66	1		400000

Debit (FC)	Credit (FC)	Debit	Credit	Debit (SC)	Credit (SC)
		GBP 100.00		GBP 100.00	

Posting Date	Due Date	Doc. Date	Project	VAT Code	Distr. Rule	Remarks
22.08.08	20.09.08	22.08.08				AR Invoice - 1000

#	G/L Acct/BP...	G/L Acct/BP Name	Debit	Credit	Balance Due (LC)
1	1000	Fruits R Us	GBP 100.00		GBP 100.00
2	207000	VAT Payable (output Tax)		GBP 0.00	GBP 0.00
3	400000	Sales Revenue (Domestic) - Product No.1		GBP 100.00	GBP (100.00)
4	500005	Raw Materials - Cost of Goods Sold	GBP 100.00		GBP 100.00
5	130000	Raw Materials		GBP 100.00	GBP (100.00)
			GBP 200.00	GBP 200.00	

OK Cancel Display in FC Display in SC Cancel Template

For more information on gross profit in SAP Business One, please refer to the following Expert Empowerment Sessions available for download from the SMP as recorded webex and PDF files:
 Channel Partner Portal -> Solutions -> SAP Business One -> Support -> Additional information -> Training & knowledge -> Archive: Empowerment Sessions

30.03.2007 - Gross Profit

This session is designed to explain Gross profit calculation and answer the most frequently asked questions to product support regarding system behaviour in 2005 A SP01 PL 19.

29.06.2007 - Gross Profit Part II

This session will provide further information on how SAP Business One calculates gross profit and offer trouble shooting approaches if the gross profit is perceived as being incorrect. This session is a continuation of the Gross Profit session held on the 30.03.07.

Related Contents

- [SAP Business One in Action Catalog Page](#)
- Expert Empowerment Session: [Gross Profit I](#) (PDF File: [Gross Profit I](#))
- Expert Empowerment Session: [Gross Profit II](#) (PDF File: [Gross Profit II](#))
- For more information, visit the [Business One homepage](#).

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