Using the General Ledger Interfaces
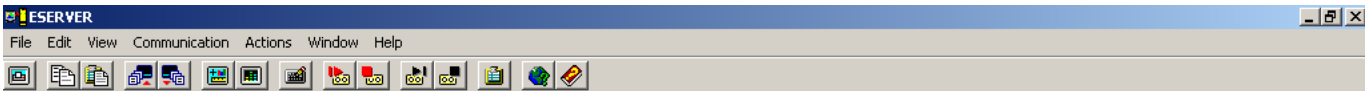
Inventory Management Transactions

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Overview

- Individual IM transactions and the Charge, Offset and Variance accounts that should be used for each transaction
- Break down the transactions by group:
  - Cost
  - WIP
  - PO
  - Miscellaneous
  - Physical Inventory & Inventory Adjustments
- "T" account examples, when necessary

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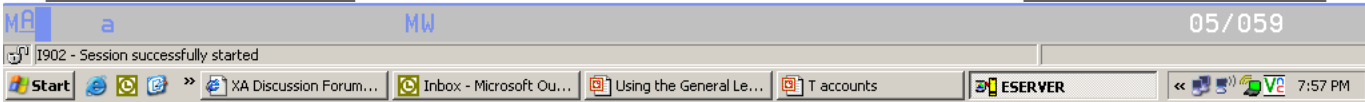# Rules

Rules

- If your company has multiple inventory accounts in the ledger, use the Item Class and/or Item Accounting Class to designate the different accounts

- Use Reason Code in the transaction (miscellaneous issue and receipt especially) to represent the expense account to be charged

  - XA Release 7 and higher have a 'Reason Code' table to insure correct reasons in transactions

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Reason Codes

- XA Release 7 and higher added a 'Reason Code' table in Materials Management

- If a transaction is entered in the reason table, then the reason code becomes a required field for that transaction

- Transactions without entries in the Reason Code table will not require a reason code

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Reason Table

Cost Transactions

- Different transactions change inventory value (based on IM system tailoring)
- Can tailor IM for valuing inventory using Average, Last or Standard Costs
  - All 3 fields reside in the Item Balance record
- If tailored field is zero, then XA will use the Unit Cost Default field in the Item Master/Revision record to value inventory
- Use the Stock Status report to reconcile the ledger value of inventory to XA

Cost Transactions

- ## CA – Cost Adjustment
  - Replaces Last Cost and re-averages Average Cost in Item Balance Record
  - For Standard Cost companies, this transaction will hold the purchase price variance

- ## Average & Last Cost Companies:
  - Charge: Inventory
  - Offset: Inventory revalue (reserve)
  - Variance: PPV

- ## Standard Cost Companies (when CA is created with AP Invoice entry)
  - Charge: Received Not Invoiced
  - Offset: AP Clearing
  - Variance: PPV

Cost Transactions

- CR – Average Cost Replacement
  - Changes the Average Cost field in the Item Balance record
    - Charge: Inventory
    - Offset: Not used for this transaction
    - Variance: Inventory Revalue Reserve

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Cost Transactions

- ## CS – Standard Cost Replace
  - ### Replaces the Standard Cost Field in the Item Balance record
    - Charge: Inventory
    - Offset: Not used for this transaction
    - Variance: Inventory Revalue Reserve

Cost Transactions

- ## CU – Unit Cost Default replacement
  - Transaction is generated when the Unit Cost Default field in the Item Master Record is changed
  - UCD is used to value inventory when the tailored field in the Item Balance record is zero
    - Charge: Inventory
    - Offset: Not used for this transaction
    - Variance: Inventory Revalue Reserve

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Cost Transactions

Any questions on cost Transactions?

WIP Transactions

- XA expects that there will be a Work In Process Account in the GL, separate from Inventory Accounts

- As material is moved from on hand to MO's and/or Schedules (via IP/IU transactions), XA expects to record a journal entry to reflect the movement

- PC&C provides a WIP value report so that you can reconcile the GL value of WIP to the report

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WIP Overview

Inventory

•RM	•IP
•RS	•IU

WIP

•IP	•RM
•IU	•SM
•IX	•SC
	•RS

Uncontrolled Floorstock Inventory

•IX

Scrap

•SM
•SC

RM – Production Receipt

RS – Component Return

IP – Planned Issue

IU – Unplanned Issue

IX – Charge for "U" Floorstock
SM – Scrap a Manufactured Item
SC – Scrap a Component from an order

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WIP Transactions

- IP – Planned Issue to a Schedule or MO
  - Lowers the on hand inventory and increases the value of WIP
  - Transaction matches to an allocation
    - Charge: Inventory
    - Offset: Work In Process
    - Variance: not used for this transaction

WIP Transactions

- ## IU – Unplanned Inventory Issue
  - Lowers the on hand inventory and increases the value of WIP
  - Transaction creates an allocation at the same time that it issues the parts
    - Charge: Inventory
    - Offset: Work In Process
    - Variance: not used for this transaction

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WIP Transactions

- IX – Charges the value of uncontrolled floorstock to WIP (no impact to quantity on hand)
  - Charge: WIP
  - Offset: Floorstock Inventory
  - Variance: Not used for this transaction

Inventory		Floorstock Inv.		WIP	
	IS with Reason Code	IS with Reason Code	IX		IX

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WIP Transactions

- RM/MQ – Production Receipt to stock/Manufactured Item quality acceptance
- Moves a sub-assembly or finished good item from WIP to stock (increases on hand)
  - Charge: Inventory
  - Offset: WIP
  - Variance: MO variances

WIP Transactions

- RS – Component Return to Stock
- Moves a part that was previously issued to an MO back to stock
  - Charge: Inventory
  - Offset: WIP
  - Variance: MO Variance

WIP Transactions

- ## SC – Scrap a component from an MO
  - – Does not change the quantity on hand
  - – Removes the scrap item from WIP
    - Charge: WIP
    - Offset: Scrap Costs
    - Variance: Not used for this transaction

WIP Transactions

- SM – Scrap a manufactured item (during the manufacturing process)
  - Typically reported as scrap through PC&C labor entry
  - Scrap of the item being built
  - Transaction causes the order quantity to be lowered based on the quantity scrapped
    - Charge: WIP
    - Offset: Scrap
    - Variance: Not used for this transaction

WIP Overview

Questions?

Inventory

•RM	•IP
•RS	•IU

WIP

•IP	•RM
•IU	•SM
•IX	•SC
	•RS

Uncontrolled Floorstock Inventory

•IX

Scrap

•SM
•SC

RM – Production Receipt

RS – Component Return

IP – Planned Issue

IU – Unplanned Issue

IX – Charge for "U" Floorstock
SM – Scrap a Manufactured Item
SC – Scrap a Component from an order

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PO Transactions

- Rules for PO receipts will vary depending on:
  - IM Tailoring question I032 – PO Price as RP transaction amount?
    - If "No" then the receipt is valued at the tailored cost (standard, average or last)
    - If "Yes" then the PO receipt is valued at the PO price which will create a variance in the receipt transaction
  - Whether or not your company uses Purchase Overhead as part of the standard cost
    - If you do, then the Purchase O/H portion will be stripped out as a separate transaction with reason code "PUROHD"

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PO Transactions

- RP/PQ – Purchase Order Receipt to Stock or Purchase Quality Acceptance

- Adds to the quantity on hand
  - Charge: Inventory
  - Offset: Received not Invoiced
  - Variance (If I032 = Y) – Received not Invoiced or PPV

Inventory		Received Not Invoiced		PPV	
RP – Standard Cost			RP – Std.		

PO Transactions

• T accounts when tailored to use PO price as transaction amount

• AP Invoice Entry creates PJ (Purchase Journal) JE to record invoice amount & Cost Adjustment (CA) transaction to record PPV

AP

PJ (from AP Invoice)

Inventory

RP – Standard Cost

Received Not Invoiced

RP Variance | RP – PO Price

PJ (from AP Invoice) | CA (from AP Invoice)

PPV
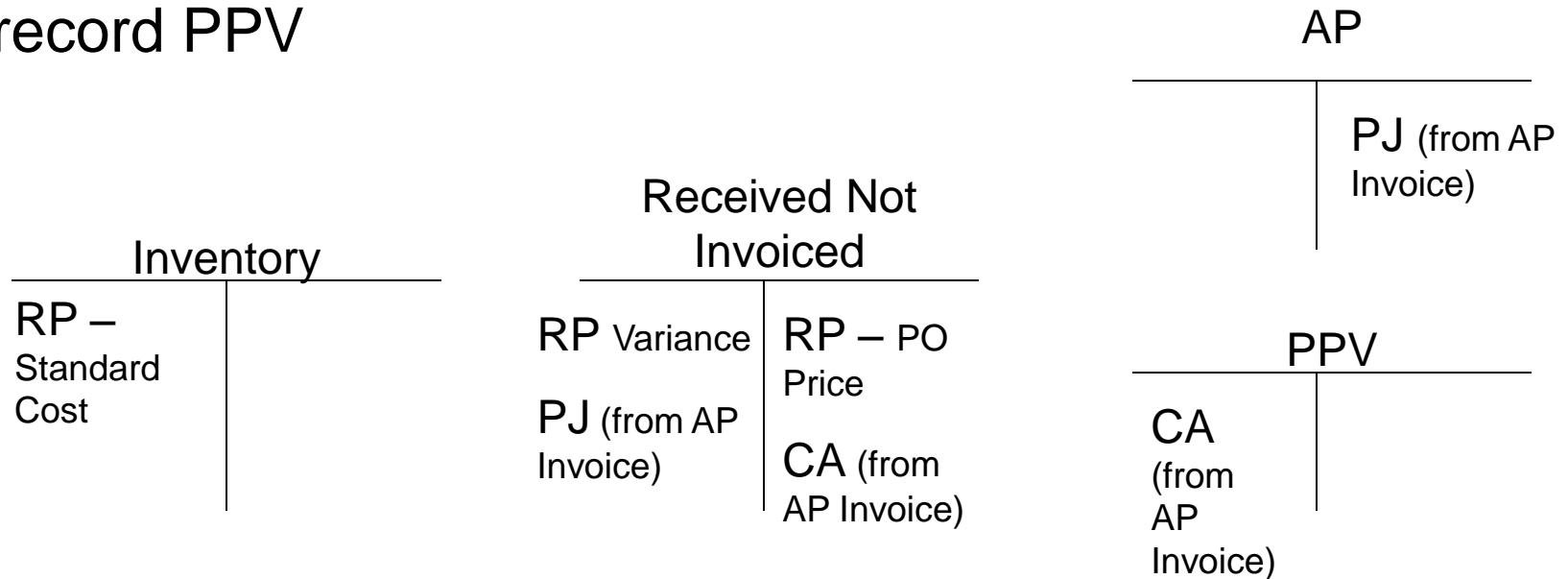
CA (from AP Invoice)

PO Transactions

When using Purchase Overhead, XA will build 2 sets of CA transactions, one with "PUROHD" in the Reason Code field.

PO O/H Absorb	
RP with Reason	

AP	
	PJ (from AP Invoice)

Inventory	
RP – Standard Cost	

Received Not Invoiced	
RP Variance	RP – PO Price
PJ (from AP Invoice)	CA (from AP Invoice)

PPV	
CA (from AP Invoice)	CA with reason
CA with reason	

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PO Transactions

- T accounts when tailored to use PO price as transaction amount

Inventory		Received Not Invoiced		PPV	
RP – Standard Cost		RP Variance	RP – PO Price		

PO Transactions

- VR – Return to Vendor
- If the transaction is entered after the RP or with the PQ, then this transaction will relieve inventory
- If the transaction is entered after an RD or RI then inventory would not be affected
- When the debit memo is created, the DM can update payables (IFM)
  - Charge: Inventory
  - Offset: Debit memo accrual
  - Variance: Received not Invoiced

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PO Transactions

- SP – Scrap a PO
- Entered after an RD (Receipt to Dock) or RI (Receipt to Inspection)
- Expects that the receipt company will still pay for the item
  - Charge: Received not Invoice
  - Offset: Scrap
  - Variance: Not Used

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PO Receipts

- Questions??

Miscellaneous Transactions

- IS – Miscellaneous Issue

- Lowers the quantity on hand

- Charge to an expense account or, for Uncontrolled Floorstock, to a Floorstock Inventory Account, depending on Reason Code

- Never Charge to WIP
  - Charge: Inventory
  - Offset: Expense
  - Variance: Not required

Miscellaneous Transactions

- RC – Miscellaneous Receipt to Inventory
- Exact opposite of IS
- Credit an expense account, depending on Reason Code
  - Charge: Inventory
  - Offset: Expense
  - Variance: Not used

Miscellaneous Transactions

- SS – Scrap from Stock

- Removes defective inventory from stock
  - Charge: Inventory
  - Offset: Scrap
  - Variance: Not Used

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Miscellaneous Transactions

- SA – Sales Shipment to a Customer
- If using COM, you typically wouldn't use this transaction to book Cost of Goods Sold. You would use the CILI in COM
  - Charge: Inventory
  - Offset: Cost of Goods Sold
  - Variance: Not Used

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Miscellaneous Transactions

- Questions on Miscellaneous Transactions?

Transfer Transactions

- TW – Inter Warehouse Transfer

- Moves inventory between locations within a warehouse or between warehouses

- Creates IW (Inter Warehouse Issue) and RW (Inter Warehouse Receipt) transactions

- Normally not booked unless a company has separate accounts for different warehouses
  - Charge: Inventory
  - Offset: In Transit Inventory
  - Variance: IW – none; RW – Cost Variance

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Physical Inventory Transactions

- PH – Physical Inventory Adjustment
- Created when the cycle count or physical inventory results are posted
- Changes the quantity on hand
  - Charge: Inventory
  - Offset: Not Used
  - Variance: Inventory Gain/Loss

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Physical Inventory Transactions

- IA – Inventory Adjustment
- Adjustment quantity is entered manually
- Used to change an inaccurate inventory between physical inventories
  - Charge: Inventory
  - Offset: Not Used
  - Variance: Inventory Gain/Loss

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Summary

- Can pick which transactions are collected in the "General Ledger Interfaces"

- Build rules to set the Charge, Offset and Variance accounts per transaction

- PO Receipt rules vary depending on system setup (tailoring & Purchase Overhead)

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