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# Oracle Inventory and Cost Management Cloud

## Demystifying Consigned Inventory Accounting

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**Krishna Ghantasala**

Senior Principal Product Manager

**Kaushik Sivakumar**

Director, Product Strategy

# Safe harbor statement

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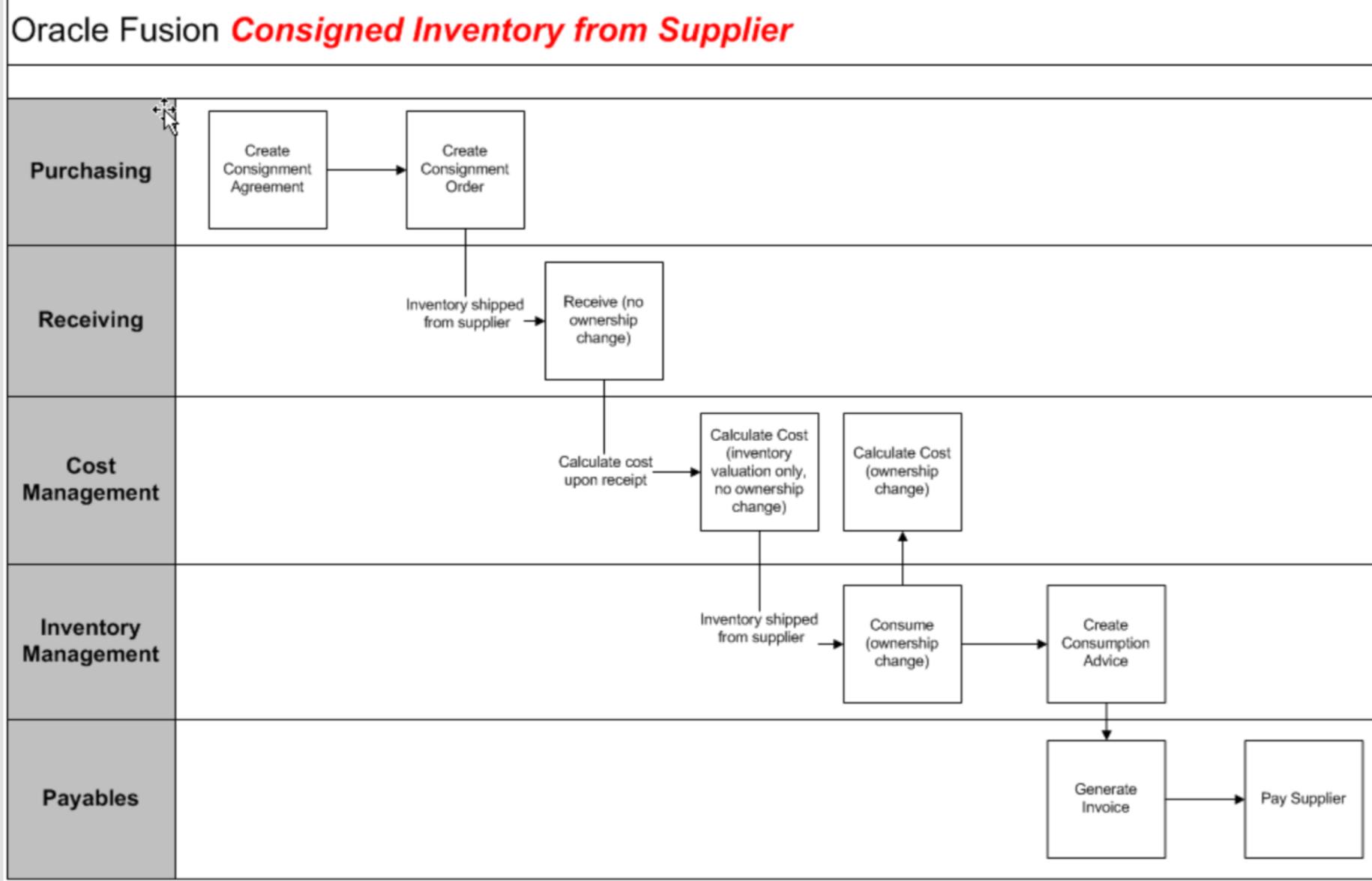


# Agenda

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- High level overview of the consigned process
- Introduction to key consigned inventory setups in Costing
- Consigned business flows supported
- Consigned Accounting - how it happens

# Consignment Process Flow



# Consumption Rules

Consumption may be

- *Explicit* – Transfer to owned transaction
- *Implicit* – Based on consumption rules. Consumption rules are modeled after inventory transaction types such as the following –
  - TO pick
  - TO shipment
  - TO receipt
  - WO pick
  - Interorganization transfer
  - Subinventory transfer
  - SO Pick etc.

**Edit Consumption Rule**

Transaction Type Subinventory Transfer

From Organization M1

To Organization

\* From Subinventory ConsignVen

From Locator

\* To Subinventory Stores

✓ Ownership change

To Locator

Item

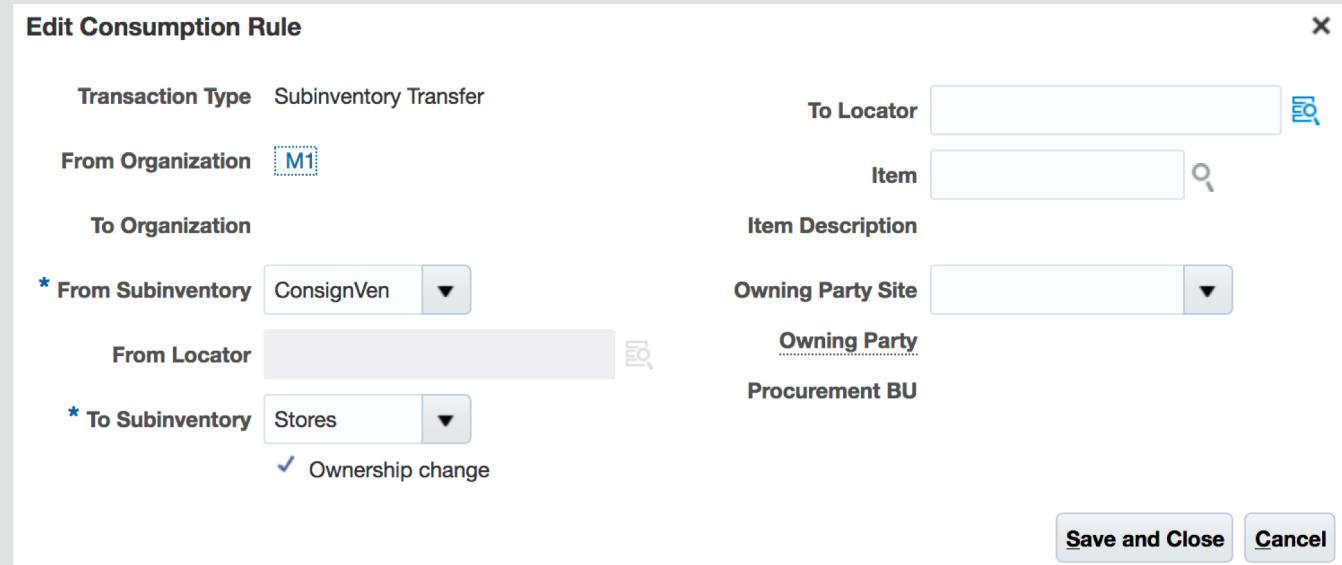
Item Description

Owning Party Site

Owning Party

Procurement BU

Save and Close Cancel



# Consigned Setups in Costing

## Cost Method

- Actual Costing

## Valuation Rules

- At Zero Cost
- At Actual Cost
- Create Accounting Option

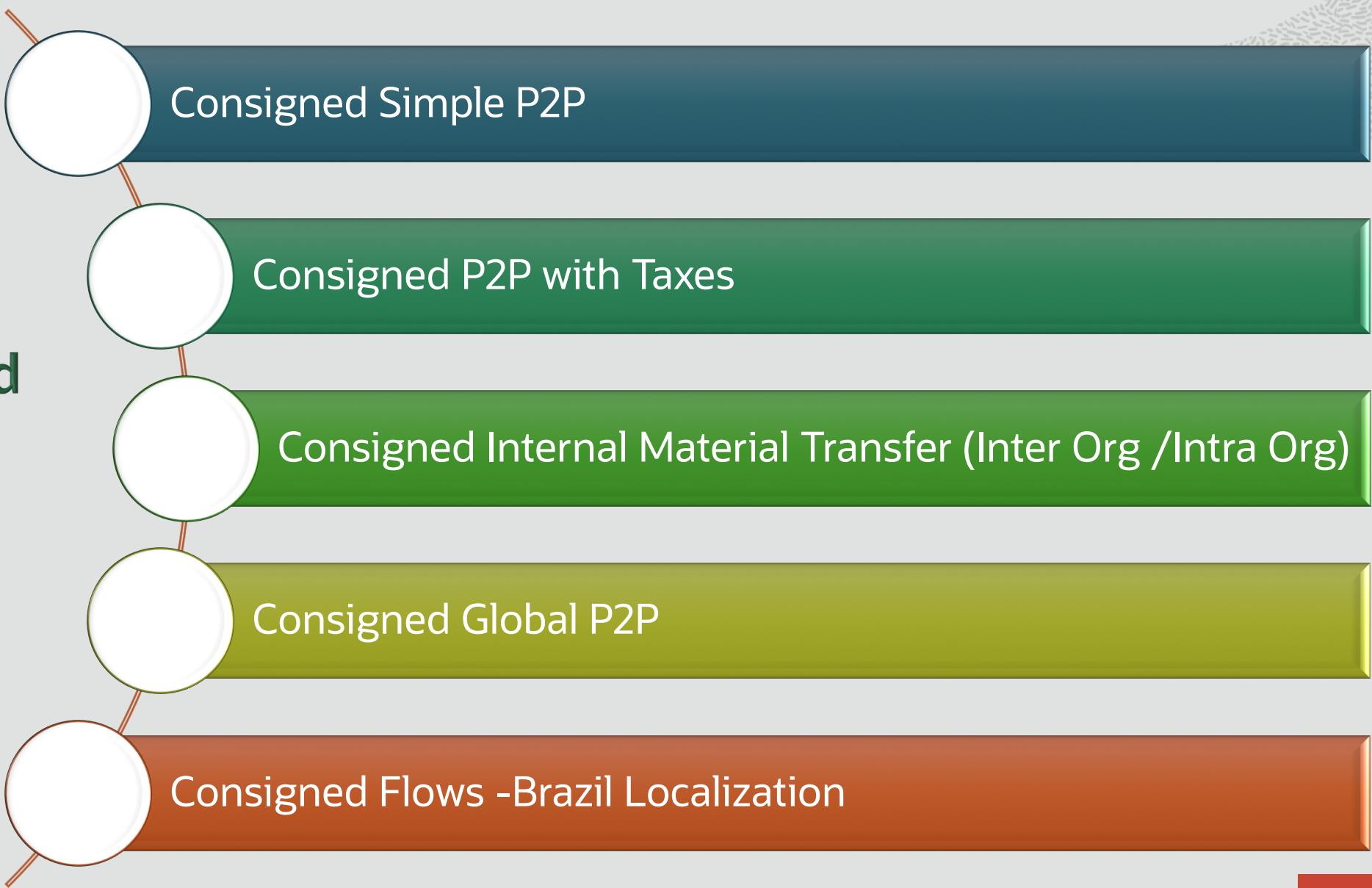
## Valuation Structures

- Owner Type
- Owner
- Receipt Number
- Inventory Organization

## Other Key Parameters

- Process Negative Inventory
- Account Intra VU Transfers

## Consigned Business Flows



# Consigned Accounting Explained –P2P



Supplier ships goods as Consigned  
4 Each @ \$5.00



## Consigned PO Receipt (CMR)

- Debit: Consigned Clearing [\$20]
- Credit: Consigned Accrual

## Consigned PO Delivery (CST)

- Debit: Consigned Inventory [\$20]
- Credit: Consigned Clearing

Consigned  
goods  
owned

## Trade Receipt Accrual (CMR)

- Debit: Trade Clearing [\$20]
- Credit: Supplier Accrual

## Transferred to Owned Issue (CST)

- Debit: Consigned Offset [\$20]
- Credit: Consigned Inventory

## Consigned Receipt Consumption (CMR)

- Debit: Consigned Accrual [\$20]
- Credit: Consigned Clearing

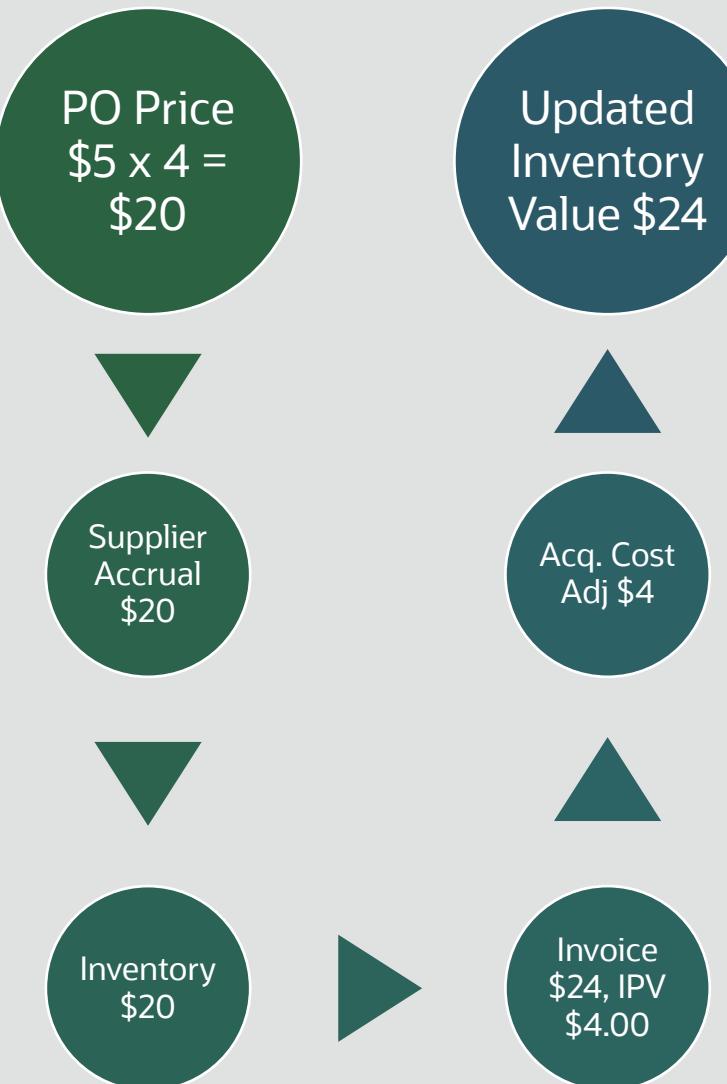
## Trade In Transit Receipt(CST)

- Debit: Trade In Transit [\$20]
- Credit: Trade Clearing

## Transfer to Owned Receipt (CST)

- Debit: Inventory [\$20]
- Credit: Trade in Transit

# Consigned Accounting Explained –P2P Acq. Cost Adj



## AP Invoice (AP)

- Debit: Accrual [\$20]
- Debit: Invoice Price Adjustment [\$4]
- Credit: Supplier Liability [\$24]

## Invoice Price Adjustment (CMR)

- Debit: Trade Clearing [\$4]
- Credit: Invoice Price Adjustment

## Acquisition Cost Adjustment (CST)

- Debit: Trade In Transit [\$4]
- Credit: Trade Clearing

## Propagated Cost Adjustment (CST)

- Debit: Inventory [\$4]
- Credit: Trade In Transit

# Consigned Accounting Explained –P2P and IMT



4EA @ \$5

Supplier sends  
goods as  
consigned



Goods received in  
Central Ware  
house



4EA @ \$5

Goods are  
transferred in  
Consigned to  
Factory

# Consigned Accounting Explained –P2P and IMT

## Consigned Goods Receipt – Org A

### Consigned PO Receipt (CMR) Org A

- Debit: Consigned Clearing [\$20]
- Credit: Consigned Accrual

### Consigned PO Delivery (CST) Org A

- Debit: Consigned Inventory [\$20]
- Credit: Consigned Clearing

## Consigned goods transferred to Org B

### Consigned Intransit Shipment (CST) Org A

- Debit: Consigned Intransit [\$20]
- Credit: Consigned Inventory

### Consigned Trade Intransit Issue (CST) Org A

- Debit: Consigned Inter Org Receivable [\$20]
- Credit: Consigned Intransit

## Consigned transferred Goods received – Org B

### Consigned Trade Receipt Accrual (CMR) Org B

- Debit: Consigned Clearing [\$20]
- Credit: Consigned Inter Org Payable

### Consigned Trade Intransit Receipt (CST) Org B

- Debit: Consigned Trade In Transit [\$20]
- Credit: Consigned Clearing

### Consigned Inter Org Receipt (CMR) Org B

- Debit: Consigned Inspection [\$20]
- Credit: Consigned Trade in Transit

### Consigned Inter Org Receipt Delivery (CST) Org B

- Debit: Consigned Inventory [\$20]
- Credit: Consigned Inspection



# Consigned Accounting Explained –P2P and IMT

## Consigned Goods consumed in Org B

### Transfer to Owned Issue (CST)

Org B

- Debit: Consigned Offset [\$20]
- Credit: Consigned Inventory

### Trade Receipt Accrual (CMR)

Org B

- Debit: Trade Clearing [\$20]
- Credit: Inter Co. Accrual

### Trade In Transit Receipt (CST)

Org B

- Debit: Trade In Transit [\$20]
- Credit: Trade Clearing

### Transfer to Owned Receipt (CST)

Org B

- Debit: Inventory [\$20]
- Credit: Trade In Transit

## Create Supplier Accrual on Owned – Org A

### Consigned Receipt Consumption (CMR)

Org A

- Debit: Consigned Accrual [\$20]
- Credit: Consigned Clearing

### Trade Receipt Accrual (CMR)

Org A

- Debit: Trade Clearing [\$20]
- Credit: Supplier Accrual

### Trade In transit Receipt (CST)

Org A

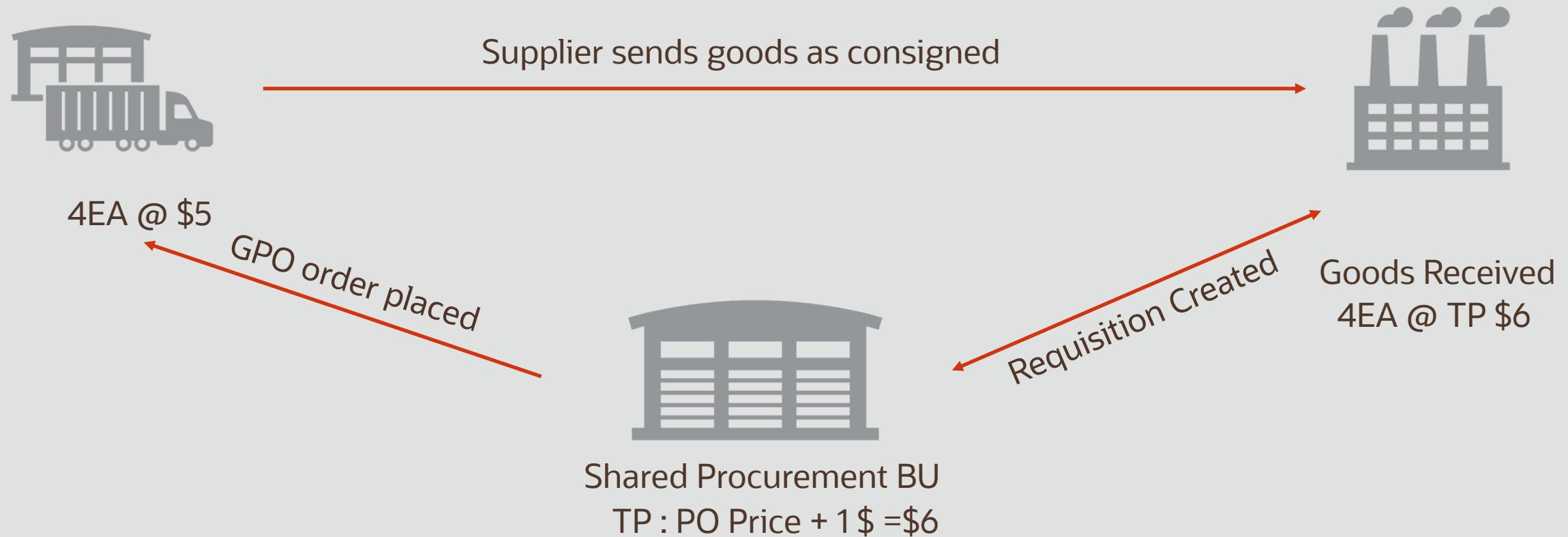
- Debit: Trade In Transit [\$20]
- Credit: Trade Clearing

### Trade In transit Issue (CST)

Org A

- Debit: Inter Co. COGS [\$20]
- Credit: Trade in Transit

# Consigned Accounting Explained –GPO



# Consigned Accounting Explained –GPO

## Consigned Goods Receipt – Org B (Req. BU)

### Consigned PO Receipt (CMR)      Org B

- Debit: Consigned Clearing [\$20]
- Credit: Consigned Accrual

### Consigned PO Delivery (CST)      Org B

- Debit: Consigned Inventory [\$20]
- Credit: Consigned Clearing

## Consigned Owned in Org B (Req. BU)

### Transferred to Owned Issue (CST)      Org B

- Debit: Consigned Offset [\$20]
- Credit: Consigned Inventory

### Consigned Receipt Consumption (CMR)      Org B

- Debit: Consigned Accrual [\$20]
- Credit: Consigned Clearing

Transferred to Owned Issue  
will trigger the Inter company  
Accounting for GPO flows

# Consigned Accounting Explained –Global PO

## Create Supplier Accrual on Owned – Org A

### Trade Receipt Accrual (CMR)

Org A

- Debit: Trade Clearing [\$20]
- Credit: Supplier Accrual

### Trade Intransit Receipt (CST)

Org A

- Debit: Trade In Transit [\$20]
- Credit: Trade Clearing

### Trade In transit Issue (CST)

Org A

- Debit: Inter Co. COGS [\$20]
- Credit: Trade in Transit

## Inter Company Accrual in Org B

### Trade Receipt Accrual (CMR)

Org B

- Debit: Trade Clearing [\$24] -TP
- Credit: Inter Co. Accrual

### Trade In transit Receipt (CST)

Org B

- Debit: Trade In Transit [\$24] -TP
- Credit: Trade Clearing

### Transfer to Owned Receipt (CST)

Org B

- Debit: Inventory [\$20] – PO price
- Debit: Inventory [\$4] –Profit in Inventory
- Credit: Trade In transit

## Inter Co. Accounting Events

## Demo

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Consigned P2P Flow

Consigned P2P flow -Transfer

# Thank You

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Krishna Ghantasala  
Kaushik Sivakumar

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