PeopleSoft®

EnterpriseOne JDE5 Advanced Cost Accounting PeopleBook

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Advanced Cost Accounting PeopleBook
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Overview

Advanced Cost Accounting Overviews

The Advanced Cost Accounting (ACA) system provides a foundation for managerial accounting and activity-based costing. The ACA foundation includes fully integrated building blocks designed around business processes.

This section provides overview information about the financials industry and how it relates to manufacturing and distribution, as well as information about how the ACA system operates.

Industry Overview

To understand the critical role that ACA plays in financials, you should understand the ways in which fiscal accountability affects businesses, and how businesses can more efficiently track and manage their financials through an enterprise-wide reporting system.

This section introduces you to the industry concepts that are associated with financials. In addition, several problems that are inherent in a financials environment are outlined, as well as J.D. Edwards solutions through Idea to Action.

Industry Environments and Concepts for ACA

Today's business climate reflects the need for increased fiscal accountability. In a globally competitive marketplace, companies must have the ability to make better-informed management decisions to operate their business. Failure to do so can have a negative impact on the future of an enterprise. ACA provides the framework and features to obtain relevant financial information that is not available using traditional accounting methods. ACA provides the necessary tools for an entity to realize a return on investment in a relatively short time. It empowers a business entity to:

- Target and eliminate waste and inefficiency
- Identify value-add and non-value-add processes and activities
- Improve overhead allocation methods
- Analyze and control costs
- Evaluate profitability by customer and product line
- Project future results based on assumptions
- Reduce overhead expense
- Increase revenues

ACA applies to many industries and provides detailed financial information to help management make correct decisions. Net income is an important measurement of a company's performance. However, identifying the components of net income is often difficult.

A typical income statement includes revenue and expenses by category, such as salaries or shipping expense, but an area that needs improvement might be concealed. ACA highlights these areas.

ACA provides cost information that you can define at a level of detail that meets the individualized needs of your company. Customizing cost information does not require any additional programming.

ACA provides cost objects for tracking external cost (managerial accounting), and activities and drivers for tracking internal process cost (activity-based costing). It also provides assignments that allow for flexible reporting of numerous user-defined “what if” analyses.

ACA creates a separate set of records that can be manipulated to incorporate “what if” analyses. The integrity of the original financial records is maintained, but management can look at different situations that are based on various assumptions.

Idea to Action: The Competitive Advantage

The following scenarios describe typical problems in the manufacturing and distribution industry, the business activator that can resolve each problem, and the return on investment for each activator:

Your organization has been ordered to deregulate. It must become competitive immediately. You have no idea what the actual cost of business is for doing internal processes such as accounts payable, inventory, warehousing, customer billing, and so on.	You can track and analyze costs in detail: • Managerial and activity based-costing • Cost objects • Drivers • Activities • Assignments By using ACA, you can determine which internal processes are value-added versus non-value-added. Value-added processes can be capitalized upon and even offered to external customers to increase revenue. Non-value-added processes can be eliminated.
You cannot track cost by product line, customer, and region without making program changes to the system or creating a massive organizational structure (chart of accounts, business unit, reporting category codes).	Cost objects in ACA provide an additional five fields for tracking detailed cost. By using cost object tracking in ACA, you can decide the level of detail that you want to track to decrease cost, increase profitability, and increase visibility in earnings per share. ACA also reduces the need for additional G/L accounts and business units to track profitability.
You cannot collect data on existing files, such as work orders or sales orders, without making program changes or writing custom reports.	Use the automatic driver calculation in ACA to extract data from existing fields that are already populated in the system. For example, the driver calculation can count the number of work orders or sales orders in the system. You can use this information from the automatic driver calculation to create “what if” scenarios for making good business decisions to decrease cost, enhance revenue, and increase profitability.
When paying bills, collecting time reporting, and	Use the cost object edit codes in ACA to force data

issuing purchase orders, users are not inputting detail information regarding product lines, customer, suppliers, and so on.	entry by general ledger account. Users receive hard errors if the edit codes are set up properly that force them to input information before they can continue. By using cost object edit codes in ACA, you ensure the integrity and accuracy of the data that is collected.
You want to create a budget based on this year's actuals but increase it by 5 – 15 percent in various departments, based on departmental goals.	Use assignments in ACA to increase budgets and create “what if” scenarios for each department. By creating “what if” scenarios in ACA, you can determine the most realistic budget for each department.

Advanced Cost Accounting Overview

The ACA system provides a foundation for managerial accounting and activity-based costing. The ACA foundation includes fully integrated building blocks that are designed around business processes.

ACA allows you to analyze data using traditional cost accounting, activity-based costing, or a combination of both. You can combine traditional cost accounting and activity-based costing for greater flexibility in managing your business.

Traditional accounting and activity-based costing differ in that activity-based costing is not required to follow Generally Accepted Accounting Principals (GAAP). In activity-based costing, debits do not have to equal credits. You can focus on a segment of your business instead of your entire business.

Typically, you use activity-based costing when a more accurate allocation of indirect expense-to-cost object is required.

In general, cost objects are divided into two major categories: customer and product. You can determine the level of detail for customer and product based on the needs of your business.

Managerial accounting provides the information that managers of economic organizations use to plan and control their operations. It analyzes an organization at the profit center level rather than at the organizational level used in financial accounting. For example, managerial accounting analyzes customer and product information rather than organizational levels such as marketing, administration, and manufacturing.

In managerial accounting systems, traditional financial accounting systems provide databases that are used in modeling, simulation, and “what if” analyses. Allocations are run over indirect cost pools to assign all revenues and expenses to the profit center level. This process provides the information that is necessary to make high-level decisions about product lines, customer profitability, marketing strategies, reorganizations, and cost reduction projects.

The ACA system addresses the reporting needs for managerial decision-making. For example, by producing unique views of financial information, ACA demonstrates that the same sales volume can have vastly different profit margins due to shipment size, special packaging, special requirements, and product mix.

To address these needs, the ACA system gives you the ability to:

- Capture financial information within the cost analyzer table for further analysis.
- Track and assign transactions using cost objects.
- Capture quantity information.
- Reassign costs based on cost drivers.

Activity-based costing (ABC) allows you to identify and capture direct or indirect costs for specific products or customers by using cause and effect relationships. ACA provides the ability to collect, track, and assign activities to specific cost objects.

The Advanced Cost Accounting system includes the following:

Cost object tracking	Provides the ability to directly assign transactions to their original cost objects. Cost objects are the lowest level at which costs are calculated or tracked. Examples of cost objects include customers, item numbers and sales numbers.
Cost analyzer	Allows you to arrange and analyze managerial accounting information without affecting your financial accounting information.
Detailed product costs	Allows you to capture detailed product costs when you create automatic journal entries. Use detailed product costs to analyze costs for material, labor, or overhead.
Driver calculations	Provides the ability to calculate volumes that are based on transaction information. For example, you can calculate the number of sales order lines by customer. Driver volumes are used to reassign indirect costs to cost objects.
Cost assignments and allocations	Allows you to process calculations for activity-based costing, as well as managerial accounting, over the Cost Analyzer table. You can define allocations according to your business needs. The system provides an audit trail of the calculations and provides separate balances for amounts that are transferred from and to original balances.
Activity-based costing	Allows you to define cost objects, activities, and processes; and create relationships between them. It also allows you to analyze business process costs.

Note

This information is intended to introduce you to the ACA system and provide the information that is necessary for you to begin using its new functions. In future releases, J.D. Edwards will continue to add new features and functions to the ACA system to provide a comprehensive solution to activity-based costing and managerial accounting.

System Integration

When you process transactions in other systems, you can capture information that is relevant to activity-based costing or managerial accounting by using flex accounting rules or cost object rules, based on the setup method for the application.

Note

J.D. Edwards recommends that you use the Automatic Accounting Instructions (AAI) setup method for Manufacturing and Distribution. However, if you choose to use another method, you must ensure that it is correct for that system.

The ACA system integrates with the following systems:

Accounts Payable	Allows you to either enter cost objects manually or let the system determine how to automatically populate the cost object information. You can enter information in cost object fields that are available when the Activate Cost Objects field in the Cost Management Constants table (F1609) is active. You use flex accounting rules to determine how the system automatically populates the cost object fields when creating offset entries during the pre-post voucher and payment processes. The rules are reviewed if: • The Activate Cost Objects field is active. • The setup method is found for that application. • Flex Accounting rules exist for the object account setup method.
Accounts Receivable	Allows you to either enter cost objects manually or let the system determine how to automatically populate the cost object information. You can enter information in cost object fields that are available when the Activate Cost Objects field in the Cost Management Constants table (F1609) is active. You use flex accounting rules to determine how the system automatically populates the cost object fields when creating offset entries during the pre-post receipt and receipt update processes. The rules are reviewed if: • The Activate Cost Objects field is active. • The setup method is found for that application. • Flex Accounting rules exist for the object account setup method.
General Accounting	Allows you to enter cost objects in manual transactions. The cost object fields are available when the Activate Cost Objects field in the Cost Management Constants table (F1609) is active.
Inventory Management	Allows you to use the Item Cost Component Add-Ons table (F30026) to determine inventory-related costs and retrieve information by cost type. If the Product Cost Detail field in the Inventory Constants table (F41001) is active, you must use the standard cost (07) cost method. If the Product Cost Detail field is not active, you can use cost methods 01 through 06 and 08. Costs are calculated using the Item Cost File table (F4105). You use flex accounting rules to determine how to populate the cost object fields when creating automatic journal entries. The rules are reviewed if: • The Activate Cost Objects field is active. • The setup method is found for that application. • Flex Accounting rules exist for the AAI setup method.
Manufacturing Accounting	You use flex accounting rules to determine how to populate the cost object fields when creating automatic journal entries. The rules are reviewed if:

	• The Activate Cost Objects field is active. • The setup method is found for that application. • Flex Accounting rules exist for the AAI setup method.
Product Costing	You use flex accounting rules to determine how to populate the cost object fields when creating automatic journal entries. If the Product Cost Detail field is not active, you can use cost methods than 01 through 06 and 08. Costs are calculated using the Item Cost File table (F4105). The rules are reviewed if: • The Activate Cost Objects field is active. • The setup method is found for that application. • Flex Accounting rules exist for the AAI setup method.
Procurement Management	Allows you to enter cost objects in manual transactions. The cost object fields are available when the Activate Cost Objects field in the Cost Management Constants table (F1609) is active. You can use Flex Accounting rules to determine how to populate the cost object fields when creating automatic journal entries. The rules are reviewed if: • The Activate Cost Objects field is active. • The setup method is found for that application. • Flex Accounting rules exist for the AAI setup method.
Sales Order Management	You use flex accounting rules to determine how to populate the cost object fields when creating journal entries. The rules are reviewed if: • The Activate Cost Objects field is active. • The setup method is found for that application. • Flex Accounting rules exist for the AAI setup method. Sales Order Management allows you to use the Item Cost Component Add-Ons table (F30026) to determine inventory-related costs and retrieve information by cost type. If the Product Cost Detail field in the Inventory Constants table (F41001) is active, you must use the standard cost (07) cost method. If the Product Cost Detail field is not active, you can use cost methods 01 through 06 and 08. Costs are calculated using the Item Cost File table (F4105).
Transportation Management	You use Flex Accounting rules to determine how to populate the cost object fields when creating journal entries. The rules are reviewed if: • The Activate Cost Objects field is active. • The setup method is found for that application. • Flex Accounting rules exist for the setup method.

Managerial Accounting and Activity-Based Costing

Managerial accounting processes information used by economic organizations to plan and control your operations. Managerial accounting involves analysis at a profit-center level, such as customers and products, instead of an organizational level, such as marketing, administration, and manufacturing.

Activity-based costing allows you to analyze information and costs from multiple departments and internal organizations to improve business processes. With activity-based costing, you

can identify activities, processes, and cost objects, and then calculate total and unit costs by cost objects using cause and effect relationships.

Even though business practices have evolved significantly during the last ten years, cost accounting techniques have remained relatively static. In today's highly competitive and changing business environment, companies need the ability to analyze cost structures in more detail than they could by using the methods that are provided by traditional cost accounting systems.

All companies want to maximize profitability by either reducing costs (wastes) or increasing sales. Often, high costs are due to cross-departmental processes, but identifying these sources of waste can be difficult and time-intensive.

To increase income, companies might find it difficult to identify the most profitable customers without gathering customer profit/loss information. In manufacturing environments, companies have been able to reduce direct costs for material and labor by implementing techniques, such as just-in-time, automation, total quality management, and outsourcing, at the expense of increasing indirect costs.

These changes have affected cross-departmental process costs drastically. Market competition and globalization have added complexity to business management and coordination, resulting in additional support activities. This shift in today's market requires that companies focus on indirect costs, cross-departmental processes, and customer profitability--rather than direct costs and sweeping mandates--to increase company-wide sales, regardless of customer profitability.

Data Model Overview for Activity-Based Costing

Company 200 manufactures and distributes bicycles and bicycle accessories. The company wants to improve its competitive advantage in the bicycle market. Although sales have been increasing over the years, the overall profitability of the company has decreased. As a result, the company initiates a performance improvement project that is based on analyzing customer and product profitability.

The company believes that by studying its profitability by customer, product family, and sales marketing channel, it can discover why overall profits have decreased. The analysis focuses on the following areas:

- Locating hidden costs in the bicycle bag procurement process to help the company reduce waste and increase efficiency.
- Assigning marketing and promotional costs to customers, product lines, and sales marketing channels to redirect marketing and sales to the most profitable customers, products, and channels.
- Reviewing the standard costs for painting the bicycle frames. The company suspects that these costs might be incorrect due to rework. Therefore, it would like to determine how much rework, by bicycle model, exists when they paint bicycle frames so that the company can correct the standard cost for painting frames.

Overview Information

Company 200 manufactures and distributes bicycles and bicycle accessories, using the following business units:

- M30 to manufacture bicycles
- D30 to distribute bicycles

Company 200 sells products to wholesale and retail customers. Each customer has a unique address book number, and Company 200 assigns each customer to a business channel. Although many channels exist, it uses the following:

- Wholesale
- Retail
    - Specialty
    - Discount

The bicycles and accessories have unique inventory item numbers. Although many types of bicycles and accessories exist, the company focuses on three types of bicycles and two types of bicycle bags. The bicycle types are:

    - Touring
    - Mountain
    - Youth

Black bicycle bags can be imprinted with a predetermined logo or left blank. When the company originates its bicycle sales, the customer can decide if he or she wants plain black bicycle bags, standard logo imprinted bags, or special custom logos on the bags. The bag types are:

- Imported bags
    - Black
        - With logo
        - Without logo
- Domestic bags
    - Black without logo

The company categorizes its products by planning families. Within this scenario, it focuses on two family codes:

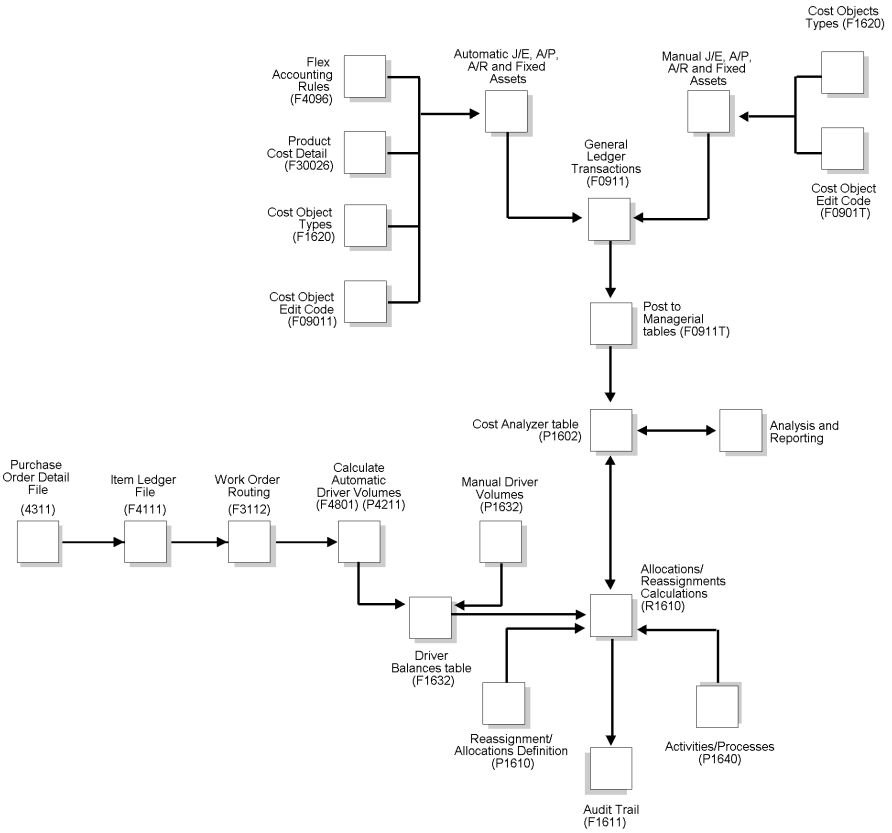
- Bicycle
- Bicycle accessory

Within the Distribution business unit, D30, the merchandise can incur royalty and warehouse costs, in addition to the initial cost. The business unit has adopted standard costs (inventory and sales method 7) to help track each of these cost components. Depending upon type, the bicycles and bags can contain the following cost components:

    - Material, component type A1
    - Royalty, component type X4
    - Warehouse, component type X6

The company believes hidden costs exist in the procurement, manufacturing, and distribution cycles. Therefore, the company wants to determine the customer, product family, or marketing sales channel profitability, as well as internal process costs that are related to manufacturing its bicycles and various suppliers' costs by suppler, product family, or marketing sales channel.

Advanced Cost Accounting System Flow



Setup

Setting Up ACA

The correct setup of ACA is critical to its success as a management decision-making tool. When ACA is set up correctly, you can track direct costs by creating “what if” scenarios to make sound business decisions that are based on actual data from existing integrated systems.

Use the ACA system to create detailed revenue and cost information by using general ledger transactions from the sales, financials, purchasing, manufacturing, and transportation systems, and driver volumes from sales and work order systems.

To use the ACA system with your integrated system, you set up constants to indicate how the system should process information. When you activate the constants, the cost object fields are activated in the integrated systems such as accounts payable, general accounting, fixed assets, sales orders, work orders, and purchasing. You also indicate if you are using the ACA system for activity-based costing.

A cost object is the final level at which costs or revenues are calculated or tracked. You must identify the object, set up the method by which the system tracks the costs, and define the AAIs and flex accounting rules to report on these financial transactions.

Setting up cost objects allows you to define how and what kind of data that you want to analyze later in your assignments. Cost objects are similar to mini-subledgers that store data in the Account Ledger Tag File table (F0911T) to be retrieved later by the cost analyzer. This data can be reported on and analyzed. You decide what you want to track, and you can use five different types and items, four of which are user defined and one of which is defined in the Item Master table (F4101). Examples of cost object types include customers, suppliers, and product lines. If you want to analyze the amount that you are spending on postage and freight by customer, you begin setting up ACA with a cost object type defined as customer. Each time that freight or postage expense is paid regarding this customer, the customer number is used in the cost object field on accounts payable to track expenses for this customer. You can define additional cost object types at any time, but careful thought must be given when defining the types of cost that you want to analyze to ensure the consistency of the input and gathering of data.

Before you can review the results of calculations for either activity-based costing or managerial accounting, you must define views for the cost analyzer. Cost analyzer views allow you to choose to post the information in summary or detail to the Cost Analyzer Balances table (F1602).

If you use the ACA system for activity-based costing, you can set up processes and activities to perform calculations. For each process and activity, you can define the type of calculation, the sequence of steps in the calculation, the source of the balances, the basis for the calculations, and the destination of the results.

Cost object edit codes ensure that the user of the subsidiary systems use the cost object types that are set up and defined by management. If edit codes are not set up properly, the integrity of the collected data is compromised. You can define edit codes to force the user to input a specific cost object or a generic cost object, or to allow the user to leave the cost object blank. Edit codes determine the accuracy of the data that you analyze. If you set up an edit code that requires a specific cost object, and the user does not input a cost object for a transaction on accounts payable or other subsidiary systems, he or she receives a hard error.

Cost objects are populated in three ways:

- By direct manual input into an accounting entry, such as accounts payable or general accounting
- Through the AAIs and flex rules set up for ACA for transactions in other systems, such as work orders, sales orders, and fixed assets
- By custom programming

If you do not set up AAIs and flex rules correctly, the transactions that you make do not post properly, and you cannot track cost objects.

Cost analyzer views allow you to look at data from different years or in the same year, but you can summarize it differently. The data summary options include the different cost objects, business units, ledger types, and accounts. These views allow you to review data in the way that you want to see it. This procedure is critical to the analysis of the data in the assignment portion of ACA.

In ACA, the profit management user defined codes define cost pools to allocate later in assignments for "what if" scenarios: For example, you could use them to collect all of the costs that are associated with building bicycles. By collecting all of the costs that are associated with building bicycles, you can compare the costs against the revenue which is associated with the sales of the bike to determine whether that particular bicycle is generating a profit or loss.

When you are working with other systems, you can define how the system retrieves cost object, activity, and driver information from other applications such as Sales Order Entry (P4210) and tables such as the Item Master (F4101).

Before You Begin

- Review and set up the appropriate manufacturing AAIs. See *Reviewing Manufacturing AAIs* in the *Product Costing and Manufacturing Accounting Guide* for more information.

See Also

- *User Defined Codes* in the *OneWorld Foundation Guide* for more information about setting up user defined codes

Creating Tag Ledger Records

From the Advanced & Technical Operations menu (G1631), choose Create Account Ledger Tag File Records.

After you activate cost management constants, the system automatically creates journal entries in this tag file when you create journal entries in the Account Ledger table (F0911). The Account Ledger Tag File table (F0911T) contains all of the cost object-related information for journal entry transactions. The Account Ledger Tag File table contains posting edit codes that prevent you from posting the same information to the same view more than once. If you have journal entries that were created prior to activating the cost management constants or if you are using WorldSoftware, you can create ACA records in OneWorld by using the Account Ledger Tag File records.

Conversion from WorldSoftware to OneWorld

When converting data from WorldSoftware or a OneWorld release prior to B73.3.1, you must run the Create Account Ledger Tag File Records program (R0911T). The Account Ledger Tag File table (F0911T) is associated with the Account Ledger table (F0911) and tracks additional cost object information that is used by the ACA system.

Note

If you do not run the Create Account Ledger Tag File Records program, any data that was converted is not updated in the Cost Analyzer Balances table (F1602) when you run the Post to Cost Analyzer Balances program (R1602).

Setting Up Constants

To use the ACA system in conjunction with your integrated system, you must indicate the parameters that the system uses to standardize information processing. You set up constants to indicate how the system should process information.

You must activate cost objects before using the costing features in the ACA system. You must activate additional features for activity-based costing and define whether the system uses total costs or detail product costs for each branch/plant. Branch/plant constants allow you to customize the daily transaction processes for each branch/plant in the manufacturing and distribution systems.

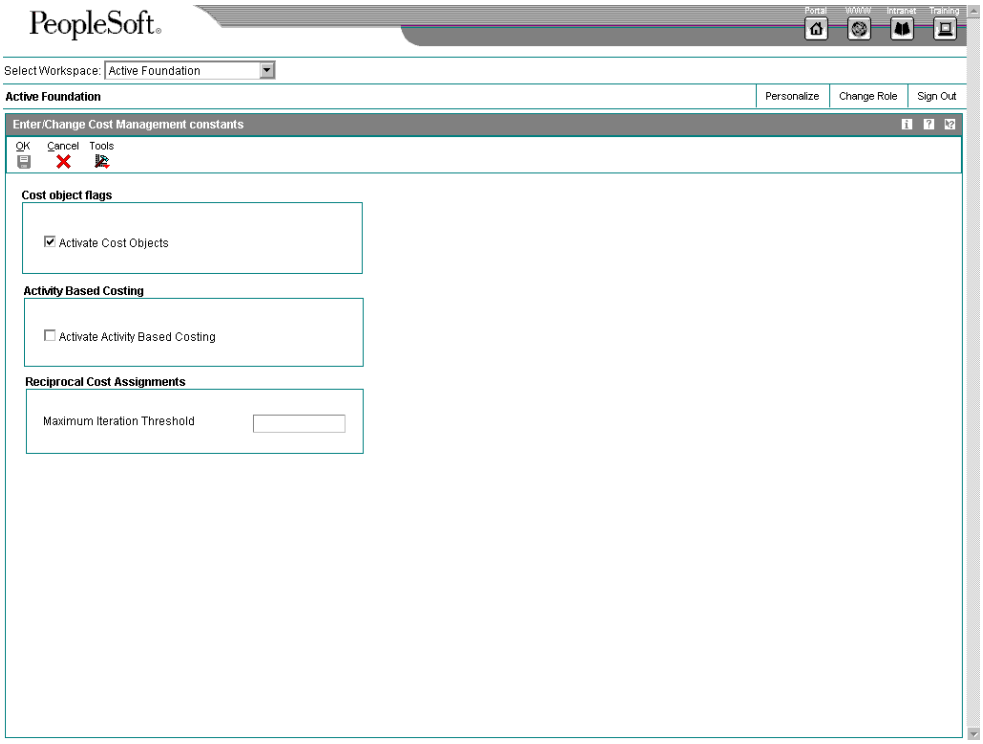
Activating Cost Objects

Use the Cost Management Constants program to activate features that are related to cost objects. The system displays additional fields for entering cost object information when you activate these features.

▶ **To activate cost objects**

From the System Setup menu (G1641), choose Cost Management Constants.

On Enter/Change Cost Management constants, turn on the Activate Cost Objects option and click OK.



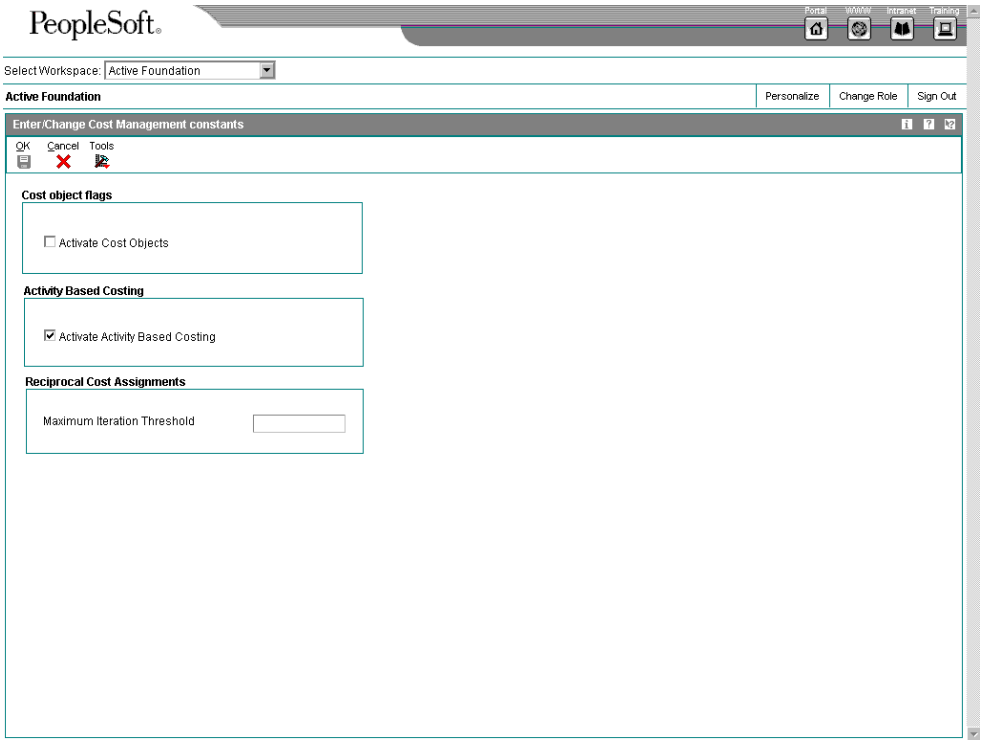
Activating Activity-Based Costing

Use the Cost Management Constants program to specify whether to use activity-based costing. The system displays additional activity fields for activity-based costing in forms and reports.

► To activate activity-based costing

From the System Setup menu (G1641), choose Cost Management Constants.

1. On Enter/Change Cost Management constants, turn on the Activate Activity Based Costing option and click OK.



Activating Detailed Product Costs

You use Flex Accounting rules to determine how to populate the cost object fields when creating automatic journal entries.

The system uses the following cost tables:

- F4105 (Item Cost File)
- F30026 (Item Cost Component Add-Ons)

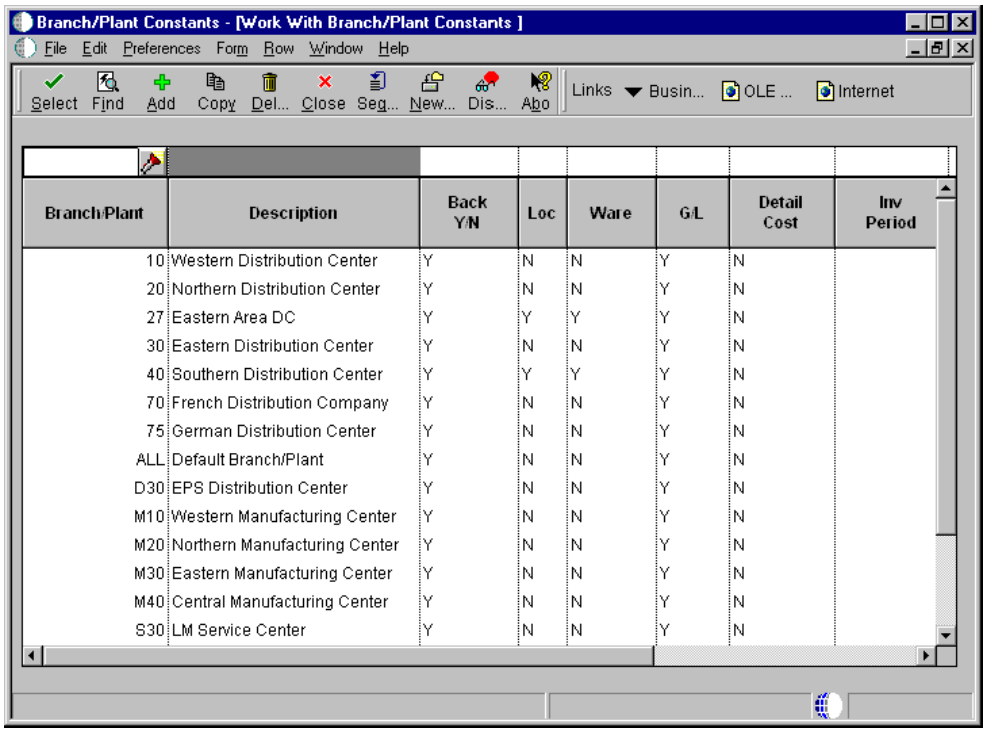
See Also

- *Setting Up Constants* in the *Inventory Management Guide* for information about branch/plant constants that affect other transactions

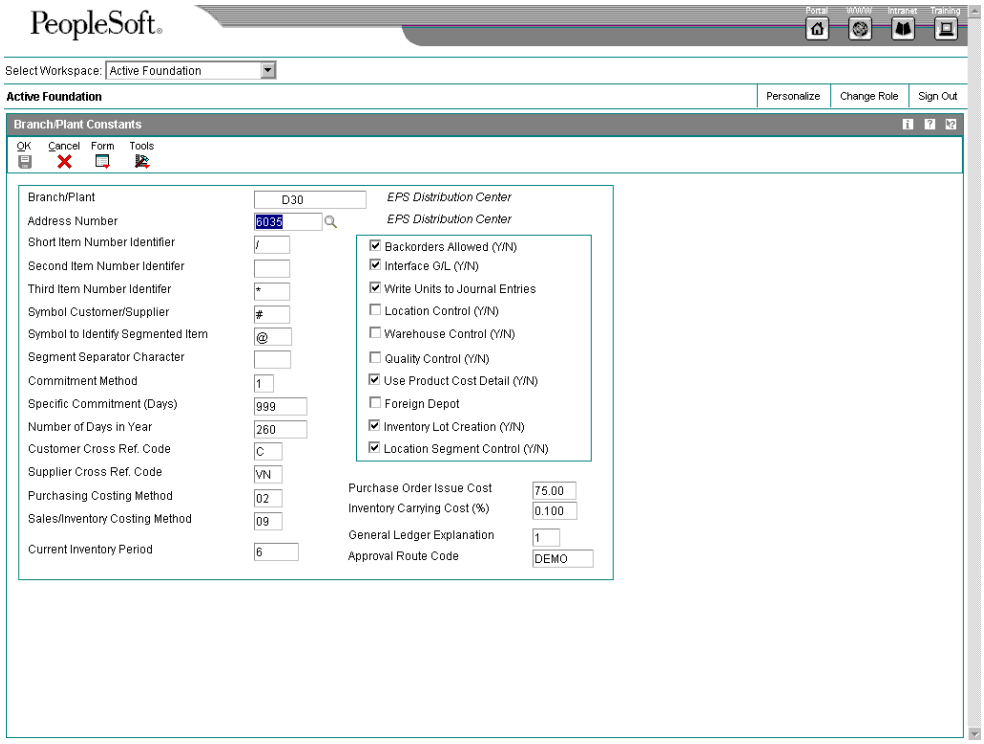
► To activate detailed product costs

From the Inventory Setup menu (G4141), choose Branch/Plant Constants.

1. On Work With Branch/Plant Constants, complete the following field and click Find:
    - Branch/Plant



2. On Work With Branch/Plant Constants, choose a record in the detail area and click Select.



3. On Branch/Plant Constants, click the following option to activate it, and then click OK:

   - Use Product Cost Detail (Y/N)

Setting Up Cost Object Types

A cost object is the lowest level at which costs or revenue are calculated or tracked. Cost object tracking allows you to assign daily transactions to their original cost objects. For example, if you decide to track information by customers, item numbers, and sales order numbers, each piece of information can be a cost object type.

Set up editing rules for the system to validate transactions against cost object information such as journal entries for vouchers or invoices. Editing rules validate information on master tables such as the Address Book Master table (F0101) or user defined code tables. For example, if you track customers, you can set up a cost object type C, define the edit rule to compare the information in the cost object field against the Address Book Master, and verify that the search type information has a specific value. You can also use an editing rule to format information.

Use this program to set up user defined cost object types. The new cost object types can then be included in manual journal entries, vouchers, and invoices. You can also use the cost object types when setting up flex accounting rules and driver definitions. Fields on Cost Object Entry differ, based on which edit rule value you choose.

► To set up table-based cost object types

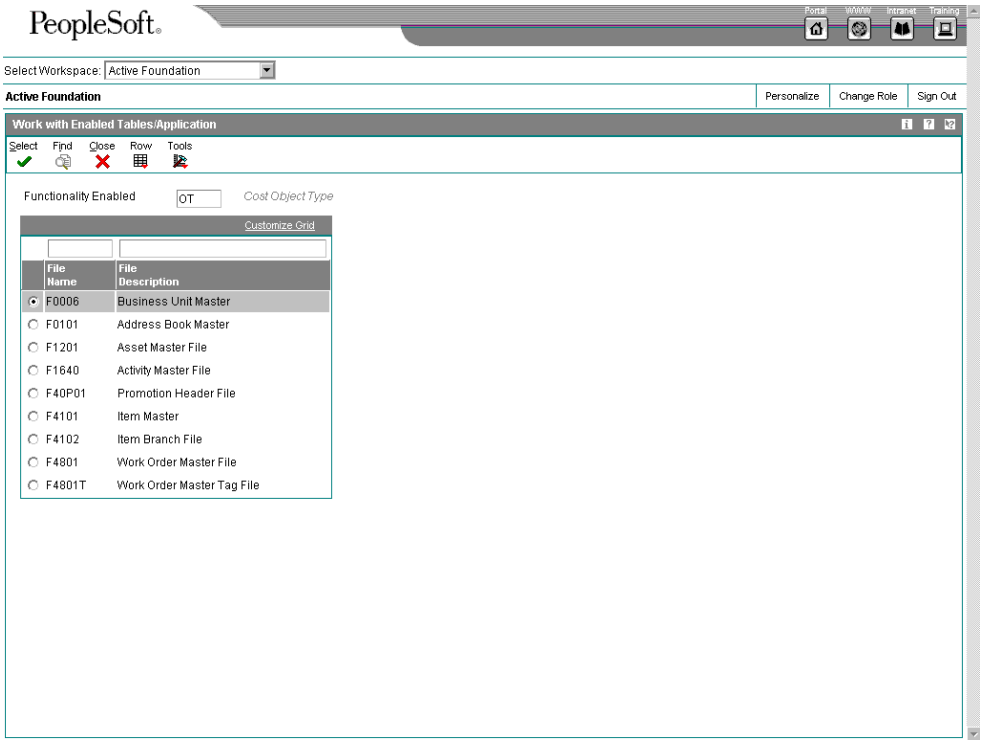
From the System Setup menu (G1641), choose Cost Object Types.

1. On Work With Cost Object Types, click Add.

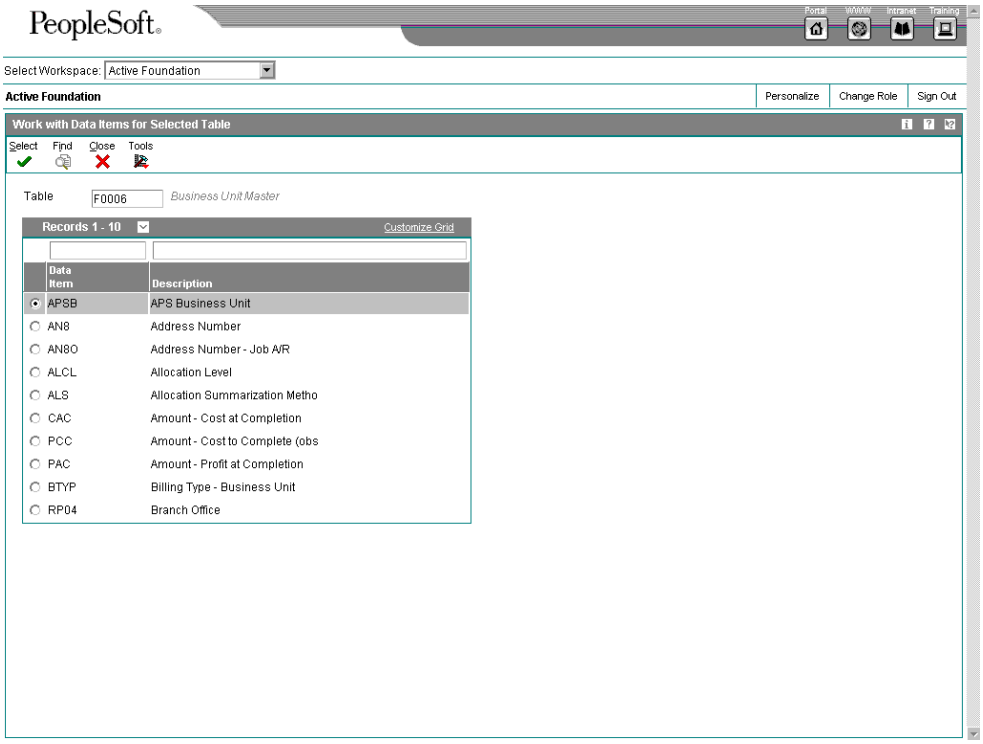
2. On Cost Object Entry, complete the following fields:
    - Cost Object Type
    - Description
    - Edit Rule

3. Complete the following field in the Table Editing area:
    - Based On Table

4. To choose a based-on table, choose Tables by Function from the Form menu.



5. On Work with Enabled Tables/Application, choose a record in the detail area, and then click Select.
6. On Cost Object Entry, choose Data Items by Table from the Form menu to select a data item within the based on table.



7. On Work with Data Items for Selected Table, choose a record in the detail area and click Select.

   The system displays the values that you selected on the Work with Enabled Tables/Application form and the Work with Data Items for Selected Table form. The system displays these values for the Based on Table and Data Items fields on the Cost Object Entry form.

8. On Cost Object Entry, complete the following fields:

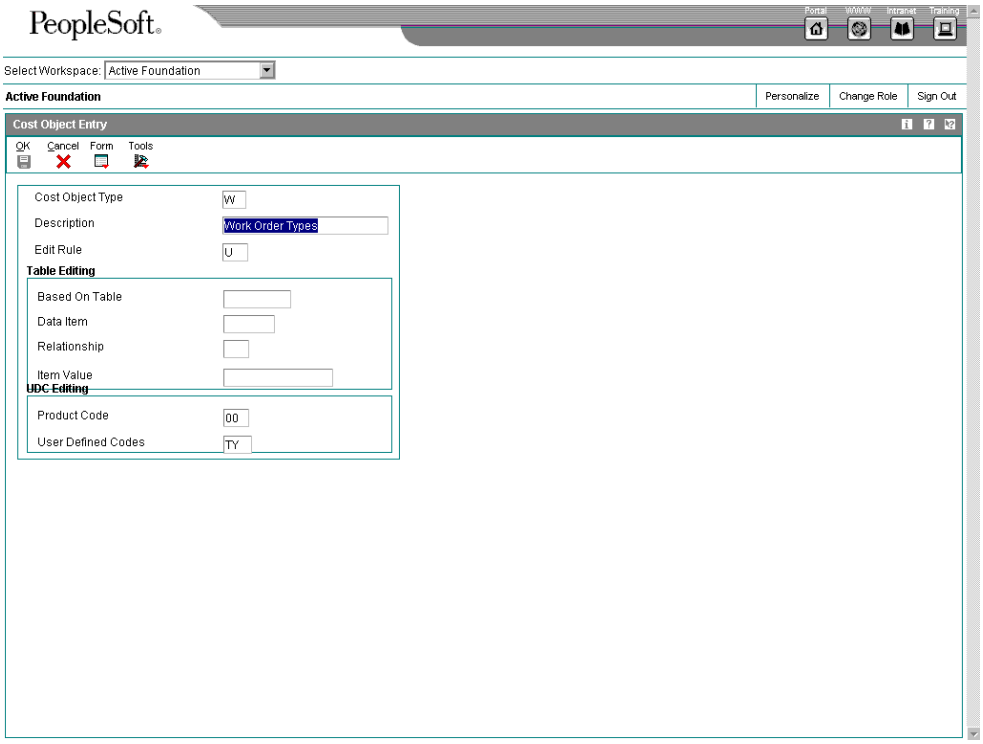
   - Relationship
   - Item Value

9. Click OK.

► To set up user defined code-based cost object types

From the System Setup menu (G1641), choose Cost Object Types.

1. On Work With Cost Object Types, click Add.

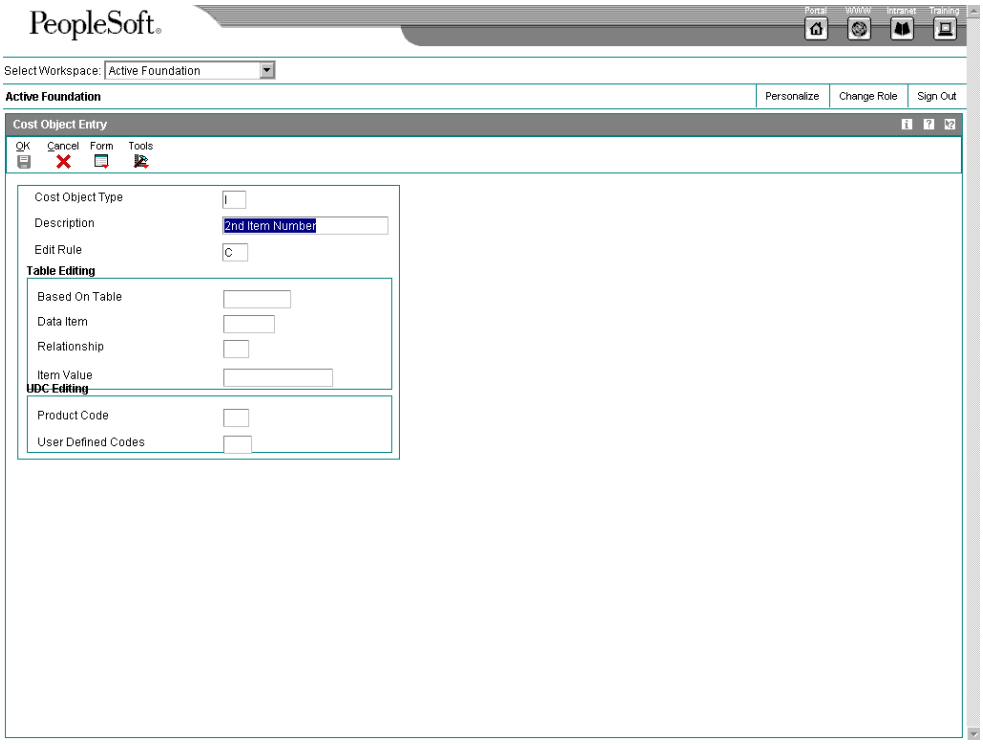


2. On Cost Object Entry, complete the following fields:
    - Cost Object Type
    - Description
    - Edit Rule
3. Complete the following fields in the UDC Editing area:
    - Product Code
    - User Defined Codes
4. Click OK.

► To set up non-editing cost object types

From the System Setup menu (G1641), choose Cost Object Types.

1. On Work With Cost Object Types, click Add.
2. On Cost Object Entry, complete the following fields:
    - Cost Object Type
    - Description
    - Edit Rule



3. Click OK.

Setting Up Cost Object Edit Codes

When you set up cost object edit codes, you can include edit rules to edit your chart of accounts. A chart of accounts provides the structure for your general ledger accounts. It lists specific types of accounts, describes each account, and includes account numbers. A chart of accounts typically lists asset accounts first, followed by liability and capital accounts, and then revenue and expense accounts.

As part of creating your chart of accounts, you must define the length of the account segments. These segments are business unit.object.subsidiary. For the ACA system, you can also indicate edit codes for cost object fields for specific accounts. The cost object edit codes define whether an object is required, edited for validity, or used for a specific cost object value.

To use the product or catalog number, set up a cost object type for either the product number or catalog number. Then set up a cost object edit code, select Specific, and enter the cost object type as the option. Based on this setup, the account is specific to one cost object type.

Note

After you revise your chart of accounts for cost object edit codes, you can copy the object and subsidiary accounts to other business units. When you revise your accounts to include cost object edit codes, the system copies the new edit code flags for the cost object fields to the new business unit.

Before You Begin

- You must activate cost object tracking to access additional forms. See *Setting Up Constants* for more information.

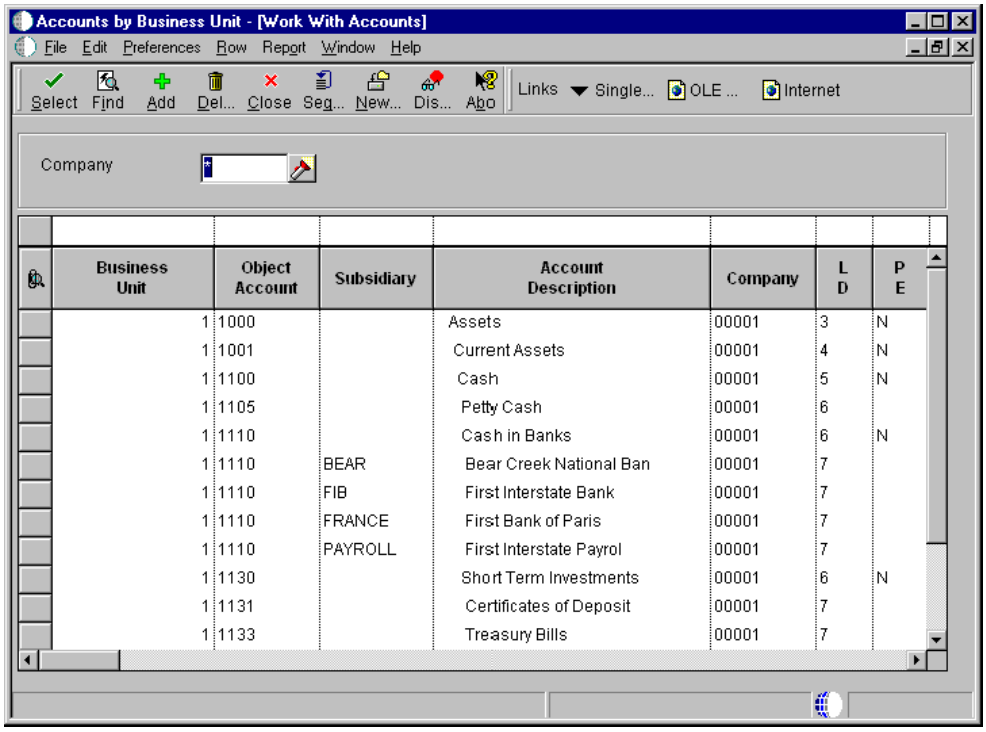
See Also

- *Creating and Updating your Chart of Accounts* in the *General Accounting Guide*

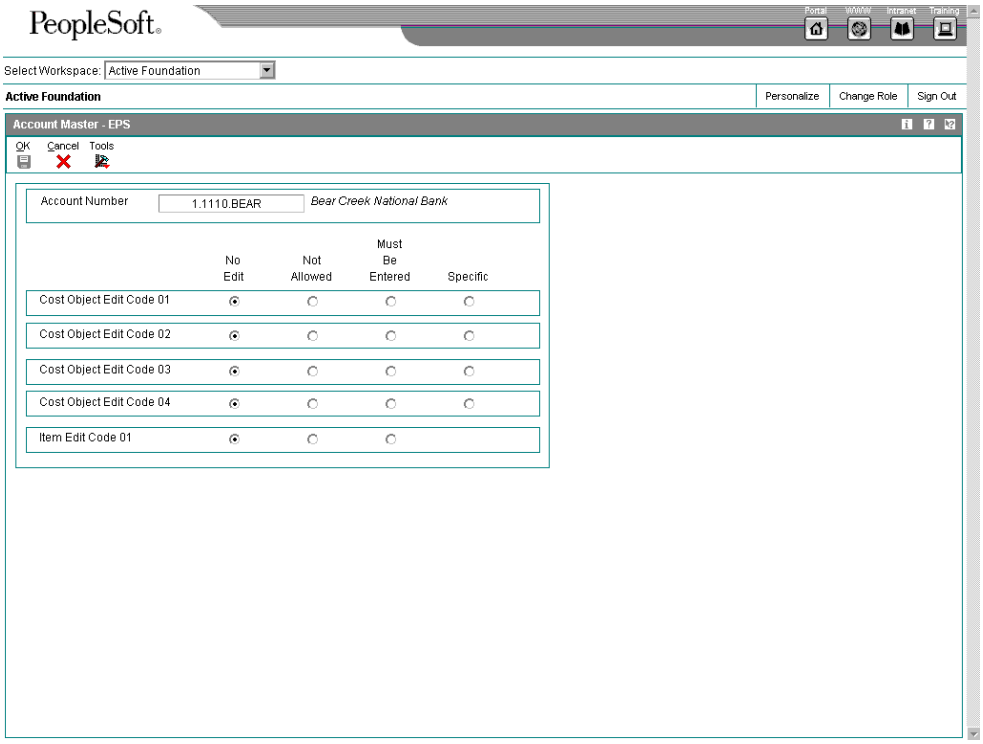
▶ To set up cost object edit codes

From the Organization & Account Setup menu (G09411), choose Accounts by Business Unit.

1. On Work With Accounts, click Find to locate the charts of accounts by company.



2. Choose a row, and then choose EPS from the Row menu.



3. On Account Master - EPS, choose one of the following options for each of the edit codes:

   - No Edit
   - Not Allowed
   - Must Be Entered
   - Specific (where you want to enter a specific cost object type)

   If you choose Must Be Entered as the option for an Item Edit Code, the system uses the short item number. To use the second or third item number (product or catalog number), do not use the field Item Edit Code. Instead, define a cost object.

4. Click OK.

Processing Options for Accounts by Business Unit (P0901)

Security
Please enter a value of '1' in the corresponding field to protect the value of field(s) which contain the Legal Account information
Object:

Subsidiary
Category Code 21
Category Code 22
Category Code 23

Setting Up AAIs by Cost Component

Automatic accounting instructions (AAIs) are the links between your day-to-day functions, chart of accounts, and financial reports. The system uses AAIs to determine how to distribute general ledger (G/L) entries that the system generates. For example, in the Sales Order Management system, AAIs indicate how to record the inventory, costs of goods sold (COGS), and revenue transactions when you sell an item to a customer.

Programs that post to specific G/L accounts use AAIs to create journal entries. Create an AAI entry for each unique combination of company, transaction, document type, and G/L class. AAIs for manufacturing also use the cost type. This system allows you to separate the inventory and COGS accounts by cost component such as materials, labor, or overhead.

If you do not use standard costs (07) to calculate COGS for inventory and sales, you cannot capture detailed product cost information in the distribution system. The system stores AAIs in the Distribution/Manufacturing - AAI Values table (F4095).

Although the ACA system uses all types of AAIs, the following information explains how to use AAIs for ACA within distribution and manufacturing.

You can define an AAI using a unique combination of company number, document type, and G/L class code.

The system also uses a series of specific search steps to locate the correct AAI rule before creating the transactions for the journal entry. If the system cannot find an AAI rule, it returns an error message for the missing rule number for the transaction by company, document type, and G/L class code.

The following scenario illustrates how the system uses the search steps within the AAI rules:

- If the company number is 00001, the document type is SO, and the G/L class code is IN20, then the system first searches for a rule that is specific to company 00001 and a G/L class code of IN20.
- If a rule is not found, the system searches for a rule that is defined for company 00001 and a G/L class code of ****.
- If a rule is not found, the system searches for a rule that is defined for company 00000 and a G/L class code of IN20.
- If a rule is not found, the system searches for a rule that is defined for company 00000 and a G/L class code of ****.
- If a rule is not found, the system does not create the transaction, and you receive an error message that says the AAI rule is invalid because the rule is not defined.

You can also locate G/L class codes using inventory interface rules. Transactions originating in manufacturing and distribution use inventory interface rules by order line type. This information tells the system where to locate the G/L class code information. Then the G/L class code is used in the AAI to locate the corresponding AAI rule.

To locate the inventory interface rules information, select Line Type Constants program (P40205). Each order line type contains a value for the inventory interface rule. The following list of valid values determines how the system locates the G/L Class Code information:

- Y and D use the G/L class code for the item using item branch/plant location.
- N does not use the G/L class code because it has no inventory interface.
- A uses the G/L class code for purchase price variances for the item by line type.

- B uses the G/L class code for purchase price variances for the item using Item Branch/Plant Location.

The system can create journal transactions using the AAIs for purchasing when a difference exists between receipted cost of an item and the actual cost of an item. The system uses this value for line types with a value of A or B as the value for inventory interface rule. The Voucher Match Variance Account field for the order line type must be checked if you want the system to create a journal entry for any cost differences using a cost variance AAI rule.

See Also

- *Understanding AAIs* and *Understanding AAIs for General Accounting* in the *General Accounting Guide* for more information on defining AAIs and the AAI search hierarchy
- *Working with Journal Entries for Voucher Transactions* in the *Procurement Guide*

AAIs for Detailed Product Costs

You can only use the following AAIs for entries for branch/plants that use detail product costing:

4122 Provides the balance sheet inventory valuation account

4124 Produces the expense or cost-of-goods-sold account

4240 Credits the cost amount to an inventory account

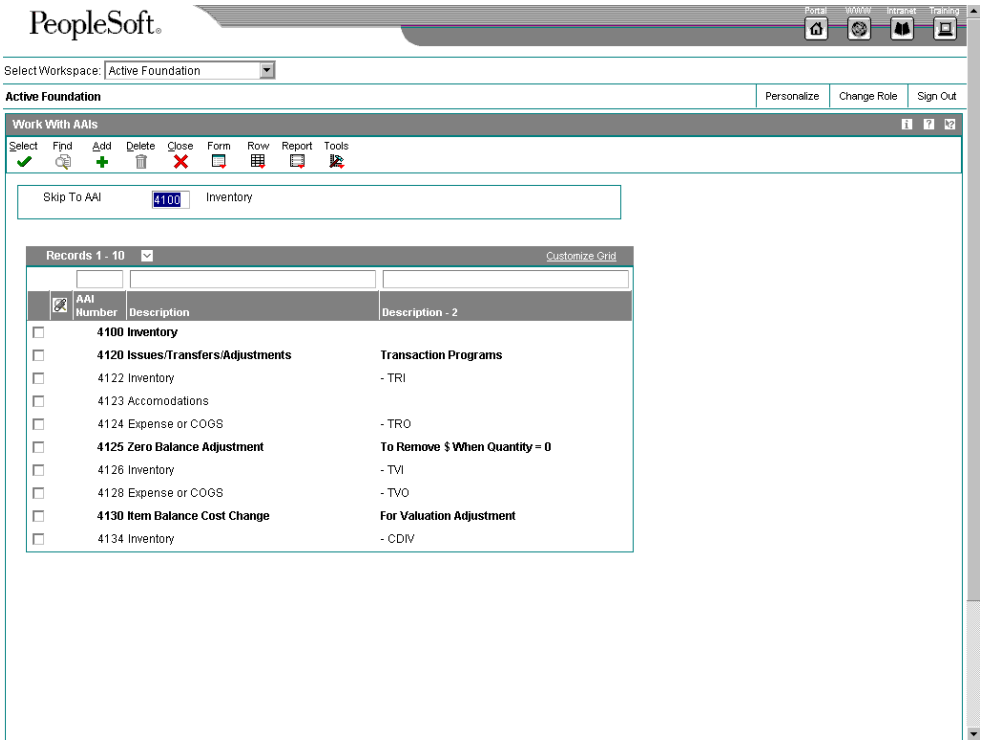
Before You Begin

- Verify that the Cost Type processing option for distribution AAIs is active.

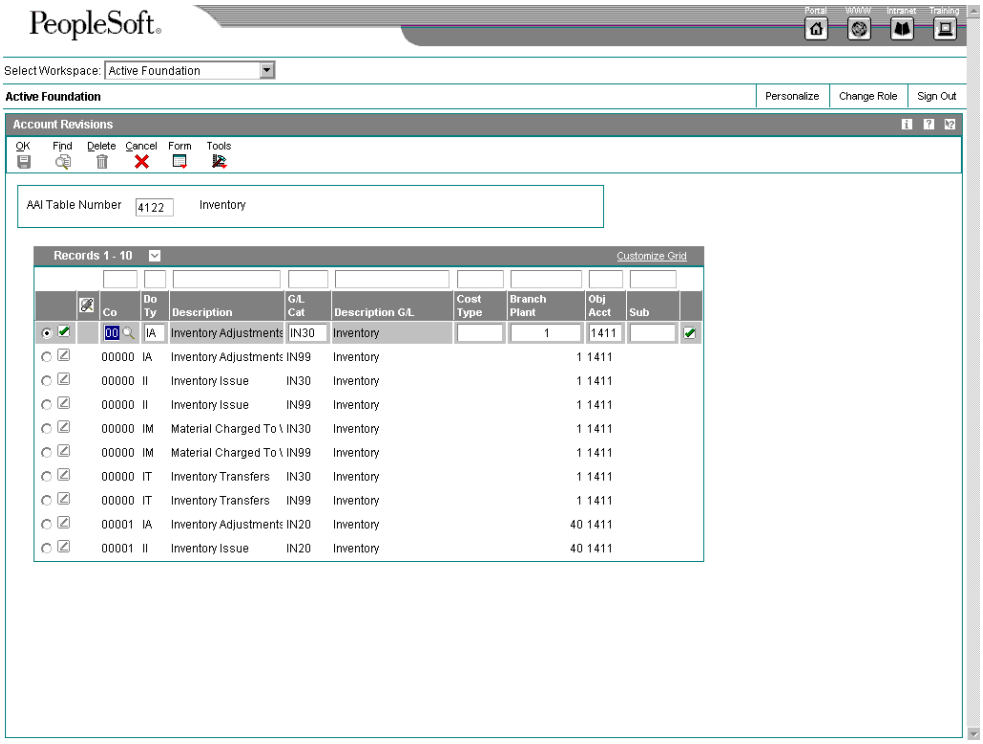
► To set up AAIs by cost component

From the Inventory Setup menu (G4141), choose Automatic Accounting Instr.

1. On Work With AAIs, complete the following field and click Find:
    - Skip To AAI



2. Choose a record in the detail area and click Select.



3. On Account Revisions, complete the following fields:
    - Co
    - Do Ty
    - G/L Cat
    - Branch Plant
    - Sub
4. Click OK.

Processing Options for Distribution AAIs (P40950)

Defaults
AAI Table Number
Enter a '1' if the cost type field should be available to Distribution AAI tables listed below: 4122, 4124, 4134, 4136, 4220, 4240 and 4310.

Setting Up Flex Accounting

Use flexible accounting to define how you capture cost object information to complete the profitability management subledger and subledger type. The flexible format allows you to define rules to determine which fields populate which subledgers. For example, you might use a format that includes customer number, sales territory, product category, and product.

The standard J.D. Edwards account structure is formatted with the following segments:

- Business unit
- Object account
- Subsidiary account
- Subledger
- Cost Object 1
- Cost Object 2
- Cost Object 3
- Cost Object 4
- Item

Flexible format accounts have the same segments. The length of all segments cannot exceed 90 characters. Each segment of the flexible format account has a character limit, as follows:

Business unit	12 characters
Object account	6 characters
Subsidiary account	8 characters
Subledger	8 characters

Cost object 1-4	12 characters
Item	8 characters

To create a flexible account number, you must define one or more of these segments. To do this task, associate one or more pieces of information with each segment. Each piece of information is associated with a field and is stored in one of the tables that you access from the Row menu on the Flexible Sales Accounting Revisions form. Cost objects 1-4 require you to enter a value in the Type field. These values are defined in the Cost Object Types program (P1620). In addition, you are required to define which cost object you are associating with the flexible rule into the Cost Object column.

To associate information with a segment, you must know the data item name that J.D. Edwards has defined for the corresponding field in the table.

You cannot define an object segment. You must define the object account through AAIs.

The subledgers are not visible online but are stored in the Account Ledger Tag File table (F0911T).

Activate flexible sales accounting through a processing option in the Update Customer Sales program (R42800).

See Also

- *Rules for Defining a Flexible Format*
- *How to Determine Account Information*
- *Setting Up Flex Accounting*

Rules for Defining a Flexible Format

You can define only one subledger type for each cost object. Consider the following rules about flexible account numbers:

- Each piece of information that you associate with a segment corresponds to a J.D. Edwards field. Each of these fields is hard-coded in a user defined code table that you access from the Enabled Functionality by Application program (P1690). You can view both the tables and the valid fields for Flexible Rules. To use a field that is not included in these tables, you must use custom programming.
- You can define a flexible rule only for applications that have been flex-enabled. You can view these programs using the Cost Object Rule Setup Method program (P1691).
- When the system searches for an account for an AAI, it searches the Sales Flex Accounting table (F4096), as follows:
    - The system checks for a flexible account number that has been defined for a specific AAI and a specific company.
    - If no account has been defined for a specific AAI and a specific company, the system checks for an account that has been defined for a specific AAI and company 00000.

How to Determine Account Information

When you process a transaction that requires the system to record information to the general ledger, the system searches for flexible account information only if you have set up the appropriate processing options in the appropriate update program.

Enabling Flex Accounting

To enable flex accounting rules in a specific program, complete the appropriate processing options in that program that correspond to flex accounting. Use the Cost Object Rules Setup Method program (P1691) to display the programs that are enabled for flex accounting.

► To set up flex accounting

From the Sales Order Management Setup menu (G4241), choose Flexible Sales Accounting.

1. On Work With Flexible Sales Accounts, click Add.
2. On Flexible Sales Account Revisions, complete the following fields:
    - AAI Table Number
    - Company
    - Document Type
3. To associate a flex rule with the item subledger, enter an X in the Item column.
4. To associate the flexible segment to the standard format segment, complete the following fields:
    - Cost Object
    - Cost Type
5. To associate a table with a segment, complete the following field (required):
    - File Name
6. To associate the data item with this segment, complete the following field (required):
    - Data Item
7. Complete the following field if the data item that you entered is a field that is stored in the Address Book Master table, and click OK:
    - Data Type

Setting Up Cost Analyzer Views

You can define the information that is posted to the Cost Analyzer Balances table (F1602) to summarize G/L transaction information. Views are uniquely defined by using a combination of a view number, fiscal year, and date pattern code. For example, if you define a view to identify profitability by customer for the fiscal year 2005 and assign view number 1 with a

fiscal date pattern code R, you cannot define a second view as 1 for 2005 with a fiscal date pattern of R.

The following rules apply to Cost Analyzer views:

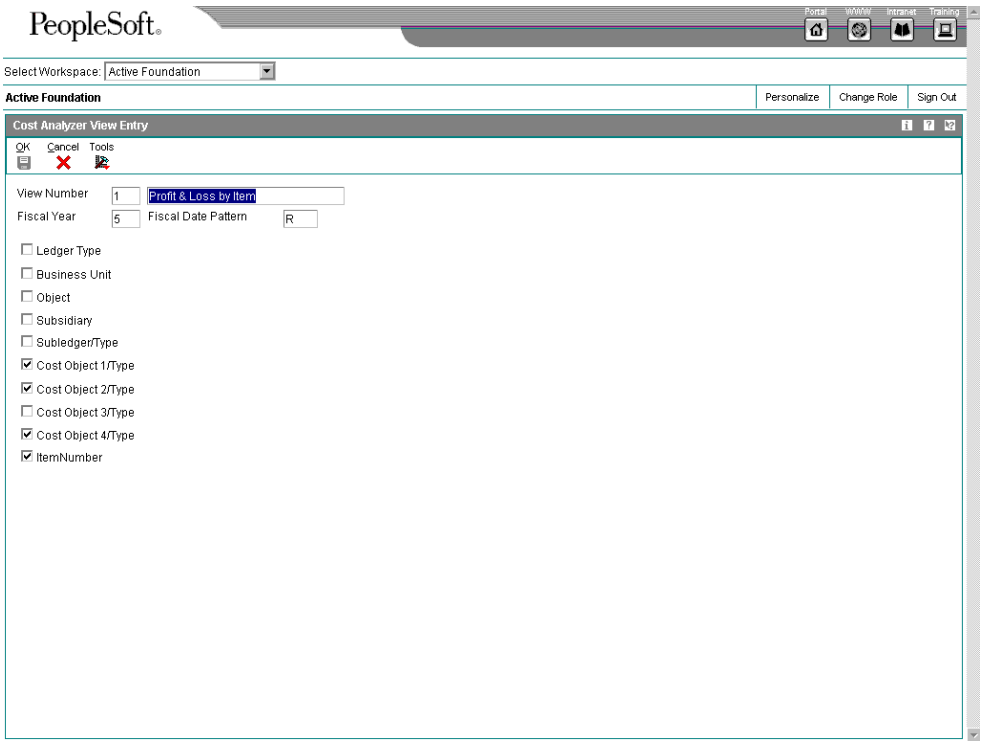
- Each fiscal year can have a maximum of ten view definitions.
- Valid view numbers can be between one and ten.
- You cannot have duplicate view definitions (that is, two identical view numbers for the same fiscal year).
- Each view must contain a valid date pattern code.

After you post transactions to a particular view and fiscal year, you can make changes to the view definition only by purging the posted information and regenerating it.

► To set up cost analyzer views

From the Cost Analyzer menu (G1612), choose Cost Analyzer View Setup.

1. On Work With Cost Analyzer Views, click Add.
2. On Cost Analyzer View Entry, complete the following fields:
    - View Number
    - Description
    - Fiscal Year
    - Fiscal Date Pattern



3. Based on your selected view, click any of the following options and complete any of the corresponding fields, as necessary, and then click OK:
    - Ledger Type
    - Business Unit
    - Object
    - Subsidiary
    - Subledger/Type
    - Cost Object 1/Type
    - Cost Object 2/Type
    - Cost Object 3/Type
    - Cost Object 4/Type
    - ItemNumber

Note

These options allow you to control the level of detail that you want to view. By selecting an option, the detail for the corresponding option is not included in the view. The system does not include any transactions that are related to options that are checked.

The system creates a new record in the Cost Analyzer Balances table (F1602) whenever the option value changes. Otherwise, the system creates one balance record in the Cost Analyzer Balances table for each transaction that originates from the Account Ledger Tag File table (F0911T).

Setting Up Profit Management User Defined Codes

From the Profit Management User Defined Codes menu (G16411), choose an option.

Before you can use the features of the ACA, you need to define the critical information that the system uses for processing. Such information is called user defined information.

Many fields throughout the ACA system require user defined codes. You can customize fields in your system by setting up user defined codes to meet the needs of your organization.

The User Defined Codes program allows you to establish and maintain a table that defines valid codes for various types of information. Codes are categorized by system and code type.

The ACA system uses the following User Defined Codes:

Driver Category Codes	You can set up drivers to identify the cause of a process or how costs are assigned. Use the following user defined code tables to set up category codes for drivers: • 16/01 • 16/02

	• 16/03 • 16/04 • 16/05
Activity Attributes	If you use activity-based costing, you must set up activities. An activity is an aggregation of actions that are performed within your organization. Use the following user defined code tables to define attributes for activities: • 16/06 • 16/07 • 16/08 • 16/09 • 16/10
Activity Category Codes	If you use activity-based costing, you must set up activities. An activity is an aggregation of actions that are performed within your organization. Use the following user defined code table to group your activities by category code: • 16/11 • 16/12 • 16/13 • 16/14 • 16/15
Cost Pools **(16/CP)**	Set up cost pools to identify groupings for cost elements that have a common driver.
Cost Object Types **(00/ST)**	A cost object is the final level at which costs or revenues are calculated or tracked. Set up a cost object to identify the type of managerial analysis.
Edit Rules **(16/ER)**	When you enter cost objects, you can use a value from this table to identify a rule, which determines how the system edits or formats a cost object. **Caution** J.D. Edwards has predefined values for this user defined code table. If you change the values, unpredictable results might occur.
Cost Object Rules Setup Method **(16/SM)**	When you enter a cost object edit rule, you must specify the method with which the system edits or formats a cost object. **Caution** J.D. Edwards has predefined values for this user defined code table. If you change the values, unpredictable results might occur.

Cost Management Method **(16/TF)**	You can set up the functionality type in the user defined code (16/TF) and the enabled tables in the Enabled Functionality by Application program. **Caution** J.D. Edwards has predefined values for this user defined code table. If you change the values, unpredictable results might occur.
Driver Calculation Method **(16/CM)**	When you set up drivers, you can define how the system reassigns costs to activities. Use this user defined code table to identify whether the system calculates the driver automatically or manually. **Caution** J.D. Edwards has predefined values for this user defined code table. If you change the values, unpredictable results might occur.
Driver Result Type **(16/RT)**	When you set up a driver calculation method, use this table to identify the resulting volume type, such as number of transactions or amount. **Caution** J.D. Edwards has predefined values for this user defined code table. If you change the values, unpredictable results might occur.

See Also

- *User Defined Codes* in the *OneWorld Foundation Guide* for more information about setting up user defined codes

Understanding Cost Pools

In addition to user defined codes for activities and drivers, you can set up cost pools. A cost pool is a grouping of cost elements. When you set up rates, you can assign drivers or activities to a single cost pool. For example, you can create a cost pool called personnel expenses by aggregating all personnel-related costs, such as salaries, overtime, benefits and so on; and the driver could be man-hours invested in each activity.

You can create alternate approaches to cost pools based on your business needs, such as:

- You can specify original G/L accounts as the FROM (source) of the cost assignment definition. In this example, all of the accounts should have a common driver.
- Use account category codes to link accounts that correspond to the same cost pool. Then when you define your cost assignment, the FROM definition is the category codes group, which equals the cost pool. For example, you could set up an account category code group for personnel expenses (PE) and building related costs (BL). In

the Account Master table (F0901), you can assign the category codes to the appropriate accounts and, in this way, group your accounts to different cost pools.

- You can create a specific account for cost pools, and then, using a cost assignment, move balances from the original accounts to the account that you set up specifically for the aggregate total of the cost pool expenses.

Processing Options for User Defined Codes (P0004A)

Defaults Tab

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1. Enter the desired System Code:

Use this processing option to enter a user defined code (98/SY) that identifies a J.D. Edwards system.

2. Enter the desired Record Type:

Use this processing option to enter a default record type for user defined codes. Enter a record type that is valid for the system code specified in the System Code processing option

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Cost Object Tracking

Cost Object Tracking

Cost object tracking is the most critical part of ACA. If costs are not monitored in detail, information is not available for managerial accounting and activity-based costing. Every transaction that is applicable to a specific customer, product, item number, or other criteria must have the appropriate cost object value.

To facilitate cost object tracking, the cost management constant for activating cost objects must be turned on. This setting opens additional fields for the five different cost objects that are available in ACA and enables transactions to be entered with cost objects attached. Cost object edits are also important to cost object tracking. If cost object edits are not set up properly, the resulting output might be unpredictable.

For example, ABC Company wants to know the profitability of individual product lines. Using ACA, the company can set up a cost object for product lines, and track costs and revenues that are associated with each specific product. It can also allocate indirect costs that are based on a business driver, such as warehouse square footage. Profitability by product can be obtained because all of the costs and revenues have been accounted for at the product level.

You can capture cost object information when you enter transactions in multiple systems, such as purchase orders, receipts, invoices, and so on. When you create journal entries, you can update, verify, and post cost object information. These transactions can be used in managerial accounting or activity-based costing through the Cost Analyzer table. This step is, perhaps, the most important step in the cost management cycle because the system updates the records with cost object information in the other systems with which it interfaces, such as the Accounts Receivable and Inventory Management systems.

See Also

- *Creating Journal Entries* in the *Product Costing and Manufacturing Accounting Guide*

Cost Object Tracking in General Accounting

The General Accounting system ensures that all information is fully integrated into the general ledger. In turn, the general ledger provides flexible and accurate financial reporting. Typically, you generate transactions, such as invoices, vouchers, receipts, and payments, using other J.D. Edwards systems. However, you can also enter transactions directly by using the General Accounting system.

Entering Cost Object Information in G/L Journal Entries

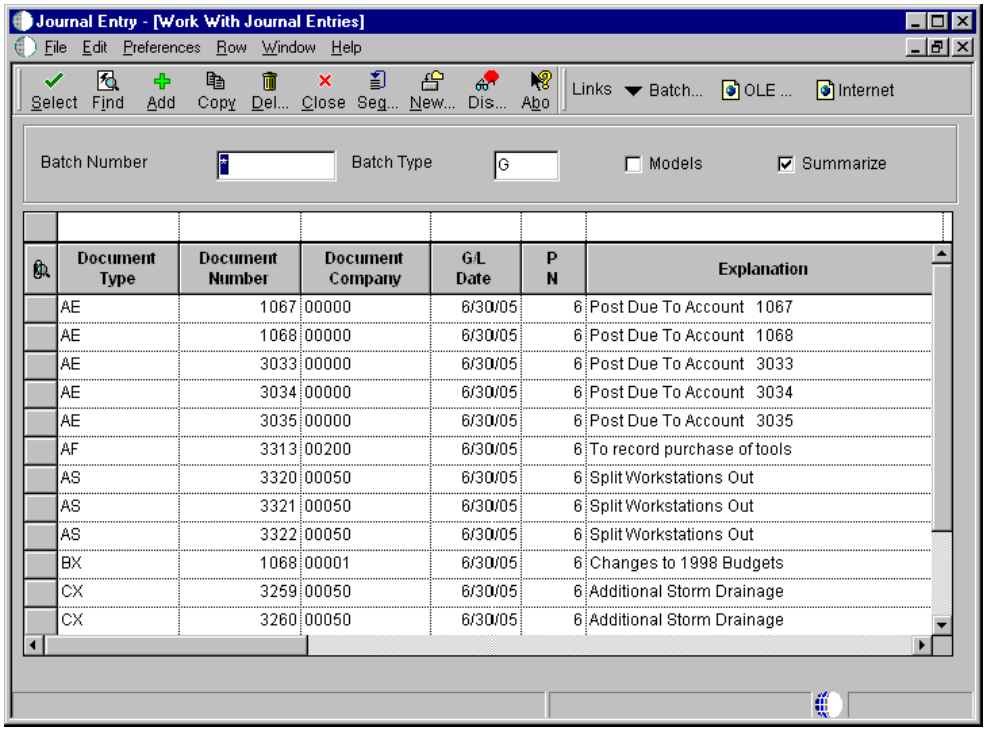
You can use basic journal entries to enter many types of transactions. When you enter a journal entry to a ledger type that is required to balance, the debit and credit amounts must balance.

For each journal entry, you must enter information to identify it in the system, such as the date that the journal entry affects the general ledger.

When you complete a journal entry, the system displays the assigned batch and document numbers. You can use these numbers to locate and review a journal entry. The system assigns batch and document numbers from the Next Numbers function.

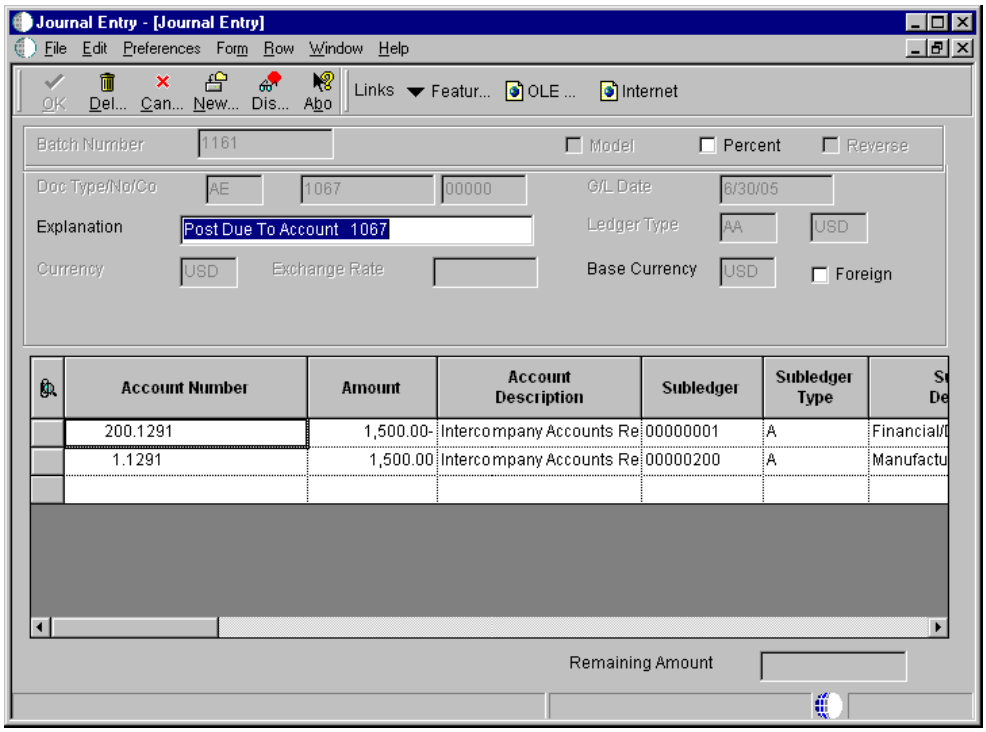
► To enter cost object information in G/L journal entries

From the Journal Entry, Reports, & Inquiries menu (G0911), choose Journal Entry.



1. On Work With Journal Entries, click Add to access Journal Entry.

   If you are using batch control, the Batch Control form appears. In that case, enter the date and expected totals.



2. On Journal Entry, complete the steps to enter a journal entry.

   See *Entering Basic Journal Entries* in the *General Accounting Guide.*

3. To enter cost object information, complete the following fields, and then click OK:

   - C T 1
   - Cost Object 1
   - C T 2
   - Cost Object 2
   - C T 3
   - Cost Object 3
   - C T 4
   - Cost Object 4
   - Item Number
   - Item Description

Processing Options for Journal Entries (P0911)

Batch Type 1. Enter a Default Batch Type Batch Type

Format Control
1. Enter a '1' to specify Journal Entries with Debit/Credit
Debit/Credit Format
MBF Version
1. To override standard journal entry processing (version ZJDE0001 for application P0900049), enter an override version number. This should only be changed by persons responsible for system wide setup.
Version
Field Control
1. For Fixed Assets systems enter a '1' to require the entry of an Asset ID if an account is in an AAI asset account range. Leave blank to not require an entry.

Require Asset ID

Updating Cost Object Information in the General Ledger

After you review and approve a batch of journal entries, you can use the Post General Ledger (Pre-Post) program to edit and post each type of transaction. This program also edits transaction batches for the Account Ledger table (F0911) and updates the batch status to allow the system to post transactions to the Account Balances table (F0902). If any errors occur during editing, the system assigns an error status to the batch and does not post it.

When you post journal entries, the system copies the edit code flags for cost objects when you create accounts dynamically.

The system performs the following tasks:

- Selects unposted and approved batches that match the criteria that is specified in the data selection
- Edits each transaction to determine whether:
  - The account exists in the Account Master table (F0901) and is a posting account.
  - The business unit exists in the Business Unit Master table (F0006).
  - The G/L date is valid.
  - The intercompany setup is correct (if required).
  - Multicurrency is set up for intercompany transactions.
- Edits each batch to ensure that it is in balance and approved
- Sends electronic mail messages for transactions that are in error and batches that do not balance
- Prints a Post Detail Error Report if the batch does not balance
- Places an entire batch in error if any transactions are in error
- Creates offsetting entries by date of transaction
- Posts transactions to the Account Balances table
- Updates posted transactions with a G/L posted code in the Account Ledger table and creates records for the balances in the Account Balances table
- Updates the status of each posted batch in the Batch Control Records table (F0011)
- Posts the domestic amounts to the Actual Amount (AA) Ledger, and if applicable, the foreign amount to the Currency Amount (CA) Ledger
- Performs intercompany settlements, if applicable

- Creates reversing entries, if applicable
- Prints the General Ledger Post Report

Cost Object Tracking in Accounts Receivable

With the Accounts Receivable system, you can streamline the day-to-day functions of your entire Accounts Receivable department. You can simplify and accelerate the process of applying receipts; and provide up-to-date information that improves communication among your billing, credit, and collections departments. Additionally, you can review or enter cost object information when you enter multiple types of invoices and capture relevant information for managerial accounting or activity-based costing.

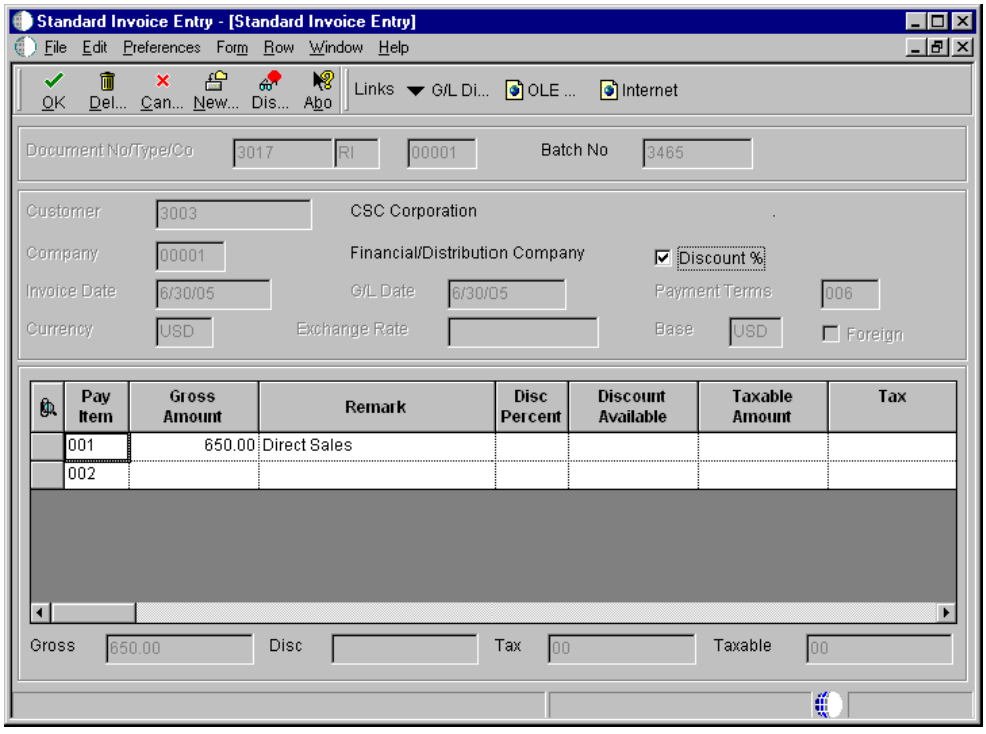
Entering Cost Object Information in Standard Invoices

Invoice entry provides the features and flexibility that are required to enter manual invoices for customers. Typically, you create an invoice in the Sales Order Management system, but you can enter an invoice before you receive payment from the customer.

▶ To enter cost object information in standard invoices

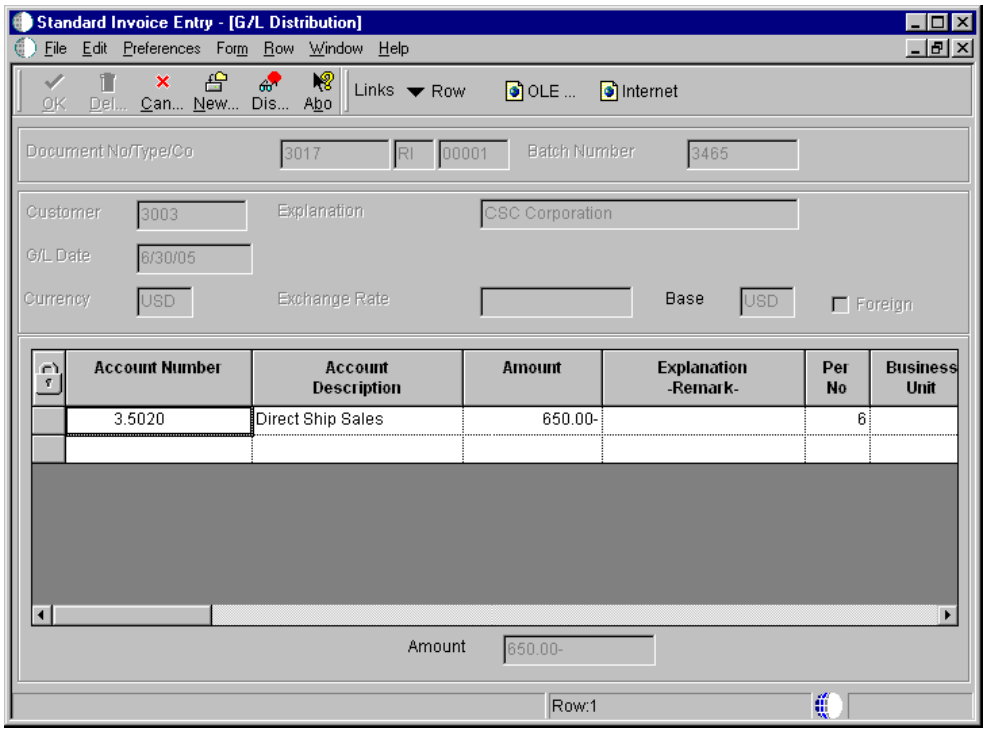
From the Customer Invoice Entry menu (G03B11), choose Standard Invoice Entry.

1. On Work with Customer Ledger Inquiry, click Add.



2. On Standard Invoice Entry, complete the steps to enter a standard invoice.

   See *Standard Invoice Entry* in the *Accounts Receivable Guide*.



3. On G/L Distribution, complete the cost object information and click OK:
    - Object Type 1
    - Cost Object 1
    - Object Type 2
    - Cost Object 2
    - Object Type 3
    - Cost Object 3
    - Object Type 4
    - Cost Object 4
    - Item Number

Processing Options for Standard Invoice Entry (P03B11)

Display Tab

Use these processing options to specify whether the system displays purchase order fields and tax information on Standard Invoice Entry (P03B11).

---

1. Purchase Order Fields

Blank = Do not display fields

1 = Display fields

Use this processing option to specify whether to display the purchase order fields. Valid values are:

Blank

Do not display fields.

1

Display fields.

2. Tax Information

Blank = Display tax information

1 = Do not display tax information

Use this processing option to specify whether to display tax information for an invoice. Valid values are:

Blank

Display tax information.

1

Do not display tax information.

If you specify not to display tax information, you disable tax processing when entering invoices.

Versions Tab

Use these processing options to specify the versions for the system to use for invoice entry processing and journal entry processing in Standard Invoice Entry (P03B11).

---

1. Invoice Entry MBF (P03B0011) Version

Blank = Use ZJDE0001

Use this processing option to specify the version to use for Invoice Entry MBF Processing Options program (P03B0011). If you leave this field blank, the system uses version ZJDE0001.

2. Journal Entry MBF (P0900049) Version

Blank = Use ZJDE0001

Use this processing option to specify the version to use for Journal Entry MBF Processing Options program (P0900049). If you leave this field blank, the system uses version ZJDE0001.

Entering Cost Object Information in Speed Invoices

As an alternative to standard invoice entry, you can use the Speed Invoice Entry method to enter high-volume, simple invoices. When you enter speed invoices, you enter invoice and G/L distribution information on one form. Consider using this method to enter invoices that have:

- A single pay item that includes a single due date and a single tax rate area
- Simple accounting instructions

As with standard invoices, speed invoice information is stored in the following tables:

- Customer Ledger (F03B11)
- Account Ledger (F0911)
- Batch Control Records (F0011)

You can enter cost object information when you enter speed invoices. If you enter cost objects, the system verifies the cost object type and the cost object edit code that you defined in the Account Master table (F0901). If you enter an item, the system edits cost object information against the Item Master table (F4101) only if you have installed the Inventory Management system.

► To enter cost object information in speed invoices

From the Customer & Invoice Entry menu (G03B11), choose Speed Invoice Entry.

1. On Speed Invoice Entry, complete the steps to enter speed invoices.

   See *Entering Speed Invoices* in the *Accounts Receivable Guide*.

2. To enter cost object information, complete the following fields and click OK:
    - Object Type 1
    - Cost Object 1
    - Object Type 2
    - Cost Object 2
    - Object Type 3
    - Cost Object 3
    - Object Type 4
    - Cost Object 4
    - Item Number

Processing Options for Speed Invoice Entry (P03B11SI)

Display
1. Enter a '1' to enable the following:
Sales/Use/VAT Tax Processing
Purchase Order Entry
Service/Tax Date Entry
Versions
1. Enter the version to be used for Invoice Entry (P03B0011) processing. If left blank, version ZJDE0001 will be used.
Invoice Entry Version
2. Enter the version to be used for Journal Entry (P0900049) processing. If left blank, version ZJDE0001 will be used.
Journal Entry Version
Defaults
1. Specify the default for entry of sales credit amounts. Enter a '1' for positive credit amounts. Leave blank for negative credit amounts.
Credit Amount Option

Entering Cost Object Information for Batch Invoices

From the Batch Invoice Processing menu (G03B311), choose Batch Invoice Processor.

After you review and revise your batch invoices, you must process them to create invoices in the A/R ledger. When you are ready to process your batch invoices, run Batch Invoice Processor. The system processes batch invoices in proof or final mode.

Proof mode	In proof mode, the system: • Verifies the data • Produces a report if errors exist • Verifies cost object information
Final mode	In final mode, the system: • Creates J.D. Edwards invoices in the Customer Ledger table (F03B11) and associated journal entries in the Account Ledger table (F0911)

	• Assigns document and batch numbers • Supplies the information that you left blank • Edits invoice entries for errors • Produces an exceptions report if errors exist • Verifies cost object information

After you process batch invoices, review your electronic mail for error messages. You can access A/R forms from these error messages, which allows you to locate the problems and correct them interactively. If no errors exist, the system produces a report of all of the processed transactions.

If you find an error in a batch invoice, correct it before processing the batch invoices in final mode. If the source of the invoice is not a J.D. Edwards system, you should purge the records before you transmit the corrected invoice, which prevents duplicate records.

You can enter cost object information when you enter invoices. If cost object information is found in batch invoice processing, the system verifies the cost object type and the cost object edit code that you defined in the Account Master table (F0901). If you enter an item, the system edits cost object information against the Item Master table (F4101) only if you have installed the Inventory Management system.

After processing batch invoices, post them to the General Ledger and Cost Analyzer.

Entering Cost Object Information for Recurring Invoices

To bill a customer the same amount on a regular basis, enter a recurring invoice. When you enter recurring invoices, the system assigns a document type of RR to the invoice.

You can enter cost object information when you enter an invoice. For a recurring invoice, the system copies the cost object type, cost object edit code, and item field to the recurring invoice. The system verifies the cost object type and the cost object edit code that you defined in the Account Master table (F0901). For each item, the system edits cost object information against the Item Master table (F4101) only if you have installed the Inventory Management system.

► To enter cost object information for recurring invoices

From the Other Invoice Entry Methods menu (G03B111), choose Standard Invoice Entry.

1. On Work with Customer Ledger Inquiry, complete the steps to enter a recurring invoice.

   See *Entering Recurring Invoices* in the *Accounts Receivable Guide.*

2. On G/L Distribution, complete the cost object information and click OK:

   - Object Type 1
   - Cost Object 1
   - Object Type 2
   - Cost Object 2
   - Object Type 3

- Cost Object 3
- Object Type 4
- Cost Object 4
- Item Number

Cost Object Tracking in Accounts Payable

With the Accounts Payable system, you can streamline the day-to-day functions of your accounts payable department, and you can improve communication and reporting among your personnel. Additionally, you can enter cost object information when you enter multiple types of vouchers, and capture relevant information for managerial accounting or activity-based costing.

Entering Cost Object Information on Standard Vouchers

Standard vouchers provide the most features and flexibility when you enter vouchers for your suppliers' invoices. When you change, delete, or void vouchers, use standard voucher entry. When you complete a voucher, the system displays the assigned document type and document number. You can use this information to locate and review a voucher.

The system assigns a batch type of V for vouchers. When you enter a standard voucher, the system marks it as unposted and adds it to the Account Ledger (F0911) and Accounts Payable Ledger (F0411) tables. When you post it, the system updates the Account Balances table (F0902), and marks the voucher as posted in the Account Ledger and Accounts Payable Ledger tables.

You can enter cost object information when you enter a standard voucher. If you enter cost objects, the system verifies the cost object type and the cost object edit code that you defined in the Account Master table (F0901). If you enter an item, the system edits cost object information against the Item Master table (F4101) only if you have installed the Inventory Management system.

► To enter cost object information on standard vouchers

From the Supplier & Voucher Entry menu (G0411), choose Standard Voucher Entry.

1. On Supplier Ledger Inquiry, click Add.
2. On Enter Voucher - Payment Information, complete the steps to enter standard voucher information.

   See *Entering Standard Vouchers* in the *Accounts Payable Guide.*

3. On G/L Distribution, complete the following fields and click OK:
   - Object Type 1
   - Cost Object 1
   - Object Type 2
   - Cost Object 2

- Object Type 3
- Cost Object 3
- Object Type 4
- Cost Object 4
- Item Number

Processing Options for Standard Voucher Entry (P0411)

Display Tab

These processing options specify how the system groups and displays data on the Supplier Ledger Inquiry form.

---

1. Recurring Vouchers

Use this processing option to specify recurring vouchers as the default voucher type.

Valid values are:

Blank The system shows all vouchers (no default criteria).

1 The system shows only recurring vouchers.

When you enter 1, the program places a check mark in the Recurring Vouchers option on the Supplier Ledger Inquiry form.

2. Summarized Vouchers

Use this processing option so that vouchers appear with multiple pay items in a summarized, single pay item format.

Valid values are:

Blank The system shows all vouchers (no default criteria).

1 The system shows only summarized vouchers.

When you enter 1, the program places a check mark in the Summarize option on the Supplier Ledger Inquiry form.

Currency Tab

These processing options allow you to display amounts in a currency other than the currency in which the amounts are stored on the system. Amounts displayed in a different currency are hypothetical only; they are not saved to the system when you exit the Standard Voucher Entry program.

---

1. As If Currency

Use this processing option to show amounts in a currency other than the currency in which the amounts are stored on the system. The system translates and shows domestic amounts in this As If currency. For example, an amount in USD can appear as if it is in EUR.

Valid values are:

Blank The As If currency grid column does not appear.

Or, enter the preferred code for As If currency.

NOTE: This processing option allows you to view amounts in a different currency as a hypothetical scenario only. The amounts that appear in the different currency are not saved to the system when you exit the Standard Voucher Entry program.

2. As Of Date

Use this processing option to specify an As Of date if you enter a currency code for the As If Currency processing option. This option processes the exchange rate as of a date you specify.

Valid values are:

Blank The system uses the Thru date.

Or, enter the As Of date.

NOTE: A valid exchange rate must exist in the exchange rate table between the two currencies based on the As Of date.

Manual Payments Tab

These processing options control the creation of manual payments.

1. Manual Payment Creation

Use this processing option to specify whether to generate manual payments instead of automatic payments. This option applies only to manual payments without voucher match and is not available in multi-company and multi-voucher modes.

Valid values are:

Blank No payment information appears.

1 Generate manual payments (without voucher match).

Note: If you enter 1, click Add on Supplier Ledger Inquiry. Then complete the Enter Voucher - Payment Information form, and click OK. Complete the Payment Information form for manual payment processing.

2. Duplicate Payments

Use this processing option to specify the type of message that appears when you attempt to generate or edit a duplicate payment number. Use this option only if you enter 1 for Manual Payment Creation. The message indicates that you have used that payment number previously.

Valid values are:

Blank Error

1 Warning

3. Automatic Payment Number Assignment

Use this processing option to direct the program to automatically assign payment numbers to manual payments based on the bank account's next number.

Valid values are:

Blank You manually assign payment numbers (default).

1 The system assigns payment numbers based on the bank account's next number.

Purchasing Tab

This processing option specifies how the program processes vouchers that contain purchase order information.

1. Voucher Delete

Use this processing option to determine the type of message that appears when you attempt to delete vouchers that contain purchase order information. For example, indicate what the system does when you attempt to delete a voucher that contains a purchase order from the Supplier Ledger Inquiry form.

Valid values are:

Blank Do not permit editing (default)

1 Warning

2 Error

If a conflict exists between this processing option and the Voucher Message processing option for Voucher Entry MBF, the value set here overrides the value set in Voucher Message processing options.

Voucher Match Tab

These processing options allow you to process matched vouchers from the procurement system rather than standard vouchers.

1. Match Processing

Use this processing option to change the default voucher type from standard vouchers to matched vouchers. If you choose to run the voucher match program, you can choose either the three-way voucher match or the two-way voucher match.

Valid values are:

Blank Run Standard Voucher Entry (P0411)

1 Run Voucher Match (P4314) in the Procurement system

Alternatively, on the Non-Stock PO Processing menu (G43B11), choose one of the

following:

- Receive & Voucher POs
- Match Voucher to Open Receipt

The Voucher Match Program (P4314) does not access the MBF processing options (P0400047). Therefore, the MBF processing option settings do not affect Voucher Match processing.

You might want to reverse a voucher. For example, you reverse a voucher when you return the items for which you created the voucher. If the voucher has been posted, the system reverses the corresponding journal entries. If the voucher has not been posted, the system deletes the entries.

NOTE: Do not delete a voucher in the Accounts Payable system if you created the voucher in the Procurement system. The voucher should be deleted in the Procurement system.

2. Voucher Match Version

Use this processing option to accept the default voucher match version, or enter a specific version number for the Voucher Match program (P4314) in the Procurement system. You must complete this processing option if you enter 1 in the Match Processing processing option.

Valid values are:

Blank Use version number ZJDE0001.

Or, enter a specific version number.

Multi Company Tab

This processing option allows you to process vouchers for multiple companies rather than standard vouchers.

1. Multi-Company Single Supplier

Use this processing option to specify whether to process vouchers that represent expenses for multiple internal companies. These multi-company vouchers expenses are distributed to different G/L and offset bank accounts, but to the same supplier.

Valid values are:

Blank Enter a standard voucher.

1 Enter a multi-company single supplier voucher.

Note: The manual payment function is not available for this type of voucher processing.

Alternatively, access this processing option by choosing Multi-Company Single Supplier from the Other Voucher Entry Methods menu (G04111).

Multi Vouchers Tab

This processing option specifies whether to enter multiple vouchers or standard vouchers.

1. Multiple Vouchers

Use this processing option to allow you to quickly enter multiple vouchers for one or more suppliers. Unlike the standard voucher entry method, which is a two-step process, the multiple voucher entry methods are a single-step process.

Valid values are:

Blank Enter a standard voucher.

1 Enter multiple vouchers with a single supplier.

2 Enter multiple vouchers with multiple suppliers.

Note: You can use the multiple-voucher entry methods to add vouchers only. To change, delete, or void them, you must use the standard voucher entry method. Also, the manual payment function is not available for this type of voucher processing. For additional information, as well as other limitations to

multiple voucher entry, consult the documentation or online help for Entering Multiple Vouchers.

Alternatively, access this processing option by choosing either Multi Voucher - Single Supplier or Multi Voucher - Multi Supplier from the Other Voucher Entry Methods menu (G04111).

Logging Tab

These processing options allow you to enter logged vouchers rather than standard vouchers.

1. Voucher Logging

Use this processing option to specify whether to enter a voucher before you assign it a G/L account. At a later time, you can redistribute the voucher to the correct G/L accounts.

You can specify a default G/L account for preliminary distribution, as well as a suspense trade account for logged vouchers. To do this, use AAI PP (Preliminary Distribution for Voucher Logging) and PQ (Suspense A/P Trade Account for Voucher Logging). To use AAI PQ, select the Use Suspense Account option in the Company Names and Numbers program (P0010). From the Organization & Account menu (G09411), choose Company Names and Numbers.

Valid values are:

Blank Enter a standard voucher (default).

1 Enter a logged voucher.

When you enter 1 in this processing option, the program adds a selected Logged option to the Supplier Ledger Inquiry form, and the program ignores the selections you make for Prepayments.

Alternatively, from the Other Voucher Entry Methods menu (G04111), choose Voucher Logging Entry.

NOTE: This processing option functions in conjunction with the Voucher Logging processing option on the Logging tab of Voucher Entry MBF (P0400047). You must enter 1 in both Voucher Logging processing options in order for the system to

process logged vouchers. If the Voucher Logging processing options for A/P Standard Voucher Entry and Voucher Entry MBF are set for logged vouchers, the system ignores the processing options on the Prepayments tab of A/P Standard Voucher Entry (P0411).

2. G/L Date

Use this processing option to specify whether to use the system date as the default G/L date for a logged voucher.

Valid values are:

Blank Enter date manually during the data entry process.

1 Use the system date as the default G/L date.

NOTE: If you enter 1 in this processing option, you cannot override the date, since you have designated the system date.

Prepayments Tab

These processing options specify how the program processes prepayments. Use prepayments to pay for goods or services before you receive an invoice.

1. G/L Offset Account

Use this processing option to set up automatic accounting instructions (AAI item PCxxxx) to predefine classes of automatic offset accounts for accounts.

For example, you can assign G/L offsets as follows:

- Blank or 4110 - Trade Accounts Payable
- RETN or 4120 - Retainage Payable
- OTHR or 4230 - Other Accounts Payable (see A/P class code - APC)
- PREP or 4111 - Prepayment A/P Trade Account

Enter the code for the G/L offset account that the system uses to create prepayment pay items. You must enter a value to allow automatic creation of prepayment pay items. If you leave this field blank (default), the system uses

the Standard Voucher Entry program.

NOTE: If WorldSoftware and OneWorld software coexist, do not use code 9999. In WorldSoftware this code is reserved for the post program and indicates that offset accounts should not be created.

2. G/L Distribution Account

Use this processing option to specify the G/L distribution account that the system uses for creating prepayment pay items.

You can use one of the following formats for account numbers:

- Structured account (business unit.object.subsidiary)
- 25-digit unstructured number
- 8-digit short account ID number
- Speed code

The first character of the account indicates the format of the account number. You define the account format in the General Accounting Constants program (P000909).

NOTE: Use this processing option only if you enter a valid value in the G/L Offset Account processing option.

3. Pay Status Code

Use this processing option to enter the default pay status code for prepayments. The pay status code is a user defined code (00/PS) that indicates the current payment status of a voucher.

Valid codes are:

P The voucher is paid in full.

A The voucher is approved for payment, but not yet paid. This applies to vouchers and automatic cash applications.

H The voucher is on hold pending approval.

R Retainage.

% Withholding applies to the voucher.

? Other codes. All other codes indicate reasons that payment is being withheld.

NOTES:

- The Accounts Payable system does not print payments for any codes other than the codes provided in this valid codes list.
- Use this processing option only if you enter a valid value in the G/L Offset Account processing option.
- If WorldSoftware and OneWorld software coexists, and you leave this processing option blank, the prepayment status of H for negative prepayment pay items is the default value.

4. Number of Days

Use this processing option to enter the number of days to add to the due date of the negative prepayment pay items. This processing option is valid only if WorldSoftware and OneWorld software coexists.

5. Tax Area

Use this processing option to direct the program to show the Prepayment Tax form for prepayments. You use the Prepayment Tax form to assign tax codes to negative pay items that are different from the tax codes for the corresponding positive pay items. This is necessary, for example, when tax laws treat positive pay items and negative pay items differently. Otherwise, the system automatically generates a negative pay item for each positive pay item, assigning each negative pay item the same tax area code and tax explanation code as its corresponding positive pay item.

If you specify a tax area code and tax explanation code on the Prepayment Tax form, the new codes appear on all negative pay items, overriding the original tax area codes and tax explanation codes on the positive pay items. For

example, if there are several positive pay items, each of which specify a different tax area code and tax explanation code, but you specify a particular tax area code and tax explanation code on the Prepayment Tax form, the system assigns the tax area code and tax explanation code you specify on the Prepayment Tax form to all negative pay items.

Valid values are:

Blank Do not show the Prepayment Tax form.

1 Show the Prepayment Tax form.

NOTE: Use this processing option only if you enter a valid value in the G/L Offset Account processing option.

Prepayment Tax Area Code

Use this processing option to enter a default code that identifies a tax or geographic area that has common tax rates and tax distribution. The system uses this code to properly calculate the tax amount. The tax rate/area must be defined to include the tax authorities (for example, state, county, city, rapid transit district, or province), and their rates. To be valid, a code must be set up in the Tax Rate/Area table (F4008).

Typically, U.S. sales and use taxes require multiple tax authorities per tax rate/area, whereas VAT requires only one tax.

NOTE: Use this processing option only if you enter 1 in the Tax Area processing option.

Prepayment Tax Explanation Code

Use this processing option to set up a default tax explanation code for transactions with a certain supplier. This tax explanation code is a user defined code (00/EX) that controls how a tax is assessed and distributed to the general ledger revenue and expense accounts.

NOTE: Use this processing option only if you enter 1 in the Tax Area

processing option.

MBF Version Tab

These processing options allow you to override the default Master Business Function version ZJDE0001 for standard voucher and journal entry processing.

1. Voucher Master Business Function Version

Use this processing option to specify a version number to override Standard Voucher Entry processing (version ZJDE0001 for application P0400047).

NOTE: Only persons responsible for system-wide setup should change this version number.

2. Journal Entry Master Business Function Version

Use this processing option to specify a version number to override Journal Entry processing (version ZJDE0001 for application P0900049).

NOTE: Only persons responsible for system-wide setup should change this version number.

Process Tab

These processing options specify whether to allow changes to vouchers when you are reviewing them and whether to activate supplier self-service.

1. Voucher Entry Mode

Use this processing option to specify whether the system allows changes to vouchers after you select them from the Supplier Ledger Inquiry form. If you leave this field blank, the system allows you to make changes to existing vouchers that you select from the Supplier Ledger Inquiry form. If you enter 1 in this field, the system restricts you to inquiries of existing vouchers that you select from the Supplier Ledger Inquiry form.

Valid values are:

Blank Allow changes to the selected voucher.

1 Do not allow changes to the selected voucher.

2. Supplier Self Service Mode

Use this processing option to activate the Supplier Self-Service function for use in Java/HTML. The Self-Service function allows suppliers to view their own vouchers and payments.

Valid values are:

Blank Do not activate Supplier Self-Service function.

1 Activate Supplier Self-Service function.

Entering Cost Object Information on Speed Vouchers

As an alternative to entering standard vouchers, you can use the speed vouchers to enter high-volume, simple vouchers. With speed vouchers, you enter voucher and G/L distribution information on a single form. Consider using this method for a voucher that has:

- A single pay item, which has a single due date, tax rate, and area
- Simple accounting instructions

You cannot use speed vouchers if you have multiple pay items. As with standard vouchers, the information is stored in the Account Ledger (F0911) and Accounts Payable Ledger (F0411) tables.

You can enter cost object information when you enter a speed voucher. If you enter cost objects, the system verifies the cost object type and the cost object edit code that you defined in the Account Master table (F0901). If you enter an item, the system edits cost object information against the Item Master table (F4101) only if you have installed the Inventory Management system.

► To enter cost object information on speed vouchers

From the Supplier & Voucher Entry menu (G0411), choose Speed Voucher Entry.

1. On Speed Voucher Entry, complete the steps to enter a speed voucher.

   See *Entering Speed Vouchers* in the *Accounts Payable Guide*.

2. In the detail area, complete the following fields for cost object information and click OK:

   - Object Type 1

- Cost Object 1
- Object Type 2
- Cost Object 2
- Object Type 3
- Cost Object 3
- Object Type 4
- Cost Object 4
- Item Number

Processing Options for Speed Voucher Entry (P0411SV)

Manual Checks
1. Enter a '1' for manual checks
1 = Manual Check Creation
2. Enter a '1' to automatically assign payment number based on the bank account's next payment number
1 = Auto Payment Numbers
MBF Version
1. Enter the version of the Voucher Entry Master Business Function to be used for Speed Voucher Entry. If left blank, version ZJDE0001 (of application P0400047) will be used.
Version

Entering Cost Object Information on Multicompany Vouchers

You can enter a voucher for multiple companies when you want to distribute an expense, such as for advertising, among several internal companies.

When you enter a voucher for multiple companies, expenses are distributed based on the company, not the G/L offset code, that you assign to each pay item. When you pay the voucher, the system uses the A/P liability account and bank account, and the offset accounts for discounts and currency gains and losses that are associated with the company. The system does not create intercompany settlements when you enter a voucher for multiple companies. This information is stored in the Account Ledger table (F0911) and Accounts Payable Ledger table (F0411).

You can enter cost object information when you enter a multicompany voucher. If you enter cost objects, the system verifies the cost object type and the cost object edit code that you defined in the Account Master table (F0901). The system edits cost object information against the Item Master table (F4101) only if you have installed the Inventory Management system.

► To enter cost object information on multicompany vouchers

From the Other Voucher Entry Methods menu (G04111), choose Multi Company-Single Supplier.

1. On Supplier Ledger Inquiry, click Add.
2. On Multi Company - Single Supplier, follow the steps for entering a standard voucher.

   See *Entering Vouchers for Multiple Companies* in the *Accounts Payable Guide*.

3. In the detail area, complete the following fields and click OK:
    - Object Type 1
    - Cost Object 1
    - Object Type 2
    - Cost Object 2
    - Object Type 3
    - Cost Object 3
    - Object Type 4
    - Cost Object 4
    - Item Number

Entering Cost Object Information on a Multivoucher Voucher

To quickly enter many vouchers for one or more suppliers, use one of the multiple voucher entry methods. Unlike the standard voucher entry method, which is a two-step process, the multivoucher entry method is a single-step process.

You can use the multivoucher entry method only to add vouchers. To change, delete, or void them, you must use the standard voucher entry method. The multivoucher entry method has other limitations. See *Entering Multiple Vouchers* in the *Accounts Payable Guide* for more information.

You can enter cost object information when you enter a multivoucher voucher. If you enter cost objects, the system verifies the cost object type and the cost object edit code that you defined in the Account Master table (F0901). If you enter an item, the system edits cost object information against the Item Master table (F4101) only if you have installed the Inventory Management system.

► To enter cost object information on a multivoucher voucher

From the Other Voucher Entry Methods menu (G04111), choose Multi Voucher-Single Supplier.

1. On Supplier Ledger Inquiry, click Add.
2. On Multi-Voucher Entry, complete the steps to enter multiple vouchers for a single supplier.

   See *Entering Multiple Vouchers* in the *Accounts Payable Guide*.

3. In the detail area, complete the following fields and click OK:
    - Object Type 1
    - Cost Object 1
    - Object Type 2
    - Cost Object 2

- Object Type 3
- Cost Object 3
- Object Type 4
- Cost Object 4
- Item Number

Entering Cost Object Information on Recurring Vouchers

If you owe a supplier a specific amount of money on a regular basis, such as a lease payment, set up your Accounts Payable system to create the voucher on a recurring basis. A recurring voucher can have only one pay item.

To set up a recurring voucher, you specify the initial payment, the total number of payments, the recurring frequency, and the accounting distributions for the periodic voucher amount.

On a periodic basis, you generate a copy of the original voucher. This copying process is called recycling. The recurring voucher has its own document number and batch that are different from those on the original voucher.

The system assigns a document type of PR to recurring vouchers.

You can enter cost object information when you enter a voucher. For a recurring voucher, the system copies the cost object type, cost object edit code, and item field to the recycled voucher. The system verifies the cost object type and the cost object edit code that you defined in the Account Master table (F0901). For each item, the system edits cost object information against the Item Master table (F4101) only if you have installed the Inventory Management system.

► To enter cost object information on recurring vouchers

From the Other Voucher Entry Methods menu (G04111), choose Recurring Voucher Inquiry.

1. On Supplier Ledger Inquiry, follow the steps for entering a standard voucher.

   See *Entering Recurring Vouchers* in the *Accounts Payable Guide.*

2. On G/L Distribution, complete the following fields and click OK:
   - Object Type 1
   - Cost Object 1
   - Object Type 2
   - Cost Object 2
   - Object Type 3
   - Cost Object 3
   - Object Type 4
   - Cost Object 4

- Item Number

Cost Object Tracking in Store and Forward

Store and forward (batch) processing provides an efficient way to enter and manage a high volume of transactions from a remote site when you do not have a dedicated line for access to the server. However, entering transactions on your PC during normal business hours might be more productive and cost-effective; they could then be uploaded to the server for processing during off-peak hours.

When you enter store and forward transactions that include profitability management information, the system verifies cost object information on the server and creates records accordingly.

See Also

- *Creating Journal Entries That You Store and Forward* in the *General Accounting Guide*
- *Storing and Forwarding Journal Entries* in the *General Accounting Guide*
- *Storing and Forwarding Vouchers* in the *Accounts Payable Guide*

General Accounting

Entering cost object information using store and forward processing in the General Accounting system involves the following tasks:

1. Entering cost object information in journal entries using the Store & Forward Journal Entry – Revision program (P0911Z1)
2. Uploading the journal entries from your PC to the Journal Entry Transactions – Batch Tag File (F0911Z1T) and the Journal Entry Transactions – Batch File (F0911Z1) tables on the server using the Store & Forward Journal Entry Upload program (R0911Z1)
3. Processing the uploaded journal entries to move them from F0911Z1T and F0911Z1 to the Account Ledger (F0911) and the Account Ledger Tag File (F0911T) tables

Entering Cost Object Information in Store and Forward Journal Entries

After you download the master tables to your PC, you can create J.D. Edwards journal entries using the store and forward environment. You store the journal entries on your PC until you are ready to upload (or forward) them to the server for processing.

When you create journal entries that you store and forward, the system:

- Edits and validates each journal entry based on the information that you downloaded from the tables
- Creates a transaction control record for each journal entry, assigns it a status of 1 (ready to process), and stores it in the Journal Entry Transactions - Batch File table (F0911Z1)

You can enter cost object information when you create a journal entry. When you upload the journal entries to the server, the system verifies the cost object type and the cost object edit code that you defined in the Account Master table (F0901). If you enter an item, the system

edits cost object information against the Item Master table (F4101) only if you have installed the Inventory Management system.

Before You Begin

- Set the processing options.

► To enter cost object information in store and forward journal entries

From the Store and Forward Journal Entries menu (G09318), choose Store & Forward Journal Entry - Revision.

1. On Work With Store & Forward Journal Entries, click Add.
2. On Store & Forward Journal Entry Revisions, follow the steps to enter a basic journal entry.

   See *Working with Basic Journal Entries* in the *General Accounting Guide* for information on how to enter a basic journal entry.

   When you create journal entries that you store and forward, the system does not assign document numbers until you upload and process them. Instead, it assigns a transaction number to each journal entry.

3. On the Store & Forward Journal Entry Revisions form, complete the following fields to enter cost object information and click OK:
   - C T 1
   - Cost Object 1
   - C T 2
   - Cost Object 2
   - C T 3
   - Cost Object 3
   - C T 4
   - Cost Object 4
   - Item Number

See Also

- *Creating Journal Entries That You Store and Forward* in the *General Accounting Guide*

Processing Options for Store and Forward Journal Entry – Revision (P0911Z1)

Entry Type
Enter a '1' if the transactions being entered are not to be handled as Store and Forward entries. Entering a '1' causes no transaction control record to be written or updated. Default of blank will cause transaction control records to be written.
Entry Type

Uploading Cost Object Information Using the Store and Forward Journal Entry Upload

From the Store and Forward Journal Entries menu (G09318), choose Store & Forward Journal Entry Upload.

After creating journal entries on your PC, you must upload them to the server for processing. To do this task, you must be connected to the server and signed on to your normal production environment.

When you upload journal entries, the system:

- Uploads information from the Journal Entry Transactions - Batch Tag File table (F0911Z1T). The system does this only if the Activate Cost Objects flag in the Cost Management Constants table (F1609) is active and if a transaction contains cost management information (which the system stores in F0911Z1T).
- Creates records in the Journal Entry Transactions-Batch File table (F0911Z1).
- Updates the transaction control status of each journal entry to 5 (uploaded) on the PC. After a journal entry is updated to this status, you cannot modify it on the PC. You can change it only on the server.

  If a journal entry on the PC has a status of 1 (ready to process) or 2 (errors), you can change it on the PC.

- Creates a transaction control record for each journal entry on the server and assigns it a status of 1 (ready to process).

The system creates a transmission upload report for all of the journal entries that you upload. Use this report to verify that the journal entries have been uploaded correctly.

After you upload your journal entries and process them, you must update the transaction control status of the journal entries on the PC to match the status of those on the server. See *Updating Transaction Control Records* in the *General Accounting Guide*.

See Uploading Journal Entries to the Server in the General Accounting Guide for more information on running the Store & Forward Journal Entry Upload program.

Before You Begin

- ❑ To maximize system performance, upload the journal entries during off-peak hours.

Uploading Cost Object Information using the Store and Forward Journal Entry Batch Processor

From the Store and Forward Journal Entries menu (G09318), choose Store & Forward JE Batch Processor.

After you upload journal entries to the server, you must process them to create transactions in the Account Ledger table. When you process vouchers in the store and forward environment when ACA is active, the system does the following:

- Creates voucher information in the Account Ledger table (F0911)
- Transfers cost object information from the Journal Entry Transactions - Batch Tag File table (F0911Z1T) to the Account Ledger Tag File table (F0911T).

When processing the journal entries that you uploaded, the program that you use to process store and forward journal entries is different from the program that you use to process batch journal entries.

See Also

- *Processing Batch Journal Entries* in the *General Accounting Guide* for more information about submitting journal entries for processing and verifying journal entry information

Accounts Payable

Entering cost object information using store and forward processing in the Accounts Payable system involves the following:

4. Entering cost object information in vouchers using the Store and Forward Batch Voucher Revisions program (P0411Z1)
5. Uploading the vouchers from your PC to the Voucher Transactions – Batch File (F0411Z1), Journal Entry Batch Tag File (F0911Z1T), and the Journal Entry Batch File (F0911Z1) tables on the server using the Voucher Upload program (R0411Z1)
6. Processing the uploaded vouchers to move them from F0411Z1, F0911Z1T, and the F0911Z1 to the Accounts Payable Ledger (F0411), Account Ledger Tag File (F0911T) and the Account Ledger (F0911) tables by using the Store and Forward Batch Voucher Process program (R04110Z2)

Entering Cost Object Information in Store and Forward Voucher Entry

After you download the master tables to your PC, you can create standard J.D. Edwards vouchers using the store and forward environment. You store the vouchers on your PC until you are ready to upload (forward) them to the server for processing.

When you create vouchers that you store and forward, the system:

- Edits and validates each voucher based on the information that you downloaded from the tables
- Creates a transaction control record for each voucher, assigns it a status of 1 (ready to process), and stores it in the Transaction Control File table (F0041Z1)

You can enter cost object information when you enter a voucher. When you upload the vouchers to the server, the system verifies the cost object type and the cost object edit code that you defined in the Account Master table (F0901). If you enter an item, the system edits cost object information against the Item Master table (F4101) only if you have installed the Inventory Management system.

► To enter cost object information in store and forward voucher entry

From the Store and Forward Vouchers menu (G04318), choose Store and Forward Batch Voucher Revision.

1. On Work With Store & Forward Vouchers, click Add.
2. On Enter Voucher - Payment Information, follow the steps to enter a standard voucher.

   See *Entering Standard Vouchers* in the *Accounts Payable Guide.*

3. On G/L Distribution, complete the following fields and click OK:
   - Object Type 1
   - Cost Object 1

- Object Type 2
- Cost Object 2
- Object Type 3
- Cost Object 3
- Object Type 4
- Cost Object 4
- Item Number

Processing Options for Store and Forward Batch Voucher Revision (P0411Z1)

Defaults
1. Select the default Service/Tax Date:
1 =Use Invoice Date, ' ' =Use G/L Date
2. Enter the default Pay Status or leave blank to use the Data Dictionary default value.
Default Pay Status
3. Enter a '1' to default the Factor/Special Payee address from Address Book into the Alternate/Payee for payments.
Default Factor/Special Payee address

Dates
1. Enter a value to select Date Edit Processing: ' ' =No Edit, 1 =Warning, 2 =Hard Error
Invoice Date > Todays Date
Invoice Date > G/L Date

Currency
1. Enter a '1' to allow Value Added Tax on currency entries.
1 =VAT Tax allowed on currency entries

Manual Cks
1. Enter a '1' to create a manual check for the total voucher amount.
1 =Manual Check Creation

Journal Entry
1. Enter a '1' to bypass the out-of-balance edits between the voucher and the journal entries. If left blank, the Journal Entry must balance (A/P amounts equal to G/L amounts).
1 =Bypass out-of-balance edit

Display
1. Enter a '1' to display summarized vouchers on the Work With Store & Forward Vouchers form.
1 = Summarized

Entry Type
1. Enter a '1' if the transactions were NOT entered using One World Store_Forward Voucher Entry.
1 = Transaction NOT Store_Forward entry.

Uploading Cost Object Information Using Store and Forward Voucher Entry Upload

From the Store and Forward Vouchers menu (G04318), choose Voucher Upload.

When you upload vouchers, the system:

- Transfers cost object information to the Journal Entry Transactions - Batch Tag File table (F0911Z1T) on the server.
- Creates records in the Voucher Transactions - Batch File (F0411Z1) and Journal Entry Transactions- Batch Files (F0911Z1) tables on the server (target environment).
- Uploads information from the Journal Entry Transactions - Batch Tag File table (F0911Z1T). The system does this uploading only if the Activate Cost Objects flag in the Cost Management Constants table (F1609) is active and if a voucher contains cost management information (which the system stores in F0911Z1T).

- Updates the transaction control status of each voucher to 5 (uploaded) on the PC. After a voucher is updated to this status, you cannot modify it on the PC. You can make changes to it only on the server.

  If a voucher on the PC is a status of 1 (ready to process) or 2 (errors), you can make changes to it on the PC.

- Creates a transaction control record for each voucher on the server and assigns it a status of 1 (ready to process).

The system creates a transmission upload report for all of the vouchers that you upload. Use this report to verify that the vouchers have been uploaded correctly.

See Also

- *Storing and Forwarding Vouchers* in the *Accounts Payable Guide*

Uploading Cost Object Information Using the Store and Forward Batch Voucher Process

From the Store and Forward Vouchers menu (G04318), choose Store and Forward Batch Voucher Process.

After you upload vouchers to the server, you must process them to create transactions in the Accounts Payable Ledger table (F0411). When you process vouchers in the store and forward environment, the system creates:

- Voucher information in the Accounts Payable Ledger table
- Associated accounting distribution information in the Account Ledger table (F0911).
- Payment information in the Accounts Payable Matching Document (F0413) and the Accounts Payable Matching Document Detail (F0414) tables.
- If EPS is active, the system transfers cost object information to the Journal Entry Transactions - Batch Tag File table (F0911Z1T) on the server.

After you upload your vouchers and process them, you must update the transaction control status of the vouchers on the PC to match the status of those on the server.

See Also

- *Storing and Forwarding Vouchers* in the *Accounts Payable Guide*

Processing Option for Store and Forward Batch Voucher Process (R04110Z2)

Processing
1. Enter a '1' to process the batch information in Final mode. If left blank, the batch processing will be performed in Proof mode and no file updates will occur.
1 = Final Mode ' ' = Proof mode
2. Enter a '1' to allow A/P voucher processing if G/L records in F0911Z1 are out of balance. (A/P amounts are not equal to G/L amounts). If left blank, the transaction will not be processed if the amounts are out of balance.
1 = Allow out of Balance
3. Enter a '1' to automatically purge processed transactions from the batch file. If left blank, transactions will be flagged as processed and will remain in the file.
1 = Purge ' ' = No Purge
Messages
1. Enter a '1' to suppress the creation of warning Workflow messages. If left blank, warning messages will be created in Workflow.
1 = Suppress Warning " = No Suppress
2. Enter the user to receive the Workflow messages. If left blank, the user that entered the transaction

will receive the Workflow messages.
User ID for Workflow messages
Defaults
1. Enter a '1' to bypass the defaulting of tax area and tax explanation code. If left blank, the tax fields will be defaulted from Address Book and the Business Unit Master tables.
1 = Bypass Tax Default
MBF Versions
1. Enter the number of the Master Business Function Processing Option Version to be used for Voucher Processing. If left blank, ZJDE0001 will be used.
Version
2. Enter the number of the Master Business Function Processing Option Version to be used for Journal Entry Processing. If left blank, ZJDE0001 will be used.
Version
Batch Approval
1. Enter a '1' if you would like to have the batch status on all batches created through the Voucher Batch Processor to be set to 'Approved' (regardless of the general accounting constants). If this field is left blank, the batch status will be set according to the general accounting constants.
Batch Approval
Auto Post
1. Enter a version of the Post Program (R09801), that you wish to run if you would like your entries automatically posted to the account balances table (F0902) after creation. If this Processing Option is left blank, the post will not be submitted.
Version

Purging Cost Object Information

Use purge programs to remove data from tables. OneWorld purge programs allow you to remove data from tables using specific selection criteria. Purge programs have predefined criteria that the system checks before removing any data so that you avoid removing associated data that is located in other files.

When you purge transactions that contain cost object information, the system also purges information from the Journal Entry Transactions - Batch Tag File table (F0911Z1T).

Purging Information From the Journal Entry Transactions – Batch Tag File (F0911Z1T) and Journal Entry Transactions – Batch File (F0911Z1) tables

From the Store and Forward Journal Entries menu (G09318), choose Purge Store and Forward Transactions (R0041Z1P).

After posting journal entries, you should purge them from both your PC and the batch table on the server. When you run the program, the Override Location feature allows you to purge journal entries on either the client or the server. When you purge store and forward transactions that contain cost object information, the system also purges information from the Journal Entry Transactions - Batch Tag File table (F0911Z1T).

When you purge processed journal entries, the system removes the records in the Journal Entry Transactions - Batch File table (F0911Z1) and the Transaction Control File table (F0041Z1).

See Also

- *Updating Transaction Control Records* in the *General Accounting Guide* for information about purging processed transactions automatically

Purging Batch Journal Entries

From the Batch Journal Entry Processing menu (G09311), choose Purge Batch Journal Entries.

From the Store and Forward Vouchers menu (G04318), choose Purge Store and Forward Vouchers.

After you review, process, and post your batch vouchers, you must purge them. The system holds processed vouchers in the batch table until you do so.

When you purge batch vouchers, the system removes all of the processed vouchers from the following tables, including:

- Voucher Transactions - Batch File (F0411Z1)
- Journal Entry Transactions - Batch File (F0911Z1)

Purging removes only batch vouchers and does not affect A/P ledger vouchers. If you have activated cost object tracking in the Cost Management Constants, the system also purges cost object values from Journal Entry Transactions - Batch Tag File (F0911Z1T).

See Also

- *Purging Processed Batch Vouchers* in the *Accounts Payable Guide* for more information and processing options

Cost Object Tracking in Manufacturing

A work order is a request to produce a certain quantity of an item by a given date. Work orders communicate information about unique tasks to others who are involved. You can assign record types to a work order and then enter descriptive information into each record type to document the specific details about the task. When you enter a work order, the system also captures cost object information that is useful for activity-based costing or managerial accounting.

The Manufacturing Accounting system tracks costs that are associated with work orders and creates journal entries for all shop floor transactions. Each step in the work order process can affect manufacturing accounting. When you complete any step in the process, you create a transaction that can be the source of a variance. The system calculates the variances when you run Journal Entries for Variances.

Example: Cost Management in Manufacturing

Company 200 sells bicycles with either a standard or custom two-tone paint finish. Depending upon the sales order, it paints adult and youth bicycle frames with either a standard finish or a custom two-tone finish. The company uses a standard cost for its painting. The paint work center calculates an additional 2 percent factor for rework as part of its 30 percent overhead factor. To determine whether the standard cost and rework factor are correctly allocated to each type of frame, the company wants to:

- Count the number of bicycle frames painted and reworked
- Calculate the profit for each frame type
- Recalculate the inventory value for each frame type
- Adjust the standard cost for each frame type

- Adjust the overhead factor for the paint work center

This managerial accounting scenario is designed to analyze the labor and machine costs to:

- Paint a standard frame
- Paint a custom two-tone frame
- Rework frames

Additionally, it calculates the number of bicycle frames that are painted and reworked by type of bicycle frame.

Transactions originate as follows:

- Routing types - work orders
- Frame type - inventory
- Standard cost to paint frames - manufacturing
- Actual cost, at standard rate, to paint bicycle frames - cost analyzer

Occasionally, the painted frame does not meet the inspection criteria, which creates rework to strip and repaint the bicycle frames. Because the company does not know the exact amount of rework, it includes a 2 percent rework factor as part of the 30 percent overhead factor for the work center.

Whenever frames are reworked, the process is assigned a new work order with a different routing type. However, the company does not know how many of its work orders are a result of a product that requires rework. Therefore, they cannot determine the percentage of products that require rework.

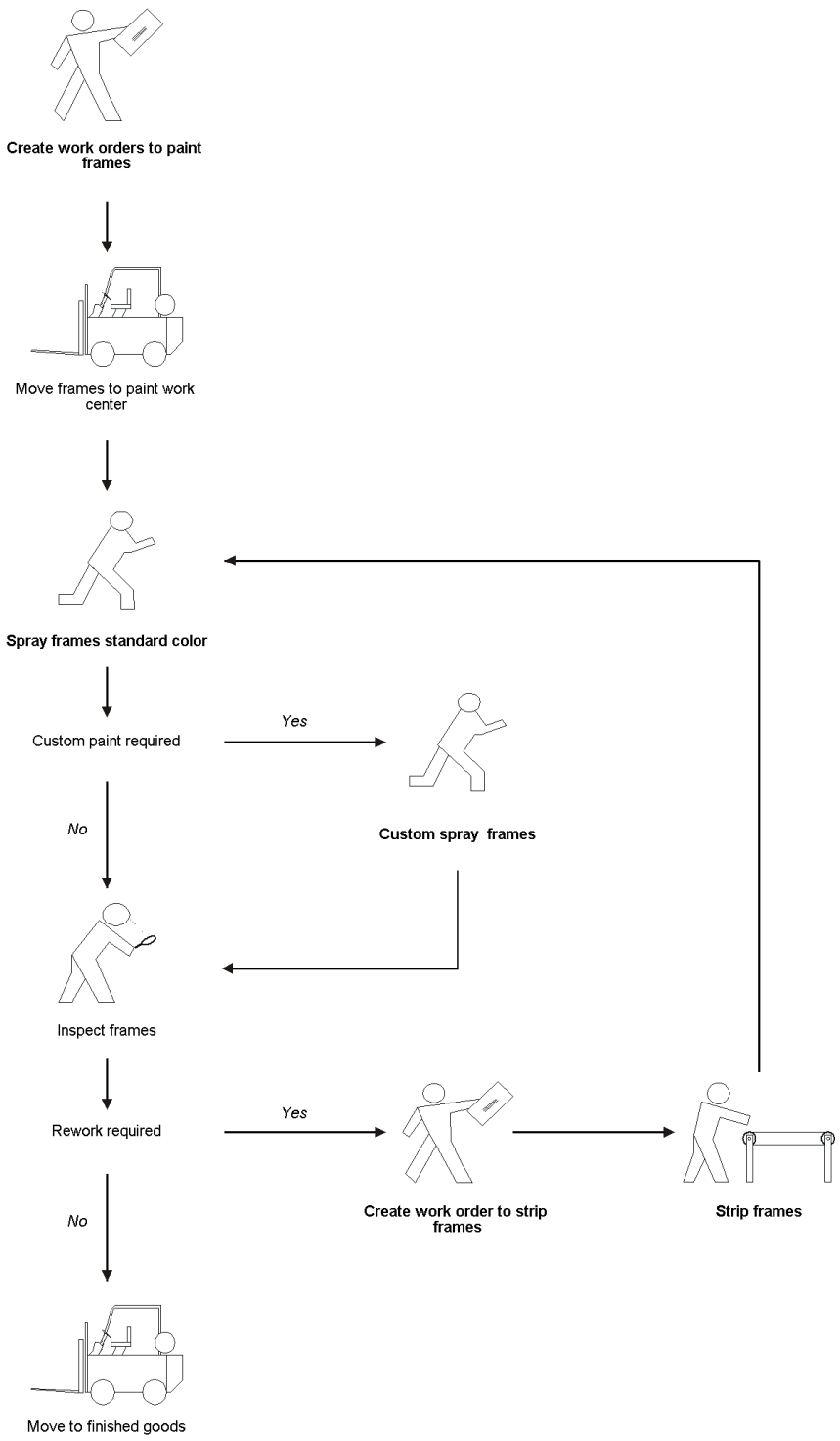
The company suspects that both the standard painting cost and the paint center overhead factor may be incorrect. It thinks the rework is due primarily to custom painting. If this assumption is correct, the company needs to:

- Reallocate the costs of goods sold
- Reallocate the inventory cost
- Reduce the overhead factor for the paint center
- Increase the extra costs for custom painted frames

The company wants to analyze the standard and actual costs. It wants to track and calculate the percentage of rework by item and product type for all of the bicycle frames that it paints so that it can calculate the actual rework cost.

As a result of using cost objects to identify product families and work order types, the company could associate these objects to the type of painting that is required for a bicycle frame, as well as determine actual cost, at standard rate, for the paint and rework process.

The following graphic illustrates the manufacturing process. Bold captions identify where cost objects are associated with product families and process steps.



Entering Cost Object Information in Work Orders

Work orders communicate information about unique tasks to others who are involved. You can assign record types to a work order and then enter descriptive information into each

record type to note the specific details about the task. For example, you might want to include special instructions, and the parts and tools that are needed to complete the task.

When you extract cost object information from a work order, you can base driver information on any field in the Work Order Master File table (F4801). For example, you can base driver volumes on the number of work orders per item, and so on. Since any field can be defined in the cost object rules, you do not need to enter additional cost object information in a work order. You use the flex accounting rules with the predefined cost object rule to automatically retrieve cost object information from the application.

The system stores work order master records in the Work Order Master File table.

See Also

- *Setting Up Drivers* for more information about driver balances based on the Work Order Master File table (F4801)
- *Setting Up Flex Accounting*
- *Creating Work Orders* in the *Work Orders Guide*

Updating Cost Information in Manufacturing Accounting

You create journal entries for work in process (issues, labor entry, and machine run time), completions, and manufacturing variances before you post these transactions to the general ledger. For cost management, the system updates the subledger, cost object, and item fields.

In the Manufacturing Accounting system, you use programs to create journal entries for various types of shop floor activity, including:

- Material issues
- Labor and machine reporting
- Completions
- Scrap
- Variances
    - Engineering
    - Planned
    - Material usage (actual)
    - Labor efficiency (actual)
    - Other (volume)

To enter detail journal entries for a work order or rate schedule by cost component, enter a different object or subsidiary account number for each cost component.

For example:

Cost Component	Business Unit	Account Number
A1	M30	1341
B1	M30	1342

B2	M30	1343

To summarize the cost components for an item on a work order into a single journal entry, enter the costs with the same object and subsidiary account number.

For example:

Cost Component	Business Unit	Account Number
A1	M30	1340
B1	M30	1340
B2	M30	1340

In addition, you can set processing options to:

- Summarize material issues (document type IM) by account number within a work order. One journal entry exists for each unique combination of account number and work order number.
- Summarize all journal entries by account number across work orders. One entry exists for the batch for each account. The entry is the sum of all work order transactions for each account by document type.
- Print a summarized Accounting Transaction report.
- Activate flex sales accounting to find rules that indicate how to populate cost objects.

If you summarize journal entries across work orders, the program batches the appropriate work orders and then assigns a new work order number to the batch. This summarized work order number appears on inquiry forms and reports, but does not refer to an actual work order.

The system uses the following data to match the transaction to the AAI account:

- Work order type for the AAI.
- Company number that is associated with the work order or component branch/plant. If the system does not find a match, it uses 00000.
- Document type that is associated with the transaction.
- G/L category code for the transaction item. If the system does not find a match, it uses **** (four asterisks).
- Cost component.
- Branch/plant.

See Also

- *Creating Journal Entries* in the *Product Costing and Manufacturing Accounting Guide*

Cost Object Tracking for Procurement

When you enter a purchase order, requisition, or quote, the system captures cost object information that is useful for managerial accounting or activity-based costing. Additionally, as you receive the goods and match the receipt to the voucher, you can review or edit cost object information.

You can enter cost object information at multiple steps in the procurement process, such as purchase order entry, receipts, and voucher match; or you can have the system automatically populate the cost object fields, based on flex accounting rules.

Example: Cost Management in the Procurement System

During the procurement process, Company 200 believes it is incurring extra costs because its bicycle bags come from both domestic and non-domestic suppliers. The company has observed that some materials are delivered directly to the shop floor while others go through receiving, sorting, and quality inspection prior to being placed in inventory. Therefore, the company wants to use activity-based costing techniques to analyze the extra costs of procuring bicycle bags and determine how much of the cost can be attributed to whether it uses a domestic supplier.

This activity-based costing scenario is designed to analyze the cost of the procurement process for two different suppliers. Transactions originate from the following sources:

- Expenditures - Procurement
- Quality - Procurement
- Inventory carry costs - General Ledger
- Miscellaneous, such as time to receive and sort bags - Cost Analyzer

The company procures bicycle bags from two different suppliers. One is a domestic supplier; the other is not. The company has a special contract with the non-domestic supplier. This supplier can provide the bags at a lower cost (including duty fees) than the domestic supplier, and it imprints a logo onto the bags at no extra charge. The company places electronic orders with this supplier for both plain and imprinted bags. However, the company must process additional paperwork for customs and other regulatory requirements. The supplier requires a 3-month leadtime. Therefore, the bags are shipped in very large quantities four times a year.

When the company receives the bags, it must inspect the merchandise quality for possible problems such as ink bleed from printing the logo. The inspection department averages a 90 percent pass rate. All rejected bags are scrapped because it is too costly to return them to the supplier. Next, the plain and logo-imprinted bags are separated from each other.

Upon completion of the inspection, the bags are placed into inventory and pulled out of stock on an as-needed basis. To assure sufficient inventory is available, the company carries a small safety stock of the bags.

The company also uses a domestic bicycle bag supplier for plain black bags. If the customer requests custom logo imprints on the bags, the company can pay the supplier a nominal fee for its imprinting service and then charge the customer for the printing.

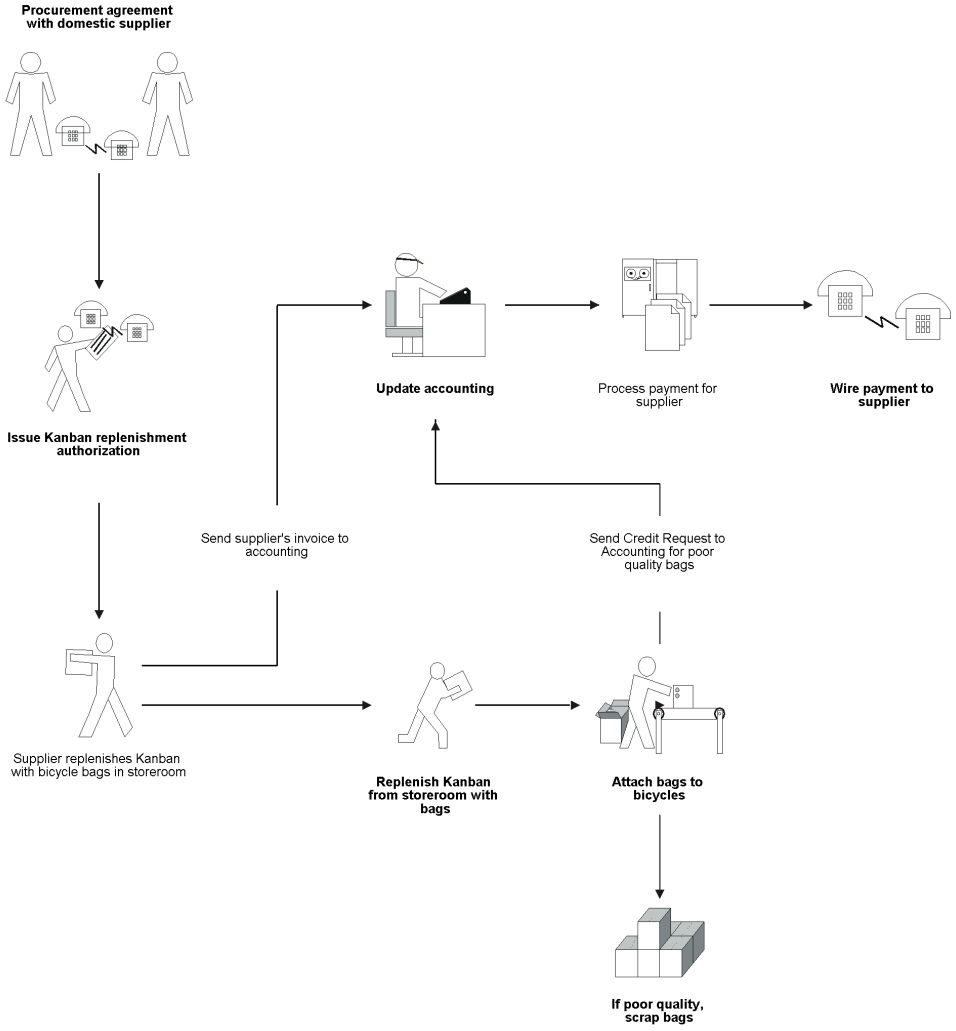
The company uses a Kanban replenishments method. When the Kanban is empty, it is replenished with stock from the stockroom. When the stockroom Kanban is empty, an electronic purchase order is created to request that the supplier automatically replenish bicycle bags when the stock is needed. The supplier delivers small quantities of bags within a 2-day leadtime directly to the storeroom. Due to the quality of bags, they average a 98

percent pass rate. If the shop floor rejects a bag, a credit request is submitted to accounting and the bag is scrapped.

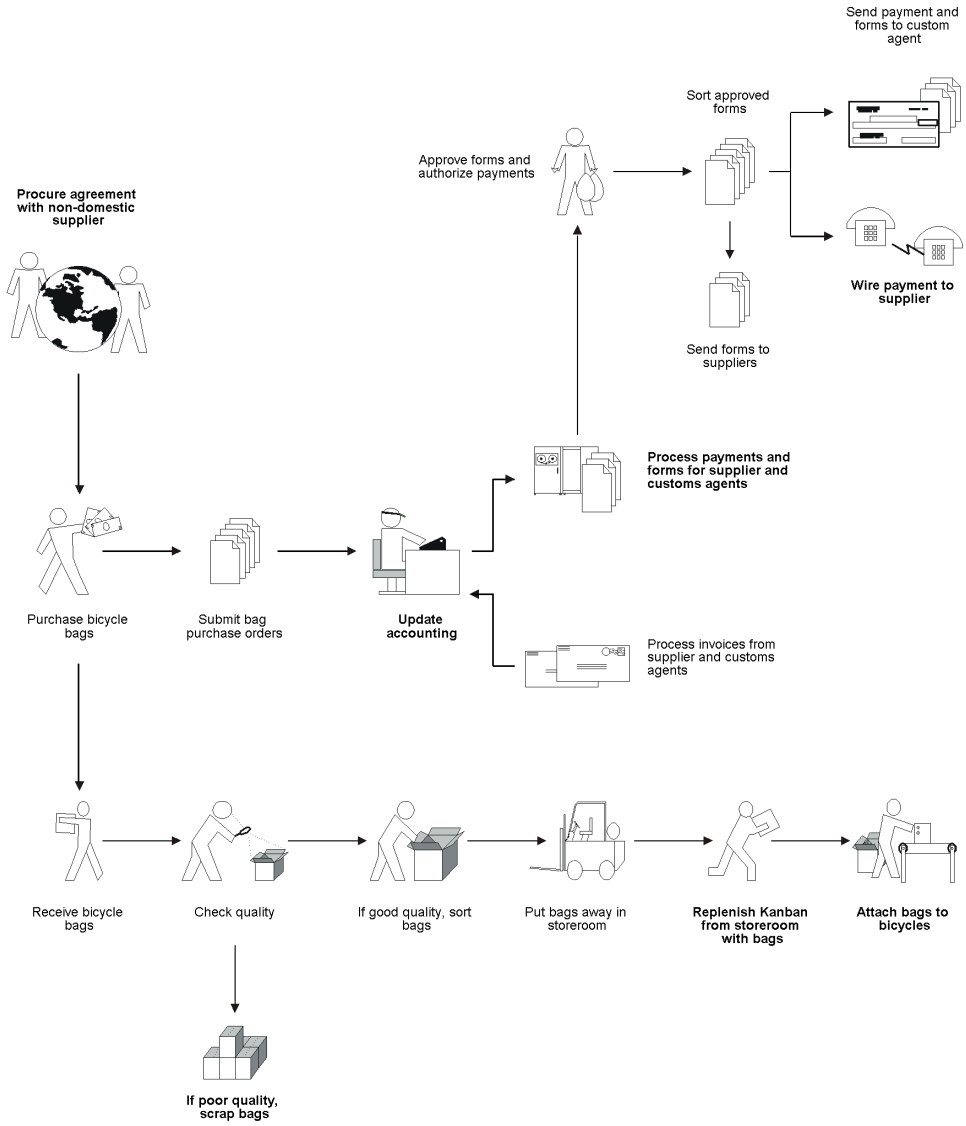
As a result of analyzing the procurement process, the company identifies extra steps that incur hidden costs for receiving, sorting, inspecting, and carrying inventory for the non-domestic supplier. Therefore, they would like to analyze the extra costs that are related to these steps to determine how much can be attributed to each supplier.

The following graphics illustrate the process for procuring bags from domestic and non-domestic suppliers. Bold captions identify where cost objects are associated with activities in the procurement process.

Procuring Bags from Domestic Supplier



Procuring Bags from Non-Domestic Supplier



Entering Cost Object Information in Purchase Order Entry

On the Order Detail form, you must enter information about each item or service that you want to procure. For each item or service, you must enter a line of detail that describes the following:

- Item or service that you want to procure
- Quantity that you want to procure
- Cost of the item or service

The system retrieves information such as the cost, description, and unit of measure for the item and enters it on the detail line. You can override these values and specify additional

information such as a storage location, lot number, asset identifier, manufacturing details, and landed cost rules.

You can enter cost object information during purchase order entry; or you can have the system automatically populate the cost object fields, based on flex accounting rules.

► To enter cost object information in purchase order entry

From the Purchase Order Processing menu (G43A11), choose Enter Purchase Orders.

1. On Work With Order Headers, click Add and complete the steps to enter detail information.

   See *Entering Order Detail Information* in the *Procurement Guide*.

2. On Order Detail, review or complete the following fields for cost object information and click OK:

   - Item Number
   - Cost Object Type 1
   - Cost Object 1
   - Cost Object Type 2
   - Cost Object 2
   - Cost Object Type 3
   - Cost Object 3
   - Cost Object Type 4
   - Cost Object 4

Processing Options for Purchase Order Entry (P43101)

Defaults Tab

1. Order Type

Use this processing option to identify the type of document. This user defined code (00/DT) also indicates the origin of the transaction. J.D. Edwards has reserved document type codes for vouchers, invoices, receipts, and time sheets, which create automatic offset entries during the post program. (These entries are not self-balancing when you originally enter them.) The following prefixes for document types are defined by J.D. Edwards, and J.D. Edwards recommends that you do not change them:

P_ Accounts Payable documents

R_ Accounts Receivable documents

T_ Payroll documents

I_ Inventory documents

O_ Purchase Order documents

J_ General Accounting/Joint Interest Billing documents

S_ Sales Order Processing documents

You must enter a value that has been set up in user defined code table 00/DT.

2. Line Type

Use this processing option to specify how the system processes lines on a transaction. The line type affects the systems with which the transaction interfaces (General Ledger, Job Cost, Accounts Payable, Accounts Receivable, and Inventory Management). The line type also specifies the conditions for including a line on reports and in calculations. Some examples of valid values, which have been defined on the Line Type Constants Revisions form (P40205), are:

S Stock item

J Job cost, subcontracts, or purchasing to the General Ledger

B G/L account and item number

N Non-stock item

F Freight

T Text information

M Miscellaneous charges and credits

W Work order

3. Beginning Status

Use this processing option to indicate the beginning status, which is the first step in the order process. You must use a user defined code (40/AT) that has been set up on the Order Activity Rules form for the order type and the

line type that you are using.

4. Override Next Status

Use this processing option to indicate the next step in the order process. You must use a user defined code (40/AT) that has been set up on the Order Activity Rules form for the order type and the line type that you are using. The override status is another allowed step in the process.

5. Unit of Measure

Use this processing option to indicate the unit of measure that will default into the Transaction Unit of Measure field. The unit of measure that you enter overrides any value that is currently in the Transaction Unit of Measure field.

Note that if you choose an item from a catalog in Purchase Order Entry (P4310), the unit of measure in the catalog overrides is the default.

6. Line Number Increment

Use this processing option to automatically number the order lines by the increment that you choose. You should choose to increment by whole numbers, since other processes, such as kit entry, create decimal increments.

7. Default Tax Rate/Area

Blank = Supplier

1 = Ship To

Use this processing option to specify where the system locates default tax rate/area information to use as the default during order entry.

1 The system uses the default tax rate/area from the address book

number for the Ship To. The information that the system uses is located in the tax information section of the Supplier Master table (F0401).

Blank The system uses the tax rate/area that is associated with the address book number for the Supplier.

The system retrieves the tax explanation code from the Supplier address book number record in the Supplier Master table (F0401).

Note that if this is the version that is being called from the Order Release program, then the tax information comes from the Supplier Master table (F0401) and not from the original order

8. Transaction Unit of Measure

Blank = Purchasing Unit of Measure

1 = Primary Unit of Measure

Use this processing option to specify where the system locates transaction unit of measure information to use as the default during order entry.

1 The system uses the primary unit of measure from the Item Master table (F4101) as the default for the transaction unit of measure.

Blank The system uses the purchasing unit of measure from the Item Master table (F4101). The transaction unit of measure directly relates to the number that you have entered in the Quantity field on the Purchase Order Entry form.

If you choose an item from a catalog in Purchase Order Entry, the unit of measure in the catalog overrides that value that you enter in this field.

If you have entered a value in the Unit of Measure field, you should not enter a value in this field.

9. Landed Cost Rule

Use this processing option to specify the landed cost rule for the system to

use on all orders that have been entered using this version.

If you leave this field blank, the system uses the landed cost rule from the Ship To information that is stored in the Address Book.

10. Header to Detail

Blank = Manually load header changes to detail

1 = Auto load header changes to detail

Use this processing option to specify whether the system updates information in the detail lines when you change header information.

1 The system automatically loads header changes to the detail lines.

Blank You must use the Populate form exit on the Order Header form to manually apply header to detail changes.

Use the Define form exit on the Order Header form to choose which fields on the Order Detail form you want to update with changes to header information. After you make changes to the header information, the Order Detail form appears. Remember to click OK to record the changes that you have made on the Order Detail form. If you click Cancel, your changes will be lost.

11. Work Order Status

Use this processing option to specify the new work order status when the purchase order quantity or promise date changes.

This processing option pertains to purchase orders that have been created for outside operations by processing work orders with the Order Processing program (R31410). If you change the quantity or promise date after the system creates a purchase order, the system updates the work order status to the value that you have entered in this field.

If you leave this field blank, the system does not change the work order status.

12. Account Description

Blank = Business unit, object, subsidiary

1 = Business unit, subsidiary

Use this processing option to specify where the system locates the account description to use as the default in order entry.

1 The system retrieves the account description from the account that consists of the business unit and the subsidiary. Typically, the account is a non-posting header account. Note that the object account will not be used when the system retrieves the account description.

Blank The system retrieves the account description from the account that consists of the business unit, object, and subsidiary.

13. Line Sequence

Blank = Assigns unique line number continuously.

1 = Starts the sequencing process over for each change order.

Use this processing option to specify how the system assigns line numbers on a change order.

1 The system starts the sequencing process over for each change order. If you enter 1, the system retains and increments the line number sequence within each individual change order, but for the next change order, the system starts over with the line number sequencing.

Blank The system assigns unique line numbers on a continuous, incremental basis. When there are multiple change orders, the system assigns line numbers on a continuous, incremental basis rather than starting over with line number sequencing for each change order.

Display Tab

1.Suppress Closed Lines

Blank = Do not suppress

1 = Suppress

Use this processing option to specify whether the system suppresses closed lines.Valid values are '1' and blank.

1 The system suppresses closed or cancelled lines. If you suppress closed or cancelled lines, any line with a status of 999 will not appear in the detail area. However, the record for the line still remains in the Purchase Order Detail table (F4311).

Blank The system does not suppress closed or cancelled lines.

2. Status Code Protection

Blank = Do not protect

1 = Protect

Use this processing option to specify whether you can change status codes.

1 Status codes cannot be changed. You can review the codes, but you cannot change them. Regardless of the status code, the system protects the last and next status when you have activated status code protection.

Blank Status codes can be changed.

3. Order Type Protection

Blank = Do not protect

1 = Protect

Use this processing option to specify whether you can change order types.

1 The order type (also known as the document type) cannot be changed. You can review the order type, but you cannot change it.

Blank You can change the order type.

4. Kit Display

Blank = Parent line

1 = Component lines

Use this processing option to specify whether the system displays kit component lines or only the parent line.

1 The system displays kit component lines. You must first create the purchase order and then inquire upon the purchase order to display the kit component lines.

Blank The system displays only the parent line. However, both the parent line and all component lines are written to the Purchase Order Detail table (F4311).

5. Cost Protection

Blank = Display cost fields

1 = Disable cost fields

2 = Hide cost fields

Use this processing option to specify whether you can change costs.

1 The costs fields appear on the form, but cannot be changed.

2 The system hides cost information. The Cost field does not appear, although the system still writes the cost information to the Purchase Order Detail Table (F4311). The system uses cost information from the costs tables as the default. Examples of the costs tables are the Item Cost table (F4105) and the Supplier

Price/Catalog table (F41061). The cost table that the system uses for the default information depends on the way that your system is set up.

Blank The cost fields appear on the form and can be overridden.

6. Detail Line Protection

Use this processing option to specify the next status at which detail lines are protected from being changed. The entire detail line is protected when the next status is greater than or equal to this status. If you leave this field blank, the system does not protect detail lines from being changed.

7. Business Unit

Blank = Branch/Plant

1 = Job

2 = Project

3 = Business Unit

Use this processing option to specify the text that describes the Business Unit field (alias MCU) on the Order Header form. This processing option affects only the Order Header form, not the detail area on the Order Detail form.

1 The field appears as Job.

2 The field appears as Project.

3 The field appears as Business Unit.

Blank The field appears as Branch/Plant.

Interfaces Tab

1. Business Unit Validation

Blank = Business Unit Master table

1 = Inventory Constants table

Use this processing option to specify how the system validates the branch/plant.

1 The system validates the branch/plant against the Inventory Constants table (F41001). If you are performing stock purchasing, enter 1 for this processing option. When you enter 1, the system uses the address book number in the Inventory Constants table (F41001) as the default for the Ship To address book number.

Blank The system validates the branch/plant against the Business Unit Master table (F0006). Typically, you use this processing option when you are performing services expenditure purchasing. When you leave this processing option blank, the Ship To address book number defaults from the address book number in the Business Unit Master table (F0006). You can access the Business Unit Master table through the Revise Single Business Unit program.

2. PBCO Warning

Blank = Issue warning

1 = Do not issue warning

Use this processing option to specify whether you want to receive a PBCO (Post Before Cutoff) warning.

1 Do not issue the PBCO warning. Typically, you use this value when you are performing services or expenditure-type purchasing.

Blank The system compares the G/L date on the purchase order to the general accounting period for the company and business unit that are on the purchase order. The PBCO warning ensures that you are not recording purchases in a prior general accounting period.

3. PACO Warning

Blank = Issue warning

1 = Do not issue warning

Use this processing option to specify whether you want to receive a PACO (Post After Cutoff) warning.

1 Do not issue the PACO warning.

Blank The system compares the G/L date on the purchase order with the current period in the General Accounting Constants for the company and business unit that are on the purchase order. The PACO warning occurs when you try to create a purchase order with a G/L date that exceeds two periods beyond the current G/L period.

4. Quantity Update

Blank = Quantity on PO

1 = Quantity on Other POs

Use this processing option to specify which quantity fields the system updates. Before you set this processing option, always check the way that you have defined availability in the Branch/Plant Constants program.

1 Update the Quantity On Other POs field (alias OT1A) in the Item Branch or Location tables. Use this value when you are entering requisitions, quotes, blanket orders, or other order types for which you do not want to affect your current on-purchase order quantity.

Blank The system updates the Quantity on PO field (alias PREQ).

5. Supplier Analysis

Blank = Do not capture

1 = Capture

Use this processing option to indicate whether you want the system to capture supplier analysis information.

1 The system records information such as item numbers, dates, and quantities for every purchase order in the Supplier/Item Relationships table (F43090).To make supplier analysis most effective, enter 1 for this processing option and set the processing options for the Purchase Order Receipts program (P4312) and the Voucher Match program (P4314) to capture the same information.

Blank The system does not capture supplier analysis information.

Processing Tab

1. New Supplier Information

Blank = Manually access Address Book Revisions

1 = Auto display Address Book Revisions

Use this processing option to specify whether you can add new supplier information through the Address Book Revisions program (P0101).

1 Automatically access the Address Book Revisions program (P0101). You can add a supplier as you need to, rather than having to stop the task that you are performing to add a supplier. Consider your security restrictions for your Address Book records. You may not want to provide all users with the ability to enter supplier address book records.

Blank The system does not access the Address Book Revisions program (P0101).

2. Order Templates

Blank = Do not display

1 = Display

Use this processing option to specify whether you want to review order templates.

1 Automatically display available order templates. If you set this processing option to automatically displays available order templates and you access the Order Header form, the system displays the order templates before displaying the Order Detail form. If you access the Order Detail form first, the system displays the order templates when you move your cursor to the detail area for the first time.

Blank Do not display available order templates.

3. Subsystem Printing

Blank = Do not print

1 = Print

Use this processing option to specify whether you want to automatically print a purchase order by using the subsystem.

1 Automatically print the purchase order by using the subsystem. Note that you need to submit the version of the Purchase Order Print program (R43500) that is designated for subsystem processing.

Blank Do not print a purchase order by using the subsystem.

4. Blanket Releases

Blank = Do not process

1 = Process

Use this processing option to specify whether you want the system to automatically process blanket releases.

Blank Do not automatically process blanket releases.

1 Automatically process blanket releases. If there is more than one blanket order for the supplier/item combination, the system displays a check mark in the row header that is located in the detail area and an "X" in the Blanket Exists column. You must use a blanket order row exit to select a blanket order.

5. Header Display

Blank = Display Order Detail

1 = Display Order Header before Order Detail

Use this processing option to specify whether the Order Header form appears before the Order Detail form.

1 Display the Order Header form before the Order Detail form.

Blank Display the Order Detail form.

6. Agreement Search

Blank = Do not search

1 = Assign one if there is only one

2 = Display all

3 = Assign agreement with the earliest expiration date

Use this processing option to indicate how the system searches for agreements. This processing option applies only if you are using the Procurement system in conjunction with the Agreement Management system.

Blank Do not search for agreements.

1 Assign an agreement if there is only one agreement in the system. If the system finds multiple agreements, the system displays a

check mark in the row header that is located in the detail area and an "X" in the Agreement Exists column. You must use a row exit to select an agreement.

2 Display all agreements.

3 Search for the agreement that has the earliest expiration date.

7. Base Order Protection

Blank = Do not protect

1 = Protected

Use this processing option to specify whether base order information can be changed. The base order is the original contract or order. The base order detail lines are identified as change order number 000. Typically, you use this processing option to prevent changes from being made to the original order.

1 The base order information cannot be changed.

Blank You can change the base order information.

8. Business Unit

Blank = Different

1 = Same

Use this processing option to require that the values for the branch/plant and G/L account business unit are the same.

1 The values for the G/L account business unit and the header business unit (branch/plant, job, and so on) are the same.

Blank The values for the G/L account business unit and the header business unit can be different.

Duplication Tab

1. Order Type

Use this processing option to identify the type of document. This user defined code (00/DT) also ndicates the origin of the transaction. J.D. Edwards has reserved document type codes for vouchers, invoices, receipts, and time sheets, which create automatic offset entries during the post program. (These entries are not self-balancing when you originally enter them.) The following prefixes for document types are defined by J.D. Edwards, and J.D. Edwards recommends that you do not change them:

P

Accounts Payable documents

R

Accounts Receivable documents

T

Payroll documents

I

Inventory documents

O

Purchase Order documents

J

General Accounting/Joint Interest Billing documents

S

Sales Order Processing documents

You must enter a value that has been set up in user defined code table 00/DT.

2. Beginning Status Code

Use this processing option to indicate the beginning status, which is the first step in the order process. You must use a user defined code (40/AT) that has been set up on the Order Activity Rules form for the order type and the line type that you are using.

3. Next Status Code (Optional)

Use this processing option to indicate the next step in the order process. You must use a user defined code (40/AT) that has been set up on the Order Activity Rules form for the order type and the line type that you are using. The override status is another allowed step in the process.

4. Copy Selection

Blank = Do not copy

1 = Line text

2 = Line and order text

3 = Order text

Use this processing option to specify the information that the system copies. You must activate this processing option if you want the system to copy line attachment text and order attachment text when generating quotes or requisitions into purchase orders. Valid values are:

1

Copy only line text.

2

Copy line text and order text.

3

Copy only order text.

Blank

Copy no information.

Cross Ref Tab

1. Substitute Items

Use this processing option to specify the default cross-reference code that the system uses for retrieving substitute items. The value that you enter is used as the default on the Substitute Item Search and Select form.

If there is more than one substitute item, the system displays a check mark in the row header that is ocated in the detail area and an "X" in the Substitute Exists column.

2. Obsolete Items

Use this processing option to specify the cross-reference code for retrieving item replacements for obsolete items. The value that you enter is used as the default on the Substitute Item Search and Select form.

If there is more than one replacement item, the system displays a check mark in the row header that is located in the detail area and an "X" in the Replacement Exists column.

Order Inquiry

1. From Status Code

Use this processing option to specify the first code in the range of status codes for order detail lines.

Note that the system uses this status as the default on the Additional Selection form.

2. Thru Status Code

Use this processing option to specify the last code in the range of status codes for order detail lines. Note that the system uses this status as the default on the Additional Selection form.

3. Last Status

Blank = Next Status Code

1 = Last Status Code

Use this processing option to specify whether the system uses the last status or next status for the Open Order Inquiry program (P4310). Valid values are:

1

The system uses the last status code as the default for the from and thru status codes.

Blank

The system uses the next status code as the default for the from and thru status codes.

4. Date

Blank = Requested Date

1 = Transaction Date

2 = Promised Date

3 = Original Promised Date

4 = Receipt Date

5 = Cancel Date

6 = G/L Date

Use this processing option to specify the date that the system checks to ensure that the date is within the date range. Valid values are:

1

The system checks the Transaction Date.

2

The system checks the Promised Date.

3

The system checks the Original Promise Date.

4

The system checks the Receipt Date.

5

The system checks the Cancel Date.

6

The system checks the G/L Date

Blank

The system checks the Requested Date.

Versions Tab

1. Supply/Demand Inquiry (P4021)

Use this processing option to define the version that the system uses when you are using the Supply/Demand Inquiry program. When you choose a version, review the version's processing options to ensure that the version meets your needs.

2. Supplier Analysis (P43230)

Use this processing option to define the version that the system uses when you

are using the Supplier Analysis program.

When you choose a version, review the version's processing options to ensure that the version meets your needs.

3. Supplier Master (P04011)

Use this processing option to define the version that the system uses when you are using the Supplier Master program.

When you choose a version, review the version's processing options to ensure that the version meets your needs.

4. PO Print on Demand (R43500)

Use this processing option to define the version that the system uses when you are using the Purchase Order Print On Demand program. The system uses the version that you choose to print an order when you access the appropriate row exit on a form.

When you choose a version, review the version's processing options to ensure that the version meets your needs.

5. Item Availability Summary (P41202)

Use this processing option to define the version that the system uses when you are using the Item Availability program.

When you choose a version, review the version's processing options to ensure that the version meets your needs.

6. Approval Review (P43081)

Use this processing option to define the version that the system uses when you are using the Approval Review program.

When you choose a version, review the version's processing options to ensure

that the version meets your needs.

7. Receipt Routing (P43250)

Use this processing option to define the version that the system uses when you are using the Receipt Routing program.

When you choose a version, review the version's processing options to ensure that the version meets your needs.

8. Open Receipts (P43214)

Use this processing option to define the version that the system uses when you are using the Open Receipts program.

When you choose a version, review the version's processing options to ensure that the version meets your needs.

9. Revision Audit Summary (P4319)

Use this processing option to define the version that the system uses when you are using the Revision Audit Summary program.

When you choose a version, review the version's processing options to ensure that the version meets your needs.

10. Purchase Ledger (P43041)

Use this processing option to define the version that the system uses when you are using the Purchase Ledger program.

When you choose a version, review the version's processing options to ensure that the version meets your needs.

11. Open Order Inquiry (P4310)

Use this processing option to define the version that the system uses when you are using the Open Order Inquiry program.

When you choose a version, review the version's processing options to ensure that the version meets your needs.

12. Financial Status Inquiry (P44200)

Use this processing option to define the version that the system uses when you are using the Financial Status Inquiry program.

When you choose a version, review the version's processing options to ensure that the version meets your needs.

13. Inbound Transportation (P4915)

Use this processing option to define the version that the system uses when you are using the Inbound Transportation applications.

When you choose a version, review the version's processing options to ensure that the version meets your needs.

14. Preference Profile (P42250)

Use this processing option to identify the version of Preference Profiles program (P42520) that the system uses to process orders based on preferences that you activated in the Preference Selection form. If left blank, the system uses version ZJDE0001.

The Preference Profiles program does not include the inventory commitment preference.

Currency Tab

1. Tolerance

Use this processing option to specify a currency tolerance limit percentage, to ensure that the currency amount does not fluctuate by an amount greater than the tolerance percentage as compared with the Currency Exchange Rates table (F0015).

2. Currency Code

Use this processing option to specify the currency code for As If amounts. The system can display As If amounts in a currency other than the currency that they are recorded in.
If you leave this processing option blank, the system displays As If amounts in the currency that they are recorded in.

3. As of Date

Use this processing option to specify the As Of date that the system uses to process the current exchange rate for the As If currency.
If you leave this processing option blank, the system uses the thru date.
If the thru date is blank, the system uses the system date.

Approvals Tab

1. Route Code

Blank = Do not perform

1 = Originator's address

2 = Originator's user profile

3 = Branch/Plant

4 = Default location

Use this processing option to specify which code the system uses for approval processing.

The Approval Route Code of your choice.

1 Use the Originator's address as the default value.

2 Use the Originator's user profile as the default value.

3 Use the Branch/Plant route code as the default value.

4 Use the Default Locations route code as the default value.

Blank The system does not perform approval processing.

2. Awaiting Approval Status

Enter the next status for the system to use when the order enters the approval route.

3. Approved Status

Enter the next status for the system to use when the order is automatically approved.

Budgeting Tab

1. Budget Hold Code

Use this processing option to specify the code that the system uses for budget holds. The budget hold code activates budget control processing.
If a detail line exceeds the budget for an account, the system places the entire order on budget hold with the code that you specify for this processing option.

2. Budget Ledger Type

Use this processing option to specify the ledger type that contains your budgets.

If you specify a budget ledger type, the system retrieves only that budget ledger type. If you leave this processing option blank, the system retrieves all budget ledger types that were specified in the Ledger Type Master Setup program (P0025) and are contained in the Ledger Type Master table (F0025).

3. Level of Detail

Use this processing option to specify the value (5 through 9) for the level of detail that you want to use for budget checking.

If you leave this processing option blank, the system uses a value of 9.

4. Budgeting Total Method

1 = Job Cost budget

2 = Standard financial budget

3 = Standard financial spread

Use this processing option to specify the method by which the system calculates your budget.

1 Use the Job Cost budget calculation method: the original budget + period amounts for the current year + prior year postings.

2 Use the standard financial budget calculation method: the sum of period amounts for the current year.

3 Use the standard financial spread calculation method: the original budget + period amounts for the current year.

5. Period Accumulation Method

Blank = Total annual budget

1 = Budget through current period

Use this processing option to indicate the time period that the system uses when accumulating the budget.

1 Accumulate the budget through the current period.

Blank Use the total annual budget to accumulate the budget.

6. Tolerance Percentage

Use this processing option to specify the percentage by which the detail line amount can exceed your budget before the system puts the order on budget hold.

7. Hold Code Warning

Blank = Do not display

1 = Display

Use this processing option to specify whether the system issues a warning about detail line amounts that exceed the budget.

1 Issue a warning that a detail line amount will exceed the budget and place the order on hold.

2 Issue a warning that a detail line amount will exceed the budget and do not place the order on hold.

Blank Do not issue a warning.

Note that regardless of whether the system issues a warning, the system still places the order on hold.

8. Budget Accumulation

Blank = Do not accumulate

1 = Accumulate

Use this processing option to specify how the system uses the value that is specified in the Level of Detail processing option, which also is located on the Budgeting Tab, to accumulate budget amounts.

1 Accumulate budget amounts from the level of detail for an account that has been specified in the Purchase Order Entry program (P4310) up to the level of detail value that is specified in the Level of Detail processing option.

Blank Accumulate budget amounts from the level of detail value that is specified in the Level of Detail processing option.

For example, if you set the processing options in the budget accumulation and level of detail to 5, the budget would accumulate at all levels below 5. If you leave the budget accumulation blank and the level of detail is set at 5, the system only displays the budget at the level of detail 5.

9. Exclude Subledger/Type

Blank = Include

1 = Exclude

Use this processing option to specify whether the system excludes the subledger and subledger type when validating the budget information.

1 Exclude the subledger and subledger type.

Blank Include the subledger and subledger type.

10. Job Cost Account Sequence

Blank = Standard

1 = Job cost

Use this processing option to specify the job cost account sequence for budgeting.

1 Use the job cost account sequence.

Blank Use the standard account sequence.

Interop Tab

1. Before/ After Image Processing

Blank = After Image

1 = Before and After Image

Use this processing option to specify whether the system captures a record of a transaction before the transaction was changed or whether the system captures records of a transaction before and after a transaction was changed.

1 Capture two records; one record of the transaction before it was changed and one record after it was changed.

Blank Capture a record of a transaction after the transaction was changed.

2. Transaction Type

Use this processing option to enter a transaction type for the export transaction.

If you leave this field blank, the system does not perform export processing.

Order Revision Tab

1. Revision Tracking

Blank = Do not perform

1 = Existing orders

2 = Existing orders and addition of new lines to the order

Use this processing option to specify whether the system allows revisions to an order.

1 Allow revisions to existing orders only.

2 Allow both revisions to an existing order as well as the addition of new lines to the order.

Blank The system does not perform order revision tracking.

2. Next Status

Use this processing option to specify the next status code at which the system begins tracking order revision audit information. The system does not record revisions to detail lines if the lines' statuses precede the status code that you enter in this processing option.

The system stores revision information in the Purchasing Ledger table (F43199). You can access this table through the Order Revision Inquiry program (P4319).

3. Text Entry
Blank = Disallow
1= Allow

Use this processing option to specify whether the system allows you to enter text when you are entering a revision.

1 Allow users to automatically enter text when entering a revision. The system displays a text entry window when the order is accepted.

Blank Do not allow users to enter text when they are entering a revision.

Self-Service

1- Enter a '1' to activate supplier self service. If left blank, no activation.

Use this processing option to activate Supplier Self-Service for use in a Java/HTML environment. This functionality allows suppliers to view their orders online.

Valid values are:

Blank Do not activate Supplier Self-Service.

1 Activate Supplier Self-Service.

Entering Cost Object Information in Purchase Order Receipts

After you receive the goods on a purchase order, you must record the details of the receipt. The system uses receipt information to:

- Update item quantities and costs in the Inventory Management system
- Update general ledger accounts

When you receive goods, you must verify that the details of the receipt correspond to the information on the purchase order. You must verify item numbers, quantities, units of measure, costs, and so on. If the receipt details differ from those on the purchase order, you must adjust the purchase order detail lines to reflect the receipt. For example, if landed costs, such as delivery charges or import taxes, apply to the item's purchase price, you enter these costs during the receipt process.

Each time that you receive an order, the system:

- Creates a receipt record in the Purchase Order Receiver File table (F43121)
- Updates item quantities and costs in the Item Location File table (F41021)
- Adds a new record to the Item Ledger File table (F4111)
- Updates the appropriate accounts in the Account Ledger table (F0911)

If you entered cost object information during purchase order entry, you can review cost object types, edit codes, and item information during the receipt process. Optionally, you can enter cost object information during the receipt process. The system verifies the cost object type and the cost object edit code that you defined in the Account Master table (F0901). If the processing option is set to use flex accounting, the system searches flex accounting rules to determine how to automatically populate cost objects.

You must set the processing option to use flex accounting in Purchase Order Receipts.

Related Tasks

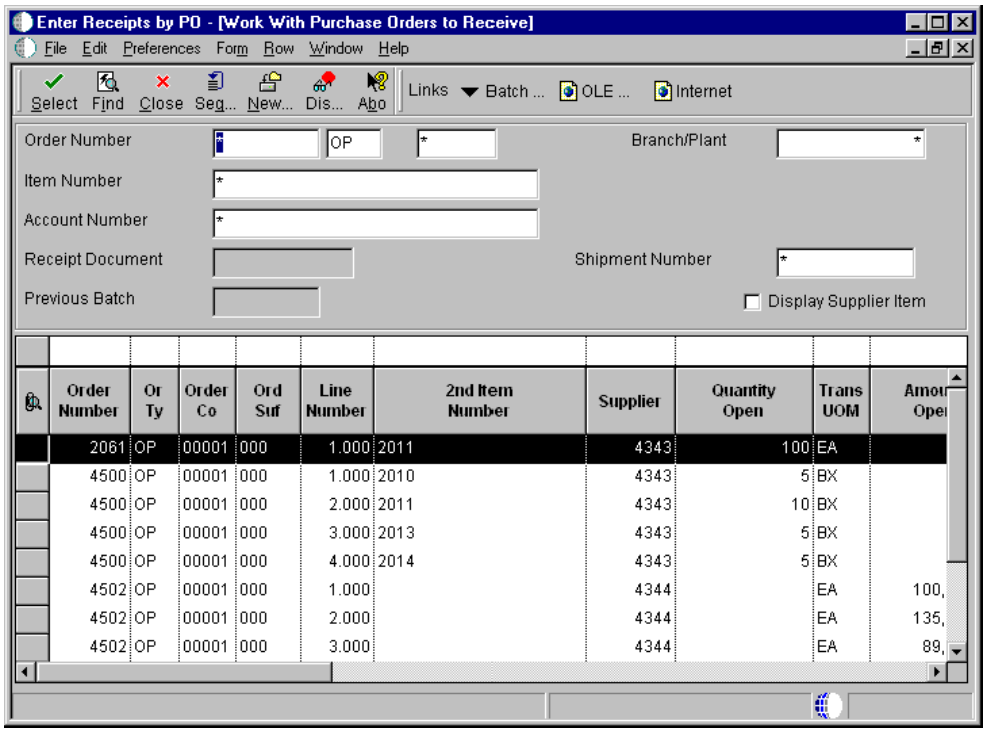
Reviewing Cost Object Information in Receipts Reversal	Each time that you cancel or reverse a receipt, the system updates the Purchase Order Receiver File table (F43121). The system reverses all accounting and inventory transactions. When you reverse a receipt, the system reverses cost object information. The system retrieves the original cost object values for reversal journal entries. You can use the Purchase Order Receipts Inquiry (P4312) to reverse a receipt only if you have not yet created a voucher for the receipt. You might need to do this procedure if you made a mistake.

See Also

- *Entering Receipts* in the *Procurement Guide* for more information about recording receipt information

► To enter cost object information in purchase order receipts

From the Purchase Order Processing menu (G43A11), choose Enter Receipts by PO.

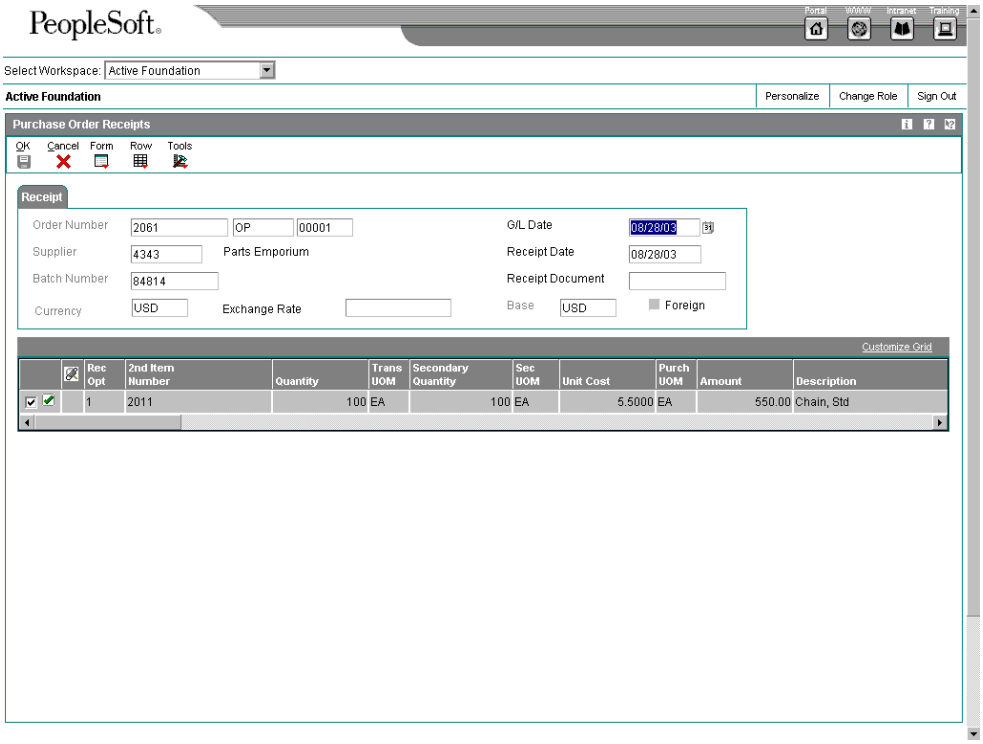


1. On Work With Purchase Orders to Receive, complete the following fields to locate open purchase order details lines that correspond to a receipt:

   - Order Number
   - Branch/Plant
   - Item Number
   - Account Number

   The system displays only those detail lines that have a next status code that is equal to the one that you specified in processing options.

2. Choose a record in the detail area and click Select.



3. On Purchase Order Receipts, review or complete the following fields:
    - Item Number
    - Cost Object 1
    - Cost Object Type 1
    - Cost Object 2
    - Cost Object Type 2
    - Cost Object 3
    - Cost Object Type 3
    - Cost Object 4
    - Cost Object Type 4

Entering Cost Object Information in Landed Costs

When you purchase items, extra costs must often be paid for delivery fees, broker fees, import taxes, and so on. These costs are called landed costs. You can enter landed costs for items during the receipt process or as a stand-alone process.

Landed costs are applicable only to items for which you record receipt information. When you enter landed costs for items, the system allows you to work with only the landed costs that have been set up and assigned to the item. For each item that you receive, you can review, change, and enter the landed costs that are assigned to the item.

After you enter landed costs for items, the system might create a separate landed cost detail line for which you must create a voucher. The setup of the landed cost determines the way in which the system creates the detail information. You can review landed cost detail lines on the Voucher Match form.

You can enter cost object information as landed costs during purchase order receipts. The system verifies the cost object type and the cost object edit code that you defined in the Account Master table (F0901). The system searches flex accounting rules to verify which AAIs or accounts are automatically populated.

See Also

- *Entering Landed Costs* in the *Procurement Guide*

Entering Cost Object Information in Purchase Order Workbench

You can enter orders for multiple suppliers simultaneously instead of entering a separate order for each supplier. On the Purchase Order Workbench form, you specify the items that you want to purchase and the supplier from whom you want to purchase each item.

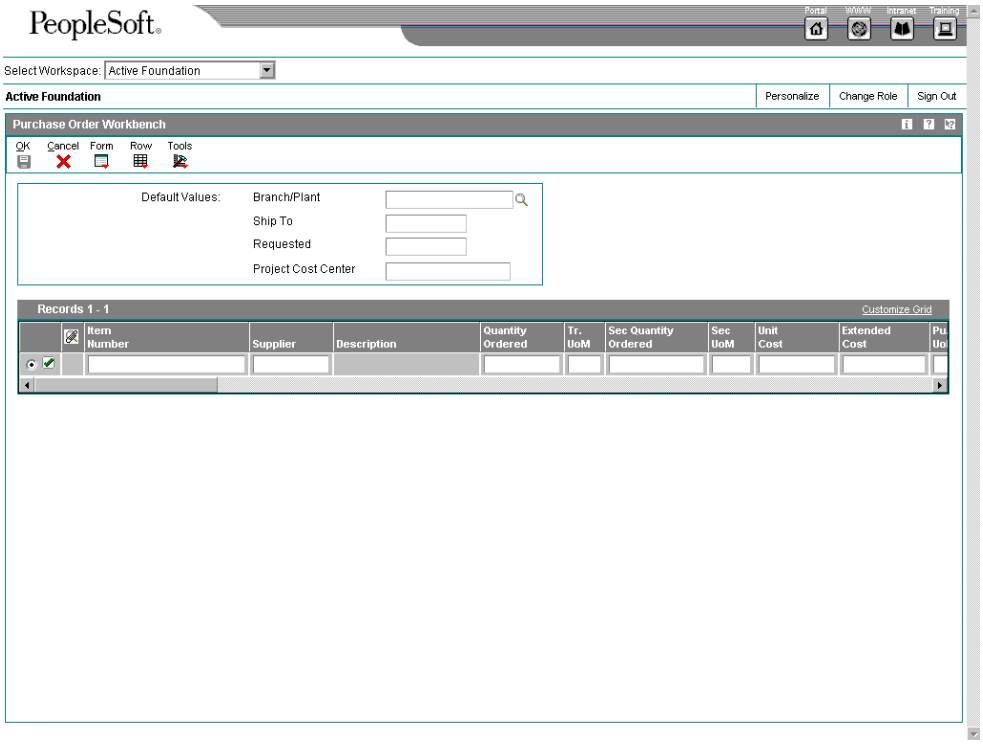
After you enter the items, you must direct the system to create purchase orders. The system combines items for each supplier on a separate purchase order, and the information for each detail line defaults from master information for the item or procurement instructions for the supplier. You can use the Work With Order Headers form to review the orders that the system generates.

If you enter cost object information during purchase order entry, you can review cost object types, edit codes, and item information during the receipt, landed cost, and voucher processes. The system verifies the cost object type and the cost object edit code that you defined in the Account Master table (F0901).

► To enter cost object information in Purchase Order Workbench

From the Purchase Order Processing menu (G43A11), choose Purchase Order Workbench.

1. On Purchase Order Workbench, review or complete the following fields for cost object information, if applicable:
    - Item Number
    - Cost Object Type 1
    - Cost Object 1
    - Cost Object Type 2
    - Cost Object 2
    - Cost Object Type 3
    - Cost Object 3
    - Cost Object Type 4
    - Cost Object 4



See *Creating Orders from Existing Detail Lines* in the *Procurement Guide t*o review or modify information prior to generating the orders.

2. Click OK if you want the system to automatically generate a separate purchase order for each supplier from whom you are ordering items.

   If you do not want the system to automatically generate separate purchase orders, you must first cancel the orders before exiting Purchase Order Workbench.

See Also

- *Entering Orders for Multiple Suppliers* in the *Procurement Guide*

Entering Cost Object Information During Voucher Match

Before you can pay a supplier for the goods and services that you purchase, you must create a voucher that:

- Indicates that the terms of a transaction have been met
- Specifies the amount to pay to the supplier
- Notifies the Accounts Payable system to cut a check

You can create a voucher that based on an invoice. You use this method to verify that invoice information corresponds to your receipt records. For example, if a supplier bills you for 100.00 United States Dollar (USD) worth of goods, you must verify that you received 100.00 USD worth of goods. If you do not record receipt information, you must verify that the invoice information corresponds to the purchase order detail lines.

You might want to review the receipt records for which you must create vouchers. After you locate this information, you can enter landed costs (costs in excess of an item's purchase price) for the items that you have received.

If you receive an invoice before you take receipt of the goods and services, you can create a preliminary voucher to account for the billing amount. After you receive the goods or services on the invoice, you can redistribute the amounts to the appropriate general ledger accounts.

You can enter cost object information at voucher match, or you can have the system automatically populate the cost object fields based on flex accounting rules.

Related Tasks

Voucher match methods

If you record receipt information for items, you compare invoices to receipt records to create individual vouchers. A three-way voucher match method implies that you use receipt records to create vouchers.

If you do not record receipt information, you compare invoices to order detail lines to create vouchers. A two-way voucher match method implies that you use order detail lines to create vouchers. The system creates a voucher when you match order detail lines to an invoice.

Before You Begin

- ❑ Set the processing options to perform voucher match processing.

► To enter cost object information during voucher match

From the Receipts Matching and Posting menu (G43A15), choose Match Voucher to Open Receipt.

1. On Supplier Ledger Inquiry, click Add.
2. On Match Voucher, complete the steps to create a voucher or to match a voucher to a receipt.

   See *Creating Vouchers* in the *Procurement Guide.*

   If you do not enter cost object information, the system uses the flex accounting rules to populate cost objects automatically.

3. To enter or review cost object information, complete the following fields:
   - Item Number
   - Cost Object 1
   - Cost Object Type 1
   - Cost Object 2
   - Cost Object Type 2
   - Cost Object 3
   - Cost Object Type 3
   - Cost Object 4
   - Cost Object Type 4

Cost Object Tracking in Sales Order Management

You can capture cost object information when you enter sales orders and when you update sales order information. In the Sales Update program (R42800), the system captures cost object information that is useful for managerial accounting or activity-based costing.

Example: Cost Management in Distribution

As a bicycle distributor, Company 200 knows that it could associate both revenues and expenses with customers, product families, or marketing sales channels. However, the traditional accounting methods do not provide enough information for the company to analyze profitability by customer, product family, and marketing sales channel. The company wants to do the following:

- Determine which customers incur expediting charges
- Associate sales promotion expenditures to customers and marketing sales channel
- Attribute the cost of customer site visits to marketing sales channels
- Reallocate computer (information technology) costs to marketing sales channels
- Determine profitability for imprinting by customer and marketing sales channel

This managerial accounting scenario is designed to analyze profitability by customer, product family, and marketing sales channel. Transactions originate from the following sources:

- Expenditures - Accounts Payable
- Sales - Sales Order Management
- Additional charges to customers for services - Accounts Receivable
- Information technology (IT) chargebacks to marketing - Cost Analyzer
- Shipping and handling services - Cost Analyzer

The company sells bicycles with bags to wholesale and retail customers. The retail customers can be either specialty or discount stores. Often, discount stores order bicycles without the bags. Many times, when sales representatives are visiting customers during sales negotiations, they agree to do any of the following:

- Imprint a custom logo on the bicycle bag.
- Expedite shipping.
- Allocate cooperative advertising funds.

If the customer requests custom logo imprints on the bicycle bag, the company pays the supplier a nominal fee for the imprinting service. The company would like to identify customers and marketing sales channels that request the custom imprinting services and charge them for that service.

When the company receives the invoice for the custom logo imprint, it uses Accounts Receivable to charge for the service, based on the numbers of bags imprinted at a customer-negotiated rate per bag. The company wants to determine the profitability of the imprinting services by customer and marketing sales channel.

When a customer orders merchandise, the company charges standard shipping and handling changes, based on volume and weight. However, some of the bicycle shipments are expedited to customers after they purchase bicycles. When the company receives the actual freight charges, it considers them as part of the company's overall shipping costs without

attributing them to a specific customer. The company wants to determine which customers incur the expediting charges because it believes that these costs might not be fully recovered when freight charges are included in the sale.

The marketing department is responsible for a variety of sales promotions throughout the year. Promotional costs are accounted for in general and administrative costs. Two types of promotions exist: general and specific.

Specific promotions are for:

- A product family
- A marketing sales channel
- A customer
- A cooperative with a large customer

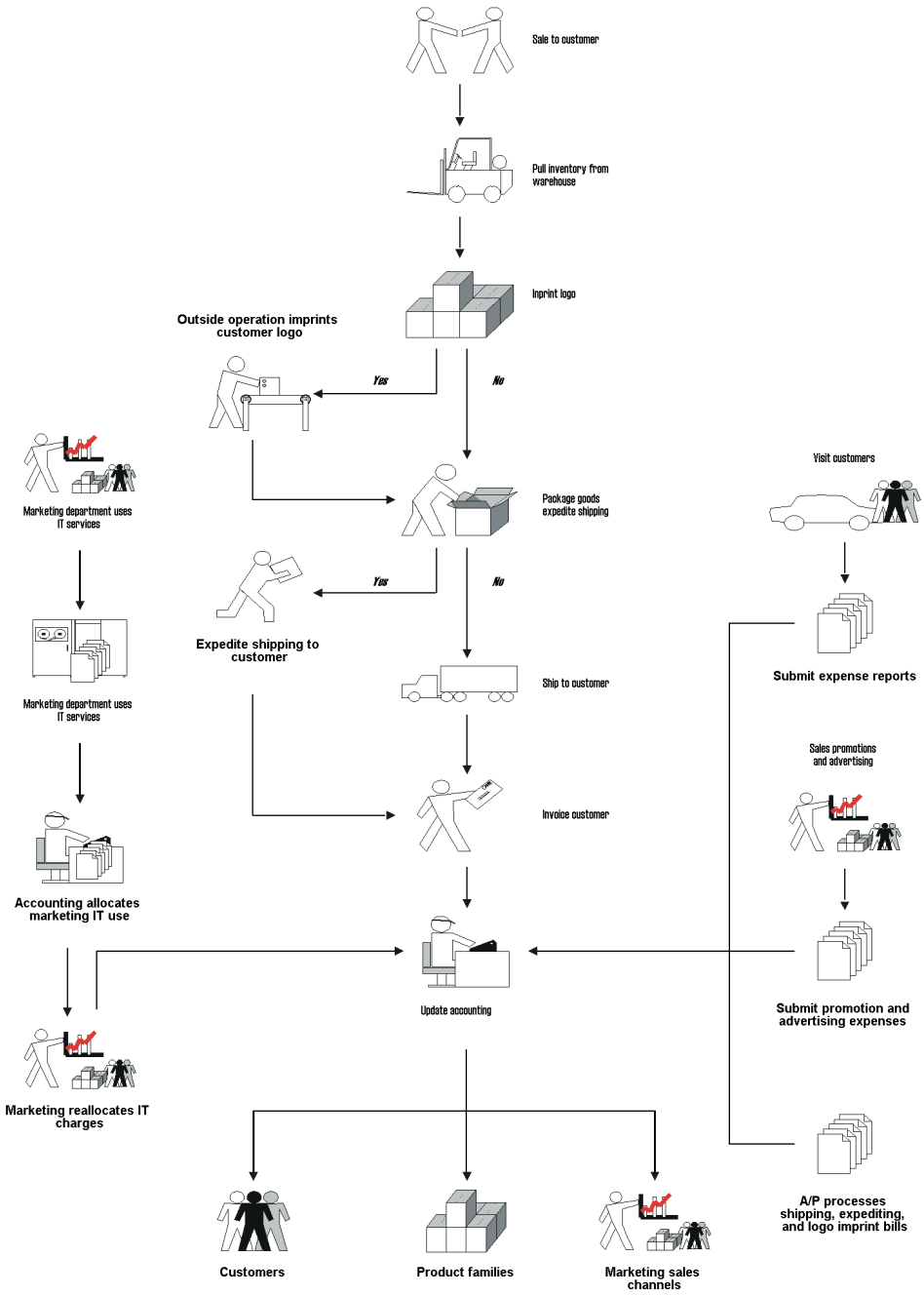
Whenever possible, the company wants to identify and associate sales promotion expenditures directly to each customer and marketing sales channel.

The marketing and sales representatives often visit the customer. All expense reports for customer visits are charged to travel and entertainment. However, the company wants to associate the costs of the customer visits directly with each customer and marketing sales channel.

Each department in the company uses centralized computer services. IT allocates a portion of the computer costs back to each department, based on the number of hours that it is connected to the network. When the marketing department receives its monthly charges, it wants to reallocate a portion of the IT costs to each marketing sales channel, based on the number of marketing employees per marketing sales channel.

To determine profitability for customers, product families, and marketing sales channels, the company can use cost objects to identify customers, product families, and marketing sales channels. The company can then associate both direct and indirect sales and expenditures to cost objects.

The following graphic illustrates the distribution process. Bold captions identify where cost objects are associated with customers, product families, and marketing sales channels.



Entering Cost Object Information in a Sales Order

To extract cost object information from a sales order, you can base driver information on any field in the Sales Order Detail File table (F4211). For example, you can base driver volumes on the number of sales orders per customer. Because any field can be defined in the cost object rules, you do not need to enter additional cost object information in a sales order. The system uses flex accounting rules to retrieve cost object information with the specified data item and the associated cost object rule for the application.

See Also

- *Setting Up Drivers* for more information about driver balances based on the Work Order Master File table (F4801)
- *Setting Up Flex Accounting*
- *Working with Detail Information* in the *Sales Order Management Guide* for more information about entering a sales order

Updating Cost Object Information During Sales Update

The Update Customer Sales program groups transactions into different types of batches for posting to journals. To properly record cost object information, all customer sales, inventory and COGS journal entries should be posted in detail.

When you run the Update Customer Sales program, the system groups transactions into the following batches:

Customer sales (batch type IB)	Posts the sales, cost of goods sold, and inventory entries to the customer sales journal. The system creates batch type IB when the summarization processing options in the Sales Update program (R42800) is set to write G/L entries in summary or detail.
Inventory/COGS (batch type G)	Posts to the inventory/COGS journal. The system creates batch type G for inventory and COGS entries when the summarization processing option in the Sales Update program (R42800) is set to summarize COGS and inventory entries to separate batches.

If you set the processing options in the Sales Update program (R42800) to purge sales header and detail information to history, base your driver calculation detail rule on the Sales Order History File table (F42119).

If you have activated the processing option to use flex accounting, the system searches the flex accounting rules to determine how to populate cost objects.

Cost Object Tracking in Transportation

From the Updates menu (G49112), choose Freight Update.

You can capture cost object information when you update freight. Updating freight creates records of final payable and billable freight charges for shipments and loads. Payable charges are written to the general ledger by means of a journal entry and to the accounts payable for auto-pay carriers by means of a pay item. Billable charges are added to one or more orders on the shipment or load (depending on the customer freight preference). Freight is summarized at the charge code level.

After a shipment is created, the shipment-related information is stored in the Shipment Header (F4215) and the Shipment Routing Steps (F4941) tables. All freight charge information is stored in the Shipment Charges table (F4945). When you update freight, information from these three tables is written to the Freight Audit History table (F4981). For both billable and payable charges, the record in the Shipment Charges table is deleted, and the Shipment Routing Steps table is updated with the information run for both billable and payable table freight.

For payable charges, the Account Ledger table (F0911) is updated in the general ledger; and if the auto pay flag is on, then the Accounts Payable Ledger table (F0411) is updated in the Accounts Payable system. On the billable side, the Sales Order Detail File table (F4211) is updated with the freight charges. If the processing option for flex accounting is on, the system searches the flex accounting rules and populates the cost object fields accordingly.

To proportionately allocate shipment freight charges to each item that contributes to the total weight and volume of the shipment, you must have activated the freight allocations for the appropriate charge codes that you assign to rates.

Note

You must activate the processing option for flex accounting in the Freight Update (R4981) program.

See Also

- *Updating Freight* in the *Transportation Management Guide* for more information about allocating freight by items

Cost Object Tracking in Stock Valuation G/L Update

From the Stock Valuation Updates menu (G3930), choose Stock Valuation G/L Update.

The Stock Valuation G/L Update program updates the general ledger for the valuation methods that are defined as general ledger update methods. The program updates the general ledger based on one valuation method for each item number or item pool.

For each item or item pool, the system verifies the cost object type and the cost object edit code that you defined in the Account Master table (F0901). When you enter an item, the system edits cost object information against the Item Master table (F4101) only if you have installed the Inventory Management system.

The Period Build program calculates the amounts to be updated. Additionally, records for the next period are built for the Period Detail Work File (F39120W) and Additional Quantity Work File (F39121W) tables. These records contain the opening balance for the next period. For dual currency, the program writes a record for the stable currency to the general ledger.

After you approve the general ledger updates, you can post them to the general ledger. Posting completes the valuation process and posts the actual stock value for the period end.

To populate cost object information during Stock Valuation G/L Update, you must use flex accounting rules.

See Also

- *Assigning Valuation Methods* in the *Advanced Stock Valuation Guide*

Processing Options for Stock Valuation G/L Update (R39130)

Defaults Tab

Update/Proof Mode

Blank = Proof Mode

Use this processing option to specify whether to run the report in proof or update mode. Valid values are:

Blank

The report is run in proof mode. The system is not updated.

1

The report is run in update mode. The system creates journal entries and sets the update flag on the period detail file.

Process Tab

1. G/L Date

Blank = Current Date

Use this processing option to specify the date that the system will use to run the report. Valid values are:

Blank

Use the current date to run the report.

1

Use the G/L date to run the report.

2. Document Type.

Blank = Use 'JE'

Use this processing option to specify the document type code that the system uses. Enter a code from UDC 00/DT. If you leave this processing option blank, the system uses the JE document type code.

3. Domestic Ledger Type.

Blank = Use 'AA'

Use this processing option to specify the domestic ledger type. Enter a code from UDC 09/LT. If you leave this processing option blank, the system uses the AA ledger type

4. Dual Currency Ledger Type.

Blank = Use 'XA'

Use this processing option to specify the ledger type that the system uses for dual currency. Enter a code from UDC 09/LT. If you leave this processing option blank, the system uses the XA ledger type for dual currency.

5. Summarize entries

Blank = Detail entries

Use this processing option to specify whether the system creates detail entries or summary entries by account. Valid values are:

Blank

Create detail entries.

1

Summarize entries by account.

6. Enter the version ID

Blank = Use 'ZJDE0001'

Use this processing option to specify the version that the system uses for the G/L Journal Entry Server program. If you leave this option blank, the system uses the ZJDE0001 version ID.

7. Roll up FIFO layers

Blank = No roll up

Use this processing option to specify whether the system rolls up the remaining FIFO layers for year-end processing. Valid values are:

Blank

Roll up remaining FIFO layers.

1

Do not roll up remaining FIFO layers.

Updating the Cost Analyzer Balances Table

Updating the Cost Analyzer Balances Table

Once you have entered cost object information in various systems, such as Accounts Payable, General Accounting, and Procurement, you must post this information to the Cost Analyzer Balances table (F1602). The Cost Analyzer Balances table captures all transactions, assignments, and activity balances. No allocations, reporting, or online inquiries can be done without updating the Cost Analyzer Balances table.

To update the Cost Analyzer Balances table, you must run the Post to Cost Analyzer Balances program (R1602). This program allows you to create various “what if” scenarios without affecting the integrity of the original transaction and balance records. You post to the F1602 by cost analyzer view and fiscal year. After running the program, the cost analyzer views can then be easily purged and reposted to the Cost Analyzer Balances table. Once you have updated the Cost Analyzer Balances table, you can run reports and view online inquiries.

The Advanced Cost Accounting system provides several financial reports for you to use that are based on the Cost Analyzer Balances table. These reports include: Profitability by Cost Object (R16023), Income Statement by Cost Object (R16024), Trial Balance by Cost Object (R16025), Trial Balance by Object Account for Cost Object (R16026) and the Customer Profitability report (R16028). If these reports do not meet your needs, you can create financial reports that are based on the Cost Analyzer Balances table using the OneWorld Enterprise Reporting solution. The OneWorld Enterprise Reporting solution provides a Report Design tool that you can use to create your own reports. The OneWorld Report Design tool is a valuable analysis tool that can help your company's management evaluate the results of its proposed actions as if the actions had already taken place. The impact of these actions is seen in advance, and then analyzed and re-aligned, if necessary. Then Enterprise Report Writer features allow management to make better-informed business decisions. See the *Enterprise Report Writing Guide* for more information about this financial reporting feature.

The Advanced Cost Accounting system provides two online inquiries with which you can view information in the Cost Analyzer Balances table. Use the Cost Analyzer Inquiry (P1602) to review details of a specific entry, including the net posting balances and year-to-date total for the selected entry. If you wish to view original and net balances by account, use the Cost Analyzer Inquiry by Account (P16021).

Once you have reviewed information from the Cost Analyzer Balances table, you might need to purge the information for particular or all views so that you can view a different “what if” scenario. Run the Purge Cost Analyzer program (R1602P) to purge information from the Cost Analyzer Balances table.

Before You Begin

- Verify that you have set up cost analyzer views. See *Setting Up Cost Analyzer Views.*
- Verify that you have created journal entries.
- Verify that you have set up cost objects. See *Setting Up Cost Object Types.*

Updating Cost Analyzer Information

Once you set up cost analyzer views, you can populate the Cost Analyzer table by either entering manual transactions or creating automatic entries.

Posting Entries to the Cost Analyzer Balances Table

From the Cost Analyzer menu (G1612), choose Post to Cost Analyzer Balances.

The Cost Analyzer Post uses transactions from the Account Ledger table (F0911) to update the Cost Analyzer Balances table (F1602) for the requested view and fiscal year. Based on information in the cost analyzer view structure, this program creates transactions in the Cost Analyzer Balances table, using information in the Account Ledger table. To allow error detection and correction of journal entry transactions before you post them to the Cost Analyzer Balances table, post the transactions to the Account Balances table first.

Processing options allow you to select the view and fiscal year to post. You can either choose only the previously posted general ledger transactions, or you can also include unposted transactions. You can also select the specific transactions to post.

Before you post transactions to the Cost Analyzer Balances table, you must update the Account Ledger table either by entering manual transactions or creating automatic journal entries.

When you post transactions to the Cost Analyzer Balances table, the system generates a report that indicates the number of account ledger records that were selected, the number of cost analyzer balance records that were created, and the number of cost analyzer records that were updated.

Caution

Unposted transactions are subject to change. Use caution when including them when you post transactions from the Account Ledger table to the Cost Analyzer Balances table.

Processing Options for Post to Cost Analyzer Balances (R1602)

View Number
Enter the view number and fiscal year to be use when posting Account Ledger (F0911) records to the Cost Analyzer Balances (F1602) table.
View Number
Fiscal Year
Selection
Enter a '1' if you want to select unposted as well as posted Account Ledger records. If left blank only posted records will be selected.

Viewing Cost Analyzer Balances

You can use the following programs to review cost analyzer balances:

- Cost Analyzer Inquiry (P1602)
- Cost Analyzer Inquiry by Account (P16021)

Use Cost Analyzer Inquiry to review cost analyzer entries. You can review the details of a specific entry, including the net posting balances and year-to-date total for the selected entry.

To review original and net balances by account, you can use the Cost Analyzer Inquiry by Account program (P16021). The system displays account information in summary or detail.

Viewing Cost Analyzer Balances with Cost Analyzer Inquiry (P1602)

Use Cost Analyzer Inquiry to review cost analyzer entries. You can review the details of a specific entry, including the net posting balances and the year-to-date total for the selected entry.

When you run the Cost Calculations program, the system creates assignment entries. The system reallocates original posting amounts to new ending balance amounts. For example, if the total of the general ledger details for salary transactions is 100,000.00 USD for the sixth accounting period, the original posting balance and the ending balance is 100,000.00 USD.

When you reassign the salary amounts for the sixth accounting period to activities such as receiving and inspecting materials, the system creates two new records for salaries that are attached to the activity codes of receiving and inspecting through the Assignment Calculation program. The total of receiving and inspecting ending balances equals 100,000.00 USD, which is the original posting amount balance for salary transactions for the sixth accounting period.

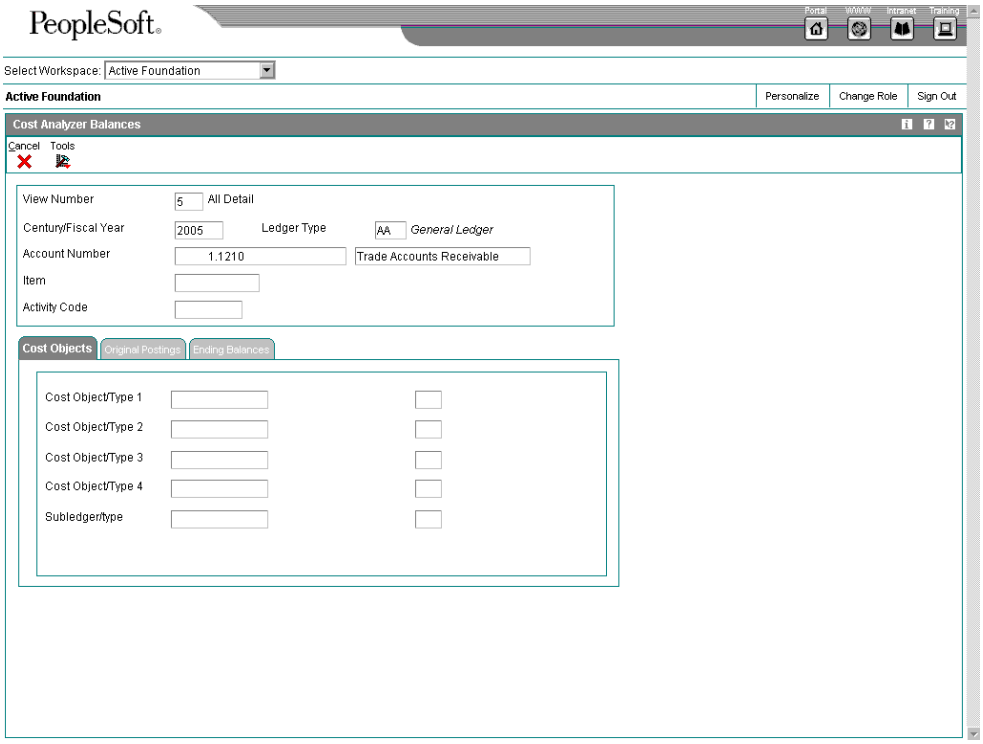
You can set a processing option to indicate whether the system creates an audit trail in the Cost Calculations Transactions (F1611) table. The audit trail allows you to view the balance prior to any assignments (net posting), and then review balances that are assigned In and Out at the transaction level (net balances). On the Cost Analyzer Balances form, you can review the following:

- Original Posting YTD - Information retrieved from the Account Ledger (F0911)
- The Ending Balance YTD (Original Balance + Assigned Ins)

► To view cost analyzer balances with Cost Analyzer Inquiry (P1602)

From the Cost Analyzer menu (G1612), choose Cost Analyzer Inquiry.

1. On Work With Cost Analyzer Balances, click Find.
2. Choose a record in the detail area and click Select to review the information for the selected record in the following fields:
    - View Number
    - Century/Fiscal Year
    - Ledger Type
    - Account Number
    - Item
    - Activity Code



3. On Cost Analyzer Balances, click on the appropriate tabs to review the following fields:

    - Cost Object/Type 1
    - Cost Object/Type 2
    - Cost Object/Type 3
    - Cost Object/Type 4
    - Subledger/type
    - Original Posting 01
    - Original Posting YTD
    - Ending Balance 01
    - Ending Balance YTD

Processing Options for Cost Analyzer Inquiry (P1602)

View Number
Enter the view number and fiscal year to be use when posting Account Ledger (F0911) records to the Cost Analyzer Balances (F1602) table.
View Number
Fiscal Year
Selection
Enter a '1' if you want to select unposted as well as posted Account Ledger records. If left blank only posted records will be selected.

Viewing Balances with Cost Analyzer Inquiry by Account (P16021)

From the Cost Analyzer menu (G1612), choose Cost Analyzer Inquiry by Acct.

To review original and net balances by account, you can use the Cost Analyzer Inquiry by Account program (P16021). The system displays account information in summary or detail, using the following forms:

- Cost Analyzer Inquiry by Account, which displays account balances for a view that is based on the level of detail
- Cost Analyzer Detail, which displays details for a specific account

With the summary form, Cost Analyzer Inquiry by Account, you can review accounts by cost objects and cost object types. You should use the Cost Analyzer Inquiry by Account form when you require total account balances. You can use the Cost Analyzer Detail Inquiry form to retrieve balances for the specific account that you selected from the Cost Analyzer Inquiry by Account form.

Cost Analyzer Inquiry by Account

The Cost Analyzer Inquiry by Account form retrieves account information from the Account Master table (F0901) and then retrieves balances from the Cost Analyzer Balances table (F1602).

You can set the processing options to indicate default information that the system uses to obtain the summary information. After you complete the processing options, the system displays these values on the Cost Analyzer Inquiry by Account header area of the form, such as for a specific account, cost object, item number, subledger, or subledger type.

To specify how the system displays information from the Cost Analyzer Balances table (F1602), you can enter the following information in the processing options or in the header area of the form:

View	With the Cost Analyzer Inquiry by Account program, you can review summary and detail information for a specific view.
Level of Detail	The summary form, Cost Analyzer Inquiry by Account, summarizes accounts and account balances by level of detail and displays information that is based on the Account Master table (F0901). The system displays accounts with level of detail values that are equal to or less than the requested level. For example, the levels of detail are 3 (summary) through 9 (detail). If you choose to display accounts with a level of detail of 5, the system displays levels 3, 4, and 5 and summarizes the balances from levels 6 through 9 into 5. The balances that are greater than the specified level of detail are summarized into the appropriate account.
Variances	The Cost Analyzer Inquiry by Account form specifies the calculation method that the system uses to compute the variance between the Ledger Type 1 and Ledger Type 2. The variance amount and the variance percentage are calculated when you inquire on two ledger types. The calculation method is the mathematical means used to display the variances

	between Ledger Type 1 and Ledger Type 2. For example, if you specify the calculation method Add, the system adds the balance for Ledger Type 1 to the balance for Ledger Type 2 and displays the sum total in the variance column.
Display Balances or Suppress Zero Balances	You can suppress accounts with zero balances. When you suppress zero balances, the system still retrieves all accounts that are equal to or less than the level of detail for non-posting accounts. You can choose to display net and original balances.

Cost Analyzer Detail

From a Row exit on the Cost Analyzer Inquiry by Account form, you can access the Cost Analyzer Detail form. On the Cost Analyzer Detail form, you can customize the grid to display cost object descriptions, cost object codes, or both. You can use the Cost Analyzer Detail form to retrieve balances for the specific account that you selected from the Cost Analyzer Inquiry by Account form.

The detail area of the Cost Analyzer Detail form is the view of the attributes from the Cost Analyzer Balances table (F1602). You can display the level of detail, net and original balances, account number, cost objects, subledgers, item number, and appropriate descriptions that are the balance for the specified account.

From and To Transactions

You can access the Assignment Audit Trail form to review assignment transactions. For example, on the Assignment Audit Trail form, you can review accounts that receive allocated costs (to accounts), the accounts that allocate costs (From Accounts), or both. Additionally, you can review assignment allocations for cost objects, item number, or subledger type.

Processing Options for Cost Analyzer Inquiry by Account (P16021)

Options
1. Enter the View Number to be used for Cost Analyzer balance retrieval.
View Number
2. Enter the Account Level of Detail to be used (3 - 9). If left blank, "9" will be defaulted.
Account Level of Detail
Cost Objects
1. Enter the Cost Object, Item and the Cost Object Type default values. If left blank, all Cost Objects, Items and Cost Object Types will be displayed.
Cost Object 1
Cost Obect 1 Type
Cost Object 2
Cost Object 2 Type
Cost Object 3
Cost Object 3 Type
Cost Object 4
Cost Object 4 Type
Item
Ledger Type
1. Enter the default value for Ledger Type 1 and Ledger Type 2. If left blank, Ledger Type 1 will default to Ledger Type AA and Ledger Type 2 will default to blank.
Ledger Type 1
Ledger Type 2
Balances
1. Enter a "1" to suppress posting accounts with zero balances from being displayed. If left blank, "0" will be defaulted and zero balance accounts will be displayed.
Suppress Zero Balances Flag

2. Enter the Calculation Method to be used when calculating variances. "0" - Subtraction, "1" - Addition, "2" - Division, and "3" - Multiplication. If left blank, "0" will be defaulted.
Calculation Method
3. Enter enter the Grid columns to be displayed. Enter a "0" to display Net Balances only, a "1" to display Original Balances only or a "2" to display both Net and Original Balances. If nothing is entered Net Balances only will be displayed.
Balances Displayed

Subledger
1. Enter the Subledger and Subledger Type to be used for calculating account balances. If left blank, a blank Subledger and blank Subledger Type will be defaulted.
Subledger
Subledger Type

Purging Cost Analyzer Balances

From the Cost Analyzer menu (G1612), choose Purge Cost Analyzer.

Use this batch program to purge unwanted view records from the Cost Analyzer Balances table (F1602). To free up disk space or improve performance, you can delete old views or fiscal years that are no longer in use. If view specifications change or errors occur during the posting process, you can use this program to purge the information before re-posting transactions to a specific view. This program also unlocks the view to allow changes and resets the posted flag in the Account Ledger Tag File table (F0911T).

If you activate the processing option that bypasses clearing the cost management posted code, you cannot regenerate transactions for the view. To recreate balances, you must do the following:

- Using the Post to Cost Analyzer Balances program, create a new record in the view for a new transaction in the Account Ledger Tag File table.
- Re-run the purge program and leave the bypass update option blank.

The system clears the posted code on the new transaction as well as all prior transactions, thus enabling you to repost the view for all transactions.

Processing Options for Purge Cost Analyzer (R1602P)

View
Enter the view number and fiscal year of the records to be purged from the Cost Analyzer Balances table
View Number
Fiscal Year
Update Posted
Enter a '1' if you wish to bypass clearing the cost management posted code for all account ledger records which were posted using the view selected.
Bypass Update

Reviewing Profitability by Cost Object

From the Reporting menu (G1625), choose Item Profitability.

You can use the Item Profitability report (R16022) to review the profitability for a customer, product, or salesperson. You can select information by subledger, item, or cost object. When you identify the driver, you can report on units as well.

See Also

- *R16022, Item Profitability* in the *Reports Guide* for a report sample

Processing Options for Item Profitability (R16022)

Process
1. Enter the period number and fiscal year for the report to be based on. If left blank, the financial reporting date will be used. For the financial reporting date to be company specific you must sequence by company or business unit.
Period Number
Fiscal Year

Drivers

Drivers

A driver is a measure of demand on activities or resources that influence costs or revenue. An activity driver is a measure of the frequency and intensity of the demands that are placed on activities by cost objects. A resource driver is a measure of the quantity of resources that is consumed in an activity.

Two different kinds of drivers exist in ACA: automatic and manual. Automatic drivers are extracted from data that already exists in the system, such as number of lines on a sales order, purchase order, or work order. Manual drivers are input manually with the volumes that are associated with them, such as the man-hours required to paint a bicycle or the square footage in a building that is used to paint bicycles.

For example, if a company that manufactures bicycles knows that its two-tone bicycles cost more than its solid color bicycles, it could begin to analyze the real cost tat is associated with the bicycles. The company could create a driver that measures man-hours used to paint both types of bicycles, as well as the square footage in the building that is used to paint two-tone versus solid color bicycles. By using these resources as drivers, the company sees the actual cost that is associated with each bicycle.

You set up driver definitions to indicate from which tables the system retrieves information to calculate volumes and quantities. Drivers are user defined; and they vary, based on the types of cost that you want to analyze. Drivers are an integral part of the assignment tool in ACA. Because J.D. Edwards systems are completely integrated, drivers can access information quickly and accurately from other systems, such as sales orders, work orders, and purchase orders.

Setting Up Drivers

A driver is a measure of demand on activities or resources that influence costs or revenue. An activity driver is a measure of the frequency and intensity of the demands that are placed on activities by cost objects. An example of an activity driver is the total number of customer sales orders. A resource driver is a measure of resources that are consumed in an activity. For example, a resource driver is the number of hours directed to activities.

For automatic drivers, use the Driver Definition program to create and update driver definitions and calculation instructions. You can define how to calculate driver volumes at the summary level.

For manual drivers, use the Driver Definition program to update a definition for information that is not maintained in the system. For example, you can define drivers to identify man-hours or square footage for a particular department.

After you run update information, use driver calculations to automatically calculate the cost of driver volumes or to enter drivers manually. During allocations or reassignments, drivers logically reassign costs to activities, processes, and cost objects.

Before You Begin

- Review the processing option in the Driver Volume Revisions program (P1632) to determine whether the default for the driver definition is automatic or manual.

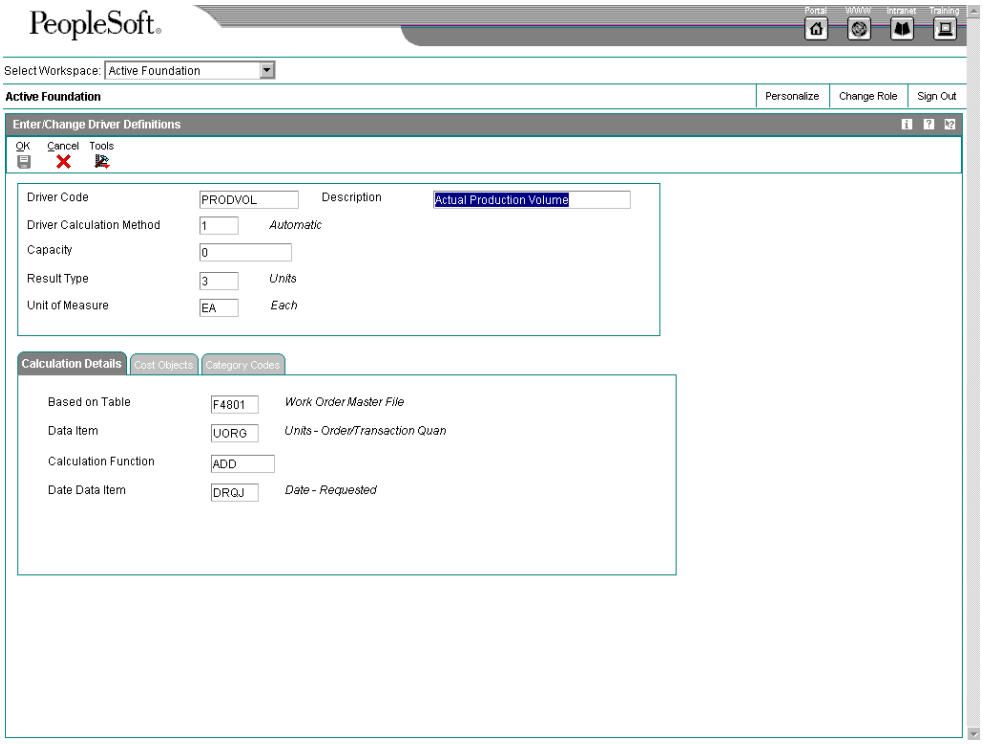
Defining Automatic Drivers

The system calculates automatic driver volumes by searching over a specific table, such as the Sales Order Detail File table (F4211) or the Work Order Master File table (F4801), counting the number of records that meet a certain criteria, or summarizing the value in a specific field. Most drivers that are used in the ACA system are calculated automatically because the required information is usually available in these tables.

► To define automatic drivers

On the Drivers menu (G1614), choose Driver Definition.

1. On Work with Drivers, click Add.



2. On Enter/Change Driver Definitions, complete the following fields:
   - Driver Code
   - Description
   - Driver Calculation Method
   - Result Type

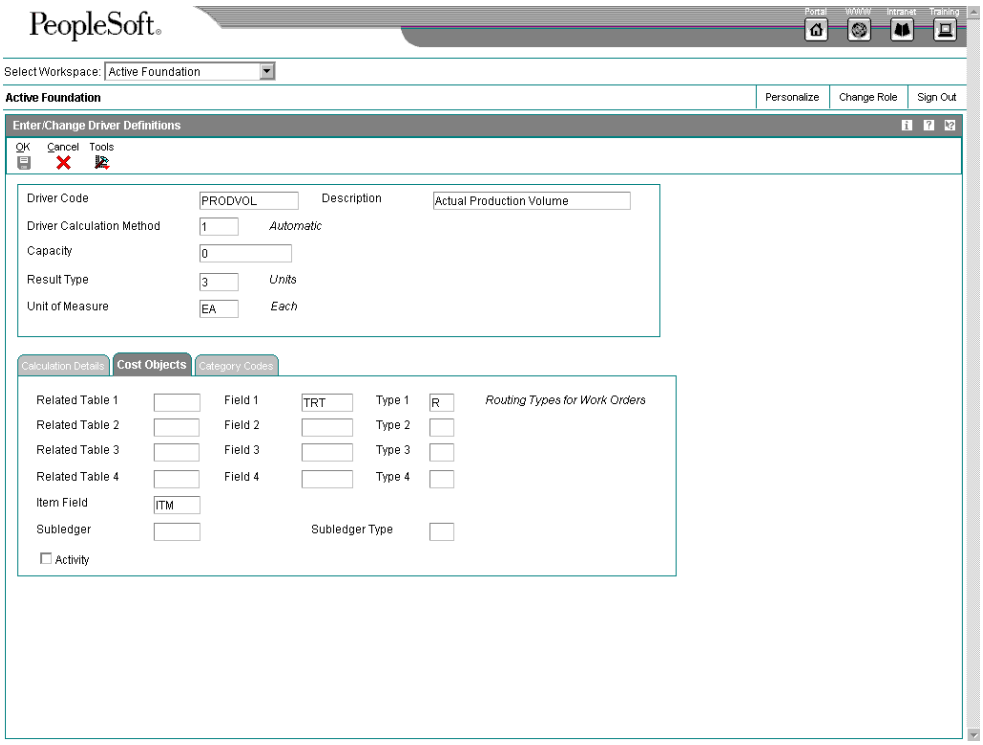
   Depending on the result type, the system might display additional fields.

   The calculation method must be automatic.

3. On the Calculation Details tab, complete the following fields:

    - Based on Table
    - Data Item
    - Calculation Function
    - Date Data Item

4. Click the Cost Objects tab to identify the level of summarization for cost objects.



5. For specifying one or more cost objects, complete the following fields for each cost object that you define:

    - Related Table 1

      If the Related Table is the same as the table that is specified on the Calculations Detail tab, leave this field blank. If the Related Table is Address Book Master (F0101), you must specify a value for the address book data item.

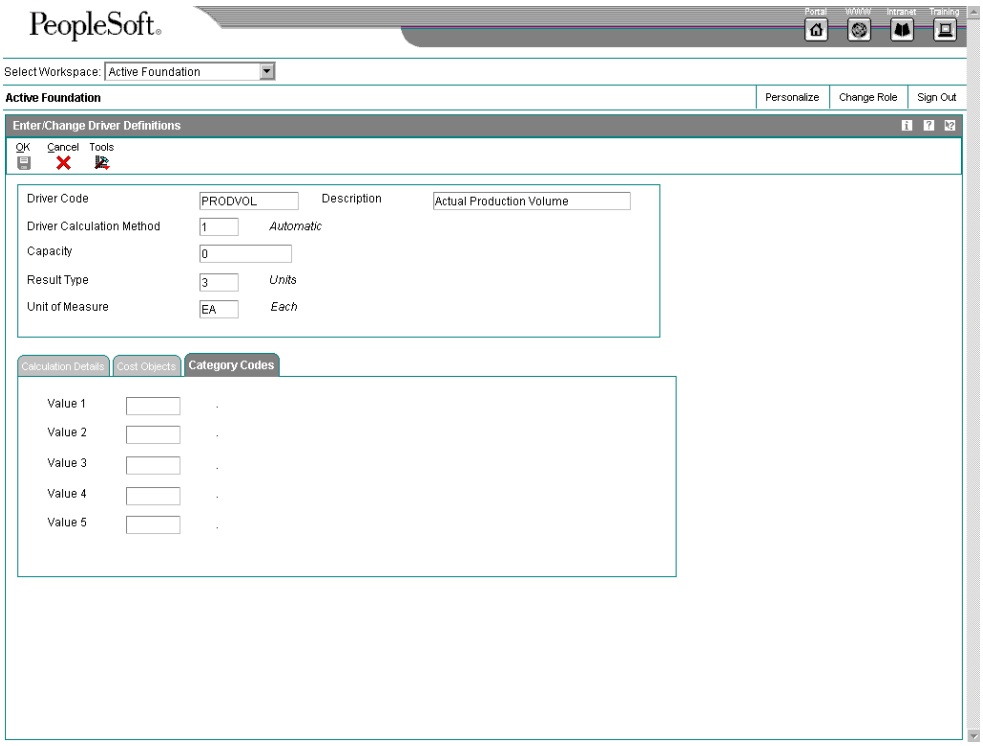
    - Field 1
    - Type 1

6. Complete the following optional fields:

    - Item
    - Subledger

- Subledger Type

7. To define category codes for the driver, click the Category Codes tab.



8. Complete the category code information, and then click OK.

Understanding Based On Tables

You can set up calculations so that the system creates driver balance entries that are based on information in master tables, such as Sales Order Detail that are for the number of sales orders per customer or Work Order Detail File for the quantity shipped by item.

If you base the driver calculation on the specified table, the system calls the corresponding calculation program when you run the Automatic Driver Calculation Program (R1632). For each record that you indicate, the system performs the calculation that is defined in the driver definition and summarizes the results in the defined cost objects.

You can base driver calculations on the following tables.

Work Order Routing (F3112)

You can base driver calculations on the production hours by work center, the production hours by item, the quantity produced by work center, and so on.

The corresponding calculation program is Work Order Routing (R3112DC).

Work Order Master File (F4801)

You can base driver volumes on information such as the number of work orders per item.

The corresponding calculation program is F4801Calculate Driver Volumes (R4801DC).

Item Ledger File (F4111)

You can base driver calculations on the number of receipts per item, the quantity scrapped by product group, the number of completions per branch/plant, and so on.

The corresponding calculation program is F4111 Calculate Driver Volumes (R4111DC).

Sales Order Detail File (F4211)

You can base driver volumes on the number of sales orders per item, the number of sales orders per customer group, the number of quote orders per item, and so on.

When you choose to define the driver that is based on the Sales Order Detail File table (F4211), the system can retrieve information from Sales Order Detail File table, Sales Order History File table (F42119), or both. When you enter 4211 as the Based On Table, the system displays an additional field so that you can choose the source of volume information.

The corresponding calculation program is F4211 Driver Calculations (R4211DC).

Purchase Order Detail File (F4311)

You can base driver calculations on the number of purchase orders per item, the quantity purchased by supplier, the number of purchase orders per buyer, and so on.

The corresponding calculation program is F4311 Driver Calculations (R4311DC).

Defining Manual Drivers

You must separately enter constant and variable information for each manual driver calculation. Manual drivers are those calculations that are based on information that is not found in any of the database tables in the system. For example, if the resource driver is square feet by department, you must enter this specific information.

► To define manual drivers

On the Drivers menu (G1614) choose Driver Definition.

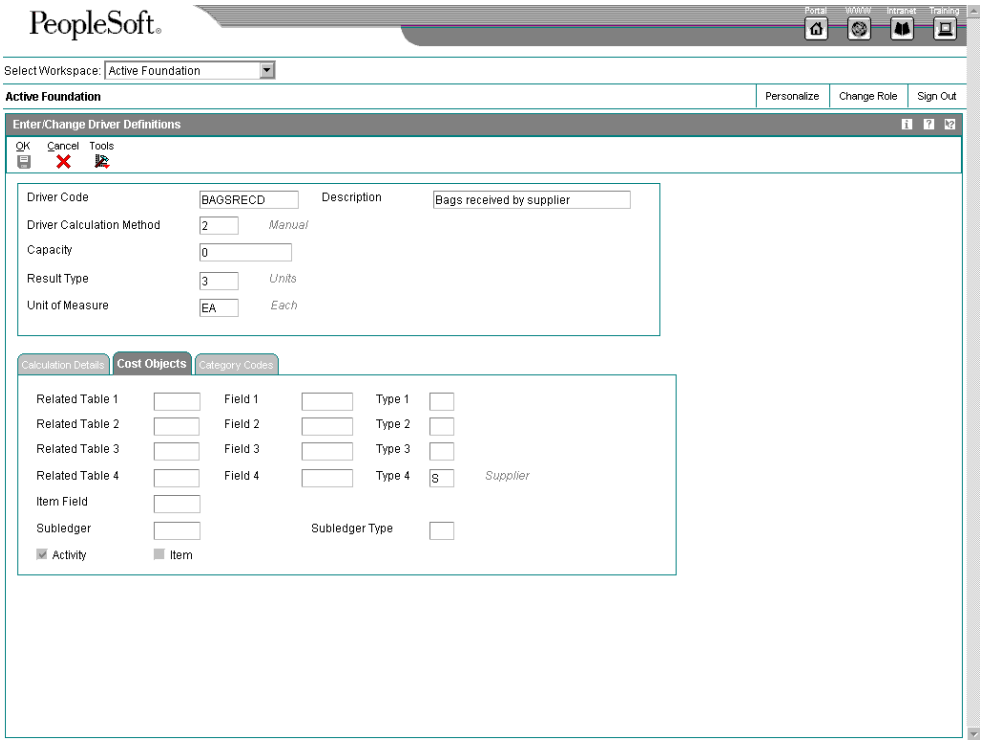
1. On Work with Drivers, click Add.
2. On Enter/Change Driver Definitions, complete the following fields:
    - Driver Code
    - Description
    - Driver Calculation Method

      The calculation method must be manual.

    - Result Type

Depending on the result type, the system might display additional fields.

The system does not allow you to enter calculation details.



3. On the Cost Objects tab, complete the following fields to indicate the level of summarization:
    - Item Number
    - Activity
    - Subledger Type
    - Subledger
4. Complete the following optional fields to indicate the level of summarization:
    - Type 1
    - Type 2
    - Type 3
    - Type 4
5. To identify category codes, click the Category Codes tab, complete the following fields, and click OK:
    - Value 1
    - Value 2
    - Value 3
    - Value 4

- Value 5

Calculating Driver Balances

You can use driver definitions to calculate driver volumes and create driver balances. You indicate which drivers the system calculates by selecting the drivers in the Driver Selection program. The system processes each driver selection and calls the corresponding calculation program in the Based On table.

Entering Manual Driver Information

Most drivers that you use in the ACA system are based on tables in the system and calculated automatically by the appropriate driver calculation programs. Information for manual drivers, such as square feet by department, is not available in any table and can be entered in this revisions program. Use Driver Volume Revisions to do the following:

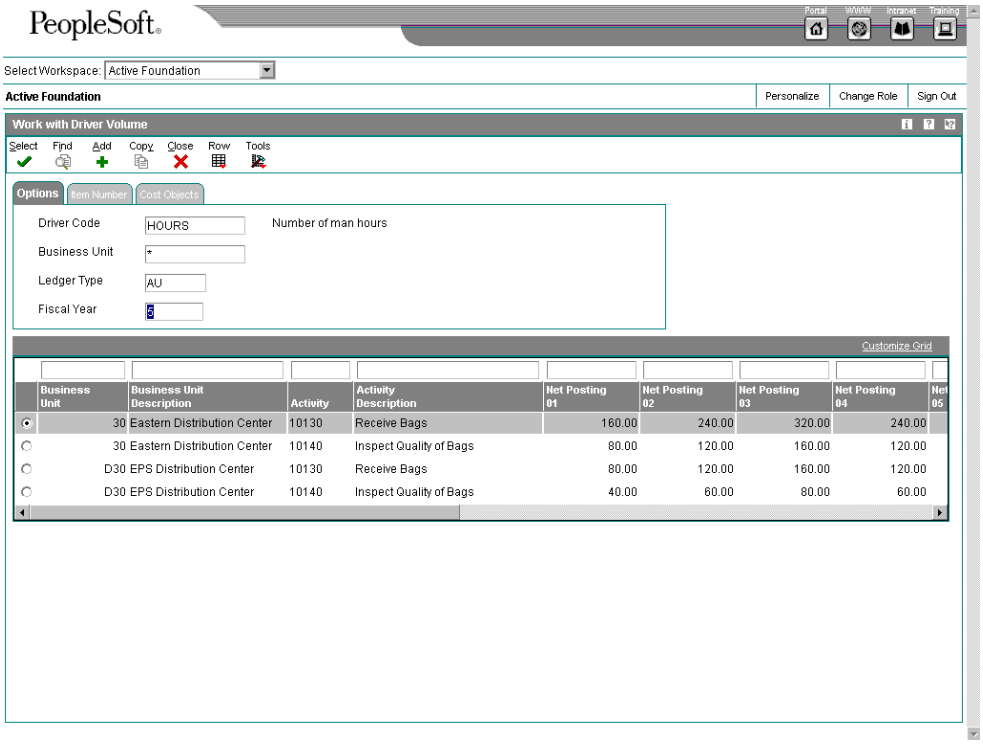
- Enter manual driver information for specified periods.
- Update driver balances for a specific fiscal year and ledger type.
- Input balances for activities.
- Correct errors on an existing entry.
- Copy existing driver information to create new manual drivers for another fiscal year and ledger type.

Before You Begin

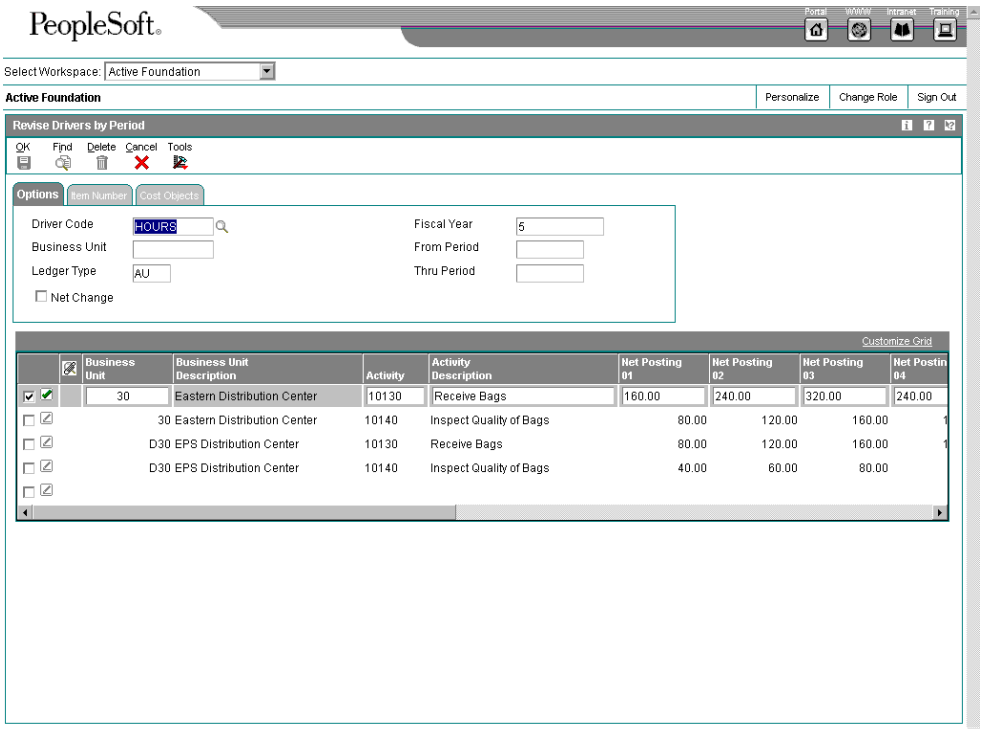
- ❑ Verify that you have set up manual drivers in the Driver Calculation Definition program (P1630).

► To enter manual driver information

From the Drivers menu (G1614), choose Driver Volume Revisions.



1. On Work with Driver Volume, complete the following field and click Add:
    - Driver Code

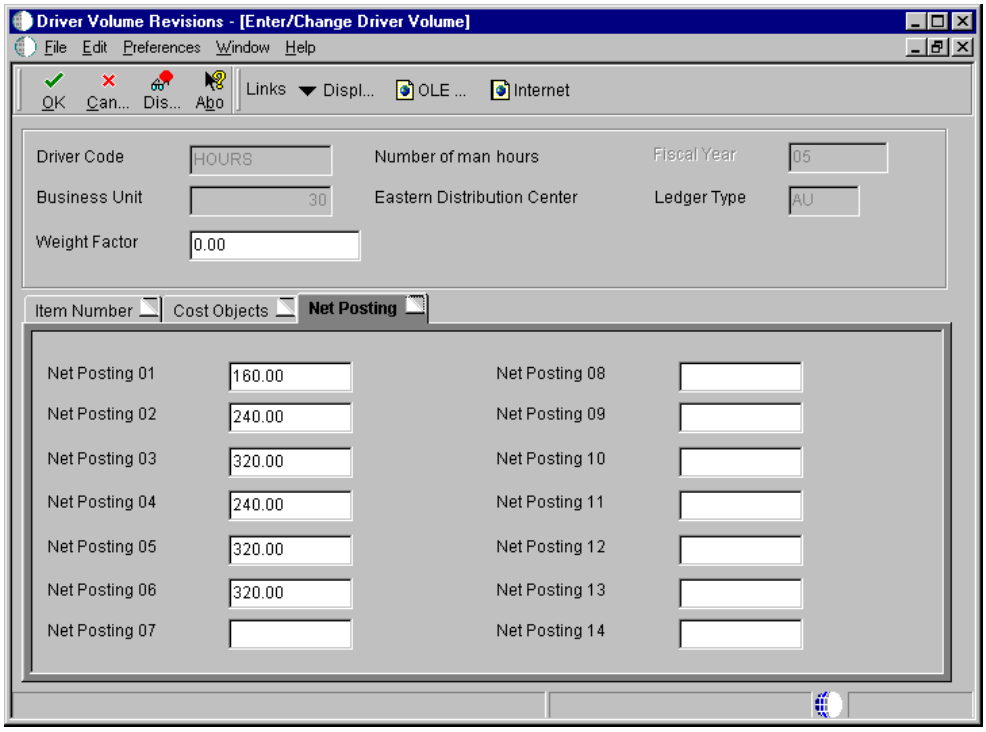


2. On Revise Drivers by Period, click the Options tab and complete the following fields:
    - Fiscal Year
    - Ledger Type
3. To enter default header information, complete the following optional field:
    - Business Unit
4. On the Item Number tab, complete the following field:
    - Activity
5. Click OK.

► To revise manual driver information

From the Drivers menu (G1614), choose Driver Volume Revisions.

1. On Work with Driver Volume, complete the following fields and click Find:
    - Driver Code
    - Ledger Type
    - Fiscal Year
2. Highlight the business unit that you want to revise and choose Enter/Change Drive from the Row menu.



3. On Enter/Change Driver Volume, click the Net Posting tab and complete the following fields:

    - Net Posting 01
    - Net Posting 02
    - Net Posting 03
    - Net Posting 04
    - Net Posting 05
    - Net Posting 06
    - Net Posting 07
    - Net Posting 08
    - Net Posting 09
    - Net Posting 10
    - Net Posting 11
    - Net Posting 12
    - Net Posting 13
    - Net Posting 14

    The net posting fields in which you enter volumes correspond to your fiscal date pattern.

4. To assign a weight factor to a specific period for a driver, complete the following field in the header area, and then click OK:

    - Weight Factor

Processing Options for Driver Volume Revisions (P1632)

Driver
1. Enter a '1' to use Automatic Drivers. If left blank, only Manual Drivers will be allowed.
Allow Automatic Driver Revision

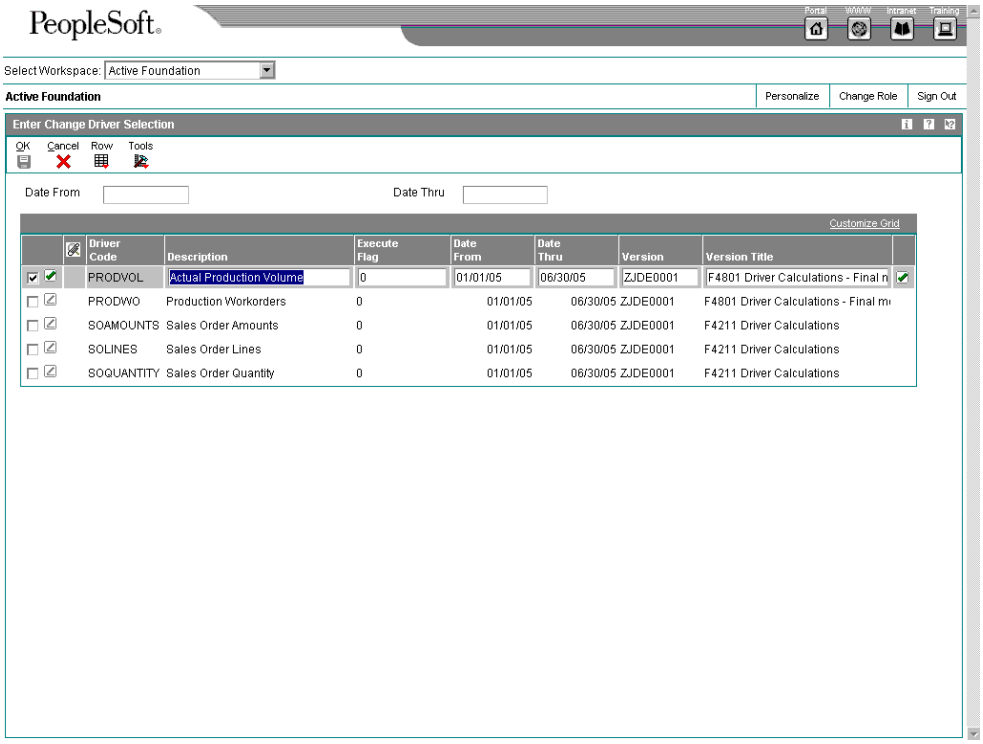
Selecting Drivers

Use Driver Selection Criteria to select the drivers to be calculated automatically. You can select a date range to use when including the drivers. You can also select the version to use when calculating the driver volumes.

► To select drivers

From the Drivers menu (G1614), choose Driver Selection.

1. On Work with Drivers, click Find.
2. Select a record in the detail area and click Select.



3. On Enter Change Driver Selection, review the information in the following fields:
    - Date From
    - Date Thru
    - Execute Flag
    - Version
4. Optionally, do any of the following:
    - To copy the date from the header to specific records, enter a date range, select a row, and then choose Copy Date from the Row menu.
    - To enable drivers, choose a record in the detail area and choose Execute On from the Row menu.
    - To disable drivers, choose a record in the detail area and choose Execute Off from the Row menu.
    - To define the parameters for the driver, choose a record in the detail area and choose Data Selection from the Row menu.
    - To create a new version, choose a record in the detail area and choose Batch Version from the Row menu.
5. To create versions of driver selection programs, choose Batch Versions from the Row menu.

Running Driver Calculations

From the Drivers menu (G1614), choose Automatic Driver Calculation.

Based on driver definitions, this batch program calculates driver volumes and creates driver balance entries. Use the Driver Selection program (P16301) to indicate which drivers are calculated. If you base the driver calculation on either table, the system calls the corresponding calculation program. For each record that you indicate, the system performs the calculation as defined in the driver definition, and it summarizes the results in the defined cost objects. You can base driver calculations on the following tables:

- Work Order Master File (F4801)
- Work Order Routing (F3112)
- Item Ledger File (F4111)
- Sales Order Detail File (F4211)
- Purchase Order Detail File (F4311)

If you base the driver calculation on any table, the system calls the corresponding calculation program:

- Work Order Master Driver Calculations (R4801DC)
- Work Order Routing (R3112DC)
- Item Ledger Driver Calculations (R4111DC)
- Sales Order Detail Driver Calculations (R4211DC)
- Purchase Order Detail (R4311DC)

You can execute this batch program in proof mode and produce a driver volume calculation report. All calculations are performed, but the Driver Balances table is not updated.

You can update driver balances that are based on the transaction period, or you can summarize several transaction periods into one specific period. By indicating the G/L date in the processing options, the system can summarize the balances. For example, if you want to summarize transactions that occurred from January through March, specify the G/L date as March 31 of the current year (03/31/xx).

The system compares the date that you enter to your company's fiscal date pattern to determine the correct period and fiscal year. The system summarizes all transactions from January through March, and posts the total in the correct fiscal period. If you leave the date blank, all of the transactions occurring in January are summarized and posted in the respective fiscal period, all transactions occurring in February are summarized and posted in the respective fiscal period, and so forth. The system might update three fiscal periods rather than one.

Processing Options for Automatic Driver Calculation (R1632)

Process Tab

1. Enter a '1' for Final Mode

Use this processing option to specify whether the system updates the Driver

Balances table (F1632). Valid values are:

1 Update the Driver Balances table.

Blank Do not update the Driver Balances table.

2. Enter a '1' to print calculation details

Use this processing option to specify whether the system prints the Automatic Driver Calculation report. Valid values are:

1 Print the Automatic Driver Calculation report.

Blank Do not print the Automatic Driver Calculation report.

3. Enter the date to determine Period and Fiscal Year. If blank the transaction date will be used as per Driver Definition Date Data Item.

Use this processing option to specify the date that the system uses to identify the financial period it uses to post the transaction. The general accounting constants specify the date range for each financial period. You can have up to 14 periods. Generally, you use period 14 for audit adjustments. The system edits this field for PBCO (posted before cutoff), PYEB (prior year ending balance), and so on.

4. Enter a '1' to reset the driver execute flag in the Driver Master Table

Use this processing option to specify whether the system resets the driver execute flag in the Driver Definitions table (F1630). Valid values are:

1 Reset the driver execute flag.

Blank Do not reset the driver execute flag.

5. Enter the Ledger Type to create in the Driver Balances table

Use this processing option to identify the type of ledger, such as AA (actual

amounts), BA (budget amount), or AU (actual units). This is a user defined code (09/LT), and you can set up multiple, concurrent accounting ledgers within the general ledger to establish an audit trail for all transactions.

6. Enter '1' to replace the existing driver balances.

Use this processing option to specify whether the system replaces the existing driver balances in the Driver Balances table (F1632). Valid values are:

1 Replace the existing driver balances.

Blank Do not replace the existing driver balances.

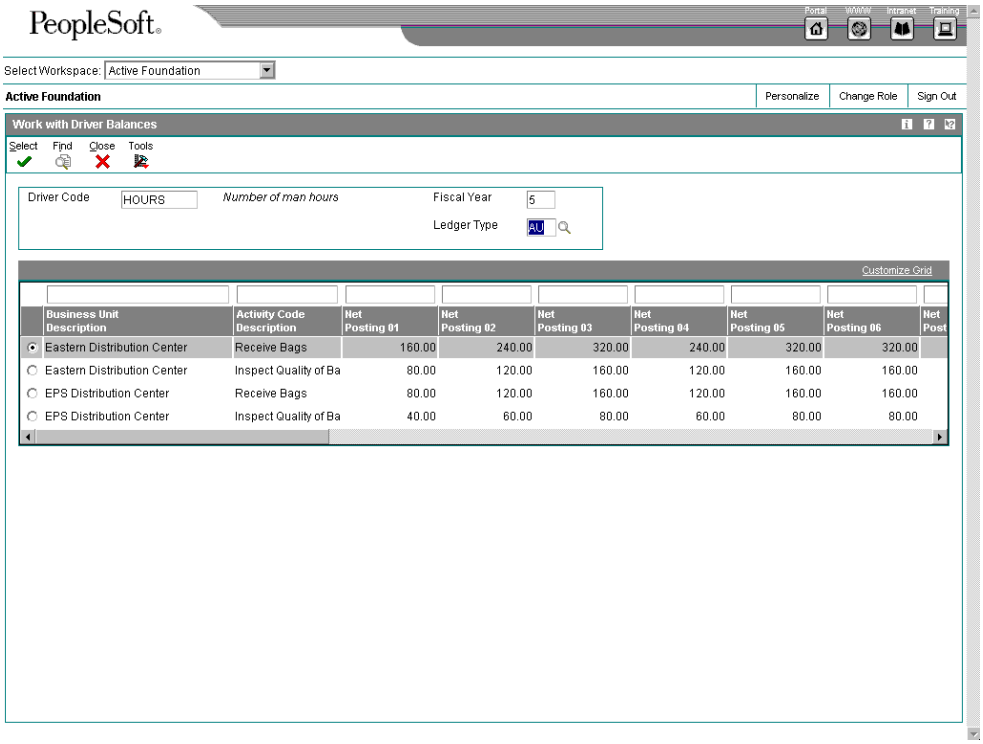
Reviewing Driver Balances

You can review driver balances for automatic and manual drivers.

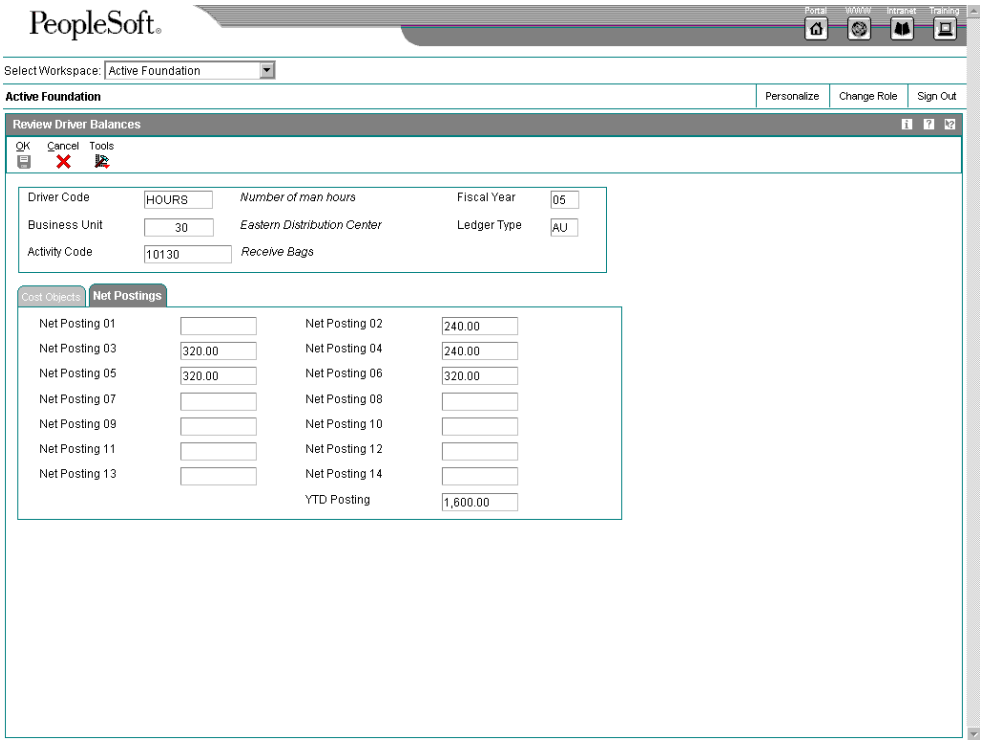
► To review driver balances

From the Drivers menu (G1614), choose Driver Balances Inquiry.

1. On Work with Driver Balances, complete the following fields and click Find:
    - Driver Code
    - Fiscal Year
    - Ledger Type



2. Choose a record in the detail area and click Select.
3. On Review Driver Balances, click the Cost Objects tab and review the following fields:
    - Cost Object 1
    - Cost Object 2
    - Cost Object 3
    - Cost Object 4
    - Subledger Type
4. To review postings by fiscal period, click the Net Postings tab.



Purging Driver Balances

From the Drivers menu (G1624), choose Driver Balances Purge.

Purges are programs that have predefined criteria that the system checks before removing any data so that you avoid removing associated data that is located in other files.

Purging data consists of:

- Specifying the information to delete
- Running the purge program

You can use the Driver Balances Purge (R1632P) to purge data from the Driver Balances table (F1632). You can clear information completely; or you can clear only specific periods, ledger types, or fiscal years. You might run this process periodically to improve system performance. You can also use the purge process to repost transactions to a driver of the specifications if the driver calculations have changed or if the driver contains errors. After the records are purged, you can correct the driver definition and process the driver calculation again.

If you leave the processing option for period number blank, you must specify a fiscal year to purge the driver balances for an entire year. If you do not indicate either a fiscal period or fiscal year, the system does not purge balance information.

Processing Options for Driver Balances Purge (R1632P)

Process
Enter the period number you want to clear. If left blank, the complete driver balance record will be deleted.
Period Number - General Ledger
Enter the fiscal year to be purged from the Driver Balances table.
Fiscal Year
Enter the ledger type to be purged from the Driver Balances table.
Ledger Type

Activities

Activities

When you use the Advanced Cost Accounting system for activity-based costing, you use the profit management features to perform activity and process cost calculations. You can set up a calculation definition that indicates the type of calculation, source of the balances, driver, and destination for the results. Additionally, if you have a multitiered allocation, you can specify the sequence of calculations.

Before you begin to use activity-based costing, you must define each task that is involved in the process that you want to analyze. After you define each task, you can attach drivers to each task.

For example, in accounts payable, you perform the following tasks:

- Receive invoices.
- Route them for approvals and coding.
- Look up the supplier number.
- Add the supplier to the vendor file table.
- Verify the payment amount and authorizations.
- Input the invoices.
- Correct any errors.
- Run check processing.
- Print the checks.
- Sign the checks.
- Attach remittances.
- Put checks in envelopes.
- Mail the checks

Many tasks are involved in accounts payable. When you analyze the time spent on each task and the cost of man-hours, machine time, square footage allowance, and so on, you begin to understand the actual cost of processing accounts payable in-house. You can then determine whether you can eliminate some of the steps, or out-source some or all of the process.

Setting Up Activities

If you use the ACA system for activity-based costing, you must set up activities. An activity is an aggregation of actions that are performed within an organization. The characteristics of an activity are as follows:

- Usually a subset or output of a process
- Consumes resources
- Can be broken down by user-defined attributes, such as value-added activities or non-value-added activities

- Usually falls into two categories: product-related or customer-related
- Sometimes synonymous with processes

Note

To form a hierarchical process, you can associate activities or subprocesses to a group. You assign activities and subprocesses to parent groups. You set up activities and groups in the same manner. You can assign attributes, category codes, and driver codes to either an activity or a group.

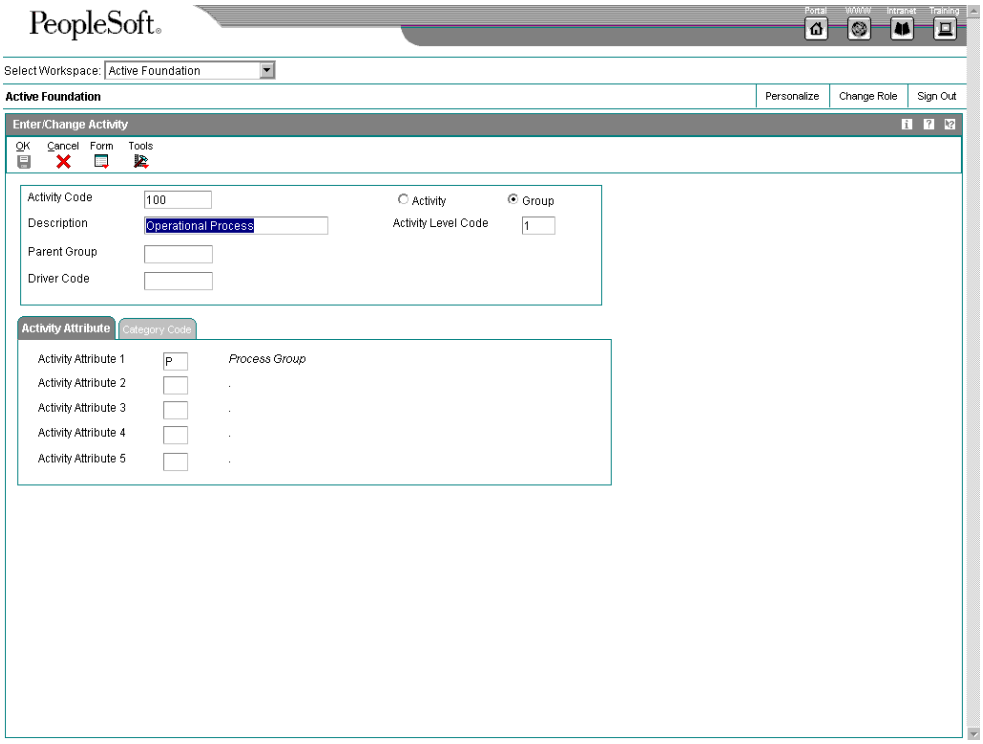
Before You Begin

- ❑ Verify that you have activated the activity-based costing option in Cost Management Constants. See *Setting Up Constants*.

► To define activity groups

From the Activity Based Costing menu (G1616), choose ABC Workbench.

1. On Work with Activity Based Costing Workbench, click Add.



2. On Enter/Change Activity, complete the following fields:
    - Activity Code
    - Description

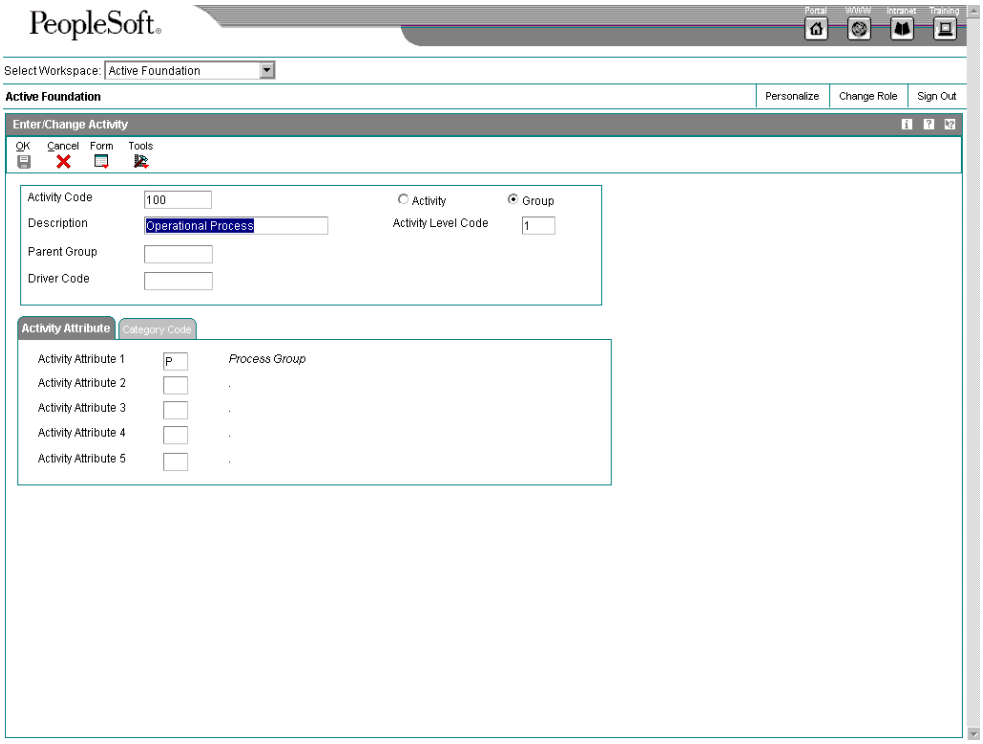
- Activity Level Code

3. To identify an activity group, choose the following option:
    - Group
4. To capture cost information at this level, enter a driver code in the following field:
    - Driver Code
5. To identify attributes for the activity group, complete the following fields:
    - Activity Attribute 1
    - Activity Attribute 2
    - Activity Attribute 3
    - Activity Attribute 4
    - Activity Attribute 5
6. On the Category Code tab, complete the following fields to identify category codes for the activity group:
    - Category Code 1
    - Category Code 2
    - Category Code 3
    - Category Code 4
    - Category Code 5
7. Click OK.

► To assign activities to groups

From the Activity Based Costing menu (G1616), choose ABC Workbench.

1. On Work with Activity Based Costing Workbench, click Add.



2. On Enter/Change Activity, complete the following fields:
    - Activity
    - Description
    - Activity Level Code
3. To identify this action as an activity, choose the following option:
    - Activity
4. To assign this activity to an activity group, complete the following field:
    - Parent Group

    Based on the parent group number, the system assigns the activity level code.
5. To identify a driver, complete the following field:
    - Driver Code
6. To identify activity attributes, complete the following fields:
    - Activity Attribute 1
    - Activity Attribute 2
    - Activity Attribute 3
    - Activity Attribute 4

- Activity Attribute 5

7. On the Category Code tab, complete the following fields to identify category codes:
   - Category Code 1
   - Category Code 2
   - Category Code 3
   - Category Code 4
   - Category Code 5
8. Click OK.

Processing Options for ABC Workbench (P1640)

Defaults Tab

1. Start Level

Blank = 1

Use this processing option to indicate the lowest activity level code that the system displays in the Activity Based Costing Workbench program.
If you leave this field blank, the system displays activities at level 1 and above.

Process Tab

1. Automatically Find On Entry

1 = Automatic Find

Blank = Manual Find

Use this processing option to automatically load data into the parent child form upon entering the Activity Based Costing Workbench program.
Use this feature only if there are not many records to retrieve; otherwise,

you may slow the system's performance unnecessarily.

If you leave this field blank, you will need to do manual Find.

Reviewing Activities

When you use the ACA system for activity-based costing, you use the cost management features to perform activity and process cost calculations. You can set up a calculation definition that indicates the type of calculation, the source of the balances, the driver (the basis of the balances), and the destination for the results. Additionally, if you have multitiered allocations, you can specify the sequence of calculations. When you coordinate all cost objects, drivers, and assignments by activity, you can review the resulting information, such as Cost Analyzer Balances, or each separate piece, such as the driver definition or cost object type.

Each assignment has an identifier and allows you to set up multiple configurations depending on your business objective. You can review the parent/child relationships, or hierarchies, of all processes and activities.

Reviewing Activity Costs

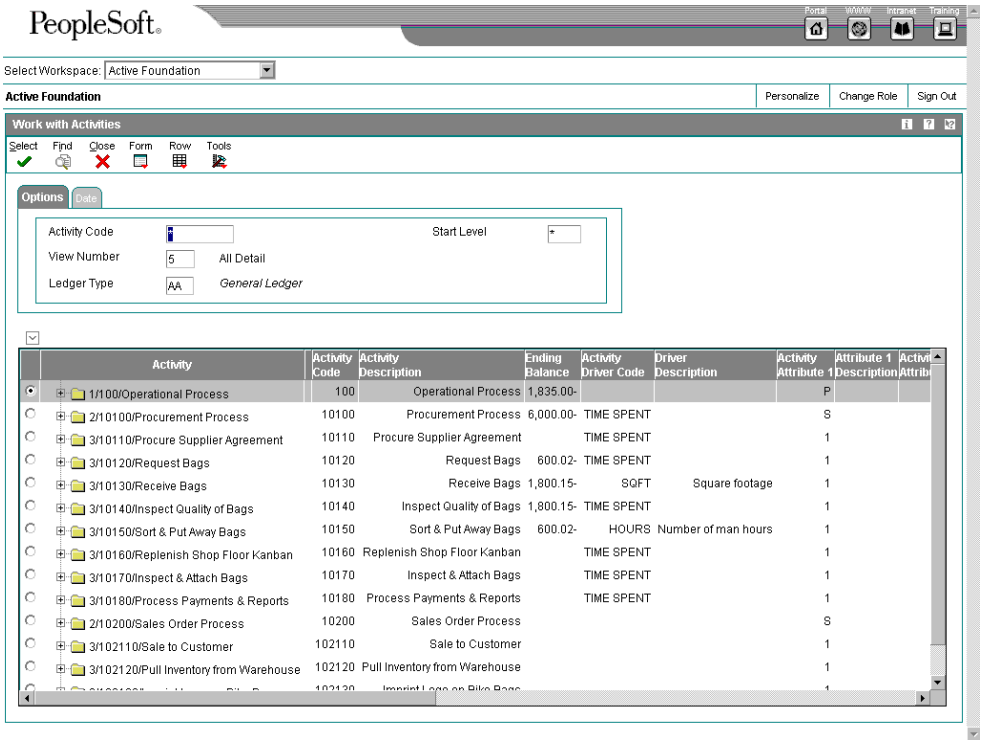
You can review cost analyzer balances by inquiring on activities. By selecting an activity or a level, you can review the following:

- Activity or process costs
- Activity costs by cost object

► To review activity costs

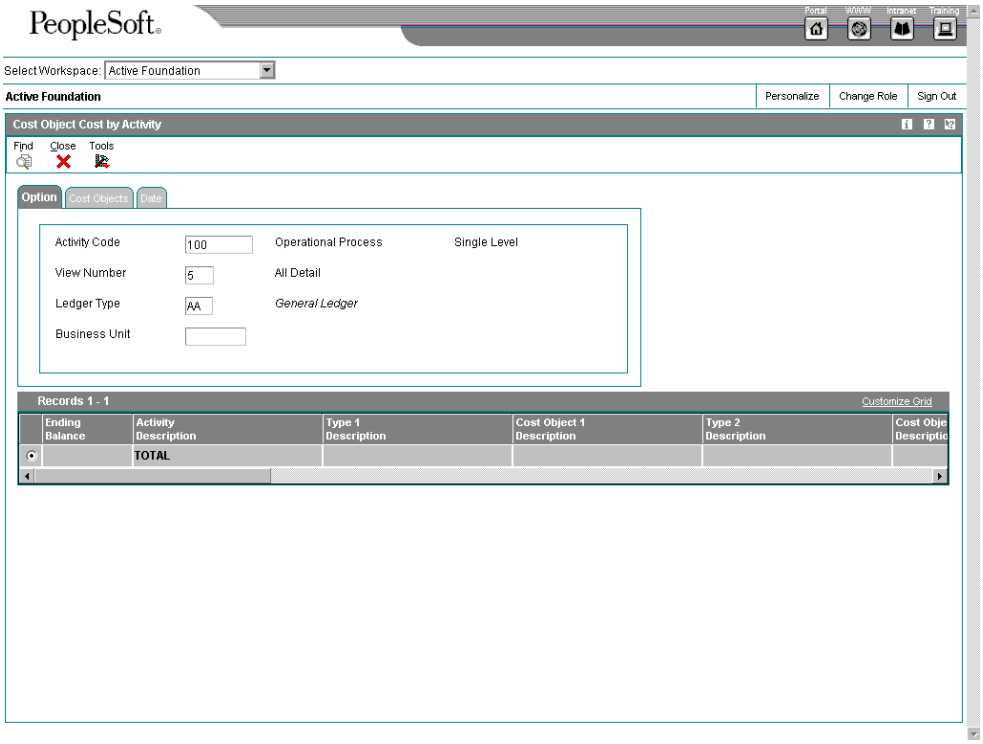
From the Activity Based Costing menu (G1616), choose Activity Cost Inquiry.

1. On Work with Activities, click the Options tab, complete the following fields, and click Find:
    - Activity Code
    - Start Level
    - View Number
    - Ledger Type

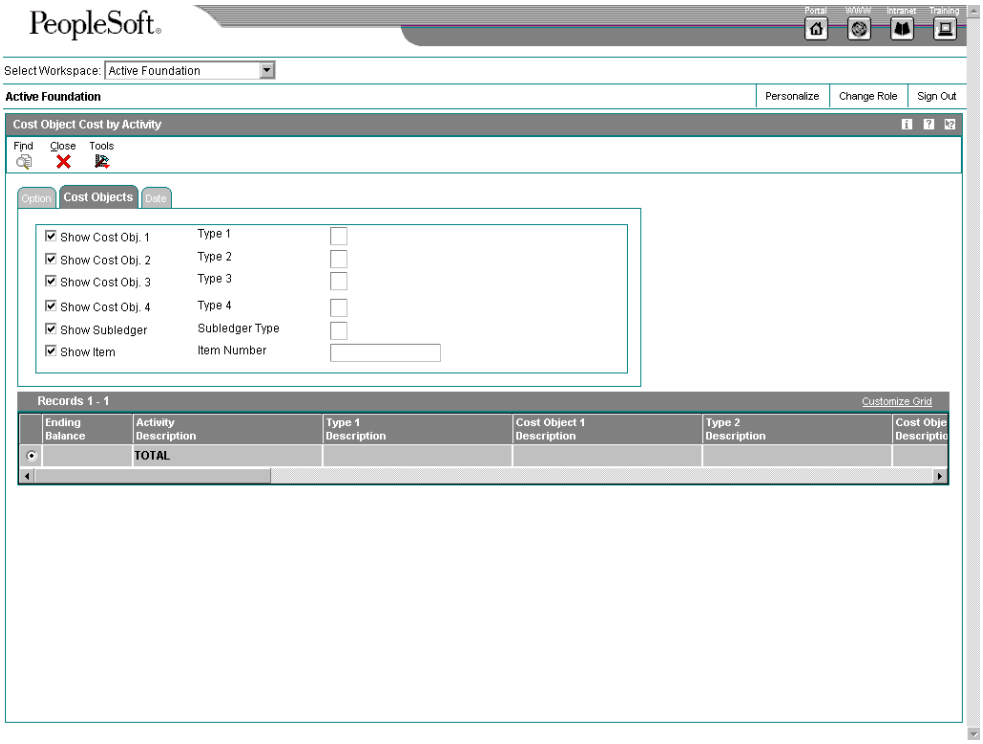


The system displays costs by activity, based on your processing option selection.

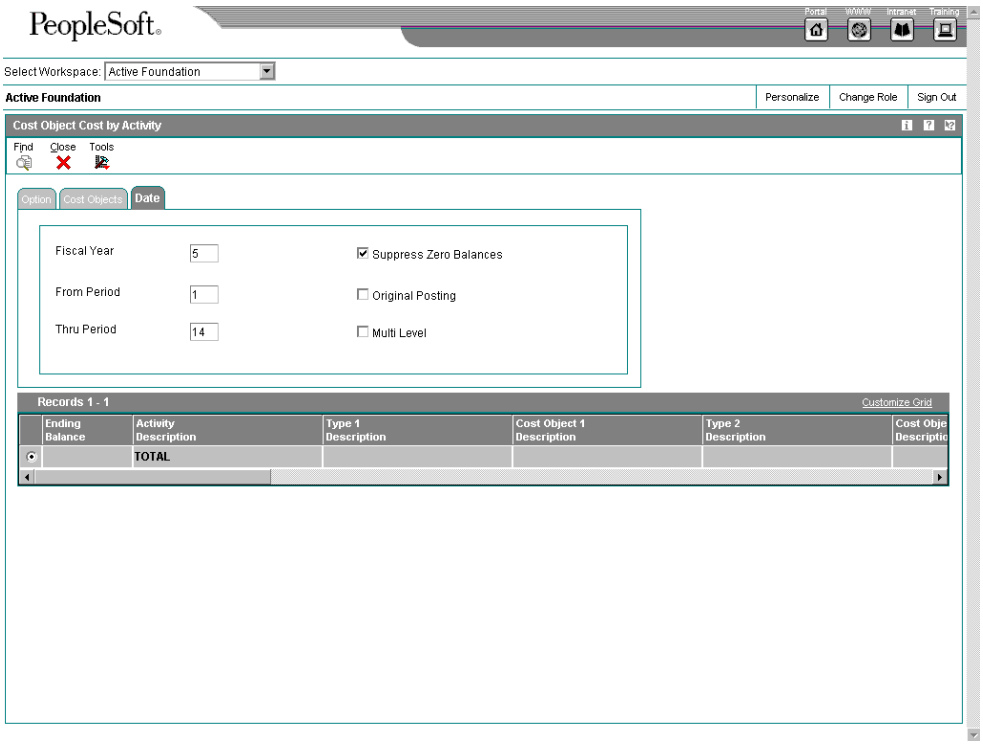
2. To search by date, click the Date tab, complete the following fields, and click Find:
    - Fiscal Year
    - From Period
    - Thru Period
3. Click Find, choose the activity, and then choose Cost Object from the Row menu.
4. On Cost Object Cost by Activity, click the Option tab to review the posted information by business unit.



5. Click the Cost Objects tab to review detail information about cost objects and types.



6. Click the Date tab to review posted information.



7. Click Close to return to Work with Activities.

Processing Options for Activity Cost Inquiry (P1641)

Default Tab

1. Start Level

Blank = 1

Use this processing option to indicate the lowest activity level code that the system should display in the Activity Cost Inquiry program.

If you leave this field blank, the system displays activities at level 1 and above.

2. View Number

Blank = No cost will be displayed

Use this processing option to specify which set of costs you want the system to retrieve from the cost analyzer.
Valid values are 1 through 10.
If you leave this option blank, the system issues an error and no costs are displayed.

3. Fiscal Year

Blank = No cost will be displayed

Use this processing option to specify the Fiscal Year the system uses to retrieve activity cost from the cost analyzer.
If you leave this option blank, the system does not display costs and an invalid fiscal year error is issued.

4. Ledger Type

Blank = AA

Use this processing option to indicate the ledger type the system uses to retrieve the activity cost from the cost analyzer. Ledger type is a user defined code (09/LT) that specifies the type of the ledger, such as AA (Actual Amounts), BA (Budget Amounts), or AU (Actual Units).
If you leave this option blank, the system retrieves activity costs from the AA (Actual Amounts) ledger.

a. From Period

Blank = Period 1

Use this processing option to indicate the first period that the system includes in the costs.

Valid values are 1 to 14.

You must enter a value that corresponds to periods in your fiscal date pattern.

If you leave this option blank, the system uses Period 1.

b. Thru Period

Blank = Period 1

Use this processing option to indicate the last period that the system includes in the costs.

Valid values are 1 to 14.

You must enter a value that corresponds to periods in your fiscal date pattern.

If you leave this option blank, the system uses Period 1.

Process Tab

---

1. Automatically Find On Entry

1 = Automatic Find

Blank = Manual Find

Use this processing option to automatically load data into the grid upon entering the Activity Cost Inquiry program.

Use this feature only if there are not many records to retrieve; otherwise,

---

you may slow the system's performance unnecessarily.

If you leave this field blank, you will need to do a manual Find.

Display Tab

1. Multi-Level

1 = Multi Level

Blank = Single Level

Use this processing option to display the parent and its children activities in the Activity Cost Inquiry program.

Valid values are:

1 Multi Level. The system will display the parent and all of its children activities.

Blank Single Level. The system will display only the selected activity.

2. Cost

1 = Original Posting Cost

Blank = Ending Balance Cost

Use this processing option to display the original posting cost or ending balance cost in the Activity Cost Inquiry program.

Valid values are:

1 Display the original posting cost

Blank Display the ending balance cost

Working with the ABC Workbench

When you review activities, you can exit to the following specific forms to access all of the elements of activity-based costing:

Business Unit Revisions	You can set up or revise departments.
Organization Structure	You can set up or revise resources in the chart of accounts. A chart of accounts provides the structure for your general ledger accounts.
Activity Cost Inquiry	You can view costs by activity. Theses costs are calculated by reading the Cost Analyzer Balances table. You can review detail information about activity costs by cost object.
Activity Revisions	You can enter or change attributes, category codes, drivers codes, and so on.
Cost Pool Definition	You can identify the group of cost elements that share a common driver.
Driver Definitions	You can create and update driver definitions and calculation instructions. You can define how to calculate driver volumes at the summary level.
Driver Volume Revisions	You can calculate driver volumes and create driver balances. Based on driver definitions, you indicate which drivers the system calculates by selecting the driver in the Driver Selection program.
Cost Object Type Definition	You can set up user defined cost object types. The cost object types can then be included in manual journal entries, batch and standard voucher entries, and invoice entries.
Cost Assignment Definition	With ACA, you can create cost assignments that are based on information that the system gathers during transaction processing. You set up flexible calculations to assign costs for managerial accounting or activity-based costing.
Cost Analyzer Balances	You can review cost analyzer entries. You can review the details of a specific entry, including the net posting balances and year-to-date total for the selected entry. While you can access Cost Analyzer from ABC Workbench, you can inquire by activities only if you have activated the activity-based costing option in the Cost Management Constants.

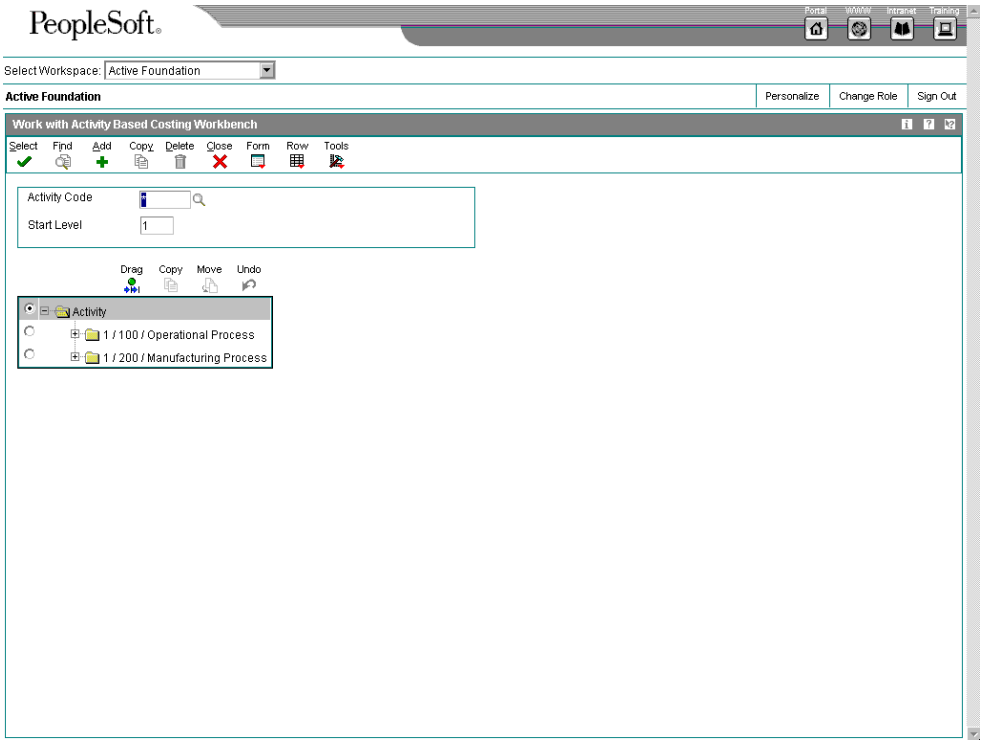
Note

You can set the processing options for the ABC Workbench to customize the level at which the system displays multitiered allocations.

► To review activities

From the Activity Based Costing menu (G1616), choose ABC Workbench.

1. On Work with Activity Based Costing Workbench, complete the following field and click Find:
   - Activity



2. To display subprocesses, click the + sign in the detail area. Select an activity or subprocess and right-click on it. Choose Node and then Select from the popup menus.
3. On Enter/Change Activity make revisions as necessary and click OK to return to the Work With Activity Based Costing Workbench.

   Alternatively, you can access the Enter/Change Activity form by highlighting an activity or subprocess, and then choosing Activity Revisions from the Row menu.

Reviewing the Activity Master Report

From the Activity Based Costing menu (G1616), choose Activity Master Report.

You can review activities or processes that exist in the Activity Master report (R1640). Based on the data selection and processing options, you can review multiple levels, as well as the hierarchy of processes and subprocesses, of activities or groups. You can use the activity attributes and category codes to identify activity groups or activities with certain characteristics.

See Also

- *Reviewing Activity Costs* for more information about displaying activities and processes online
- *R1640, Activity Master Report* in the *Reports Guide* for a report sample

Processing Options for Activity Master Report (R1640)

Print Tab

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1. Level of detail

blank = single level report

1 = multi-level report

Use this processing option to specify the level of detail that appears on the report. Multi-level will display the parent activity and its coresponding children. Single level will only display the selected activity.

Valid values are:

1 multi-level report

blank single level report

a. View Number

Use this processing option to select the view that the system uses to retrieve the activity costs from the Cost Analyzer.

Valid values are 1 to 10.

If you leave this option blank, the system issues an error and no costs are printed.

b. Fiscal Year

Blank

c. Ledger Type

Use this processing option to specify the ledger type from which the system retrieves the activities costs. Ledger type is a user defined code (09/LT) that specifies the type of the ledger, such as AA (Actual Amounts), BA (Budget Amounts), or AU (Actual Units).
If you leave this option blank, the system issues an error and no costs are printed.

d. Period From

Use this processing option to indicate the beginning period from which costs are selected based on net balances.
You must enter a value that corresponds to periods in your fiscal date patterns.
Valid values are 1 to 14.
If you leave this option blank, you must enter a value in the Date From processing option.

e. Period Thru

Use this processing option to indicate the ending period from which costs are selected based on net balances.
You must enter a value that corresponds to periods in your fiscal date patterns.
Valid values are 1 to 14.
If you leave this option blank, you must enter a value in the Date Thru processing option.

a. Attribute Number

blank = attribute 1

Use this processing option to indicate which specific attribute of the activities should be displayed. If the data is sequenced by a particular attribute, then that attribute number should match with the number entered here.

Choose an attribute number 1 to 5.

If you leave this option blank, the system displays attribute 1.

b. Category Number

blank = category 1

Use this processing option to indicate which category code of the activities should be displayed. If the data is sequenced by a particular category, then that category number should match with the number entered here.

Choose a category number 1 to 5.

If you leave this option blank, the system displays category 1.

Assignments

Assignments

The assignment feature is a key component of ACA. It is a flexible tool that provides you with the capability to allocate indirect costs, make projections based on assumptions, and try different “what if” scenarios without changing the original data.

An assignment is the method by which the system reallocates indirect revenue and costs. With assignments, you can identify, capture, and allocate costs or revenue to items, cost objects, or the subledger fields. For example, you can allocate indirect costs to products, customers, and activities. This flexibility enables you to report costs by either an activity, such as receiving, or to determine profitability by customer and product.

Although cost allocations are possible without ACA, using ACA improves the accuracy of allocations. They are more meaningful and less arbitrary. Output is also improved by providing information at a product or customer level because these indirect costs can be applied to individual products or customers by using a relevant business driver.

ABC Company has some generic shipping costs that cannot be attributed to specific customers. If an assignment were calculated based on the number of sales orders, customers would be assigned a pro-rated share of the shipping costs--the customer sales orders as the numerator, and the total sales orders as the denominator.

The ACA system provides a totally new set of features for assignments, expanding on both the flexibility and complexity provided by the current General Ledger allocations programs.

Several other key differences exist between the general ledger allocations and the new ACA assignments, including:

- You can assign costs to the cost objects and item fields.
- You can assign costs based on driver information.
- You can select on all account and business unit category codes, ranges, literal usage, and lists. Data selection is significantly improved.
- You can run multitiered allocations in the ACA solution.
- In ACA assignment, no allocation entries are posted to the Account Balances table (F0902).

Understanding ACA Assignments

Assignments are allocations or reallocations of costs. They retrieve information from the original transactions as well as any additional activity that was previously posted from other assignments. All ACA balance and transaction activity is stored in the Cost Analyzer Balances table (F1602).

ACA assignments are a tool you can use to create “what if” scenarios. ACA provides four different types of assignments that can be customized to meet a company's needs. These types of assignments are as follows:

- Index computation
- Variable numerator

- Rate calculation
- Rate-based computation

Assignments are run in either proof or final mode. The results of assignments are not reflected in the cost analyzer until the assignment is run in the final mode. No actual entries are made in the original records, and assignment transactions are reflected only in the cost analyzer.

The following examples describe four different types of assignments.

Example: Index Computation

Index computations use a calculation factor to calculate projected amounts. For example, ABC Company wants to evaluate next year's budget based on a 10 percent increase in this year's budget. The company can create an index computation using cost analyzer balances multiplied by a factor of 110 percent.

Example: Variable Numerator

ABC Company wants to allocate all indirect selling costs to its sales offices, based on the number of sales orders that are generated by each office; but the company does not want to actually record the allocation. It wants only to evaluate the proposed result. This type of process can be done through ACA assignments. This variable numerator assignment is defined as follows:

- Account balances are obtained from the Cost Analyzer Balances table (F1602).
- The driver is the number of sales orders by business unit.
- Total indirect selling costs from the Cost Analyzer Balances table are pro-rated, based on a calculated sales order percentage.
- The pro-rated cost is applied to each sales office business unit.

Example: Rate Calculation

Rate calculation is useful when deriving a rate per unit. For example, ABC Company wants to find out how much it is spending on individual accounts receivable activities so that it can evaluate whether to streamline the accounts receivable process. The company could create a rate calculation assignment to find out the cost of each activity and then evaluate where improvements could be made.

Example: Rate-Based Computation

Rate-based computation uses an existing user-defined rate per unit or a rate-from-a-rate calculation assignment, and applies it to costs or driver volumes. For example, if a company wants to charge certain customers an add-on rate for a labor-intensive task, it could use a set rate multiplied by the number of man-hours consumed in the process, and apply it to the applicable customers.

Setting Up Rates

You can use rates in the ACA system as a basis to re-allocate costs. For example, to calculate the advertising rate, you can retrieve sales order detail lines by product and multiply them by a rate for each product.

When you create a rate in the Rate Master Revisions program (P1642), the system assigns an identification number to the rate and stores the information for the rate in the following tables:

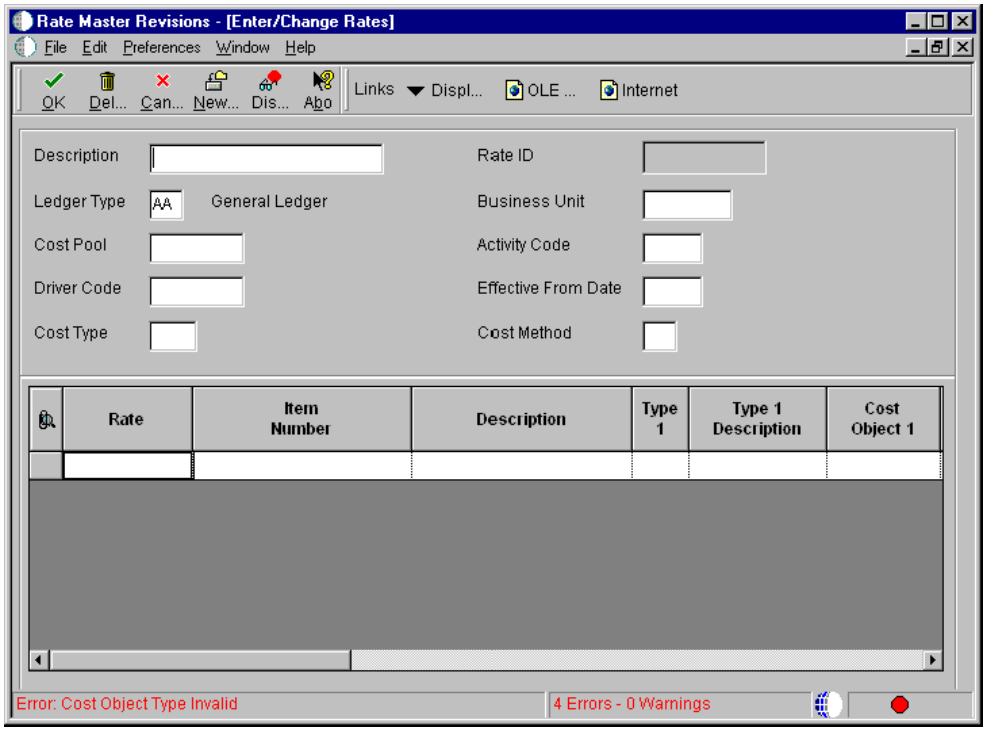
- Rate Master Header File table (F1642)
- Rate Master Detail File table (F16421)

You can set up rates that are specific to items, cost objects, activity or cost pools, and subledger types. When you define rates, the system prompts you to set up a default rate for the activity or cost pool. The system uses the default rate in a rate-based calculation if the From information in the assignment does not have a matching rate in the Rate Master table.

▶ To set up rates

From the Assignments menu (G1623), choose Rate Master Revisions.

1. On Work with Rates, click Add.



2. On Enter/Change Rates, complete the following fields:
    - Description
    - Ledger Type
    - Driver Code
    - Cost Type
    - Business Unit
    - Effective From Date

- Cost Method

3. Do one of the following:

   To set up rates for activities, complete the following field:

   - Activity Code

   To set up rates for cost pools, complete the following field:

   - Cost Pool

4. To limit the rate rule to an item, cost object, or subledger, complete one or more of the following fields:
   - Item Number
   - Type 1
   - Cost Object 1
   - Type 2
   - Cost Object 2
   - Type 3
   - Cost Object 3
   - Type 4
   - Cost Object 4
   - Subledger Type
   - Subledger
5. Click OK.

Setting Up Assignments

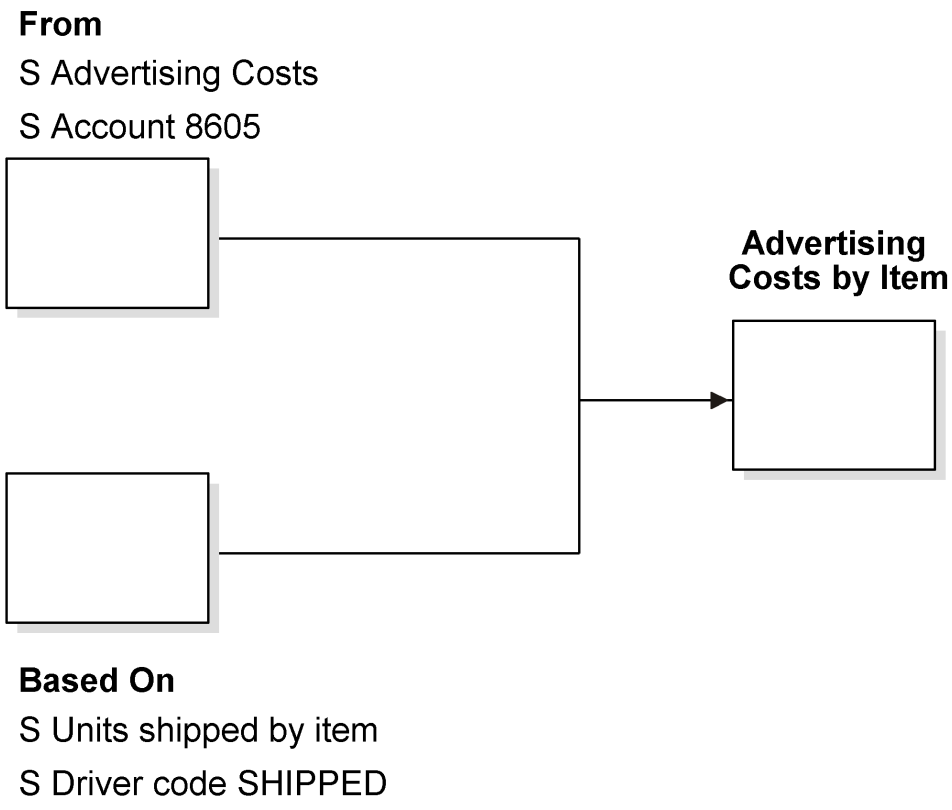
An assignment definition has of three components. Each component has a date, frequency, and account definition:

From	The source of the definition
Based On	How to assign the From
Apply To	Where to assign the result of the assignment

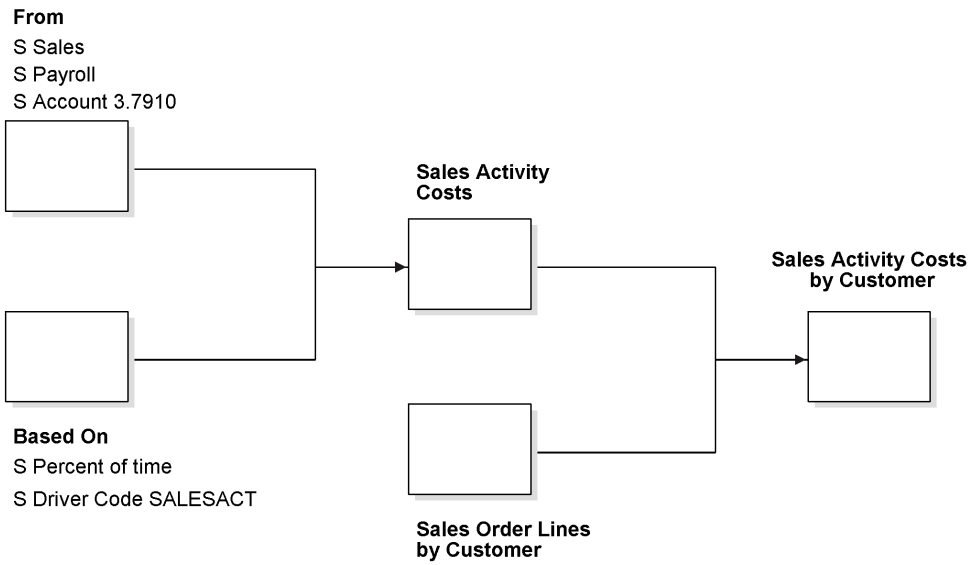
You can set up assignment calculations for either a single cost assignment or as part of several sequences to allow for multitiered calculations.

The following graphics illustrate a single cost assignment and a two-tiered assignment.

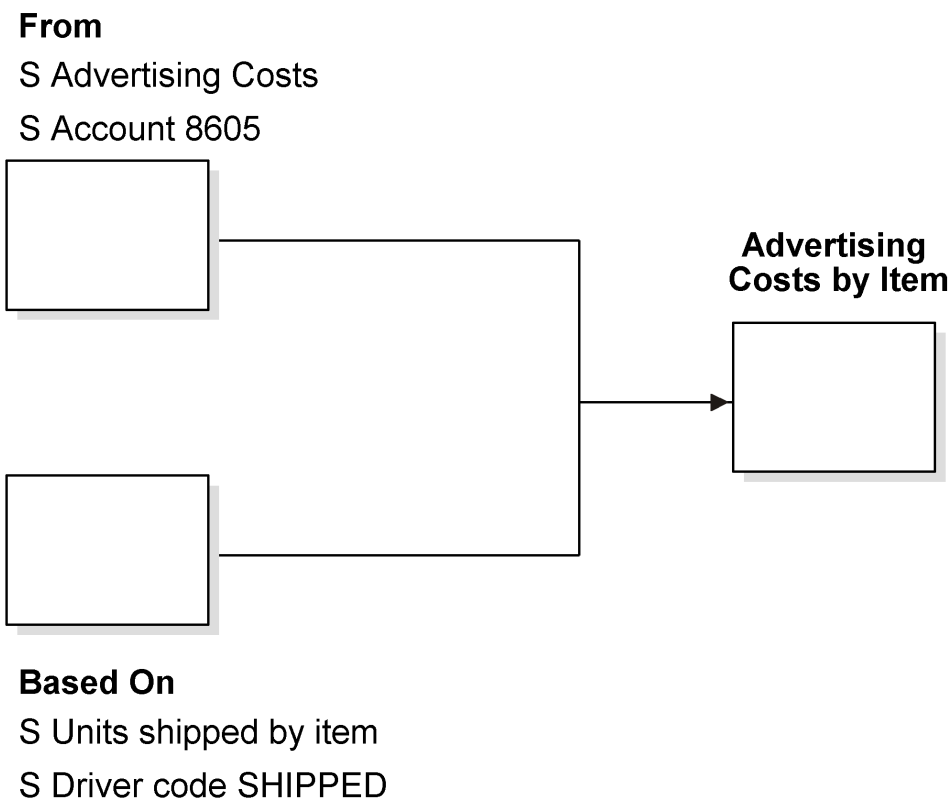
Single Cost Assignment



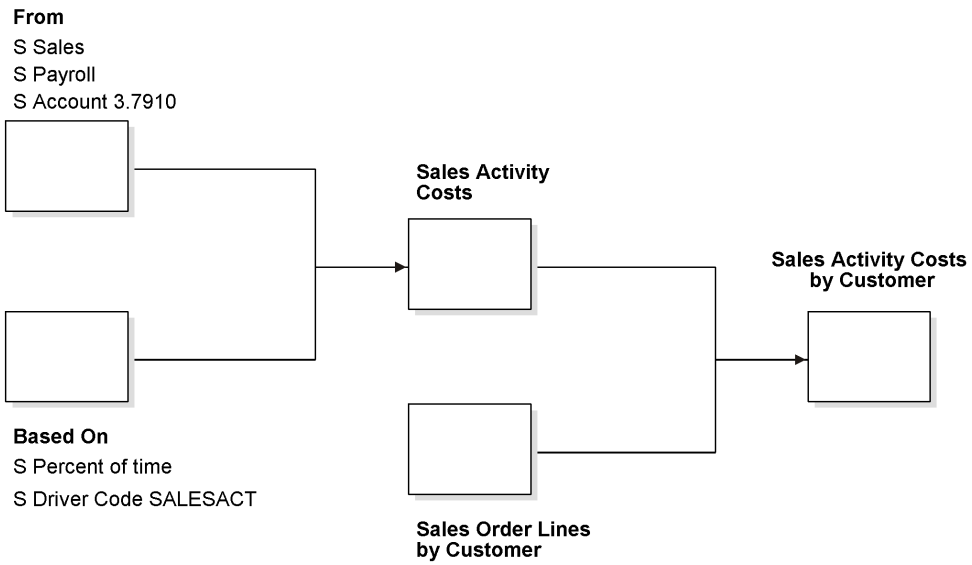
Two-Tiered Cost Assignment



Single Cost Assignment



Two-Tiered Cost Assignment



Understanding Assignments

When you set up assignments, you must perform the following tasks:

- Define the Assignment
- Choosing the Computation Type
- Entering From (Source) Information
- Entering Based On Information
- Entering Date Definition Information
- Entering Apply To Information

Defining the Assignment

An assignment is the description header record for assignment sequences. A sequence is the order or hierarchy that the system uses to process calculations. To allow for multitiered calculations, an assignment can be made up on one or many assignment sequences . For example, in your assignment of Sales Activity, you have two sequences: sales costs by percent of time, and sales costs by number of sales order lines for a customer.

When you define your assignment, you must enter identifying information and specify the order in which the system processes information for this assignment in relation to other assignments. If you create an assignment with multiple sequences, the system retrieves the following default information from the previous assignment sequence:

- Assignment name
- Date definitions
- From - driver or cost analyzer-based
- Based on - driver, cost analyzer based, or index computation

Choosing the Computation Type

Is this an index allocation, a variable numerator, or a rate calculation?

Based on the assignment type selection, the system displays only those fields that are valid for the assignment type. Consider the following validation rules for each assignment type:

Index computation	• The From component can be either the Cost Analyzer Balances table or the Driver Balances table. • The Based On component is a factor. • The Apply To component can only be the Cost Analyzer Balances table balance.
Variable numerator	• The From component must be the Cost Analyzer Balances table. • The Based On component can be either the Cost Analyzer Balances table or the Driver Balances table. You are not allowed to enter a factor. • The Apply To component must be a Cost Analyzer Balances table balance.
Rate calculations	• The From component must be the Cost Analyzer Balances table. • The Based On component must be the Driver Balances table. • The Apply To component must be a cost pool or activity rate from the

	Rates table.
Rate-based computations	• The From component must be the Driver Balances table. • The Based On component factor is from the Rates table. • The Apply To component must be a Cost Analyzer Balances table balance.

When you enter From and Based On definitions, you can define versions of the following business views and customize your data selection accordingly:

- Cost Calculation Select Balances (R16102)
- Cost Calculation Select Drivers (R16132)
- Cost Calculations Select Rates (R16142)

To select a version of cost analyzer, driver balances, or rates, click the appropriate radio button.

Entering From (Source) Information

Based on the assignment type selection, the system displays only those fields that are valid for the assignment type. Consider the following validation rules for each assignment type for the From Information:

Index computation	The From component can be either the Cost Analyzer Balances table or the Driver Balances table.
Variable numerator	The From component can only be the Cost Analyzer Balances table.
Rate calculations	The From component must be the Cost Analyzer table.
Rate-based computations	The From component must be the Driver Balances table.

Based on the option of the calculation type, you exit to the appropriate version template to create the data selection for the assignment sequence. If the From is based on the Cost Analyzer Balances table, click the search button to exit to the From Cost Analyzer version (R16102). On Work with Batch Versions, you can select an existing version of the Cost Analyzer template, or you can create a new version. In your Cost Analyzer version for this assignment sequence, you might define the data selection as follows:

- View
- Ledger Type (AA)
- Business unit
- Accounts

Entering Based On Information

The Based On information can be either data in the Cost Analyzer Balances table, data in the Driver Table, data in the Rate table, or an Index Factor. Consider the following validation rules for each assignment type to select Based On data:

Index computation	The Based On component is a factor.

Variable numerator	The Based On component can be either the Cost Analyzer Balances table or the Driver Balances table. You are not allowed to enter a factor.
Rate calculations	The Based On component must be the Driver Balances table.
Rate-based computations	The Based On component must be the Rate table.

For example, suppose you want to reassign costs that are based on statistical information that exists in the Driver Balances table. Click the search button to exit to the Cost Calculation Select Drivers version (R16132). On Work with Batch Versions, you can select an existing version of the driver template, or you can create a new version and define the data selection as follows:

- Driver Code
- Ledger Type (AA)
- Business Unit
- Fiscal Year

Entering Date Definition Information

You define dates at the sequence level for the From, Based On, and Apply To information.

You can indicate whether the assignment sequence is a monthly, quarterly, or annual assignment. The system uses this indicator to automatically increment the periods and the fiscal year.

When you run the Cost Assignment Calculation program (R1610), you can indicate whether you want the system to increment the dates according to the date definition in the assignment sequence.

Entering Apply To Information

The Apply To information defines where you want to code the result of the cost assignment.

Each field has three options. You can apply the results of the cost assignment to a specific value (Specify), the value in the Based On (Based On), or the originating value (From).

Note

If you want to apply the results of the cost assignment to a specific value, the system retrieves the default value from the previous sequence and enters the value as the default.

For example, suppose that you want to apply the costs to the same business unit that you retrieved in the original information. However, you want to apply it to a different account. When you enter the Apply To options, specify that the Apply To business unit is the same as the From business unit. You must enter a specific value for the new object account.

Based on the assignment type selection, the system displays only those fields that are valid for the assignment type. Consider the following validation rules for each assignment type when you enter the Apply To information:

Index computation	The Apply To result updates the Cost Analyzer Balance table based on the From or Specific Values.
Variable numerator	The Apply To results update the Cost Analyzer Balance table either based on the From, Based On, or Specific Values.
Rate calculations	The Apply To component can only be a cost pool or activity for the Rate table.
Rate-based computations	The Apply To amount is stored in the Cost Analyzer Balance table at an account, activity, or cost object level. You must specify an account.

Setting Up Index Computations

Based on the assignment type selection, the system displays only those fields that are valid for the assignment type. Consider the following validation rules for index computations:

- The From component can be either the Cost Analyzer table or the Driver Balances table.
- The Based On component is a factor.
- The Apply To component can be only a Cost Analyzer balance.

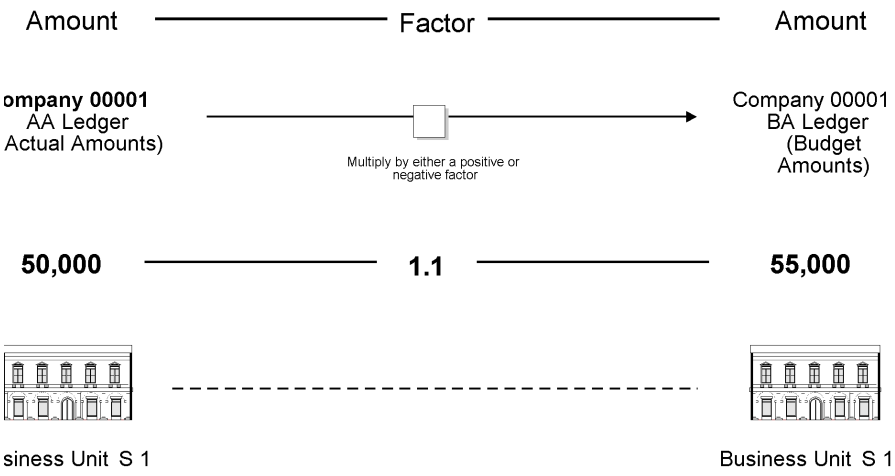
To determine an accurate projection, you can use index computations where you multiply historical data from the Cost Analyzer table or from Driver Balances table by a factor. For example, you could multiply this year's budget by a percentage factor in order to determine next year's budget.

Example: Indexed Computations

Suppose that you want to calculate next year's budget based on this year's balance with a 10 percent increase. You must identify the appropriate accounts and ledger, and identify the factor by which the system calculates the resulting budget. Then you must identify the ledger where you will place the results.

The system takes the end-of-year balances in the AA (actual amounts) ledger in accounts 6110 through 6320 and multiplies each by 1.1 (a 10 percent increase). You can then specify that the results be placed in the same account numbers in the BA (budget amounts) ledger for the following year.

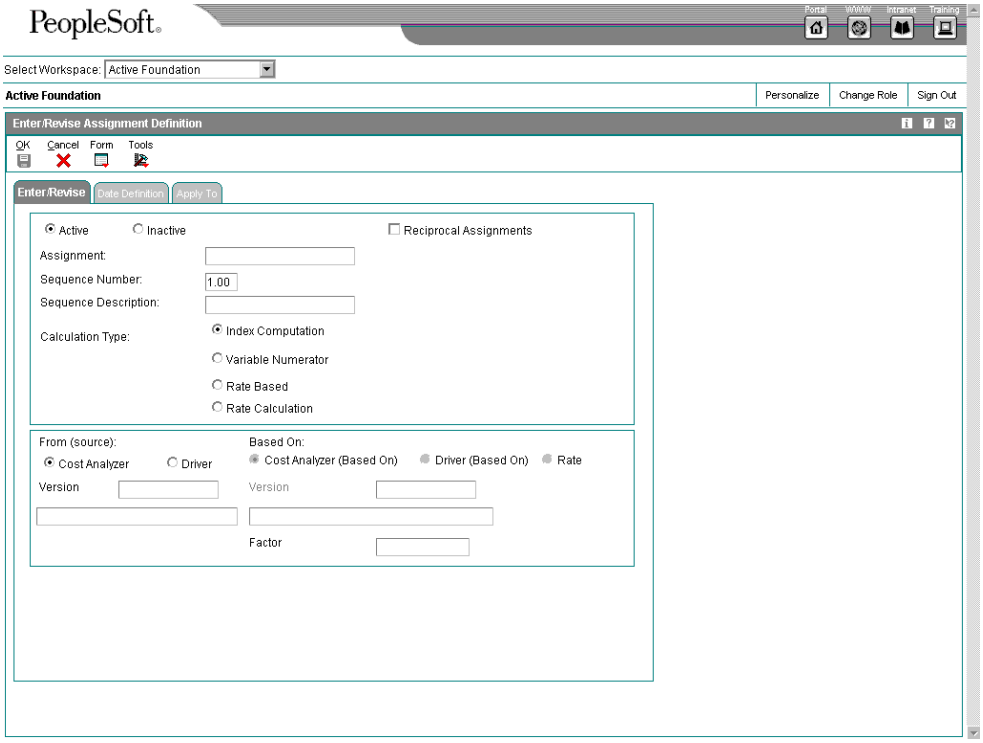
The following graphic illustrates how you can use indexed allocations to calculate the budget using the Cost Analyzer Balances table:



► To set up an index computation

From the Assignments menu (G1623), choose Assignment Definition.

1. On Assignment Definitions, click Add.



2. On Enter/Revise Assignment Definition, click the Enter/Revise tab, and then click one of the following options:

- Active
- Inactive

The Use Matching Business Units option does not apply to a calculation for an index computation.

3. Complete the following fields to identify the assignment calculation:
    - Assignment:
    - Sequence Description:

    The system automatically assigns a sequence number.

    See *Understanding Assignments*.

4. Choose the following assignment type:
    - Index Computation

    See *Understanding Assignments*.

    When you click the Index Computation option, you can choose either the Cost Analyzer Balances table or the Driver Balances table as the From Component.

5. For the From component, choose either of the following fields for an index computation type:
    - Cost Analyzer
    - Driver

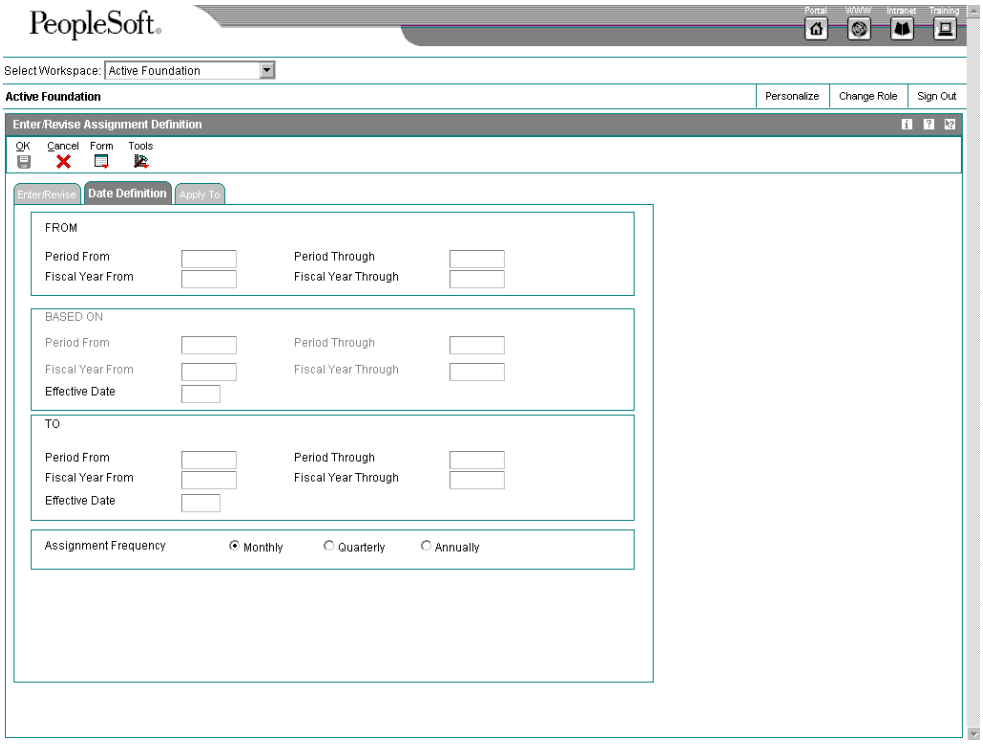
6. Based on your selection in the From component, complete the following field or use the search button to select from a list of versions for either the Cost Calculation Select Balances (R16102) or the Cost Calculation Select Drivers (R16132) programs:
    - Version

7. For the Based on component, complete the following field:
    - Factor

    When you choose Index Computation for the assignment type, you can enter a factor only for the Based On component.

    See *Understanding Assignments*.

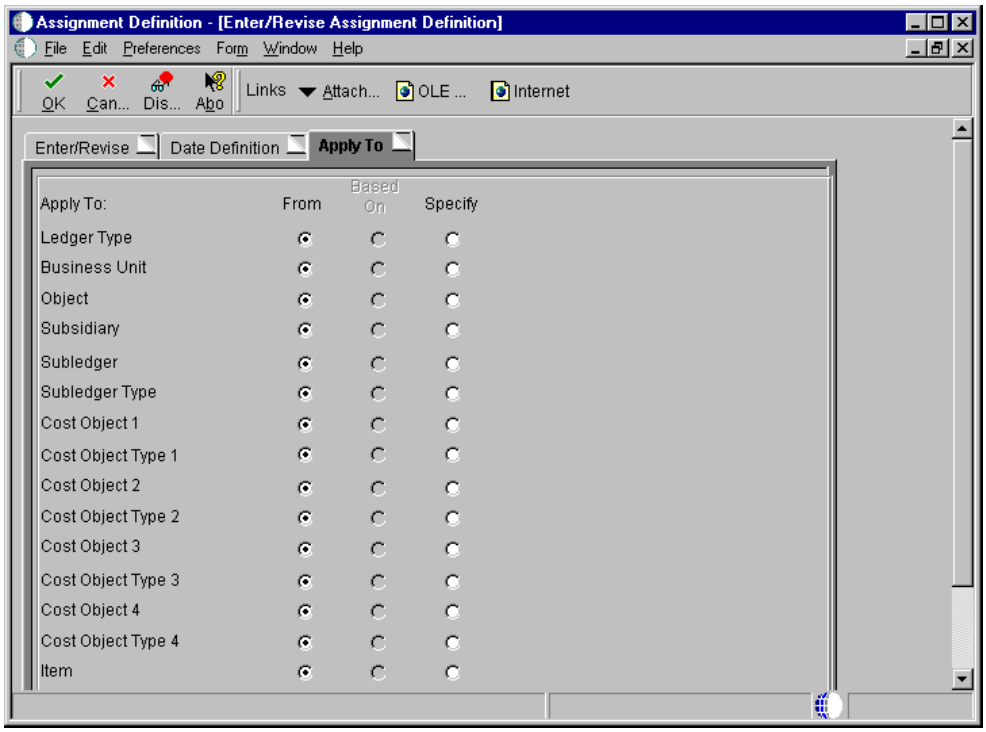
8. To indicate the effective dates of the assignment calculation, click the Date Definition tab.



When you choose Index Computation for the assignment type, you enter only a From and To date or period ranges because the Based On component is a factor.

9. For each of the From and To definitions, complete the following fields:
    - Period From
    - Period Through
    - Fiscal Year From
    - Fiscal Year Through
10. To indicate how often the system creates computations, choose an option from the following heading:
    - Assignment Frequency

    See *Understanding Assignments*.
11. To indicate how the system stores the results of the cost assignment, click the Apply To tab.



When you choose Index Computation for the assignment type, you apply the cost assignments to either the same business unit as you specified for the From component or a to specific value.

12. Choose one of the two options for each of the following fields and click OK:
    - Ledger Type
    - Business Unit
    - Object
    - Subsidiary
    - Subledger
    - Subledger Type
    - Cost Object 1
    - Cost Object 2
    - Cost Object 3
    - Cost Object 4
    - Item
    - Activity

    See *Understanding Assignments*.

Setting Up Variable Numerators

Based on the assignment type selection, the system displays only those fields that are valid for the assignment type. Consider the following validation rules for variable numerators:

- The From component must be the Cost Analyzer Balances table.
- The Based On component can be either the Cost Analyzer Balances table or the Driver Balances table. You are not allowed to enter a factor.
- The Apply To component must be a Cost Analyzer balance.

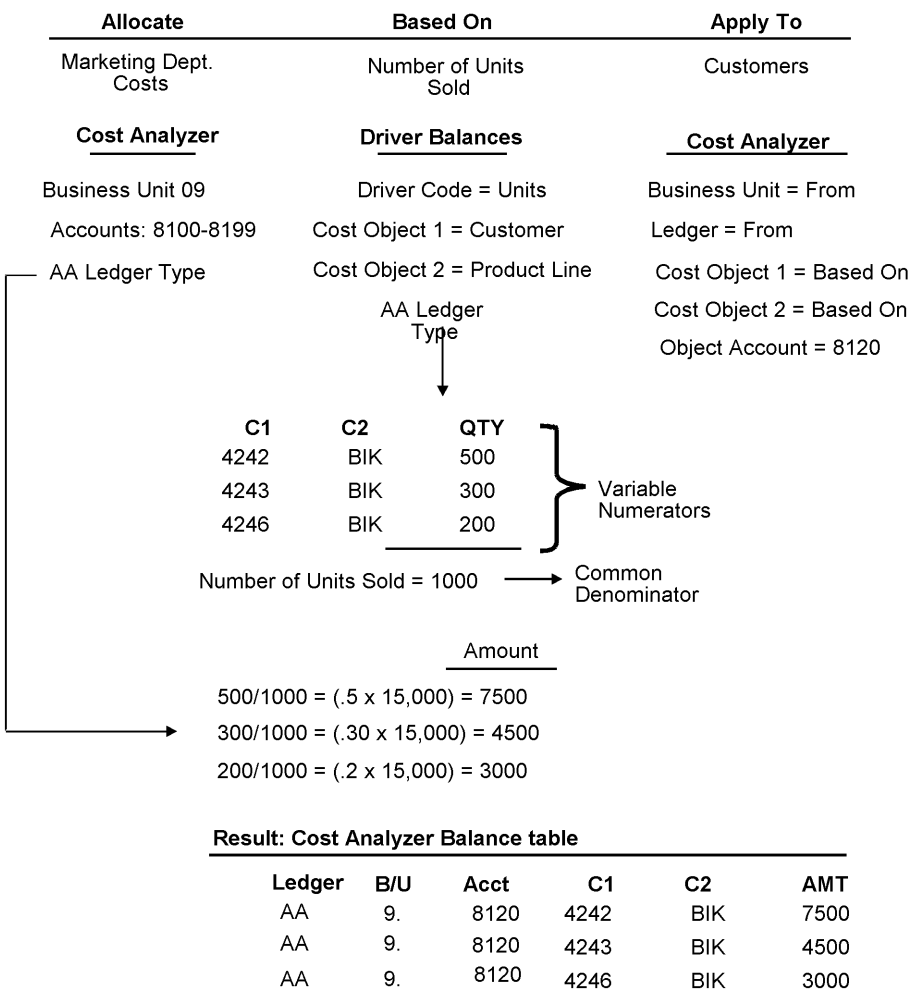
A variable numerator is a factor that is based on data which you specify. Since this data changes when it is updated, the factor might vary from one calculation to the next. You can re-allocate costs or revenue to objects, based on data in the Cost Analyzer Balances table (F1602) or Driver Balances table (F1632).

Example: Variable Numerator

Suppose that you want to reassign indirect costs (15,000 USD) from the marketing department (Business Unit 9) to several customers because you have determined that these marketing costs vary, based on the number of bicycles sold. These bicycle accounts are 8100-8199. You want to base the assignment amount on the number of bicycles sold by each customer. Bicycles are a product line identified by an item category code.

An automatic driver is defined to capture units by product line and customer. For example, cost object 1 would reflect customer, and cost object 2 reflects the product line.

The following graphic illustrates this example:



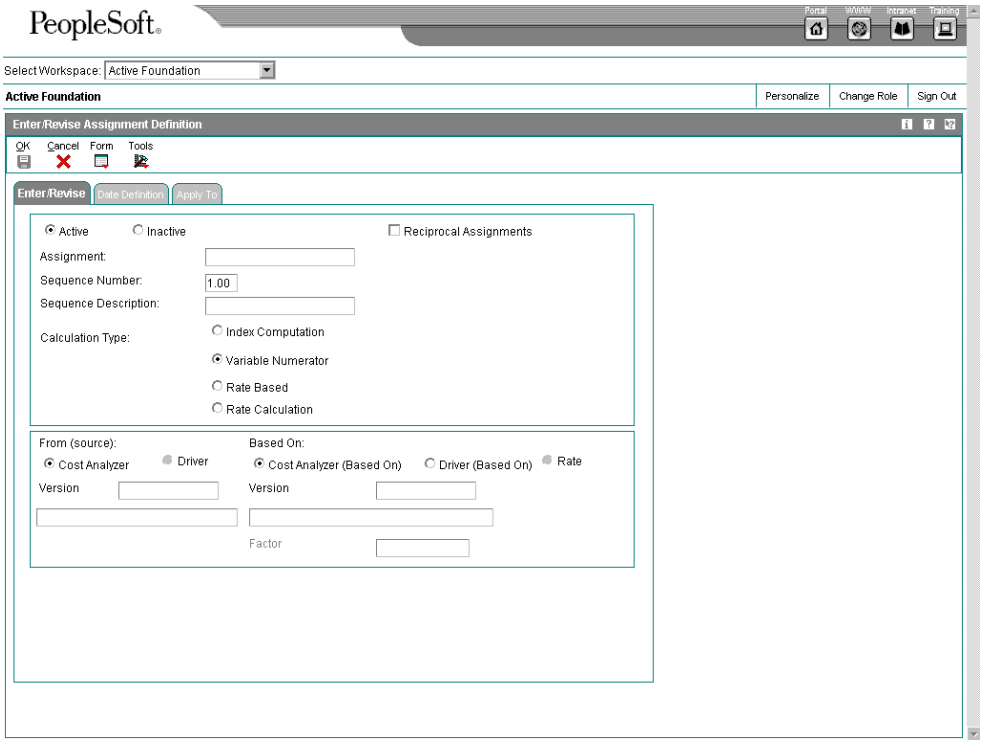
Result: Cost Analyzer Balance table

Ledger	B/U	Acct	C1	C2	AMT
AA	9.	8120	4242	BIK	7500
AA	9.	8120	4243	BIK	4500
AA	9.	8120	4246	BIK	3000

► To set up a variable numerator

From the Assignments menu (G1623), choose Assignment Definition.

1. On Assignment Definitions, click Add.



2. On Enter/Revise Assignment Definition, click the Enter/Revise tab and click one of the following options:

    - Active
    - Inactive

3. Complete the following fields to identify the assignment calculation:

    - Assignment:
    - Sequence Number:

    The system automatically assigns a sequence number.

    See *Defining the Assignment.*

4. Choose the following assignment type:

    - Variable Numerator

    See *Choosing the Computation Type.*

5. For the From component, select the following option:

    - Cost Analyzer

    When you choose Variable Numerator for the assignment type, you can choose only the Cost Analyzer Balances table as the From Component.

6. Complete the following field or use the visual assist to select from a list of versions of the Cost Analyzer program (R16102):

    - Version

    See *Entering From (source) Information*.

    The Based On component can be either a version of the Cost Analyzer program (R16102) or the Driver Balances program (R16132). You are not allowed to enter a factor. Choose any of the following options:

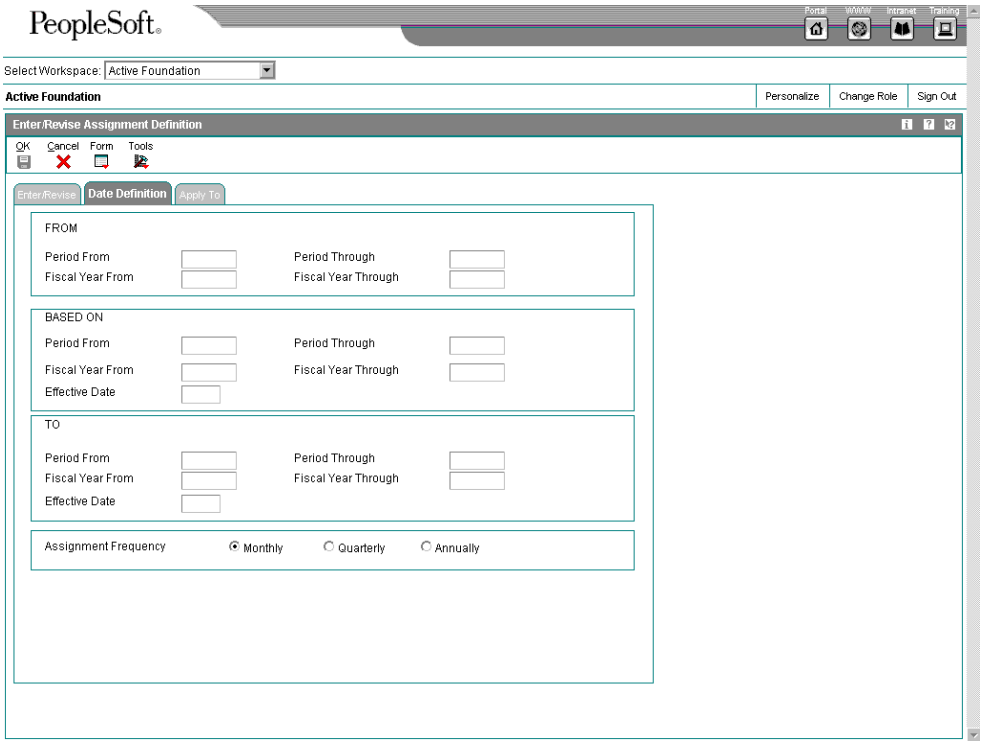
    - Cost Analyzer (Based On)
    - Driver (Based On)
    - Rate

7. Complete the following field or use the search button to select from a list of versions for the appropriate program:

    - Version

    See *Entering Based On Information*.

8. To indicate the effective dates of the assignment calculation, click the Date Definition tab.



When you choose Variable Numerator for the assignment type, you can enter date or period ranges for the From, Based On, and To components.

9. For each of the three definitions (From, Based On, and To), complete the following fields:

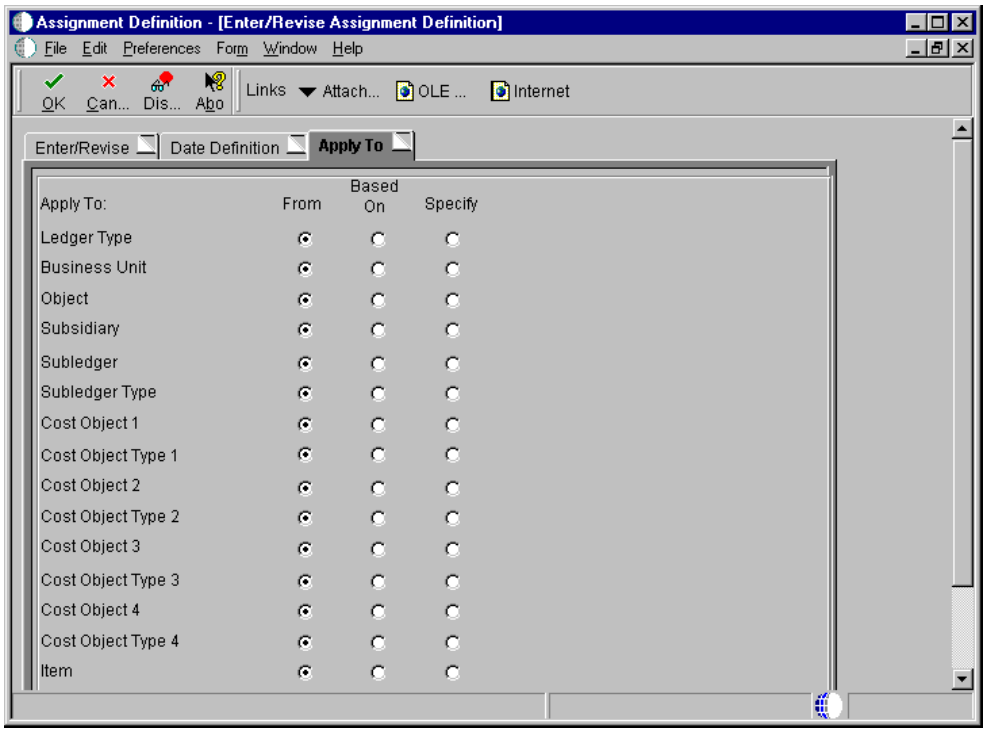
    - Period From
    - Period Through
    - Fiscal Year From
    - Fiscal Year Through

10. To indicate how often the system creates assignments, choose an option from the following heading:

    - Assignment Frequency

    See *Entering Date Definition Information*.

11. To indicate how the system stores the results of the cost assignment, click the Apply To tab.



Three options exist for each field. When you choose Variable Numerator for the assignment type, you apply the cost assignments to a Cost Analyzer table that you specified in the From or the Based On component or in a specific value. However, the Apply To component must be a Cost Analyzer balance.

12. Choose one of the three options for each of the following fields and click OK:

    - Ledger Type
    - Business Unit

- Object
- Subsidiary
- Subledger
- Subledger Type
- Cost Object 1
- Cost Object 2
- Cost Object 3
- Cost Object 4
- Item
- Activity

See *Entering Apply To Information*.

Setting Up Rate Calculations

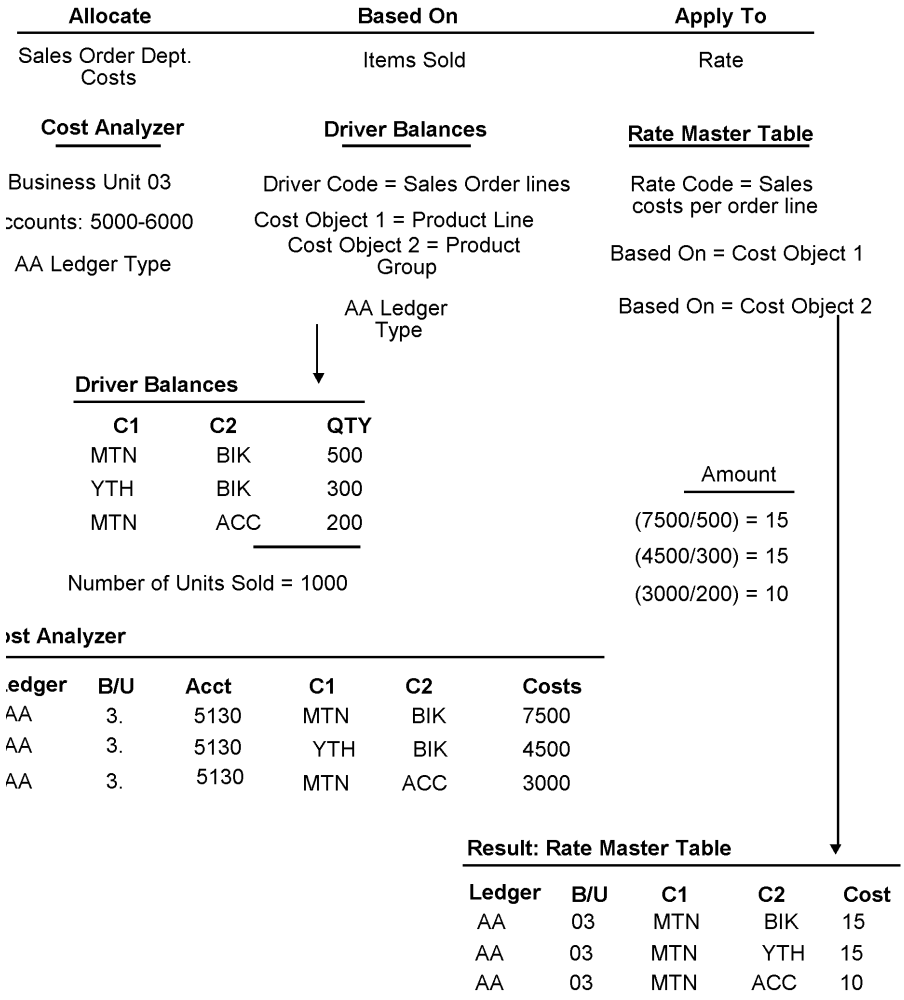
Based on the assignment type selection, the system displays only those fields that are valid for the assignment type. Consider the following validation rules for rate calculations:

- The From component must be the Cost Analyzer Balances table.
- The Based On component must be the Driver Balances table.
- The Apply To component is based on the cost driver--for example, a cost driver of Item and Hours outputs to the rate table as a rate per item.

You can use a rate calculation to calculate a per unit cost from amounts that are stored in the Cost Analyzer Balances table and volumes that are stored in the Driver Balances table. The resulting calculation is a rate value at a cost pool or driver level. For example, you can retrieve the total of sales order department costs (an amount held in the Cost Analyzer Balances table) and divide this number by the items sold (an amount held in the Driver Balances table). The resulting number is the new rate, which can be stored in the Rate Master table.

Example: Rate Calculations

The following graphic illustrates an example of rate calculations:



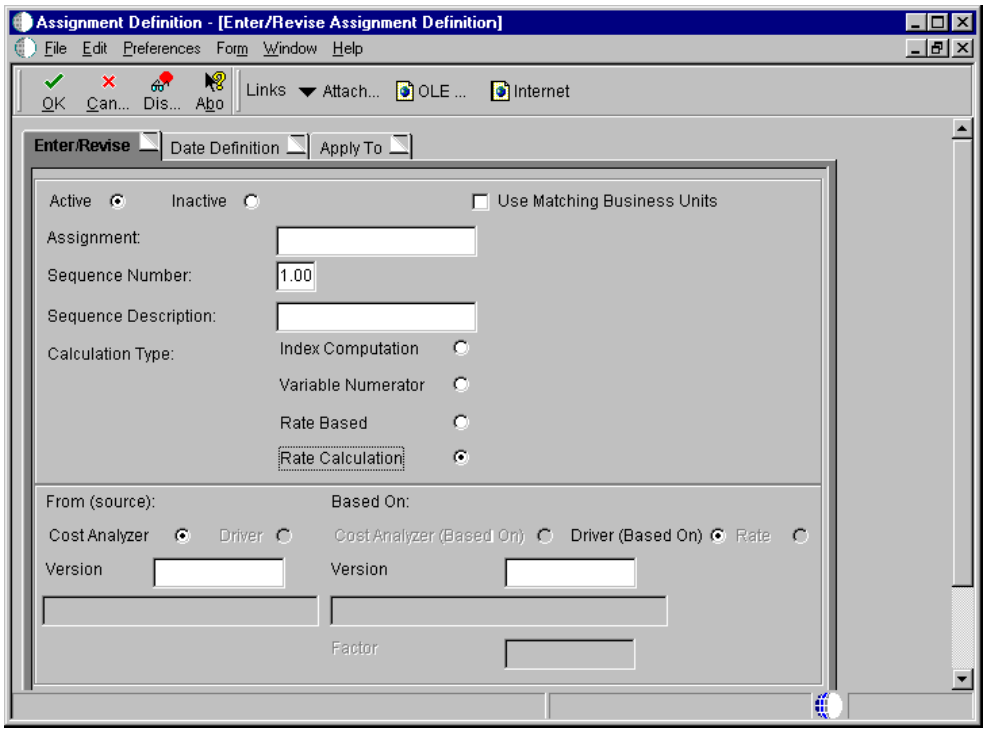
See Also

- *Setting Up Rates* to set up rates that are specific to items, cost objects, activities or cost pools, and subledger types

▶ To set up rate calculations

From the Assignments menu (G1623), choose Assignment Definition.

1. On Assignment Definitions, click Add.



2. On Enter/Revise Assignment Definition, click the Enter/Revise tab, and then click one of the following options:
    - Active
    - Inactive
3. Complete the following fields to identify the assignment calculation:
    - Assignment:
    - Sequence Description:

    The system automatically assigns a sequence number.

    See *Understanding Assignments*.
4. Choose the following assignment type:
    - Rate Calculation

    See *Understanding Assignments*.
5. When you choose the Rate Calculation assignment type, you can choose only the Cost Analyzer table as the From Component. Click the following option:
    - Cost Analyzer
6. Complete the following field or use the visual assist to select from a list of versions for the Cost Analyzer program:
    - Version

See *Understanding Assignments*.

When you choose Rate Calculation for the assignment type, you can choose only the Driver Balances table as the Based On Component.

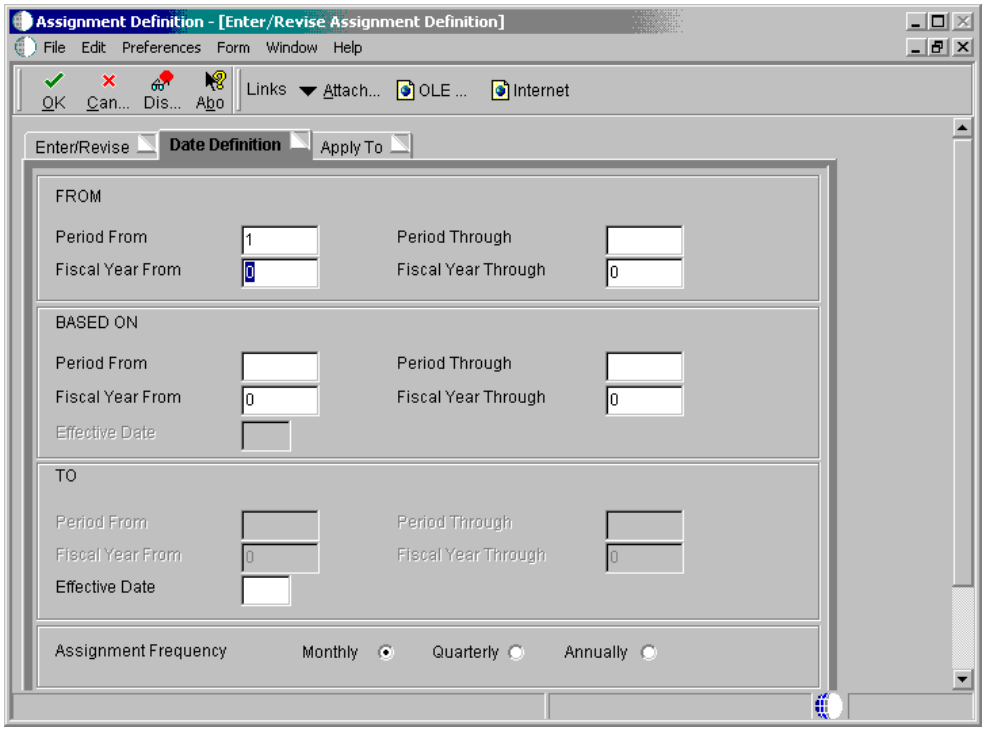
7. Click the Driver Balances option as your assignment type:
    - Driver (Based On)

8. Complete the following field or use the visual assist to select from a list of versions for the Driver Balances program:
    - Version

    The Based On component must be a version of the Cost Calculation Select Drivers program (R16132).

    See *Understanding Assignments*.

9. To indicate the effective dates of the assignment calculation, click the Date Definition tab.



Three options exist for each field. When you choose Rate Calculation for the assignment type, you can enter date or period ranges for the From and Based On components, and assign an effective date.

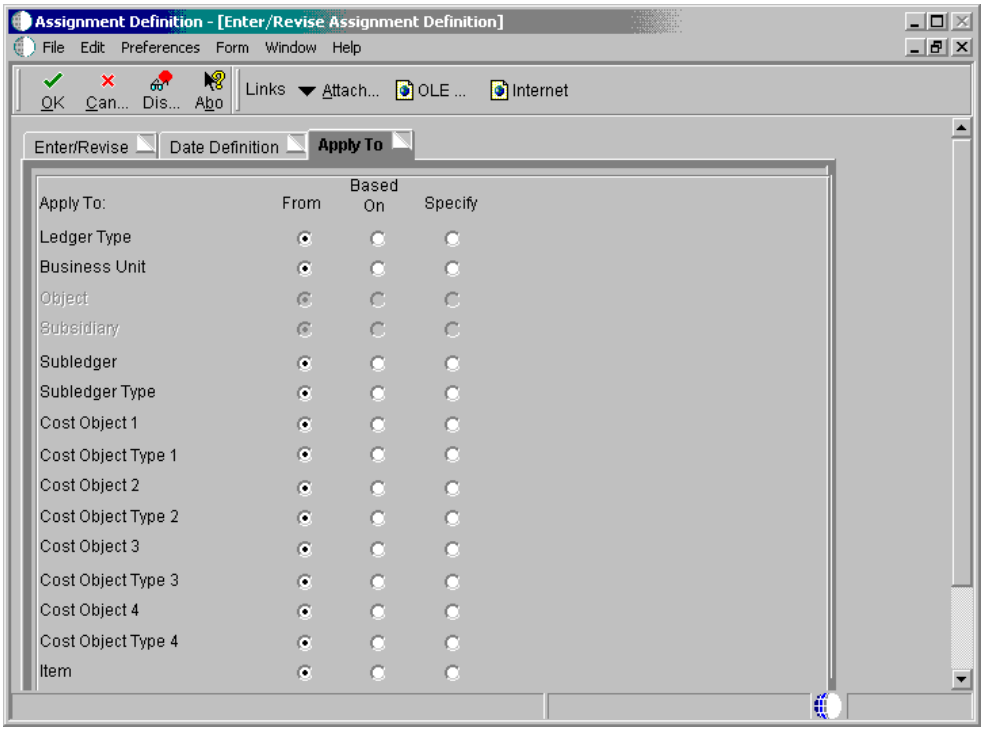
10. Complete the following fields:
    - Period From
    - Period Through
    - Fiscal Year From

- Fiscal Year Through

11. To indicate how often the system creates computations, choose an option for the Assignment Frequency.

    See *Understanding Assignments*.

12. To indicate how the system stores the results of the cost assignment, click the Apply To tab.



    Three options exist for each field. When you choose Rate Calculation for the assignment type, you apply the cost assignments to a Cost Analyzer Balances table that you specified in the From component or the Driver Balances table that you specified for Based On component, or you can enter a specific value. The system inactivates any information that does not apply to the rate calculation assignment.

    The Apply To component can be only a cost pool or activity rate in the Rates table.

13. Choose one of the three options for each of the following fields, and then click OK:
    - Ledger Type
    - Business Unit
    - Subledger
    - Subledger Type
    - Cost Object 1
    - Cost Object 2
    - Cost Object 3
    - Cost Object 4

- Item
- Activity

See *Understanding Assignments*.

Setting Up Rate-Based Computations

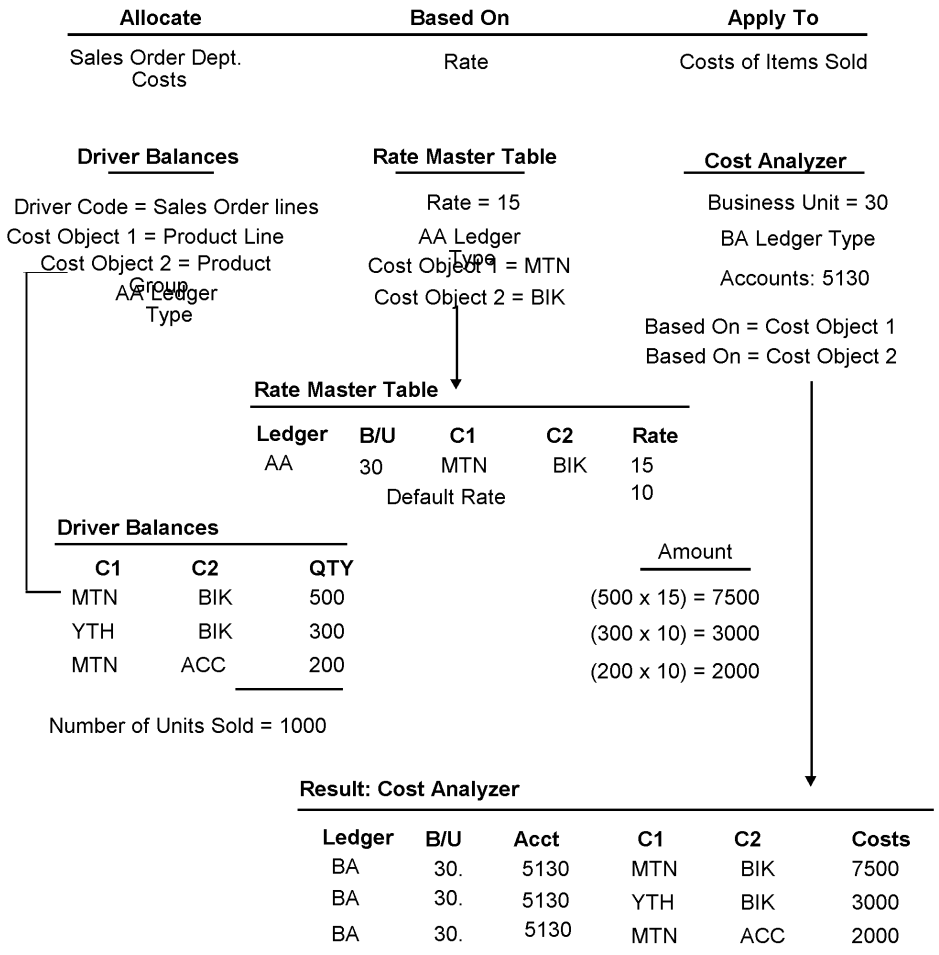
Based on the assignment type selection, the system displays only those fields that are valid for the assignment type. Consider the following validation rules for rate-based computations:

- The From component must be the Driver Balances table.
- The Based On component is from the Rates table.
- The Apply To component must be a Cost Analyzer balance.

A rate-based computation is a rate that is applied to costs or driver volumes and amounts. You might use a rate-based computation to determine the budgeted per line advertising rate by product line. For example, to calculate the advertising amount, you can retrieve sales order detail lines by product and multiply them by a rate for each product. The rate can be different for each product. You can set up a default rate that the system uses if it does not find an exact match with cost object types that matches the From record.

Example: Rate-Based Computations

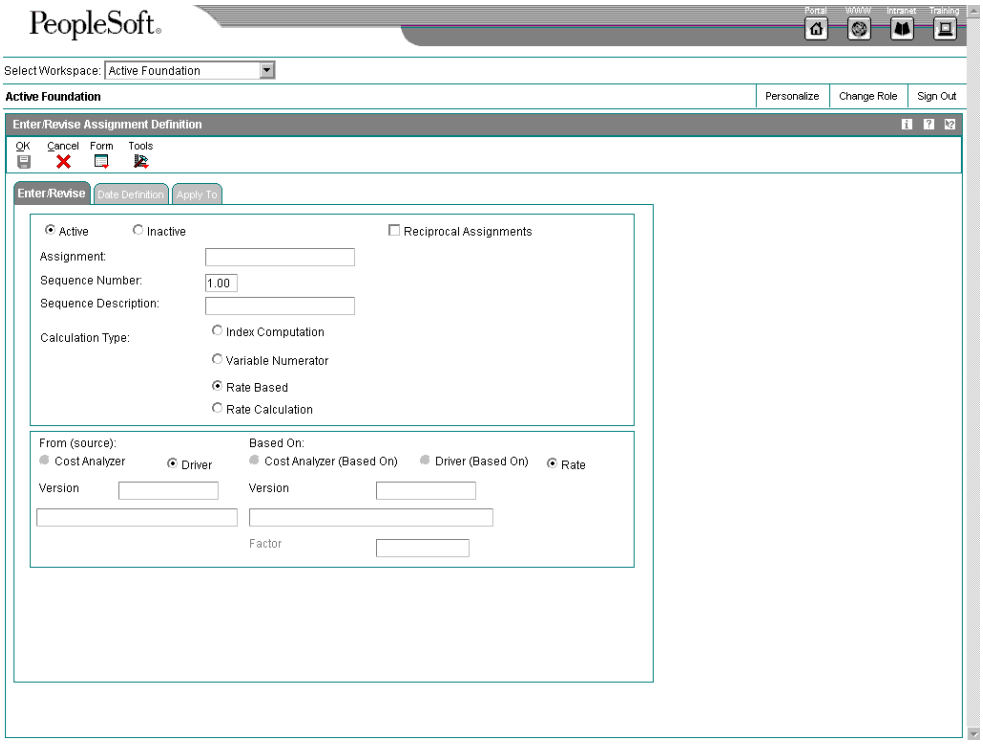
The following graphic illustrates an example of rate-based computations:



► To set up rate-based computations

From the Assignments menu (G1623), choose Assignment Definition.

1. On Assignment Definitions, click Add.



2. On Enter/Revise Assignment Definition, click the Enter/Revise tab and click one of the following options:

    - Active
    - Inactive

3. Complete the following fields to identify the assignment calculation:

    - Assignment:
    - Sequence Description:

    The system automatically assigns a sequence number.

    See *Understanding Assignments*.

4. Choose the following calculation type:

    - Rate Based

    See *Understanding Assignments*.

    When you choose Rate Based for the assignment type, you can choose only the Driver Balances table as the From Component.

5. Click the following option:

    - Driver

6. Complete the following field, or use the search button to select from a list of versions for the Cost Calculation Select Drivers (R16132) program:

    - Version

    See *Entering From (Source) Information*.

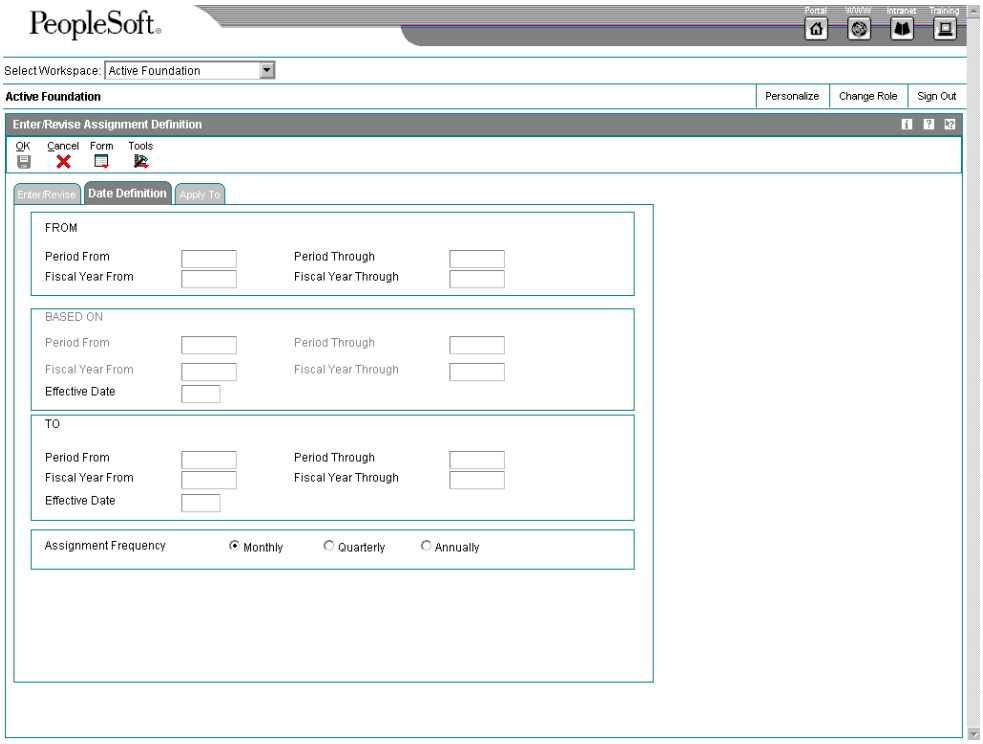
7. Complete the following field or use the search button to select from a list of versions for the Rate Detail (R16142) table:

    - Version

    When you choose Rate Based for the assignment type, you must use a rate from the Rate Master Detail File table as the Based On component.

    See *Entering Based On Information*.

8. To indicate the effective dates of the assignment calculation, click the Date Definition tab.



When you choose Rate Based Calculation for the assignment type, you can enter date or period ranges for the From and Apply To components, and use an effective date in the Based On component.

9. For the From and Apply To components, complete the following fields:

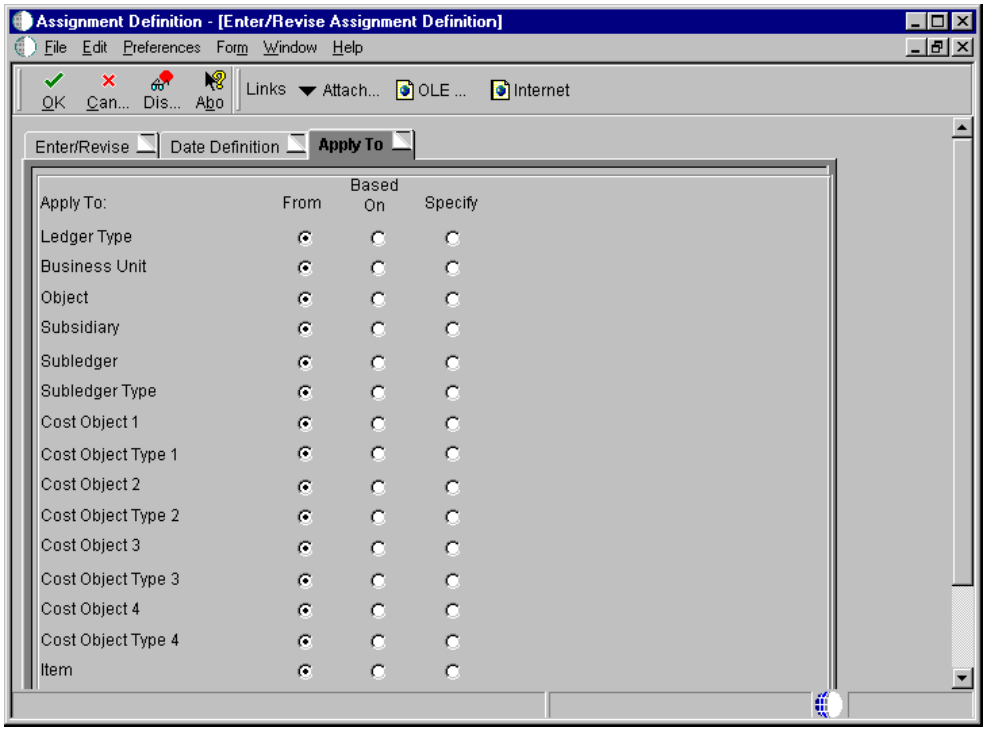
    - Period From
    - Period Through
    - Fiscal Year From

- Fiscal Year Through

10. To indicate how often the system creates computations, choose an option for Assignment Frequency.

    See *Entering Date Definition Information*.

11. To indicate how the system stores the results of the cost assignment, click the Apply To tab.



    Three options exist for each field. When you choose Rate Based for the assignment type, you can apply the cost assignments only to a Cost Analyzer balance.

12. Choose one of the three options for each of the following fields and click OK:

    - Ledger Type
    - Business Unit
    - Object
    - Subsidiary
    - Subledger
    - Subledger Type
    - Cost Object 1
    - Cost Object 2
    - Cost Object 3

- Cost Object 4
- Item
- Activity

See *Understanding Assignments*.

Working with Cost Assignments

After you set up cost assignment calculations, you can select assignments to run, create assignment audit trails, and update the Cost Analyzer Balances table (F1602) or the Rate Master Header File table (F1642). With the Audit Assignment Trail program, you can review assignment transactions.

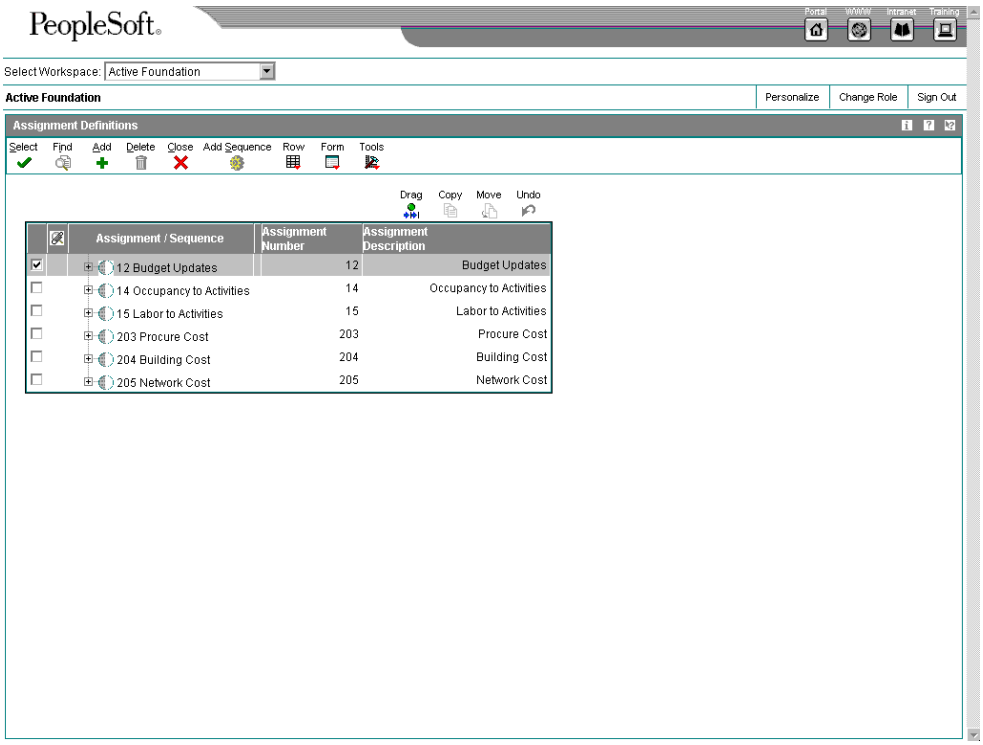
Revising Cost Assignment Calculations

You can review and edit cost assignment definitions before running the calculation. For example, you can disable or enable sequences according to your business needs. Additionally, you can copy and change existing information for a new cost assignment calculation.

▶ To revise cost assignment calculations

From the Assignments menu (G1623), choose Assignment Definition.

1. On Assignment Definitions, click the + symbol to the left of the assignment number to display all sequences for an assignment.



2. To enable or disable an assignment sequence, choose the record, and then choose Enable/Disable from the Row menu.
3. To edit calculation information, choose the record and click Select.
4. On Enter/Revise Assignment Definition form, change information on any of the three tabs, as necessary, and then click OK.

   See *Setting Up Assignments* for more information.

Running Cost Assignment Calculations

From the Assignments menu (G1623), choose Assignment Calculations

When you run the Assignment Calculations program (R1610), you can choose to run single or multiple assignments, or several assignment sequences. The system processes only active sequences.

The system only runs assignments against one cost analyzer view at a time. You must enter the appropriate view in the processing options for Assignment Calculations (R1610) for the system to create entries in the Cost Analyzer Balances table (F1602) or the Rate Master Header File (F1642) or Rate Master Detail File (F16421) tables.

If the assignment type is based on the Cost Analyzer Balances table, the calculation is based on the net balances in the account. If the assignment type is based on the Driver Balances table, the calculation is based on the driver balance. You can run assignments in proof or final mode:

Proof mode	The system does not update cost analyzer balances. If an error exists, the system stops processing at the appropriate sequence and prints an error on the Assignment Computations report. The system does not update the date definition, based on the date frequency.
Final mode	When the sequence is run in final mode, you can select a processing option to enable the system to advance the date definition according to this frequency. For example, if you have defined the frequency as quarterly, the system updates the date definition to the next quarter. The system creates assignment entries. You can choose to print the Assignment Computations report.

When you run the assignment in final mode, the system creates assignment entries. You can use processing options to choose whether to create an audit trail in the Cost Calculations Transactions table (F1611) and to advance the date definition according to the date frequency. For example, if you set the processing options to advance the date and the assignment frequency is quarterly, when the Period From is 11 and the Fiscal Year From is 05, the system advances the Period From to 2 and the Fiscal Year to 06.

The audit trail allows you to view the balance prior to any assignments (net posting), and then review balances that are assigned In and Out at the transaction level (net balances). On the Cost Analyzer Inquiry by Account form, you can review the following:

- Original Balance - Information retrieved from the Account Ledger table (F0911)
- The balance of all assigned Ins
- The balance of all assigned Outs
- The net balance (Original Balance + Assigned Ins and Assigned Outs)

See *Viewing Cost Analyzer Balances* for more information.

Processing Options for Cost Calculations (R1610)

Process
1. Enter the number of the view to be used to read and write records to the cost analyzer balances table (F1602). This processing option is required.
View Number
2. Enter the mode that the calculations are to be processed.
1 = Proof mode with report (default)
2 = Final mode with report
3 = Final mode with no report
Mode
3. Enter a '1' if you would like the dates to be incremented according to the frequency of the calculation. The dates will only be incremented if this option is equal to '1' and if the calculation is run in final mode.
Date Increments
4. Enter a '1' if you would like to create an audit trail by writing records to the Cost Calculation Transactions (F1611) table. If this option is left blank no records will be written to the F1611 table.
Create Audit Trail
Print
1. Enter a '1' if you would like to suppress printing amounts which are zero.
Supress Zero Amounts

Reviewing Cost Assignment Transactions

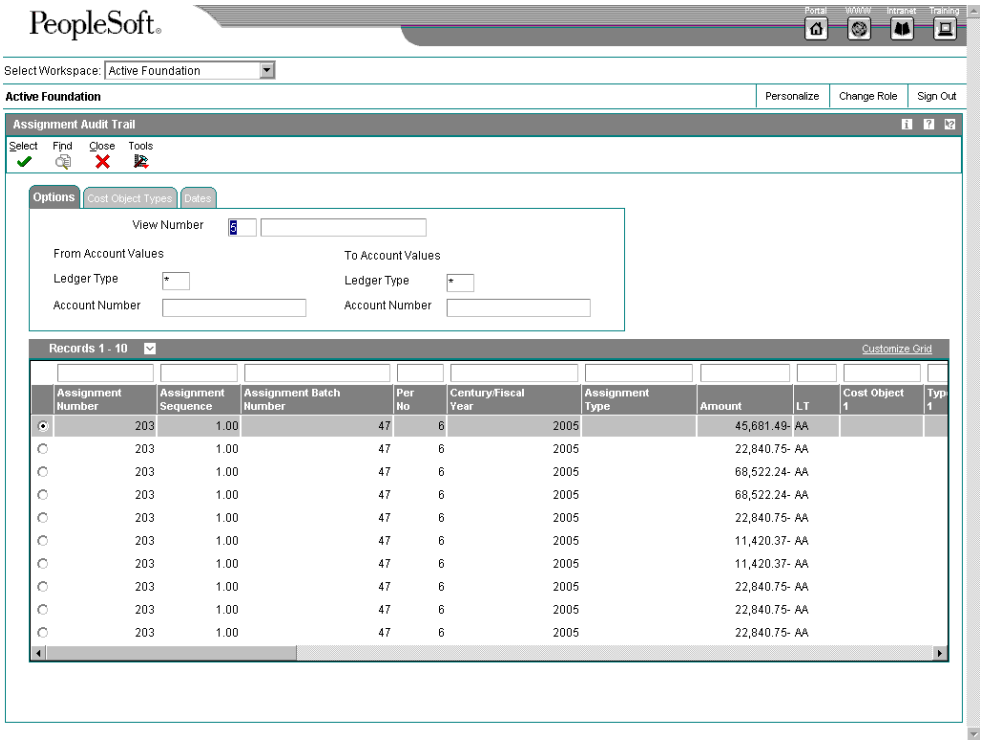
You can use the Assignment Audit Inquiry program to review assignment transactions. For example, on the Assignment Audit Trail Inquiry form, you can review accounts that are receiving allocated costs (to accounts), the accounts that are allocating costs (from accounts), or both. Additionally, you review assignment allocations for cost objects, item number, or subledger type.

For the assignment audit trail, the system displays transactions from the Cost Calculation Transactions table (F1611). When you run the Assignment Calculations program, you must set the processing option to create the audit trail to review assignment transactions.

► To review cost assignment transactions

From the Assignments menu (G1623), choose Audit Assignment Inquiry.

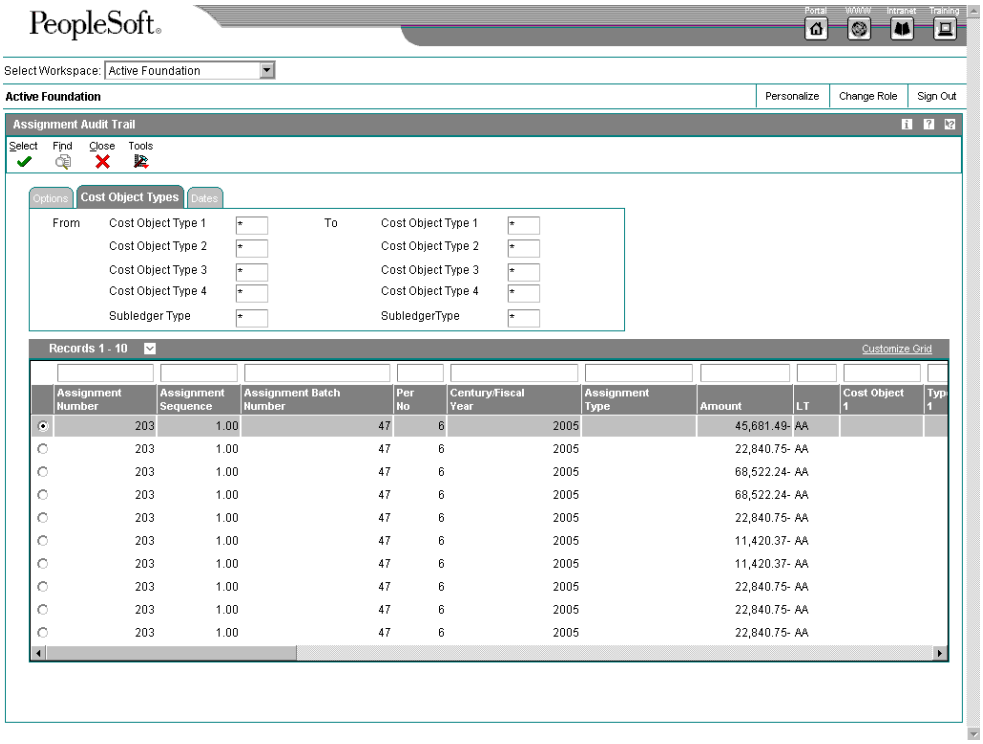
1. On Assignment Audit Trail, click Find.



2. To define search criteria by account or ledger type, click the Options tab, complete the following fields, and click Find:

    - View Number
    - Ledger Type
    - Account Number

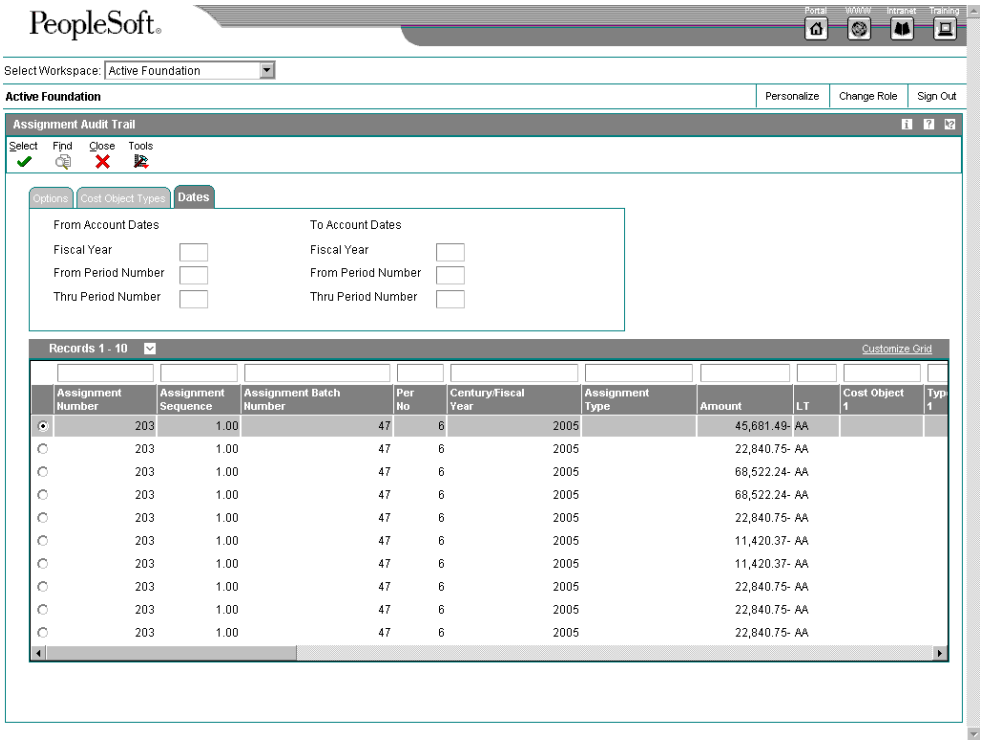
    You can enter values in both the From Account Values and To Account Values fields.



3. To define search criteria by cost object and type, click the Cost Object Types tab, complete the following fields, and click Find.

    - Cost Object Type 1
    - Cost Object Type 2
    - Cost Object Type 3
    - Cost Object Type 4
    - Subledger Type

    You can enter values in both the From and To fields.



4. To define search criteria by account date, click the Dates tab, complete the following fields, and click Find.

    - Fiscal Year
    - From Period Number
    - Thru Period Number

    You can enter values in both the From Account Dates and To Accounts Dates fields.

Reviewing the Assignment Computations Report

On the Assignments menu (G1623), choose Assignment Calculations.

When you run the Cost Assignment Calculation program, you can generate the Assignment Computations report. If you run the Cost Assignment Calculation program in proof mode, you can review assignments prior to the creation of reallocation transactions. On the Assignment Computations report, you can review the following information:

- Cost analyzer view number
- Assignment number, name, and sequence
- Assignment calculation type and frequency
- Assign from information
- Based on information
- Apply to information

You can use this report as an audit trail to view the balance prior to any assignments. For multitiered allocations, you can also view transaction levels for individual assignments. The original balance enables you to reconcile amounts in the general ledger, depending on your summarization during update.

When you create proof computations, the system does not assign a batch number. Rather, it specifies the modes as proof in the upper right corner of the report. When you create final computations, the system specifies the Mode as Final and updates either the Costs Analyzer Balances table (F1602), or the Rate Master Header File (F1642) or Rate Master Detail File (F16421) tables.

See Also

- *R1610, Assignment Computations* in the *Report Guide* for a report sample

Reports

Using Advanced Cost Accounting Financial Reports for Profitability Analysis

The Advanced Cost Accounting system provides four financial reports that you can use for profitability analysis and financial reporting with cost objects. The reports include: Profitability by Cost Object report (R16023), Income Statement by Cost Object report (R16024), Trial Balance by Cost Object report (R16025), and Trial Balance by Object Account for Cost Object report (R16026).

The format for these financial reports is very similar to that of other financial reports within the General Accounting system. The difference is that instead of running them by company, business unit, and so on, you can run them by cost object.

All four reports print information from the Cost Analyzer Balances table (F1602), so you must make sure to update this table before running any of the reports. The Cost Analyzer Balances table is updated when you run the Post To Cost Analyzer Balances program (R1602).

Before You Begin

- Run the Post To Cost Analyzer Balances program (R1601) to update the Cost Analyzer Balances table (F1602). See *Posting Entries to the Cost Analyzer Table.*

Profitability by Cost Object

From the Reporting menu (G1625), choose Profitability by Cost Object.

This report helps you determine the profitability of a certain product line, customer, business unit, or any other cost object. You can choose any combination of cost objects in any hierarchy and the report will print the profitability for each.

This report prints information from the Cost Analyzer Balances table (F1602) by cost analyzer view, so you must update this table before running the report. The F1602 table is updated when you run the Post To Cost Analyzer Balances program (R1602).

See Posting Entries to the Cost Analyzer Table.

Processing Options for Profitability by Cost Object (R16023)

Process
1. Enter the period number and fiscal year for the report to be based on. If left blank, the financial reporting date will be used. For the financial reporting date to be company specific you must sequence by company or business unit.

Period Number
Fiscal Year
2. Blank Cost Objects.
1 = Suppress
Blank = Print
Cost Objects
1. Enter the order in which the Cost Objects should be reported. Leave blank not to include that Cost

Object.
Cost Object 1
Cost Object 2
Cost Object 3
Cost Object 4
Item Number
2. Enter the Cost Object View Number for the Cost Analyzer Balances File.
A specific view number
Zero = All view numbers

Income Statement by Cost Object

From the Reporting menu (G1625), choose Income Statement by Cost Object.

You can use this report to track revenues, expenses, and the net income or loss for a particular cost object. The report format is similar to other OneWorld income statement reports. You can run the report over a specific cost analyzer view or over all views.

This report prints information from the Account Master table (F0901), the Business Unit Master table (F0006), and the Cost Analyzer Balances table (F1602). You must update the F1602 table before running this report. The F1602 table is updated when you run the Post To Cost Analyzer Balances program (R1602).

See Posting Entries to the Cost Analyzer Table.

Processing Options for Income Statement By Cost Object (R16024)

Date
1. Enter the period number and fiscal year the report should be based upon. If left blank, the financial reporting date will be used.
Period Number
Fiscal Year
LOD
1. Enter the lowest level of account level of detail to print on the report.
Account Level Of Detail
Signs
1. Enter a zero to print amounts in their original debit and credit format. Enter a 1 to reverse the sign for all account types (revenues will print as positive and expenses as negative). Enter a 2 to reverse the sign of revenue accounts only (revenues and expenses will print as positive).
Reverse Sign
Calculations
1. Enter a 1 to have net income calculated. If left blank, no calculation will occur.
Calculate Net Income
Headings
1. Enter a 1 to print headings with page number and run date on each page. Enter a 2 to print headings without page number and run date on each page. If left blank, headings will print on the first page only.
Print Headings
2. Enter the date title type to print in the page header. If left blank, no date title will print.
Date Title Type
Cost Objects
1. Enter the Cost Object Code to be reported.
A Cost Object Code
5 = Item Number
2. Enter the Cost Object Type.
A Cost Object Type
1 = Short Item Number
2 = Long Item Number
3 = Third Item Number
3. Enter the Cost Object.

Cost Object Value
Item Number

4. Enter the Cost Object View Number for the Cost Analyzer Balance File.
   A specific view number
   Zero = All view numbers

Trial Balance by Cost Object

From the Reporting menu (G1625), choose Trial Balance by Cost Object.

To verify the accuracy of individual ledger account balances and the overall ledger, use the Trial Balance by Object report. You can also use this report to analyze the debit and credit totals that make up the trial balance for a specific cost object item. The format of this report is similar to other OneWorld trial balance reports.

This report allows you to specify whether to use information from the Account Ledger (F0911) and Account Ledger Tag (F0911T) tables or the Cost Analyzer Balances table (F1602). If you decide to use information from the Cost Analyzer Balances table (F1602), you must remember to run the Post To Cost Analyzer Balances program (R1602) before running the Trial Balance by Cost Object. The Cost Analyzer Balances table (F1602) is updated only when you run the Post to Cost Analyzer Balances program (R1602).

See Posting Entries to the Cost Analyzer Table.

Processing options for Trial Balance by Cost Object (R16025)

Period Tab

Fiscal Year

Use the Fiscal Year field to identify the last two digits of the fiscal year for which the trial balance will be printed. For example, enter 05 for 2005.

If you complete this field, you must also specify the ending period number in the Period Number field.

If you leave this field blank, the program uses the fiscal year defined for the General Accounting system on the Set Up Company form and recorded in the Company Constants table (F0010).

Period Number

Use the Period Number field to identify the period for which the trial balance will be printed.

If you complete this field, you must also specify the fiscal year for the ending period in the Fiscal Year field.

If you leave this field blank, the program uses the current period defined for the General Accounting system on the Set Up Company form and recorded in the Company Constants table (F0010).

Print Tab

1 = Standard account number
2 = Short account ID
3 = Third G/L number

Use this processing option to specify the format for printed account numbers.

Enter one of the following choices:

1 Standard account number (The default is business unit.object.subsidiary)

2 Short account ID (The system assigns)

3 Third G/L number (Your organization can assign during account setup)

If you leave this field blank, the system uses the standard account number.

1 = Omit
Blank = Include

To omit accounts with zero balances in the selected period, enter 1. To include accounts with zero balances, leave this field blank.

NOTE: Accounts with a posting edit code of N (header accounts, which have no balances) print even if you set this processing option to 1.

1 = Break on new business unit
Blank = None

To skip to a new page when the business unit number changes, enter 1. To print without page breaks, leave this field blank.

LOD Tab

A specific level of detail

Blank = All levels

Use this processing option to specify the lowest level of detail to print on the report. Your choices are:

- Levels 1 through 9
- Leave the processing option blank to print all levels of detail on the report (levels 1 through 9)

For example, if you specify level 7 as the lowest level and your chart of accounts includes levels 8 and 9, level 7 will include the totals for accounts

with level 8 and 9 amounts, but the detail for level 8 and 9 will not print.

For the roll-up from one detail level to the next level to occur accurately, you cannot skip levels of detail when you set up the chart of accounts. Skipping a level of detail will produce unpredictable results.

Ledger Tab

A specific ledger type

Blank = AA

The user defined code (system 09/type LT) that specifies the type of ledger.

To define the ledger type to include in the report, your choices are:

- Enter a specific ledger type or choose it from the Select User Define Code form. For example, choose BA, the budget amounts ledger type.
- Leave this field blank to print amounts for the AA (actual amounts) ledger type.

NOTE: You can enter only one ledger type. You cannot specify multiple or all ledger types.

If you specify the CA (foreign currency) ledger type, and the CA ledger type includes amounts for multiple currencies, totals will be meaningless.

Subledger Tab

A specific subledger

*** = All subledgers**

Blank = No subledgers

Use this processing option to print amounts for accounts with subledgers. Your choices are:

- Enter a specific subledger number.
- Enter *. The report will include all subledgers
- Leave this processing option blank. The report will include only accounts without subledgers.

If you complete this field, you must also complete the Subledger Type field.

You can specify the subledger type or select it from the Select User Define Code form in the Subledger Type field.

The user defined code (system 00/type ST) that specifies the table containing the subledger numbers. For example, subledger type A identifies the Address Book Master table (F0101).

If you complete this field, you must also complete the Subledger field.

Currency Tab

A specific currency code

*** = All**

Blank = No currency code

If you post account balances by currency, use this processing option to control the currencies included in the report, as follows:

- To limit the report to amounts for a specific currency code, enter the currency code or choose it from the Currency Code Search form.
- To include amounts for all currencies, enter * (asterisk).
- Leave this processing option blank if you do not post balances by currency.

If you specify the CA ledger type in the Ledger Type field on the Ledger tab, and the CA ledger type includes amounts for multiple currencies, the totals will be meaningless unless you enter a specific currency code in this processing option.

A Cost Object Code

5 = Item Number

Use this processing option to specify the cost object for the system to use to print the report. Enter a valid cost object code. You can also specify that you would like the system to report on a specific item number. If you want to report on a specific item number, enter a value of 5

A Cost Object Type

1 = Short Item Number

2 = Long Item Number

3 = Third Item Number

Use this processing option to specify the cost object type for the system to use to print the report. Enter a valid cost object type. Or, if you specified in the Cost Object Code processing option to report on a specific item number, enter the format of the item number. Valid values to specify format are:

1

Short item number

2

Third item number

3

Long item numbe

Cost Object Value

Item Number

*** = all cost object values**

Use this processing option to specify the cost object for the system to use to print the report. Enter a valid cost object. Or, if you specified in the Cost Object Code processing option to report on a specific item number, enter the item number. If you want to report on a specific item number, the format must match the value specified in the Cost Object Type

processing option. If you want to report on all object types, enter *

Blank = Account Ledger (F0911)

1 = Cost Analyzer Balances (F1602)

Use this processing option to specify the source file for the system to use to print the report. Valid Values are

Blank

Account Ledger table (F0911)

1

Cost Analyzer Balances table (F1602

A specific View Number

Zero = All views

Use this processing option to specify the cost analyzer view for the system to use to print the report. Enter the number of a valid cost analyzer view. If you leave this field blank or enter 0, the system prints the report for all cost analyzer views

Trial Balance by Object Account for Cost Object

From the Reporting menu (G1625), choose Trial Balance by Object Account for Cost Object.

You can use this report to verify the accuracy of individual ledger account balances and your overall ledger. This report consolidates object accounts across many business units.

This report allows you to specify whether to use information from the Account Ledger (F0911) and Account Ledger Tag tables (F0911T) or from the Cost Analyzer Balances table (F1602).

If you decide that you want to use information from the Cost Analyzer Balances table (F1602), you must remember to run the Post to Cost Analyzer Balances program (R1602) before running the Trial Balance by Object Account for Cost Object. The Cost Analyzer Balances table (F1602) is updated only when you run the Post to Cost Analyzer Balances program.

See Posting Entries to the Cost Analyzer Table.

Processing Options for Trial Balance by Object Account for Cost Object (R16026)

Period Tab

Fiscal Year

Use the Fiscal Year field to identify the last two digits of the fiscal year for which the trial balance will be printed. For example, enter 05 for 2005.

If you complete this field, you must also specify the ending period number in the Period Number field.

If you leave this field blank, the program uses the fiscal year defined for the General Accounting system on the Set Up Company form and recorded in the Company Constants table (F0010).

Period Number

Use the Period Number field to identify the period for which the trial balance will be printed.

If you complete this field, you must also specify the fiscal year for the ending period in the Fiscal Year field.

If you leave this field blank, the program uses the current period defined for the General Accounting system on the Set Up Company form and recorded in the Company Constants table (F0010).

Print Tab

Model Business Unit

Use this processing option to specify the model business unit for the system to use to retrieve account descriptions. Enter a valid model business unit

1 = Omit
Blank = Include

To omit accounts with zero balances in the selected period, enter 1. To

include accounts with zero balances, leave this field blank.

NOTE: Accounts with a posting edit code of N (header accounts, which have no balances) print even if you set this processing option to 1.

LOD Tab

A specific level of detail

Blank = All levels

Use this processing option to specify the lowest level of detail to print on the report. Your choices are:

- Levels 1 through 9
- Leave the processing option blank to print all levels of detail on the report (levels 1 through 9)

For example, if you specify level 7 as the lowest level and your chart of accounts includes levels 8 and 9, level 7 will include the totals for accounts with level 8 and 9 amounts, but the detail for level 8 and 9 will not print.

For the roll-up from one detail level to the next level to occur accurately, you cannot skip levels of detail when you set up the chart of accounts. Skipping a level of detail will produce unpredictable results.

Ledger Tab

A specific ledger type

Blank = AA

The user defined code (system 09/type LT) that specifies the type of ledger.

To define the ledger type to include in the report, your choices are:

- Enter a specific ledger type or choose it from the Select User Define Code form. For example, choose BA, the budget amounts ledger type.
- Leave this field blank to print amounts for the AA (actual amounts) ledger type.

NOTE: You can enter only one ledger type. You cannot specify multiple or all ledger types.

If you specify the CA (foreign currency) ledger type, and the CA ledger type includes amounts for multiple currencies, totals will be meaningless.

Subledger Tab

A specific subledger

*** = All subledgers**

Blank = No subledgers

Use this processing option to print amounts for accounts with subledgers. Your choices are:

- Enter a specific subledger number.
- Enter *. The report will include all subledgers
- Leave this processing option blank. The report will include only accounts without subledgers.

If you complete this field, you must also complete the Subledger Type field.

You can specify the subledger type or select it from the Select User Define Code form in the Subledger Type field.

The user defined code (system 00/type ST) that specifies the table containing the subledger numbers. For example, subledger type A identifies the Address Book Master table (F0101).

If you complete this field, you must also complete the Subledger field.

Currency Tab

A specific currency code

*** = All**

Blank = No currency code

If you post account balances by currency, use this processing option to control the currencies included in the report, as follows:

- To limit the report to amounts for a specific currency code, enter the currency code or choose it from the Currency Code Search form.
- To include amounts for all currencies, enter * (asterisk).
- Leave this processing option blank if you do not post balances by currency.

If you specify the CA ledger type in the Ledger Type field on the Ledger tab, and the CA ledger type includes amounts for multiple currencies, the totals will be meaningless unless you enter a specific currency code in this processing option.

Cost Objects Tab

A Cost Object Code

5 = Item Number

Use this processing option to specify the cost object for the system to use to print the report. Enter a valid cost object code. You can also specify that you would like the system to report on a specific item number. If you want to report on a specific item number, enter a value of 5

A Cost Object Type

1 = Short Item Number

2 = Long Item Number

3 = Third Item Number

Use this processing option to specify the cost object type for the system to use to print the report. Enter a valid cost object type. Or, if you specified in the Cost Object Code processing option to report on a specific item number, enter the format of the item number. Valid values to specify format are:

1

Short item number

2

Third item number

3

Long item numbe

Cost Object Value

Item Number

*** = all cost object values**

Use this processing option to specify the cost object for the system to use to print the report. Enter a valid cost object. Or if you specified in the Cost Object Code processing option that you want to report on a specific item number, enter the item number. If you want to report on a specific item number, the format must match the value specified in the Cost Object Type processing option. If you want to report on all object types, enter *.

Blank = Account Ledger (F0911)

1 = Cost Analyzer Balances (F1602)

Use this processing option to specify the source file for the system to use to print the report. Valid Values are

Blank

Account Ledger table (F0911)

1

Cost Analyzer Balances table (F1602

A specific View Number

Zero = All views

Use this processing option to specify the cost analyzer view for the system to use to print the report. Enter the number of a valid cost analyzer view. If you leave this field blank or enter 0, the system prints the report for all cost analyzer views

Using Advanced Cost Accounting Audit Reports for Reconciliation

One of the obstacles that organizations using Activity Based Costing (ABC) face is trying to reconcile GAAP based reporting to ABC based reporting. GAAP methodologies of recognizing costs differ from ABC methodologies.

ABC changes the way costs are allocated to products in two ways. First, costs are redistributed between products and services. Second, more overhead costs are driven to products. As a result, the recognition of costs is often changed between accounting periods.

To be able to reconcile traditional or GAAP based accounting to that based on ABC accounting methodologies, organizations need to reconcile the opening and closing account balances from both a standard and activity-based view.

The ACA system provides four audit reports that assist in reconciling the two accounting systems:

- Resource To Activity Cost Audit Trail Report
- Audit Trail By Assignment
- Resource To Cost Object Audit Trail Report
- Activity To Cost Object Audit Trail Report

All four reports are based on information from an audit log file, called the Cost Calculations (F1611) table. You must indicate in the processing options of the Assignment Calculations (R1610) program that you want to generate the audit log table.

Audit Trail Rpt-Resource to Activity

From the Assignments menu (G1623), choose Audit Trail Rpt-Resource to Activity.

To reconcile general ledger account balances to the activity view account balances, you need to reconcile resource to activity account balances. You can run this report to assist in this process. This report allows you to reconcile the resources (accounts) that have been assigned to an activity.

This report prints information from an audit log file, which is called the Cost Calculation Transactions table (F1611). You must specify in the processing options of the Assignment Calculations program (R1610) that you want the system to generate this audit log file.

When selecting records from the audit log file to print on the report, the system validates the Activity Code field and the To Activity Code field. The system only selects records where the Activity Code field is blank and the To Activity Code field is not blank.

The Audit Trail Rpt-Resource to Activity report also prints information from the Account Master table (F0901). This action allows you to perform data selection on fields in the Account Master table (F0901) such as the Account Category code fields.

Processing Options For Audit Trail Rpt-Resource to Activity (R16111)

Process
1. View

Audit Trail Report by Assignment

From the Assignments menu (G1623), choose Audit Trail Report by Assignment.

Use this report if you need to reconcile account balances within a particular assignment. This report shows you all of the assignment activity for a particular account.

This report prints information from an audit log file, which is called the Cost Calculation Transactions table (F1611). You must specify in the processing options of the Assignment Calculations program (R1610) that you would like the system to generate this audit log file.

The system also prints information from the Account Master file (F0901), so you can use data selection on fields from this file such as the Account Category Code fields.

Processing Options for Audit Trail Rpt by Assignment (R16112)

Process
1. View

Audit Trail Rpt-Resource to Cost Object

From the Assignments (G1623) menu, choose Audit Trail Rpt-Resource to Cost Object.

You can use this report to help you reconcile resources to cost object account balances. You can also use this report to reconcile the resources (accounts) that have been assigned to various cost objects within an assignment.

This report prints information from an audit log file, which is called the Cost Calculation Transactions table (F1611). You must specify in the processing options of the Assignment Calculations program (R1610) that you would like to generate this audit log file.

When selecting records from the audit log file, the system validates the Activity Code field and the To Cost Object field. The system selects only records where the Activity Code field and the To Cost Object field are not blank.

This report also prints information from the Account Master table (F0901). This feature allows you to perform data selection on fields in the Account Master table such as the Account Category Code fields.

Processing Options for Audit Trail Rpt-Resource to Cost Object (R16113)

Process
1. View

Audit Trail Rpt-Activity to Cost Object

From the Assignments menu (G1623), choose Audit Trail Rpt-Activity to Cost Object.

This report assist you in reconciling activity to cost object account balances. You can reconcile the cost objects to which an activity was assigned within a particular assignment.

This report prints information from an audit log file, which is called the Cost Calculation Transactions table (F1611). You must specify in the processing options of the Assignment Calculations program (R1610) that you would like to generate this audit log file.

When selecting records from the audit log file to print on the report, the system validates the Activity Code field and the To Cost Object field. The system selects only records where the Activity Code and the To Cost Object fields are not blank.

This report also prints information from the Account Master file (F0901). This action allows you to perform data selection on fields in the Account Master file such as the Account Category Code fields.

Processing Options for Audit Trail Rpt-Activity to Cost Object (R16114)

Process
1. View

Customer Profitability Report

From the Reporting menu (G1625), choose Customer Profitability report (R16028).

Throughout the supply chain, various levels of management in your company might require tools to determine the profitability of customers, products, or both. Your company's management might need reports that show which customers are most profitable and deserve superior customer service. The Customer Profitability report (R16028) provides this information for you.

The Customer Profitability report prints four different sections:

- Revenue
- Expense

The Revenue and Expense sections consist of values with account numbers that fall within the AAI range of Revenue and Expenses.

- Activity Costs

The Activity Costs section contains:

- Accounts that have been assigned to an activity

- Accounts where a customer has been assigned
- Accounts where the account numbers are greater than the range for the GLG 9 AAI

- Other Indirect Expense and Income.

The Other Indirect Income and Expense section includes:

- Accounts that fall outside the AAI range for Revenues and Expenses (greater than the GLG 9 AAI)
- Accounts that have been assigned to a customer
- Accounts that have not been assigned to an activity

Because meeting the needs of every customer is impossible, this report serves as a generic template that you can modify to meet your needs, according to your setup of the Advanced Cost Accounting system. This level of flexibility is achieved through the use of processing options, data selection, and minor code changes.

In the Select tab of the processing options, you can choose the cost analyzer view, fiscal year, from period, thru period, and ledger type for the system to use for the report. The Detail tab provides further flexibility by allowing you to choose the lowest level of account detail and the range of activities for the report.

Note

This report was designed to work for a level of detail of 5, 6, 7, 8, or 9. You must select one of these levels of detail in the Level of Detail processing option to see accurate profitability for a customer.

The Customer Profitability report uses an internal UBE called the Profitability Reporting report (R16028A). The specifications for this internal UBE need to be checked into the server for the report to run correctly. See *Checking Out or Checking In a Batch Version* in the *Foundation Guide* for information on checking in specifications for a report into the server.

This report prints information from the Cost Analyzer Balances table (F1602). You must run the Post to Cost Analyzer Balances program (R1602) to update this table. *See Posting Entries to the Cost Analyzer Table.*

Note

Due to the complexity of this report, processing time could be slow. Therefore, J.D. Edwards recommends that you run this report at night and with data selection. For example, run only one or two companies at a time.

Before You Begin

- ❑ Set up the GLG Automatic Accounting Instructions (AAIs). See *General Purpose Accounts* in the *General Accounting Guide* for more information on setting up the GLG AAIs.
- ❑ Set up the FS04 AAI. See *Financial Statement Totals* in the *General Accounting Guide* for more information on setting up the FS04 AAI.
- ❑ Turn on Activity Based Costing in the Cost Management Constants. *See Setting Up Constants*.