JD Edwards World

Advanced Stock Valuation Guide

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Preface

Welcome to the JD Edwards World Advanced Stock Valuation Guide.

Audience

This document is intended for implementers and end users of JD Edwards World Advanced Stock Valuation system.

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Conventions

The following text conventions are used in this document:

Convention	Meaning
boldface	Boldface type indicates graphical user interface elements associated with an action, or terms defined in text or the glossary.
italic	Italic type indicates book titles, emphasis, or placeholder variables for which you supply particular values.
`monospace`	Monospace type indicates commands within a paragraph, URLs, code in examples, text that appears on the screen, or text that you enter.

1

Overview to Advanced Stock Valuation

Stock valuation determines the current value of a company's stock, also referred to as a company's inventory. Stock value is based on the total cost of the inventory owned by a company at a specific time. The value of stock can vary, depending on the different costs used to calculate the total cost and the method used to value the stock.

This section contains the following:

1.1 System Integration

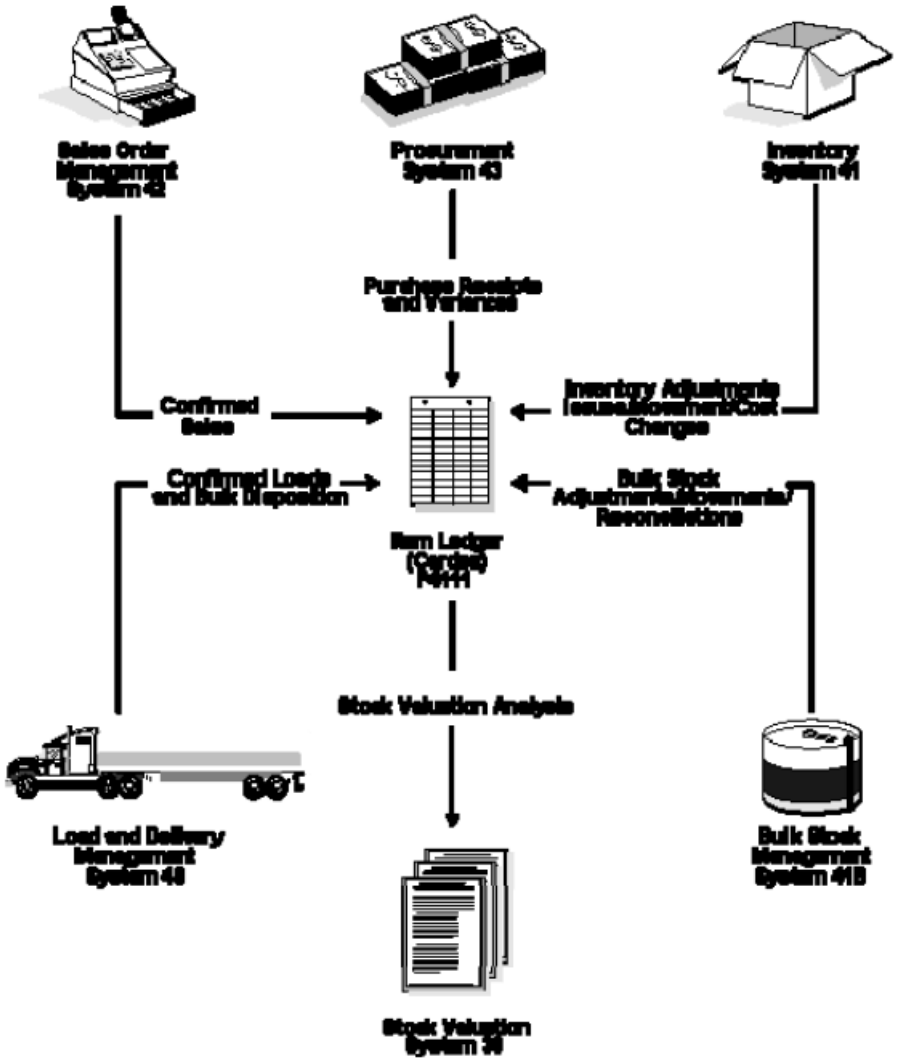
The Advanced Stock Valuation system integrates with the following systems:

System	Description
Procurement	This system retrieves item costs based on the purchasing costing method defined for each item. When you receive and voucher the item, the system updates the general ledger.
Inventory Management	This system stores item information that can be used by all the other systems.
Bulk Stock Management	This system controls the storage, measurement, and movement of dynamic bulk inventory. This system lets you complete transactions that move bulk inventory and accurately calculate product gains and losses for each bulk stock transaction.
Sales Order Management	This system retrieves item prices and costs from the Inventory Management system for sales orders. The system updates the general ledger and creates accounts receivable entries to record inventory, cost of goods sold, revenue, and tax transactions for use in cash receipts processing.
Distribution Contracts Management	This system allows you to manage contracts with business partners. You can accurately accommodate loans, borrows, and exchanges and ensure the stock involved is valued correctly.
Load and Delivery Management	This system confirms the release of stock from your inventory and records the amount of stock in transit, thereby accurately reflecting the actual stock to be valued at the end of a period.

The Cardex, or Item Ledger, is the central repository of all inventory and cost movements. Each program from all other JD Edwards World systems that handles

inventory writes records to this table whenever inventory and cost are affected. The Advanced Stock Valuation system uses inventory information from the Cardex to ensure that the correct inventory is valuated. The following diagram identifies the programs that impact inventory balances and write entries to the Cardex.

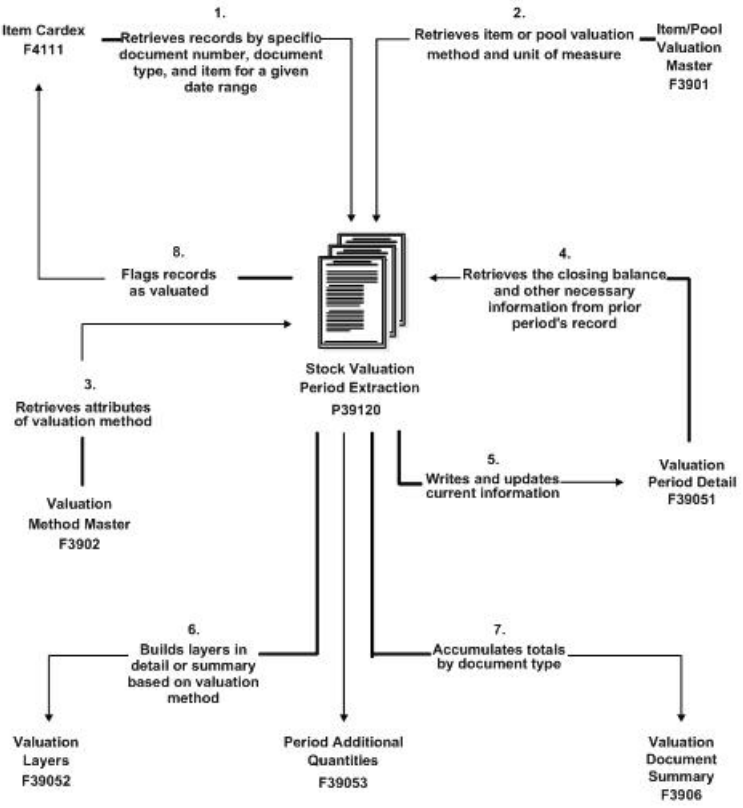
Figure 1–1 Programs Affecting the Cardex



The Advanced Stock Valuation system uses the Cardex as the base for its processing. The system:

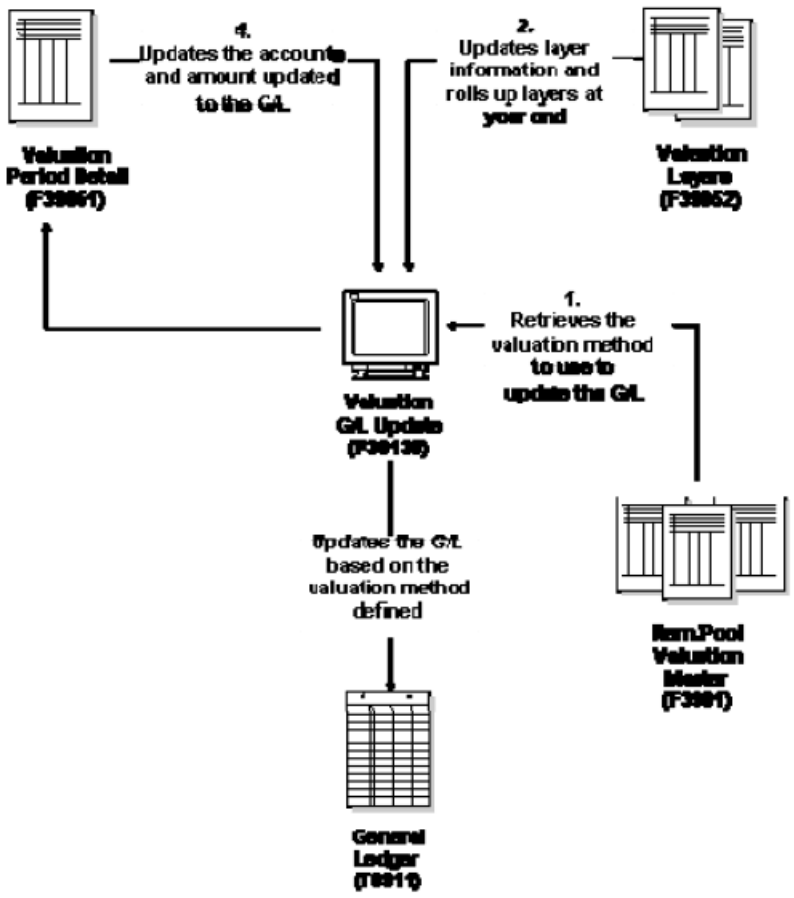
- Extracts the inventory activities from the Cardex by document number, type, and item
- Determines the various balances based on the valuation methods
- Updates the valuation files as illustrated in the following diagram

Figure 1–2 Process Flow for the Advanced Stock Valuation System



When you decide that the valuation is ready to post, the system updates the general ledger and the valuation period table. The following diagram illustrates the final step in the valuation process.

Figure 1–3 Valuation Process Final Step



1.2 Business Considerations

The JD Edwards World integrated systems provide the flexibility needed to accommodate the many stock valuation possibilities throughout the distribution industries. Additional features support the unique considerations of energy and chemical businesses and the demands placed on companies that must meet the requirements of many different national and local regulatory agencies.

Stock valuation is a vital component of all distribution and manufacturing industries. It provides the information you need for reporting purposes and to evaluate profit margins.

You calculate stock value on a periodic schedule, generally, monthly, quarterly, and yearly. Various business and government requirements determine when a company completes the reporting to:

- Measure and manage stock levels and related cash flow
- Comply with the accounting standards that require companies to provide a true and fair value of the company's financial performance and capital used

Stock valuation reporting is necessary for corporate, management, and statutory purposes. Corporate reporting analyzes the value of the company's stock and the cost of the stock that was sold (Cost of Goods Sold). Management reporting verifies that your company's storage and handling methods meet the laws enforced by various governmental organizations.

To determine how to account for your company's inventory, you must:

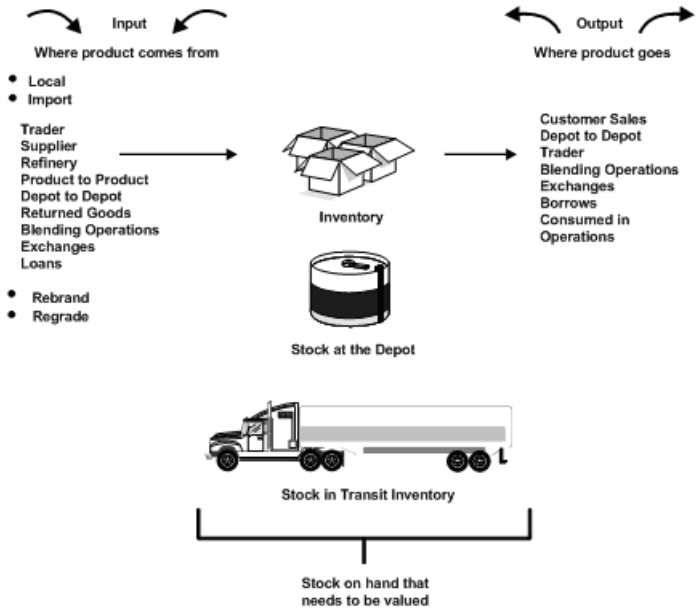
- Identify the items to include in inventory
- Identify all of the costs assigned to the inventoried items
- Choose a stock valuation method to distinguish costs associated with inventory that has been sold from inventory that is still on hand

1.2.1 Identify Inventory

To value your stock, you must be able to identify the items in your inventory. Possession of legal title of inventory is a fundamental criterion for determining whether items should be reflected in the inventory of a seller or a buyer. However, possession of title does not necessarily coincide with actual physical possession of the goods. For example, title to goods that are in the possession of a common carrier in transit from the seller to the buyer should remain in the inventory of the seller until delivered. The integration of the various systems ensures that you can identify your entire inventory.

The following diagram illustrates how product enters your inventory and some of the ways you can deplete your inventory.

Figure 1–4 Inventory Identification



Many companies consolidate items into groups of similar items for stock valuation purposes. This process is called "pooling" or "product consolidation." When you consolidate items, you can apply a single purchase price and associated costs to all items in that pool.

Whether each item is valued separately or as a pool varies from industry to industry. The Advanced Stock Valuation system allows you to valuate by individual items, pools, or both.

Many companies maintain contracts with other companies to store bulk product. Therefore, bulk stock might be commingled and belong to more than one owner. The Advanced Stock Valuation system allows you to exclude commingled stock from the valuation.

1.2.2 Identify Costs

You generally post inventory at an amount that reflects the price paid plus all costs incurred to bring the items to the location and to make them salable.

In some distribution industries, especially energy and chemical businesses, the actual purchase cost from a supplier might not be known at the time items are received into your inventory or after you issue a voucher for payment.

The JD Edwards World systems allow you to update, or "recost," these open receipts and paid vouchers. With this feature, you can ensure that the value of your stock is represented by the actual cost.

1.2.3 Choose Stock Valuation Methods

Determining which method to use to assign inventory costs to the income statement cost of goods sold (COGS) account is a major management decision. If the items have been sold, you must reflect the costs assigned to those goods on the period's income statement. If the items remain unsold, you must be able to determine which portion of the cost of goods available for sale is to be assigned to the income statement and which portion is to be assigned to the balance sheet.

Inventory items physically move out of the business when they are sold. Similarly the costs assigned to those items must move from the balance sheet to the income statement, where they are no longer reflected as an available resource, but as an operating expense for that period.

The Advanced Stock Valuation system provides four valuation methods for all items in your inventory:

- First In/First Out (FIFO)
- Last In/First Out (LIFO)
- Weighted Average Cost
- Replacement/Current Cost

In this documentation, we refer to these methods as stock valuation methods to differentiate between the cost of an item and its current value. "Cost" refers to the cost of an item so you can determine its selling value. Valuation determines the value of any item that is currently in your inventory for reporting and financial purposes.

A company may need to use more than one valuation method for valuing their stock. For example, local governments might require one method for financial reporting and another for tax reporting.

With the Advanced Stock Valuation system, only one primary valuation method is used per company to update the general ledger for standardized accounting and reporting. However, you can use other methods for comparison or other reporting purposes.

1.2.4 Dual Currency

Businesses operating in an inflationary market need to be able to maintain a set of books in two currencies, the local currency and a stable currency, commonly U.S. dollars. The Stock Valuation system allows a business to value inventory based on a valuation method, such as LIFO, FIFO, and replacement/current cost. With Dual Currency, a second ledger type allows a business to adjust its inventory in both the domestic and the stable currency.

1.3 Tables and Descriptions

The following identifies the primary stock valuation tables and their contents:

Table	Description
Item/Pool Valuation Master (F3901)	Contains the information for all valuation methods, including: ■ Item number or pool ■ Unit of measure ■ Valuation method ■ User identification and update information
Valuation Method Master (F3902)	Contains the information for all valuation methods you define for your company. See Chapter 8, "Define Valuation Methods."
Valuation Period Detail (F39051)	Contains all of the stock valuation information for the period, including: ■ Opening quantities and amounts ■ Period incoming quantities and amounts ■ Period outgoing quantity ■ Outgoing cost amount ■ Closing quantities and amounts ■ LIFO adjustment and adjustment cost ■ General ledger classification ■ Posted and closed information ■ User identification and update information See Section 5.2, "Running the Periodic Extraction."
Valuation Layers (F39052)	Contains all of the information for the historical layers for all stock valuation methods you define for your company, including: ■ Receipt information ■ Current quantity, amount, and allocations ■ Last allocation amount, quantity, and date ■ Posted and closed information ■ User identification and update information
Period Additional Quantities (F39053)	Contains the valuation information for those methods you defined to include not-in-stock inventory, in-transit inventory, or loan and borrow accommodations.
Valuation Document Summary (F3906)	Contains the cost information summarized by document type.

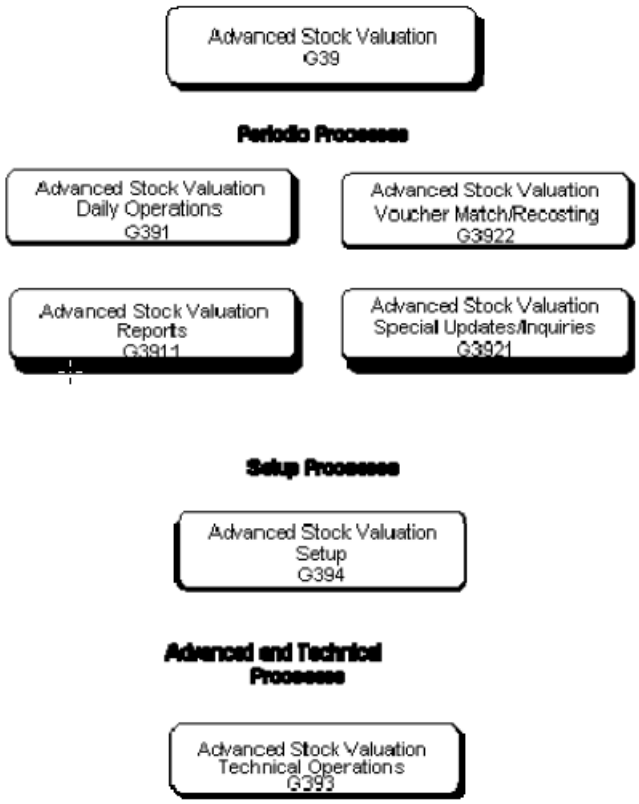
1.3.1 Processing Options

See Section 14.2, "Item/Pool Valuation Master (P3901)."

1.4 Menu Overview

The following diagram identifies the commonly used menus for the JD Edwards World Advanced Stock Valuation system.

Figure 1–5 Menus for the Advanced Stock Valuation System



Part I

Advanced Stock Valuation Processing

This part contains these chapters:

2

Overview to Advanced Stock Valuation Processing

This chapter contains these topics:

2.1 Objectives

- To understand the information sources needed to value your company's stock
- To determine the value of your company's stock

2.2 About Advanced Stock Valuation Processing

The central function of stock valuation is to establish a cost of your ending inventory based on the period's activity and the prior periods' layers. The accuracy of this value and costs relies on information from other systems.

Complete the following tasks:

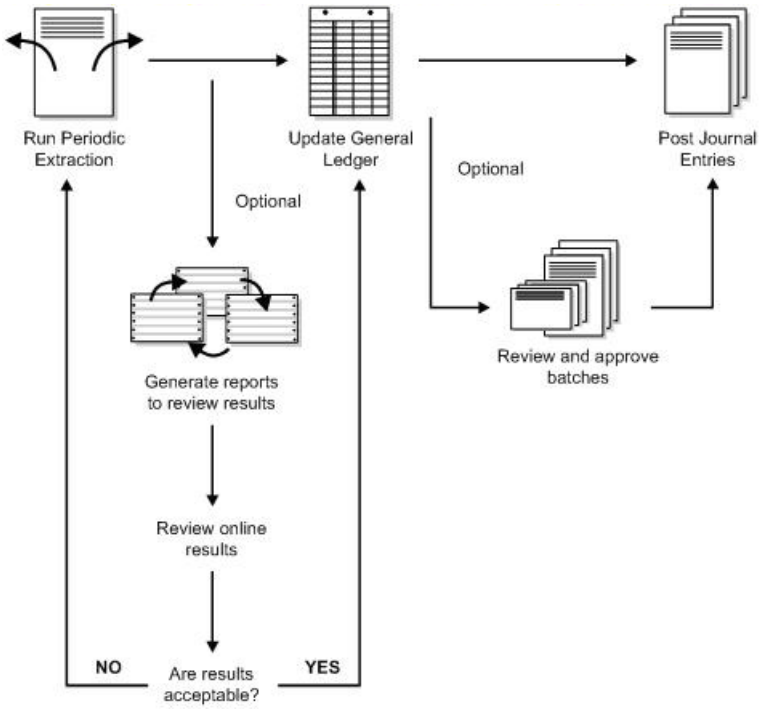
- Understand the information sources for stock valuation
- Understand dual currency
- Determine the value of stock

The systems that integrate with stock valuation store all inventory activity in a central table known as the Cardex (Item Ledger). The Advanced Stock Valuation system:

- Extracts the period's activity from this table
- Builds historical layers based on the activity
- Stores the information in a transaction table

Stock valuation provides vital information for reporting and profitability. It is important that all stock is valued with the correct costs. Therefore, the Advanced Stock Valuation system provides you with opportunities to review and analyze the results of the extraction before you update the general ledger. Additionally, you have the option to implement steps to review and approve the valuation before you actually post it. With dual currency, you can value stock based on a stable currency in addition to the domestic currency.

Figure 2–1 Advanced Stock Valuation System



3

Understand Sources of Stock Valuation Information

This chapter contains the topic:

- Section 3.1, "About Sources of Stock Valuation Information."

3.1 About Sources of Stock Valuation Information

The Advanced Stock Valuation system integrates with other systems to accurately reflect the cost of your inventory. Understanding how these systems work together helps you determine how each system affects the stock valuation results.

3.1.1 Updating Actual Costs

Frequently, you do not know the price of the inventory when you purchase it. Typically, you enter an average price or average formula price when you receive the inventory. At a later date, you update the system information with the actual price or formula when it is known. This process is also called "recosting."

Procurement System

Landed costs are costs in excess of the purchase price of an item. You assign each item a landed cost or landed cost rule. You need this information to accurately reflect the value of your stock.

You enter the cost of an item during purchase order entry. If you do not enter a different cost or adjust the cost at any other point, the system retrieves this cost to determine the cost of an item.

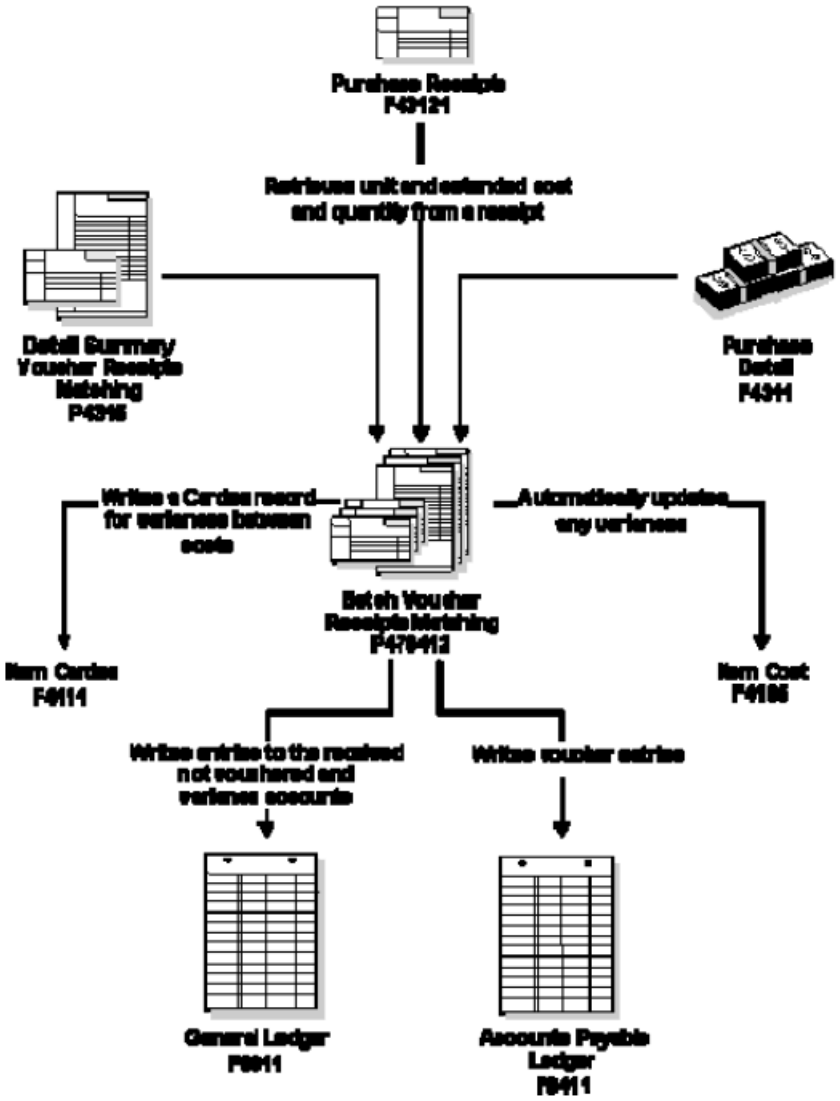
When you receive an invoice for purchased items, use the voucher matching programs to match invoices either in detail (sales line by sales line) or in summary (match the total of all sales lines to the total amount due to the supplier). At this point, you can change the cost of an item if it is different from what the system retrieves. You can also revise paid vouchers by using the Summary Voucher Matching program. The voucher matching programs:

- Update the general ledger accounts for any variances
- Keep the general ledger and inventory in balance
- Update the Item Cost table (F4105) with the last in cost
- Write records to the average cost history table to be extracted later by the batch update program

You must run the batch Voucher Receipts Matching subsystem program to process any variances on the invoice and landed costs.

The following graphic illustrates how the subsystem integrates with other systems for the recosting process.

Figure 3–1 Subsystem Integration



3.1.2 Loans, Borrows, and Exchanges

Loans, borrows, and exchanges are agreements made with business partners to facilitate smooth operations when one partner has low inventory on one or more items. You define the terms of these agreements in the Agreement Management programs and assign a unique number to each agreement. To fulfill the terms of the agreements, you use the sales order entry or purchase order entry programs and assign the unique agreement number to the appropriate document.

Loans, borrows, and exchanges might cause physical inventory to be transferred. A loan to another company can be shipped out of the depot of the loaning company directly to a customer. The borrowing company might never take physical possession of the product. Storage, transportation, and handling charges might be part of an

agreement that can add to the cost of an item and increase the valuation for borrowed inventory.

The following steps outline the process when you loan product to a partner:

- You enter a sales order to record the loan.
- The system retrieves the item cost from the Item Cost table (F4105) and assigns the selling price based on the sales costing method defined in the Inventory Management system.
- Generally, you reduce inventory during the load confirm process when you actually remove the item from its location in your inventory. Because this process reduces inventory, it writes a record to the Cardex using the item and cost information from the sales order.
- The Sales Update program updates the general ledger accounts for the inventory reduction.

When you loan product to another company, the system reduces the on-hand inventory quantity. Because you anticipate the borrowing company to return the loan and you still own the inventory, you will want to include this quantity in your valuation. Conversely if you borrow product, you anticipate returning the quantity to the other company. Therefore, even though the borrowing transactions actually increase your inventory quantity, you do not want to include them in your valuation. An include accommodations flag in the Agreement Management system allows you to capture the net value, or accommodations, from loans and borrows.

The following diagrams illustrate this process for a loan.

Figure 3–2 Process of a Loan (1 of 2)

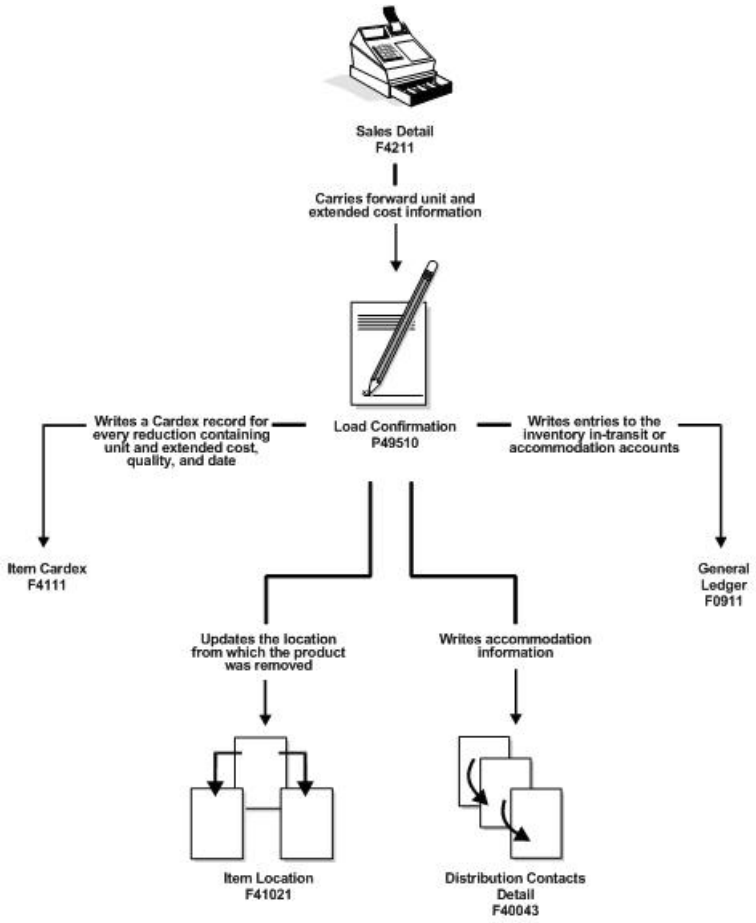
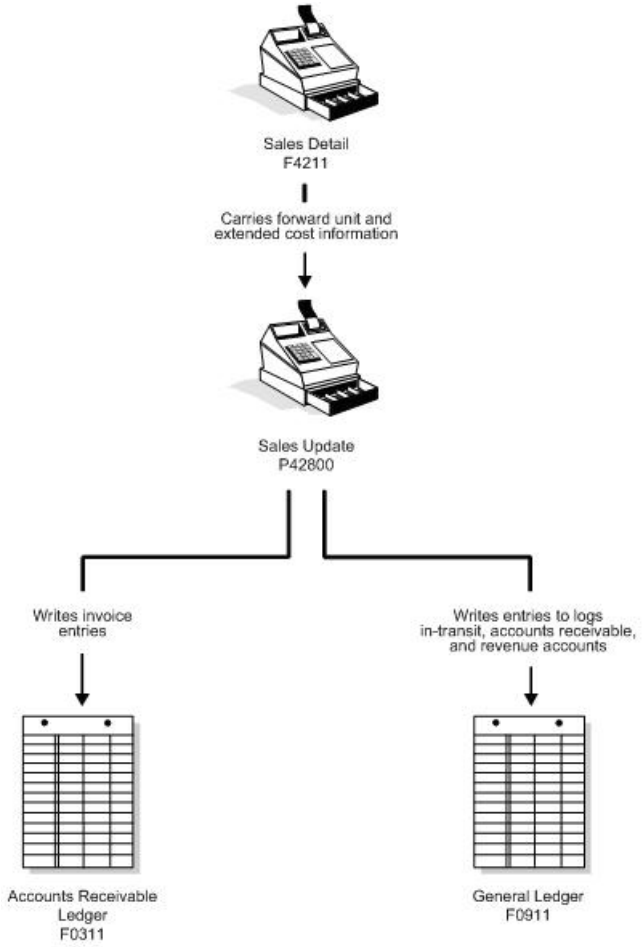


Figure 3–3 Process for a Loan (2 of 2)



To process a borrow or an exchange, you will usually use a purchase order or a sale out of a "foreign" depot.

3.1.3 Transfers

When you enter a transfer order, you create both a sales order and a purchase order so that you can move items from one branch/plant within your company to another branch/plant. Additional costs are generally part of a transfer order. Because transfers have a different document type, these additional costs can be included in the price and processed through the stock valuation extraction.

3.1.4 Stock in Transit

When you value stock at the end of each period, you want to ensure that you accurately reflect all of the stock that is in your inventory. When you define each of the valuation methods you use, you can select to include stock in transit.

Stock in transit is still owned by your company and needs to be included as part of your inventory. Items that have completed the load confirm process but not yet had delivery confirmed are automatically processed as part of the stock valuation unless you excluded them when you defined the valuation method.

See Also:

- Set Up Landed Costs and Create Vouchers Using Invoices in the *JD Edwards World Procurement Guide*,
- Entering Detail Information in the *JD Edwards World Sales Order Management Guide* for entering a sales order,
- Enter Purchase Order Header Information and Enter Purchase Order Detail Information in the *JD Edwards World Procurement Guide*,
- Recording Intra-Depot Stock Movements in the *JD Edwards World Bulk Stock Management Guide*,
- Defining Agreement Relationships in the *JD Edwards World Agreement Management Guide*,
- Setting up Branch Sales Markups in the *JD Edwards World Sales Order Management Guide*,
- Section 14.4, "Valuation Method Master (P3902)."

4

Understand Dual Currency

This chapter contains the topic:

- Section 4.1, "About Dual Currency."

4.1 About Dual Currency

Businesses operating in an inflationary market need to be able to maintain a set of books in two currencies, the local currency and a stable currency, commonly U.S. dollars. The Stock Valuation system allows a business to value inventory based on a valuation method, such as LIFO or FIFO. With Dual Currency in Inventory, a second ledger type (XA) allows a business to adjust its inventory in both the domestic and the stable currency.

Dual Currency in Inventory works with multi-currency accounting, which allows you to do business in multiple currencies and follow the reporting and accounting requirements of the corresponding countries. You must set up multi-currency in order to use Dual Currency in Inventory.

4.1.1 Dual Currency Accounts

The system maintains dual currency for inventory layers by creating an additional ledger for the stable currency, using the current exchange rate to calculate the amount. The system writes a record for each currency in the Stock Valuation tables. For example, when data is extracted from the Cardex, two records are written, one containing the domestic currency amounts and one containing the stable currency amounts.

See Also:

- Overview to Multi-Currency in the *JD Edwards World Multi-Currency Guide*,
- Set Up Multi-Currency in the *JD Edwards World Multi-Currency Guide*,
- Section 9.4, "Assigning Valuation Methods" for setting up dual currency in inventory.

5

Determine the Value of Stock

This chapter contains these topics:

- Section 5.1, "Determining the Value of Stock,"
- Section 5.2, "Running the Periodic Extraction,"Section 5.3, "Generating Reports,"
- Section 5.4, "Reviewing Results,"
- Section 5.5, "Updating the General Ledger,"
- Section 5.6, "Reviewing and Approving Batches,"
- Section 5.7, "Posting the Journal Entries."

5.1 Determining the Value of Stock

You generally run the stock valuation process once per accounting period. During processing, the system extracts the valuation for all assigned methods for each item and pool. When the extraction is complete, you can print reports to verify the completeness and accuracy of the company's stock value before you post it for the period. You can also review the valuation extracted for all auxiliary valuation methods you have assigned to each item and pool.

5.1.1 Before You Begin

- Verify that the programs that integrate with stock valuation are installed and set up. See also Chapter 3, "Understand Sources of Stock Valuation Information."

5.2 Running the Periodic Extraction

Navigation

From Advanced Stock Valuation (G39), choose Special Updates/Inquiries

From Adv. Stock Valuations Special Updates/Inquiries (G3921), choose Valuation Period Extraction

The Valuation Period Extraction program extracts the transactions by document type for specific date ranges to build the valuation tables. The system uses inventory information from the Inventory Management system for stock valuation.

For dual currency, the program creates additional records for the stable currency for every layer at the domestic currency.

Most users of the Advanced Stock Valuation system utilize at least three versions of Valuation Period Extraction. You can use different versions to rerun the extraction if

you discover inaccurate information or omissions in the first extraction you run. The processing options allow you to differentiate the following versions:

Version	Description
Valuation Period Extraction	Use this version first for each period to extract all records since the previous period ending and posting to the general ledger. If the valuation data are correct after you run this version, there is no need to run any other version for the period.
Period Extraction - Update Period	Use this version to include additional transactions you may have missed when you first ran Valuation Period Extraction... You set the processing option for this version to extract only missed information. This version saves time by not reprocessing the transactions that were already extracted. For example, if the extraction is run in the middle of a period, run this version at the end of the period to pick up the remaining transactions or receipts that were entered after the initial extraction was run. You can also use this version if your company wants to run interim extractions to keep valuation information current throughout the period.
Period Extraction - Clear and Restart	Use this version to correct errors, such as omitted documents or incorrect entries. You set the processing option for this version to completely clear the table and run the entire extraction again. The system will not clear any previous valuations that have been posted to the general ledger.

To run the Valuation Period Extraction program, specify the Data Selection values as follows:

Value	Description
G/L Date	Set the G/L date to "Less than or equal to" the ending date for the period, to select all transactions previous to the G/L date for the ending of the period.
Valuation End Date	This date is set to *ZEROS to determine whether a transaction has been previously extracted.
Commingled Other Owner	Set this value to "not equal to 1" to exclude commingled stock from being valued.

To run the Period Extraction - Update Period program, specify the Data Selection values as follows:

Value	Description
G/L Date	Set the G/L date to "Less than or equal to" the ending date for the period, to select all transactions previous to the G/L date for the ending of the period. If you select the date range to the beginning through the end of the period, you will not extract transactions that may have been entered in the previous period, but missed being extracted.
Valuation End Date	This date is set to *ZEROS to determine whether a transaction has been previously extracted.
Commingled Other Owner	Set this value to "not equal to 1" to exclude commingled stock from being valued.

5.2.1 Processing Options

- See Section 13.9, "Period Extraction - Update Period (P39120)."

To run the Period Extraction - Clear and Restart program, specify the Data Selection Values as follows. Notice that there are two sections, one for "clear" and one for "restart."

Value	Description
G/L Date	Set the G/L date to "Less than or equal to" the ending date for the period, to select all transactions previous to the G/L date for the ending of the period. This should be the same date for both sections; otherwise you could clear all the records before restarting.
Valuation End Date	Set the first or "clear" valuation end date equal to the ending date for the period. Set the second or "restart" valuation end date to *ZEROS to determine whether a transaction has been previously extracted.
Commingled Other Owner	Set this value to "not equal to 1" to exclude commingled stock from being valued.

5.2.2 Before You Begin

- Verify that each item or pool has an assigned valuation method. See Section 9.4, "Assigning Valuation Methods."
- Verify that three versions of Value Period Extraction are set up. See Create a Version in the *JD Edwards World Common Foundation Guide*.
- Verify that Period Extraction Company Selection has been set up if you want to extract the valuation by company. See Chapter 11, "Set Up Company Selection."

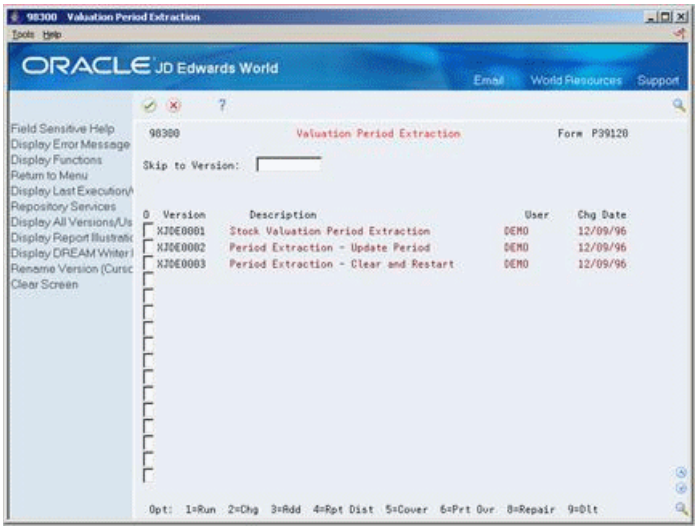
To run the periodic extraction

On Valuation Period Extraction

1. A message displays reminding you to set up company selection, if you want to extract by company.

   Choose the function to execute the extraction program.

Figure 5–1 Validation Period Extraction screen



2. Select the version you want to run.
3. Review the results.

5.2.3 What You Should Know About

Topic	Description
Specifying the G/L date	The general ledger date for all versions must be set to LE, Less than or equal to, the current end-of-month date.
Writing accumulation and depletion adjustments	During period extraction, if there is an accumulation for the year, the program starts at the beginning of the year and allocates the accumulated quantity forward throughout the layer. If there is a depletion for the year, the program starts at the end of the layer previous to the current year and subtracts the depleted amount backward throughout the layer. The program uses the allocations to calculate the LIFO accumulation/depletion adjustment amounts.

5.2.4 Processing Options

- See Section 13.1, "Stock Valuation Period Extraction (P39120)."

5.3 Generating Reports

Navigation

From Advanced Stock Valuation (G39), choose Stock Valuation Reports

From Advanced Stock Valuation Reports (G3911), choose an option

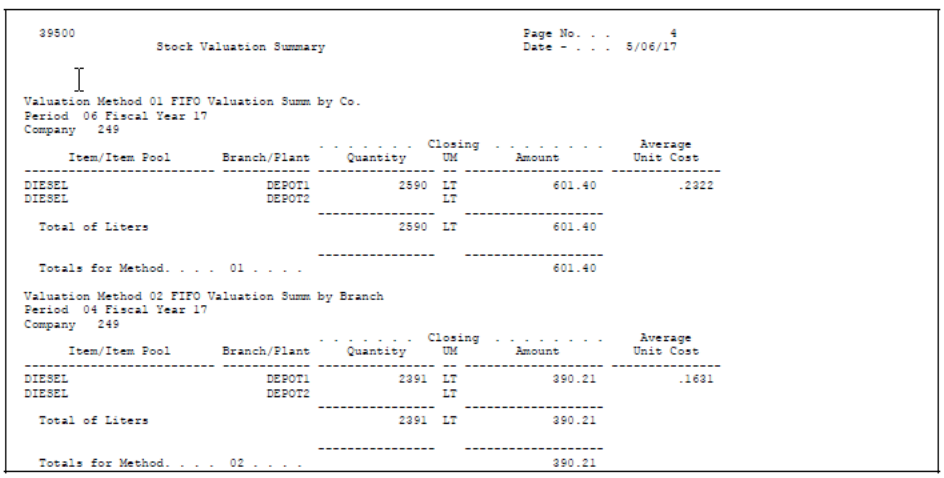
After you run Valuation Period Extraction, you can generate reports to verify the accuracy and completeness of your valuation. Each report presents the valuation information in a different format. Which report format you use depends on the type of information you need to analyze:

Report	Description
Valuation Summary Report	Summarizes results by valuation method for each item and pool
General Ledger (G/L) Update Summary	Presents a summary of the stock valuation as it will be updated to the general ledger
Unit Cost Period Report	Provides the average cost of each item or pool for the last five periods
Valuation Detail Report	A detail for any LIFO, FIFO, or Weighted Average Cost valuation method Includes the layers for all pools and items, showing the openings, incomings, outgoings, and closings for the year to date or for the current period

For the Valuation Detail Report and the Unit Cost Period Report, you can specify in a processing option whether to display domestic or stable currency. For the Valuation Summary Report and the General Ledger Update Summary, you can specify in a processing option whether to display stable currency in addition to domestic currency.

5.3.1 Stock Valuation Summary Report

Figure 5–2 Stock Valuation Summary Report



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  39500                                                     Page No. . .        4
                Stock Valuation Summary                     Date - . . .  5/06/17

Valuation Method 01 FIFO Valuation Summ by Co.
Period  06 Fiscal Year 17
Company   249
                                          . . . . . . . Closing . . . . . . . .    Average
      Item/Item Pool       Branch/Plant     Quantity     UM       Amount          Unit Cost
-------------------------- ------------ ---------------- -- ------------------ --------------
DIESEL                           DEPOT1             2590  LT            601.40          .2322
DIESEL                           DEPOT2                   LT
                                        ----------------    ------------------
  Total of Liters                                   2590  LT            601.40

                                        ----------------    ------------------
  Totals for Method. . . .  01 . . . .                                  601.40

Valuation Method 02 FIFO Valuation Summ by Branch
Period  04 Fiscal Year 17
Company   249
                                          . . . . . . . Closing . . . . . . . .    Average
      Item/Item Pool       Branch/Plant     Quantity     UM       Amount          Unit Cost
-------------------------- ------------ ---------------- -- ------------------ --------------
DIESEL                           DEPOT1             2391  LT            390.21          .1631
DIESEL                           DEPOT2                   LT
                                        ----------------    ------------------
  Total of Liters                                   2391  LT            390.21

                                        ----------------    ------------------
  Totals for Method. . . .  02 . . . .                                  390.21
```

5.3.2 Processing Options

- See Section 13.10, "Stock Valuation Summary (P39500)."

5.3.3 General Ledger (G/L) Update Summary Report

Figure 5–3 General Ledger (G/L) Update Summary Report

```
39510                                JD Edwards World                             Page - . . .         2
                                   G/L Update Summary                             Date - . . .   5/13/16


 Valuation Method . 04  FIFO - Summary By Branch
 Period  05  Fiscal Year 16
 Company   249
                                               . . . . . . . . Closing . . . . . . . .      Average
      Item/Item Pool          Branch/Plant      Quantity     UM         Amount           Unit Cost
 -------------------------- ------------ ---------------- -- ------------------- ---------------
 LPG                               DEPOT1         1050884  LT        118,561.44            .1128
 LPG                               DEPOT2          480184  LT        480,184.00           1.0000
 POOLA                                OOC          17000-  LT
 POOLA                              AGENT            1000  LT            200.00            .2000
 POOLA                             DEPOT1     1020071356-  LT
 POOLB                             DEPOT1        60793467  LT     17,132,613.89            .2818
 POOLB                             DEPOT2            4000  LT
                                           ----------------    -------------------
   Liters                                       957759321-  LT     17,731,559.33
                                           ----------------    -------------------
                                           ----------------    -------------------
   Model Energy & Chemical Co                   957759321-  LT     17,731,559.33
                                           ----------------    -------------------
                                           ----------------    -------------------
   Totals for General Ledger Update. .          957759321-  LT     17,731,559.33
                                           ----------------    -------------------
```

5.3.4 Processing Options

- See Section 13.11, "General Ledger Update Summary (P39510)."

5.3.5 Unit Cost Period Report

Figure 5–4 Unit Cost Period Report

```
  39540                              JD Edwards World                                      Page - . . .         2
                                  Unit Cost Period Report                                  Date - . . .   7/05/16



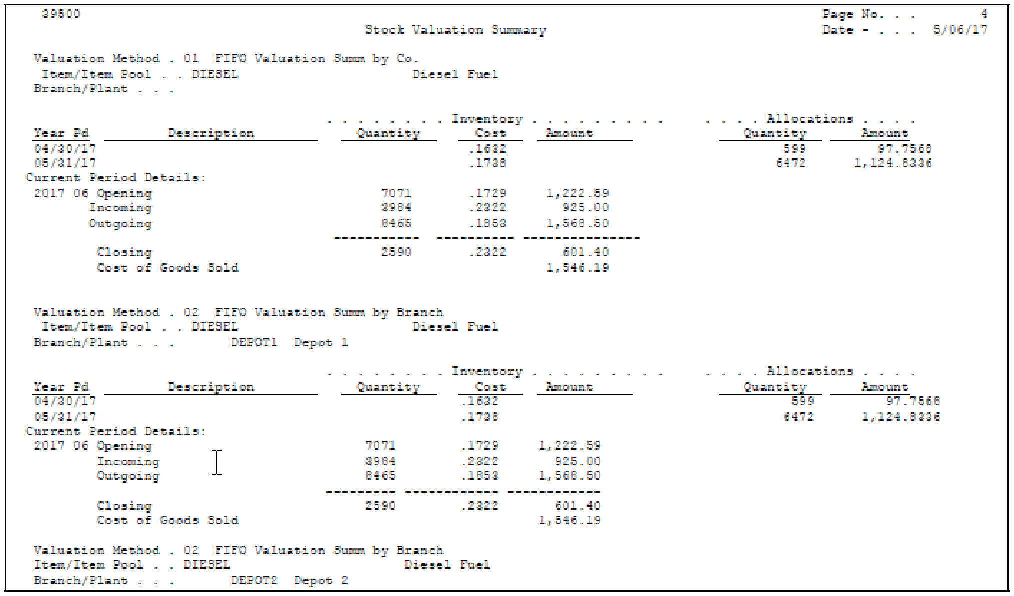
                                 2016          2016          2016          2016          2016
                               Period 04     Period 03     Period 02     Period 01     Period 12
     Item Pool/Number         Average Cost  Average Cost  Average Cost  Average Cost  Average Cost
 -------------------------- ------------- ------------- ------------- ------------- -------------
 LPG                                0,2000        0,2000        0,9137
 Valuation Method 03 FIFO - Summary By Company           Company    249 Branch/Plant
 
 LPG                                0,2000        0,2000        4,5515
 Valuation Method 03 FIFO - Summary By Company           Company    249 Branch/Plant         DEPOT1
 
 LPG                                                            1,0000
 Valuation Method 03 FIFO - Summary By Company           Company    249 Branch/Plant         DEPOT2
 
 POOLA                              0,6984        0,3907        0,1496        0,4849
 Valuation Method 03 FIFO - Summary By Company           Company    249 Branch/Plant
 
 POOLA
 Valuation Method 03 FIFO - Summary By Company           Company    249 Branch/Plant            OOC
 
 POOLA                                            0,2000
 Valuation Method 03 FIFO - Summary By Company           Company    249 Branch/Plant          AGENT
 
 POOLA                              0,6984        0,4018        0,1496        0,4849
 Valuation Method 03 FIFO - Summary By Company           Company    249 Branch/Plant         DEPOT1
 
 POOLB                              0,0077        0,1007        0,4000        0,2000
 Valuation Method 03 FIFO - Summary By Company           Company    249 Branch/Plant
 
 POOLB                              0,2000        0,1564        0,4000        0,2000
 Valuation Method 03 FIFO - Summary By Company           Company    249 Branch/Plant         DEPOT1
 
 POOLB
 Valuation Method 03 FIFO - Summary By Company           Company    249 Branch/Plant         DEPOT2
```

5.3.6 Processing Options

- See Section 13.2, "Unit Cost Period Report (P39540)."

5.3.7 Stock Valuation Detail Report

Figure 5–5 Stock Valuation Summary Report



```
 39500                                                                                  Page No. . .       4
                                            Stock Valuation Summary                     Date - . . .  5/06/17

 Valuation Method . 01  FIFO Valuation Summ by Co.
  Item/Item Pool . . DIESEL                         Diesel Fuel
 Branch/Plant . . .

                                 . . . . . . . . Inventory . . . . . . . . .     . . . . Allocations . . . .
 Year Pd       Description         Quantity      Cost      Amount               Quantity       Amount
 04/30/17                                        .1632                               599        97.7568
 05/31/17                                        .1738                              6472     1,124.8336
Current Period Details:
 2017 06 Opening                        7071     .1729    1,222.59
        Incoming                        3984     .2322      925.00
        Outgoing                        8465     .1853    1,568.50
                                 ----------- ---------- --------------
         Closing                        2590     .2322      601.40
         Cost of Goods Sold                               1,546.19

 Valuation Method . 02  FIFO Valuation Summ by Branch
  Item/Item Pool . . DIESEL                         Diesel Fuel
 Branch/Plant . . .        DEPOT1   Depot 1

                                 . . . . . . . . Inventory . . . . . . . . .     . . . . Allocations . . . .
 Year Pd       Description         Quantity      Cost      Amount               Quantity       Amount
 04/30/17                                        .1632                               599        97.7568
 05/31/17                                        .1738                              6472     1,124.8336
Current Period Details:
 2017 06 Opening                      7071       .1729    1,222.59
         Incoming                     3984       .2322      925.00
         Outgoing                     8465       .1853    1,568.50
                                 --------- ------------ ------------
         Closing                      2590       .2322      601.40
         Cost of Goods Sold                               1,546.19

 Valuation Method . 02  FIFO Valuation Summ by Branch
 Item/Item Pool . . DIESEL                         Diesel Fuel
 Branch/Plant . . .        DEPOT2   Depot 2
```

5.3.8 Processing Options

- See Section 13.3, "Stock Valuation Detail Report (P39400)."

5.4 Reviewing Results

Navigation

From Advanced Stock Valuation (G39), choose Daily Operations

From Daily Operations (G391), choose an option

After you run any Valuation Period Extraction version, you can access the valuation information on several different forms. You can use these forms to research any problems with the extraction before you run another version or accept the results of the valuation. You can continue to use these forms to review different aspects of the valuation throughout the period until you post the next period's valuation.

With most of these review options, you can review item or pool information by a specific valuation method. The system can only display valuation information using one of the methods that are assigned to an item on the Item/Pool Valuation Maintenance form.

You can review results in the following ways:

- Review item or pool quantities
- Review a summary by period
- Review historical layers
- Review methods
- Review the year-to-date summary
- Review by document types

- Review G/L adjustments

5.4.1 What You Should Know About

Topic	Description
Reviewing valuation of additional inventory	If you defined a valuation method to include in-transit inventory or loan and borrow accommodations, the system includes these amounts in the valuation. You can use Period Additional Quantities to review this information on separate detail lines from Valuation Period Review and Valuation Summary Review. See also Chapter 8, "Define Valuation Methods."

See Also:

- Section 9.4, "Assigning Valuation Methods,"
- Section 9.3, "Reviewing Pools" for information about reviewing items in a pool.

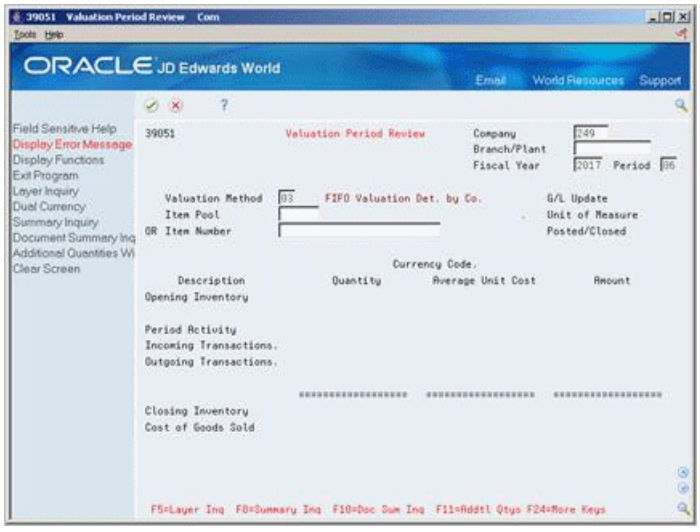
5.4.2 Reviewing Item or Pool Quantities

Use Valuation Period Review to review the opening, incoming, outgoing, and period ending values of any item or pool for a specific valuation method. You can toggle between domestic and stable currency modes.

To review item or pool quantities

On Valuation Period Review

Figure 5–6 Valuation Period Review screen



1. Complete the following field:
   - Valuation Method
2. Complete one of the following fields:
   - Item Pool

- Item Number

3. If the valuation method is allocated within all branch/plants, complete the following field:

   - Branch/Plant

Field	Explanation
Valuation Method	A two-character abbreviation for the methods that the system uses to determine the value of your company's stock for reporting and financial purposes. Examples include: FI (FIFO), F2 (FIFO Detail by Branch), and LI (LIFO). When you run the Stock Valuation Extraction program, the system updates the Stock Valuation Detail tables for the assigned valuation methods.
Item Pool	A user defined code (system 41/type 05) that indicates a group of items that are evaluated by the Advanced Stock Valuation system using the same set of valuation methods. You assign the item pool to the item and then set up valuation methods for the pool using the Pool Valuation Method Maintenance program.

5.4.3 What You Should Know About

Topic	Description
Reviewing additional quantities	While reviewing item or pool quantities, you can access the Period Additional Quantities form to review stock status, accommodations, and in-transit quantities.

5.4.4 Processing Options

- See Section 13.6, "Valuation Period Review (P39051)."

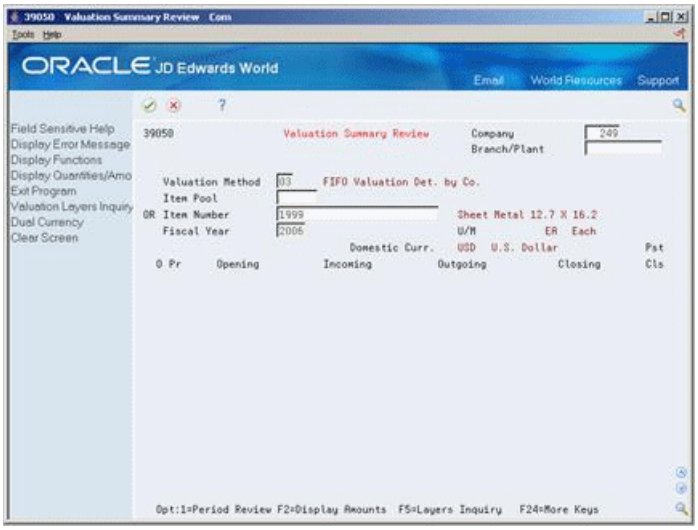
5.4.5 Reviewing a Summary by Period

Use Valuation Summary Review to review a summary of the valuation for any item or pool and a specific valuation method. You can toggle between domestic and stable currency modes.

To review a summary by period

On Valuation Summary Review

Figure 5–7 Valuation Summary Review screen



1. Complete the following field:
   - Valuation Method
2. Complete one of the following fields:
   - Item Pool
   - Item Number
3. Complete the following optional fields:
   - Company
   - Branch/Plant

5.4.6 Processing Options

- See Section 13.5, "Valuation Summary Review (P39050)."

5.4.7 Reviewing Historical Layers

Layers are receipts of product that you enter into the system. Use this option to review the historical layers for your ending inventory. You can toggle between domestic and stable currency modes.

You can identify and review the layers in one of two different formats. The system presents the information in either detail or summary mode, depending on how you defined the valuation method:

- If you defined the valuation method to use detail mode, each receipt is a layer.
- If you defined the valuation method to use summary mode, each period is a layer and the prior years' layers are rolled up at the year end into one layer.

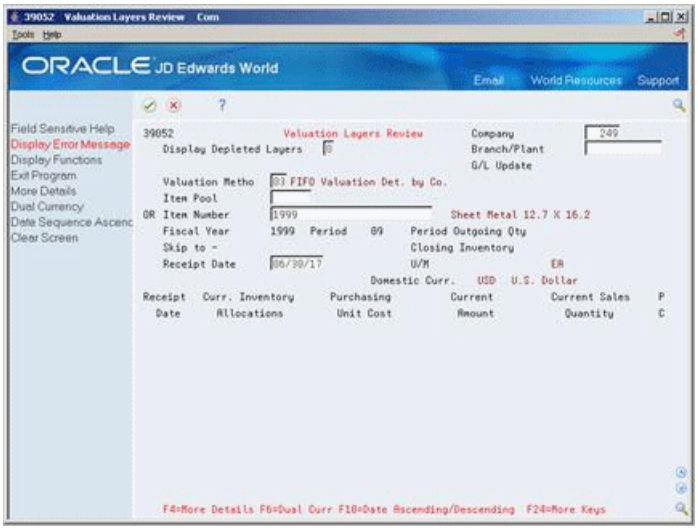
See Also:

- Section 8.1, "Defining Valuation Methods."

To review historical layers

On Valuation Layers Review

Figure 5–8 Valuation Layers Review screen



1. Complete the following field:
   - Valuation Method
2. Complete one of the following fields:
   - Item Pool
   - Item Number
3. If the valuation method is allocated within all branch/plants, complete the following field:
   - Branch/Plant
4. If you want to view the depleted layers, complete the following field:
   - Display Depleted Layers

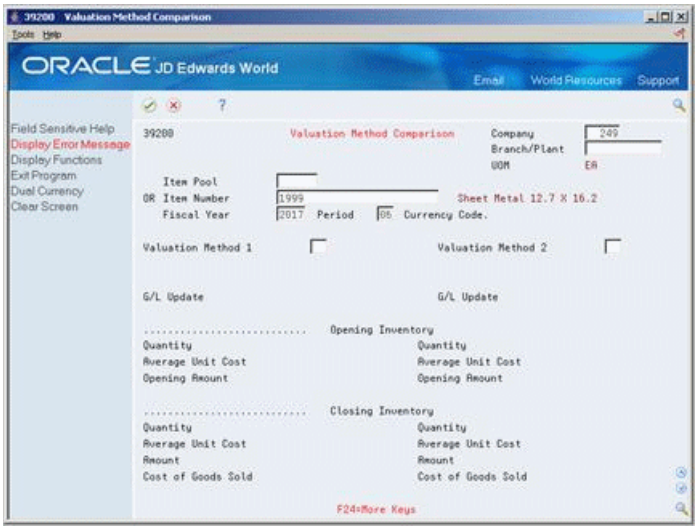
5.4.8 Reviewing Methods

Use Valuation Methods Comparison to compare the valuation differences between two different methods. You can toggle between domestic and stable currency modes.

To review methods

On Valuation Methods Comparison

Figure 5–9 Valuation Methods Comparison screen



1. Complete one of the following fields:
   - Item Pool
   - Item Number
2. Complete the following fields:
   - Valuation Method 1
   - Valuation Method 2

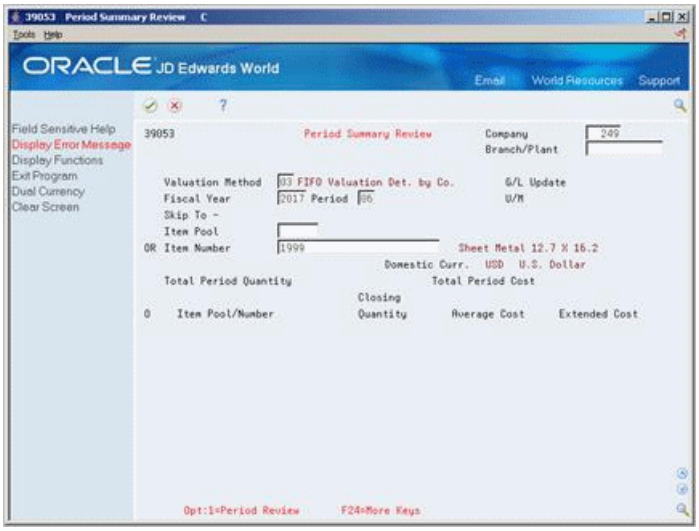
5.4.9 Reviewing the Year-to-Date Summary

Use Period Summary Review to review period activities for the year to date. You can toggle between domestic and stable currency modes.

To review the year-to-date summary

On Period Summary Review

Figure 5–10 Period Summary Review screen



1. Complete the following field:
   - Valuation Method
2. Complete one of the following fields:
   - Item Pool
   - Item Number

5.4.10 Processing Options

- See Section 13.7, "Period Summary Review (P39053)."

5.4.11 Reviewing by Document Type

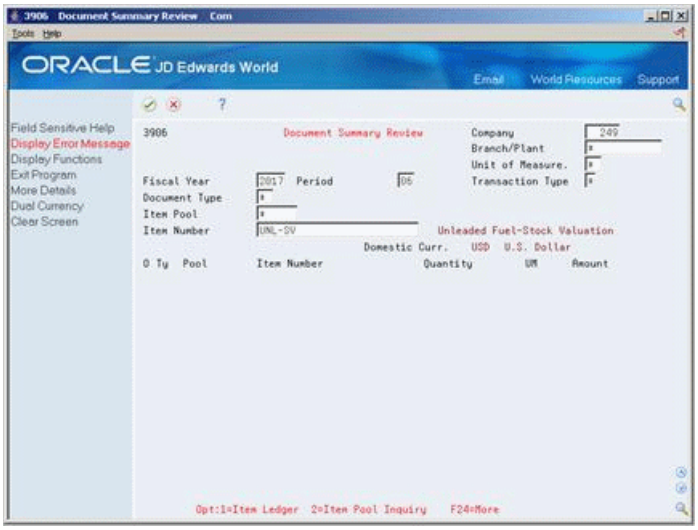
Use Document Summary Review to review a summary of transactions by document type. Use this option to resolve problems that might be caused by missing or inaccurate document type information.

You can choose specific transaction types, such as incoming, outgoing, or both. If you choose to review by a specific item or pool, the system displays quantity and amount totals also. You can toggle between domestic and stable currency modes.

To review by document type

On Document Summary Review

Figure 5–11 Document Summary Review screen



1. Complete the following field:
   - Branch/Plant
2. Accept the defaults, or complete the following optional fields:
   - Transaction Type
   - Document Type
3. Complete one of the following optional fields:
   - Item Pool
   - Item Number

Field	Explanation
Transaction Type	A value that specifies if the transaction type is incoming, outgoing, or both. Valid values are: * – Select all transactions 1 – Select only incoming transactions 2 – Select only outgoing transactions 3 – Select only transaction types that are both incoming and outgoing
Document Type	A user defined code (system 00/type DT) that identifies the origin and purpose of the transaction. JD Edwards World reserves several prefixes for document types, such as vouchers, invoices, receipts, and timesheets. The reserved document type prefixes for codes are: P – Accounts payable documents R – Accounts receivable documents T – Payroll documents I – Inventory documents O – Order processing documents J – General ledger/joint interest billing documents The system creates offsetting entries as appropriate for these document types when you post batches. Form-specific information Advanced Stock Valuation Enter a specific document type (for example, BB for bulk simple blend) to view all of the transactions associated with this document type.

5.4.12 Processing Options

- See Section 13.8, "Document Summary Review (P3906)."

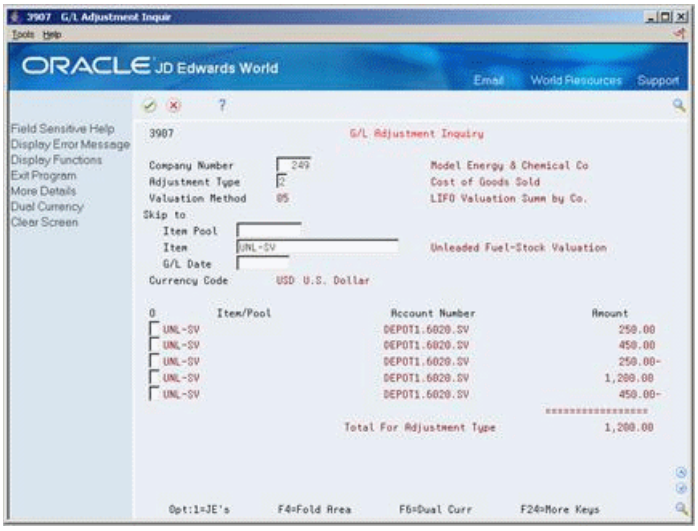
5.4.13 Reviewing G/L Adjustments

You can view stock valuation adjustments to the general ledger with the Valuation G/L Adjustment Inquiry program. You can toggle between domestic and dual currency modes.

To review G/L adjustments

On Valuation G/L Adjustment Inquiry

Figure 5–12 G/L Adjustment Inquiry screen



1. Complete the following fields:
   - Adjustment Type
   - Company Number
2. To skip to a pool or item, complete one of the following optional fields:
   - Pool
   - Item
3. To skip to a specific G/L date, complete the following field:
   - G/L Date

5.5 Updating the General Ledger

Navigation

From Advanced Stock Valuation (G39), choose Special Updates/Inquiries

From Adv. Stock Valuation Special Updates/Inquiries (G3921), choose Valuation G/L Update

Run the Valuation G/L Update program after you review the data from the Period Extraction program. Valuation G/L Update updates the general ledger for the valuation methods defined as general ledger update methods. The program updates the general ledger based on one valuation method for each item/item pool. The Period Extraction program calculates the amounts to be updated. For dual currency, the program additionally writes a record to the general ledger for the stable currency.

You can set up proof and final versions of this program. The proof version does not update the general ledger. After you review the proof version, you can run the final version to update the general ledger.

See Also:

- Section 9.4, "Assigning Valuation Methods."

5.5.1 What You Should Know About

Topic	Description
Recording LIFO accumulations/ depletions	The G/L Update program writes accumulations and depletions to separate accounts. If the offset amount for the LIFO accumulation/depletion amount is positive, the update writes a journal entry to the Asset for LIFO AAI. If the offset it negative, the update writes a journal entry to the Liability for LIFO AAI.

5.5.2 Processing Options

- See Section 13.4, "Stock Valuation G/L Update - Final (P39130)."

5.6 Reviewing and Approving Batches

Navigation

From Advanced Stock Valuation (G39), choose Special Updates/Inquiries

From Adv. Stock Valuation Special Updates/Inquiries (G3921), choose Valuation Batch Review

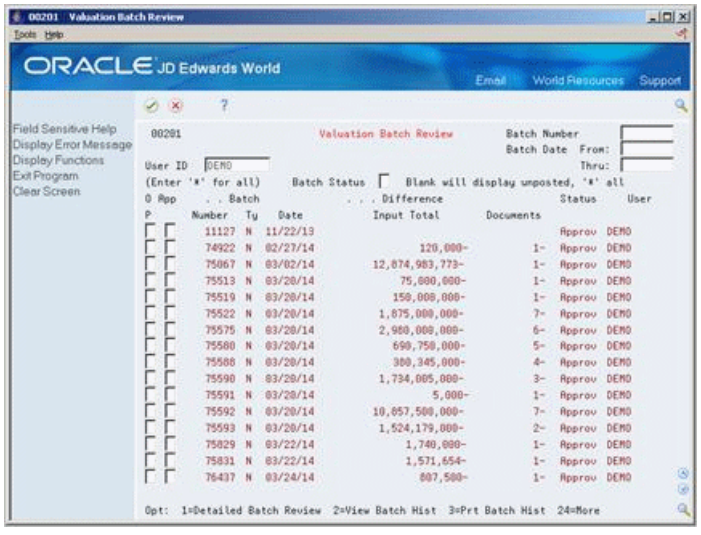
When you update the general ledger, the system produces batch files of the results. You can review or approve the batches produced by the system before you actually post them to the journal.

If your company requires both review and management approval before posting a batch to the general ledger, only users with an authorized approval user ID can change a batch to an approved status.

To review and approve batches

On Valuation Batch Review

Figure 5–13 Valuation Batch Review screen



1. Display all batches for all users and for all statuses or complete one or more of the following fields to limit your search:

- User ID
- Batch Number
- Batch Date From
- Batch Date Thru
- Batch Status

2. Choose the batch job that contains the transactions you want to review.
3. Choose the option for detailed batch review.

   General Ledger Batch Review appears with a list of the general entries.
4. On General Ledger Batch Review, review the transactions.
5. Return to Valuation Batch Review.
6. On Valuation Batch Review, complete the following field:
   - Approved

Field	Explanation
Batch Number	A number that identifies a group of transactions that the system processes and balances as a unit. When you enter a batch, you can either assign a batch number or let the system assign it through Next Numbers. When you change, locate, or delete a batch, you must specify the batch number.
Batch Date From:	The date for the batch. If this is an entry field and you leave it blank, the system supplies the current date.
User ID	For World, The IBM-defined user profile.
Batch Date Thru:	The date for the batch. If this is an entry field and you leave it blank, the system supplies the current date.
Batch Status	A user defined code (98/IC) that indicates the posting status of a batch. Valid codes are: blank – Unposted batches that are pending approval or have a status of approved. A – Approved for posting. The batch has no errors, is in balance, but has not yet been posted. D – Posted. The batch posted successfully. E – Error. The batch is in error. You must correct the batch before it can post. P – Posting. The system is posting the batch to the general ledger. The batch is unavailable until the posting process is complete. If errors occur during the post, the batch status is changed to E (error). U – In use. The batch is temporarily unavailable because someone is working with it.
Batch Approved for Posting	A code that indicates whether a batch is ready for posting. Valid codes are: A – Approved, ready for posting. P – Pending approval. The batch will not post. If the system constants do not specify manager approval, the system automatically approves batches that are not in error.
Batch Type	A code that indicates the system and type of entries for a batch. This is a user defined code (system 98, type IT).

Field	Explanation
Input Total	On batch header forms, this is the total amount that you expect to enter for the batch. This amount must be entered without decimals. For journal entries in the general ledger, this amount is the total of the debits. In other systems, it is the total amount of all documents in the batch. The system keeps track of the amount you enter and displays the difference, if any, when you finish the batch. When you review batches of transactions, this is the difference between the input total and what you actually entered. Example: Input Total - 10052 Total Entered - 10000 Total Remaining - 52 If you are using batch control but you did not enter an input total, this amount appears as a negative number when you review batches. **NOTE:** Depending on how your system uses batch review, this field might not apply to batches created by your particular system.

5.7 Posting the Journal Entries

Navigation

From Advanced Stock Valuation (G39), choose Special Updates/Inquiries

From Adv. Stock Valuation Special Updates/Inquiries (G3921), choose Post Adjustments to G/L

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

5.7.1 Processing Options

- See Section 13.12, "General Ledger Post (P09800)."

Part II

Advanced Stock Valuation Setup

This part contains these chapters:

6

Overview to Advanced Stock Valuation Setup

This chapter contains these topics:

6.1 Objectives

- To complete the setup tasks that define how your company valuates stock

6.2 About Advanced Stock Valuation Setup

Before you can use the Advanced Stock Valuation system, you must complete certain tasks to define information that the system uses during processing. You can customize much of this information to meet your company's business needs.

To set up the Advanced Stock Valuation system, complete the following tasks:

- Set up user defined code (UDC) lists
- Define valuation methods
- Work with pools and items
- Set up automatic accounting instructions (AAIs)
- Set up company selection

6.2.1 System Setup Requirements

Task	Description
UDC lists	Define customized codes, such as documents types and pools, that are appropriate for your business needs.
Valuation methods	Define the attributes for all of the valuation methods you want to use to value your stock.
Pools and items	Identify all of the items associated with an item pool and assign the valuation methods you will use for each item and pool.
Company selection	When you extract the valuation by company, you must set up the company to use.
Automatic accounting instructions	Define the rules for the chart of accounts and establish how the system creates automatic entries.

7

Set Up User-Defined Code Lists

This chapter contains the topic:

- Section 7.1, "Setting Up User-Defined Codes for Advanced Stock Valuation."

7.1 Setting Up User-Defined Codes for Advanced Stock Valuation

Navigation

From any Menu command line, enter UDC

You can define most standard information in user-defined code (UDC) tables. Generally, you define these codes for your business purposes. Many of these codes are set up by JD Edwards World and are included when you install your system. When a UDC is referred to as hard coded, you should not change it. Programming has been defined to work with hard-coded UDCs. If you change the UDC, the programming will not work correctly.

Each system has its own UDC types. Advanced Stock Valuation is system 39. It also integrates with other systems, such as the Inventory Management system. UDCs are referenced by the system number and type. Therefore, system 39/type OD indicates that OD (Outbound Documents) is a UDC type for the Advanced Stock Valuation system. The following table lists the UDC types associated with stock valuation.

UDC	Description
System 39/Type ID Incoming Document Type	Include all document types that you will use for incoming ("to") transactions.
System 39/Type OD Outgoing Document Types	Include all document types that you will use for outgoing ("from") transactions.
System 39/Type VA Valuation Type	Hard-coded UDCs to include LIFO, FIFO, Weighted Average Cost, and Replacement/Current Cost.
System 39/Type WT Allocation by Branch or Company	Hard-coded UDCs to include these two options for defining valuation methods.
System 41/Type 05 Item Category Code O5	Include all pool codes that you will use to group items for valuation purposes.

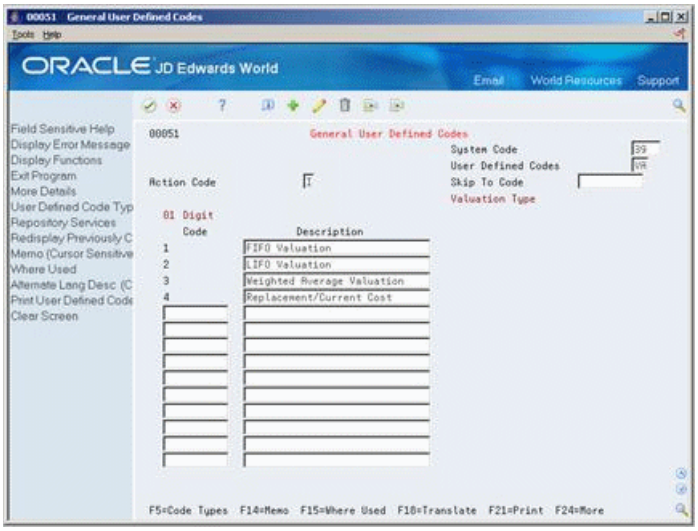
7.1.1 What You Should Know About

Topic	Description
Document type UDCs	Document types can be classified as incoming, outgoing, or both. Document types classified as both indicate that this type of document can represent a transaction that is either bringing stock into the inventory or taking stock out of inventory. Bulk stock movements that use "from" and "to" transactions are examples of transactions that use a "both" document type. When you set up the stock valuation document types, you must enter information in the Special Handling Code field for all document types that you can use for both "from" and "to" transactions. You must also set up these documents in both the system 39/type OD and system 39/type ID tables: ■ System 39/type OD (Outgoing documents) - Enter a minus (-) to indicate "from" transactions that take product out of your inventory. Enter a minus (-) for the system 39/type OD documents that are also in the system 39/type ID tables. ■ System 39/type ID (Incoming documents) - Enter a plus (+) to indicate "to" transactions that add product into your inventory. Enter a plus (+) for the system 39/type ID document types that are also in the system 39/type OD table.

To set up UDC lists

On General User Defined Codes

Figure 7–1 General User Defined Codes screen



1. Complete the following fields:
   - System Code
   - User Defined Codes

   All UDCs for the system and type appear.
2. Review the codes already set up to confirm that they meet your business needs.

3. To add a new UDC or change existing codes, complete the following fields:
   - Code
   - Description
4. Access the detail area.
5. Complete the following optional fields:
   - Special Handling Code
   - Hard Coded Y/N

Field	Explanation
System Code	A user-defined code (98/SY) that identifies a JD Edwards World system.
User-defined Codes	Identifies the table that contains user-defined codes. The table is also referred to as a code type.
Skip To Code	To begin the information displayed on the form with a specific user-defined code, enter the code in this field.
Code	This column contains a list of valid codes for a specific user-defined code list. The number of characters that a code can contain appears in the column title.
Description	A user-defined name or remark.
Special Handling Code	A code that indicates special processing requirements for certain user-defined code values. The particular value you enter in this field is unique for each user-defined code record type. The system uses the special handling code in many ways. For example, special handling codes defined for Language Preference specify if the language is double-byte or if the language does not have uppercase characters. Programming is required to activate this field. *Form-specific information* If a "P" is in the second position, the system identifies that unit of measure as a potent unit of measure.
Hard Coded Y/N	A yes/no flag indicating whether a user-defined code is hard coded or not.

8

Define Valuation Methods

This chapter contains the topic:

- Section 8.1, "Defining Valuation Methods."

8.1 Defining Valuation Methods

Navigation

From Advanced Stock Valuation (G39), enter 29

From Advanced Stock Valuation Setup (G394), choose Valuation Method Master

You must define the name and attributes for your primary valuation method and each of your auxiliary methods. You need to consider all of your company's valuation requirements prior to setup. These definitions tell the system how to value the stock, what to include in the valuation, and how to display and report the results.

The following descriptions provide an overview of the stock valuation methods available with JD Edwards World systems. Appendix A contains examples with sample data illustrating how the Advanced Stock Valuation system calculates the stock value using FIFO, LIFO, and Weighted Average Cost methods.

Method	Description
First In/First Out (FIFO)	This method assumes that the first inventory items purchased or manufactured are the first items sold. With FIFO, the cost of the most recently acquired items are the costs associated with the ending balance. The ending inventory and value become the opening for the next period, also known as the carry forward method.
Last In/First Out (LIFO)	This method assumes that the last inventory items purchased or manufactured are the first items sold. The most recent inventory costs are assigned to the current period's cost of goods sold, leaving the oldest costs in the balance sheet account. LIFO accounting is year-to-date, but you can use month-end calculations as check points. Opening inventory for LIFO is calculated at the end of the year, so the opening inventory is the same throughout the year. LIFO accounting requires an understanding of inventory layers and inventory liquidation. Receiving or increasing inventory from one period end to the next results in a new LIFO layer. If a net decrease in inventory occurs from one period end to the next, no new layer is added. However, the prior period's layer is liquidated or reduced by the decrease amount.

Method	Description
Weighted Average Cost	This method calculates the inventory on a weighted average of all the purchases. Sales order costs depend upon the current average cost, rather than the period cost. In Average Cost accounting, the average cost for all receipts are calculated first without considering when the outgoing transaction occurred. The incoming transactions represent the true value of the stock, since this is what was paid for the items. After all of the incoming transactions are calculated, the outgoing transactions are valued based on that amount to calculate the true cost of goods sold.
Replacement/Current Cost	This method reflects the current value of inventory for a given period. In effect, it is the cost of replacing the inventory for a specific period. You can specify the cost that will be used during the valuation, instead of using a calculated cost.

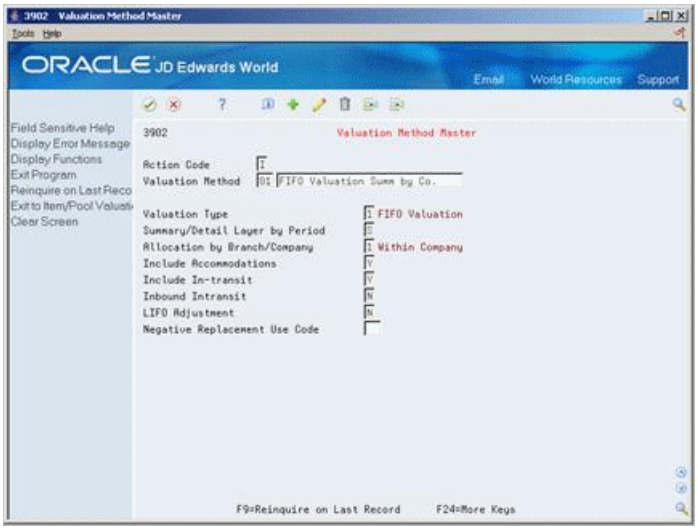
It is not unusual for a company to need more than one method for valuating stock. For example, local governments might require a different method for financial reporting than the method that you use within the company. Taxes might require a different method than used for profitability reports within a company.

With the JD Edwards World Advanced Stock Valuation system, you can choose one primary method of stock valuation per company to update the general ledger for standardized accounting and reporting. However, you can also assign auxiliary methods to use for comparison or other reporting purposes.

To define valuation methods

On Valuation Method Master

Figure 8–1 Valuation Method Master screen



1. Complete the following fields:
   - Valuation Method
   - Description
   - Valuation Type

- Within Branch or Company
- Include Accommodations
- Include In-transit

2. In you are using receipts routing, complete the following field:
   - Include Not in Stock
3. If the valuation method is LIFO, complete the following field:
   - LIFO Adjustment
4. If the closing inventory quantity is negative for the period:
   - Negative Replacement Use Code

Field	Explanation
Valuation Method	A two-character abbreviation for the methods that the system uses to determine the value of your company's stock for reporting and financial purposes. Examples include: FI (FIFO), F2 (FIFO Detail by Branch), and LI (LIFO). When you run the Stock Valuation Extraction program, the system updates the Stock Valuation Detail tables for the assigned valuation methods.
Description	A brief description of an item, a remark, or an explanation. Form-specific information For Advanced Stock Valuation The valuation method for the code in the Valuation Method field. Examples include FIFO, FIFO Detail by Branch, and LIFO.
Valuation Type	A hard-coded user-defined code (system 39/type VA) indicating the type of valuation method to use in stock valuation. Valid values are: FIFO Valuation LIFO Valuation Weighted Average Valuation Replacement/Current Cost
Summary/Detail Layer by Period	A code that indicates whether the layers are created in detail or summary mode. Valid codes are: D – Detail mode, which creates one layer per transaction S – Summary mode, which creates one layer per: Branch, item or pool, valuation method, and period if you set the Allocation Within Branch/Company field to B (branch) Company, item or pool, valuation method, and period if you set the Allocation Within Branch/Company field to C (company) If you select S, the system's processing time depends on the size of the Item Location table (F41021). At the end of the year, the system rolls all detail layers and period summary layers into one layer.

Field	Explanation
Allocation by Branch/Company	A code that identifies how the system allocates the historical layers built by the valuation method. Valid values are: 1 – Within company. The system creates one record per company, item or pool, valuation method, and period. Additionally, it creates records by branch that are informational only and are not posted to the general ledger. 2 – Within branch. The period detail contains one record per branch, item or pool, valuation method, and period. At the end of the year, the system rolls all detail layers and period summary layers into one layer.
Include Accommodations	A code that indicates if you want accommodations included in this valuation method. Accommodations are the net value of loan and borrow transactions between your company and business partners. Valid values are: Y or 1 Yes, include accommodations (default). N or 0 No, do not include accommodations.
Include In-transit	A code that indicates if the system should include in-transit stock in the valuation. Valid values are: Y or 1 Yes, include stock currently in transit to a customer in the calculation of stock value. N or 0 No, do not include stock that is in transit in the calculation of stock value.
LIFO Adjustment	A LIFO adjustment removes the effect of any accumulation or depletion at the end of a reporting period. It should not be applied for the closing period of a fiscal year. You should record the LIFO adjustment against the income statement and balance sheet accounts. The system uses the following formula to determine the LIFO adjustment: (Average cost of the accumulation/depletion - current period's average cost) * accumulation/depletion If this valuation method is a LIFO method type and set up as a company-wide method, you might want the system to calculate a LIFO adjustment. Valid values are: Y or 1 Yes, this is a company-wide LIFO valuation method. Include the LIFO adjustment calculation. This is the default. N or 0 No, this LIFO method is either layered within a branch/plant or is not company wide. Do not include the LIFO adjustment.
Inbound In transit	Enter a Y if you wish to include products that are currently in route to your inventory but have not arrived yet in the calculation of stock value. Enter an N if you wish not to include products in route.

Field	Explanation
Include Not in Stock	Enter a Y if you wish to include products that are currently in route to your inventory but have not arrived yet in the calculation of stock value. Enter an N if you wish not to include products in route.
Negative Replacement Use Code	Enter the Item Pool code to indicate which costing method to use.

8.1.1 Processing Options

- See Section 14.4, "Valuation Method Master (P3902)."

9

Work with Pools and Items

This chapter contains these topics:

9.1 About Pools and Items

The system can compute the value of stock at the item level or the pool level.

If you want to value stock at the item level, the system calculates the cost and value of each item.

To value stock at the pool level, group items of similar products and relatively similar purchase prices:

- If you define the pool's valuation method to use a summary layer, the system can apply a single purchase price to all items in the pool for a period.
- If you define the pool's valuation method to provide detailed layers, the system uses each purchase as a layer to determine the pool's value.

You can value part of your stock at the item level and part in pools. The primary method of valuation (the method used to update the general ledger) must be the same for all items and pools within a company.

9.2 Assigning Pools

Complete this task only for items that you want to value at the pool level. If you want a valuation for an item only at the individual item level, do not assign a pool to that item.

Complete the following tasks:

- Assign default pools for new items
- Assign branch/plant pools for existing items

9.2.1 Before You Begin

- Set up User Defined Codes for pools. See Chapter 7, "Set Up User-Defined Code Lists."
- Set up an item or complete this step during item setup. See Entering Item Master Information in the *JD Edwards World Inventory Management Guide*.

9.2.2 What You Should Know About

Topic	Description
Kit items	You price kit items at the master item (kit) level, but you set up costs at the component level. The system maintains inventory for each component item of the kit, not the master kit number. Therefore, the master kit item has no stock valuation. See Entering Item Master Records for Kits in the *JD Edwards World Inventory Management Guide*.

9.2.3 Assigning Default Pools for New Items Pools

Navigation

From Advanced Stock Valuation (G39), enter 29

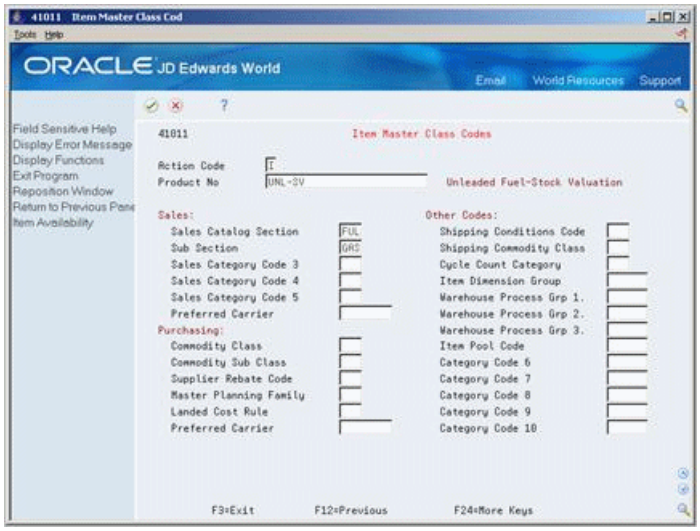
From Advanced Stock Valuation Setup (G394), choose Item Master Class Codes

When you first set up a new item, you must assign a pool code if you want that item included in a pool for stock valuation purposes. The system automatically includes the default pool you enter here to the branch/plant level.

To assign default pools for new items

On Item Master Class Codes

Figure 9–1 Item Master Class Codes screen



Complete the following fields:

- Product Number
- Item Pool Code

9.2.4 Assigning Branch/Plant Pools for Existing Items

Navigation

From Advanced Stock Valuation (G39), enter 29

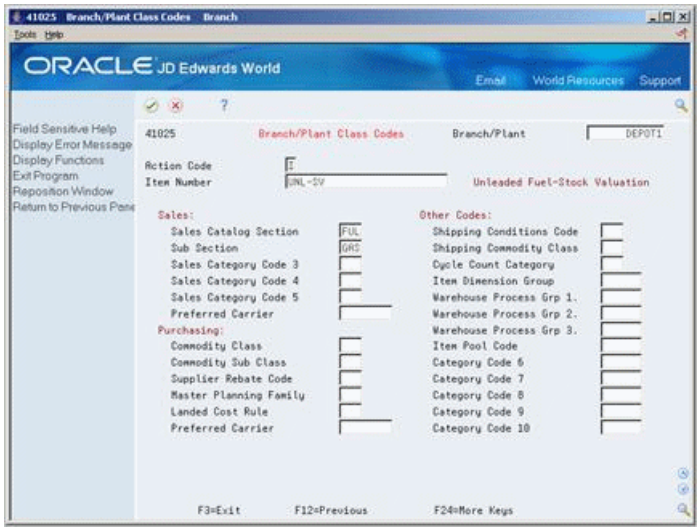
From Advanced Stock Valuation Setup (G394), choose Branch/Plant Class Codes

If you are assigning pool codes to items you set up previously, you must enter the pool code at the branch/plant level for each item you want to include in a pool. The Advanced Stock Valuation system uses only the information designated at the branch/plant level, so it is not necessary to change the information on the Item Master Class Code form if you previously set up this item.

To assign branch/plant pools for existing items

On Branch/Plant Class Codes

Figure 9–2 Branch/Plant Class Codes screen



Complete the following fields:

- Branch/Plant
- Item Number
- Item Pool Code

Field	Explanation
Item Pool Code	For Advanced Stock Valuation The item pool groups several items that contain the same requirements for the Advanced Stock Valuation system. Valuation methods are set up by item or pools. The items assigned to the pool use the pool's designated valuation methods for extracting and valuating the inventory value. Enter a valid user defined code (system 41/type 05) if you want this item to be valued within a pool rather than as an individual item.

9.3 Reviewing Pools

Navigation

From Advanced Stock Valuation (G39), choose Daily Operations

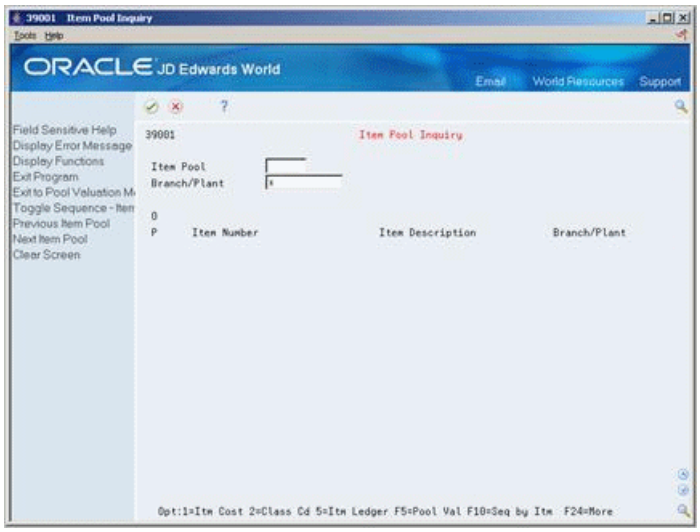
From Advanced Stock Valuation Daily Operations (G391), choose Item Pool Inquiry

You can review a list of items that are assigned to a pool. This is useful when you want to verify that all items are correctly assigned to a pool or to resolve problems that you identify after the period extraction.

To review pools

On Item Pool Inquiry

Figure 9–3 Item Pool Inquiry screen



Complete the following fields:

- Item Pool
- Branch/Plant

9.3.1 Processing Options

- See Section 14.1, "Item Pool Inquiry (P39001)."

9.4 Assigning Valuation Methods

Navigation

From Advanced Stock Valuation (G39), enter 29

From Advanced Stock Valuation Setup (G394), choose Item/Pool Valuation Maintenance

You must assign a valuation method to each item and pool that you want valuated. The system uses this information to calculate the value of your stock. If you want to update the general ledger, you must assign only one method as the G/L update for all items and pools. The valuation method you use to update the general ledger is often called the primary method.

You can assign any number of auxiliary methods. The system uses the auxiliary methods to track the value of stock for comparison or reporting purposes, but does not post the auxiliary results to the general ledger.

When you add an item or pool with Item/Pool Valuation Maintenance, the system checks to ensure that it does not yet exist in this table. The system does not allow you to make duplicate entries for the same item or pool.

If you are using dual currency, you can specify for each valuation method within a company and item/pool, whether to enable dual currency.

9.4.1 Before You Begin

- Define the valuation methods. See Section 8.1, "Defining Valuation Methods" (P3902).
- For dual currency, set up multi-currency. See Setting Up Multi-Currency in the *JD Edwards World Multi-Currency Guide*.

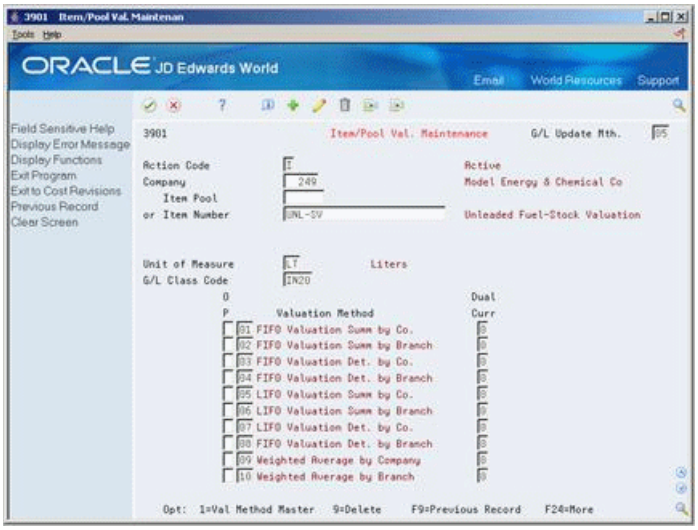
See Also:

- Section 4.1, "About Dual Currency,"
- Overview to Multi-Currency in the *JD Edwards World Multi-Currency Guide.*

To assign valuation methods

On Item/Pool Valuation Maintenance

Figure 9–4 Item/Pool Valuation Methods screen



1. Complete the following field:
   - Company
2. If you want the valuation to update the general ledger, complete the following field:
   - G/L Update Method
3. Complete one of the following fields:
   - Item Pool

- Item Number

  The system will not accept an item number that is already included in a pool.

4. If you entered an item pool instead of an item number, complete the following fields:
   - Unit of Measure
   - G/L Class Code
5. On a separate line for each, enter the primary and all auxiliary valuation methods you want to use for this item or pool in the following field:
   - Valuation Method
6. If you are using dual currency, complete the following field:
   - Dual Currency

Field	Explanation
G/L Update Method	A two-character abbreviation for the methods that the system uses to determine the value of your company's stock for reporting and financial purposes. Examples include 01(FIFO Valuation Summ by Co.) and 02 (FIFO Valuation Summ by Branch), and 05 (LIFO Valuation Summ by Co.). Form-specific information For Advanced Stock Valuation In the G/L Update Method field, enter the valuation method used to update the general ledger, often referred to as the primary valuation method. List on a separate line under the Valuation Method heading all valuation methods you want to use to value this item or pool. You must include the G/L update method and all auxiliary methods you want to use in this list.

Field	Explanation
G/L Class Code	A user defined code that identifies the G/L offset to use when the system is searching for the account to which it will post the transaction. If you do not want to specify a class code, you can enter **** (four asterisks) in this field. The table of Automatic Accounting Instructions (AAIs) allows you to predefine classes of automatic offset accounts for the Inventory, Purchase, and Sales Order Management systems. G/L categories might be assigned as follows: IN20 – Direct Ship Orders IN60 – Transfer Orders IN80 – Stock Sales The system can generate accounting entries based upon a single transaction. As an example, a single sale of a stock item can trigger the generation of accounting entries similar to these: Sales-Stock (Debit) xxxxx.xx A/R Stock Sales (Credit) xxxxx.xx Posting Category: IN80 Stock Inventory (Debit) xxxxx.xx Stock COGS (Credit) xxxxx.xx Although this field is four characters, the system uses only the last two characters of the Category and the last character of the Document Type to find the AAI. Form-specific information For Advanced Stock Valuation A code that the system uses to post the stock valuation adjustments to the general ledger for all items in a pool. Each item might have a different G/L class code. You must assign one G/L class code to the pool for accurate valuation and posting.
Unit of Measure	A user defined code (00/UM) that indicates the quantity in which to express an inventory item, for example, CS (case) or BX (box). Form-specific information Advanced Stock Valuation All items in a pool might not have the same standard unit of measure. Therefore, you must specify a unit of measure for the pool. The system converts all items in the pool to the standard unit of measure for valuation purposes only.

Field	Explanation
Valuation Method	A two-character abbreviation for the methods that the system uses to determine the value of your company's stock for reporting and financial purposes. Examples include 01 (FIFO Valuation Summ by Co.) and 02 (FIFO Valuation Summ by Branch), and 05 (LIFO Valuation Summ by Co.). When you run the Stock Valuation Extraction program, the system updates the Stock Valuation Detail tables for the assigned valuation methods. Form-specific information Advanced Stock Valuation Enter the method you want to use to update the general ledger in the G/L Update Method field. List on a separate line all valuation methods you want to use to value this item or pool. If you omit the method you listed in the header as the G/L Update Method, the system automatically adds it. You must list any auxiliary methods you want included.

9.4.2 What You Should Know About

Topic	Description
Changing or deleting auxiliary valuation methods	If you change or delete a method that contains valuation records for an item or pool, the system displays a warning message. The system does not prohibit the change or deletion.

9.5 Assigning Unit Cost

Navigation

From Advanced Stock Valuation (G39), enter 29

From Advanced Stock Valuation Setup (G394), choose Item/Pool Cost Maintenance

Instead of using a calculated cost, you can specify a cost for each item and pool that you want to valuate using the replacement/current cost method. The system uses this information to calculate the value of your stock.

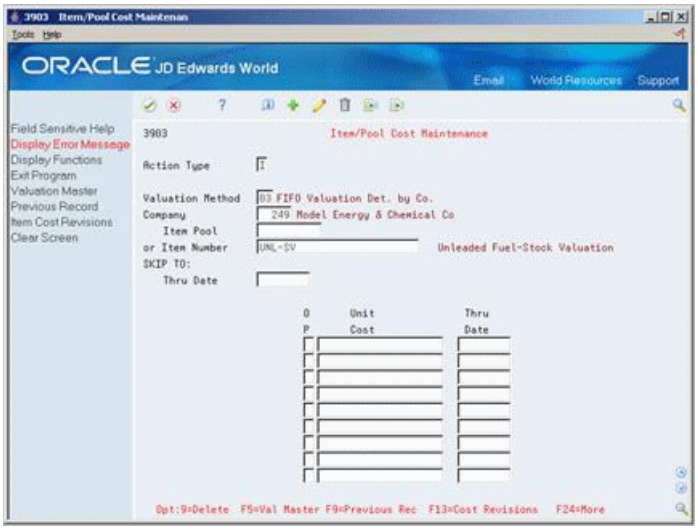
9.5.1 Before You Begin

- Define the valuation methods. See Section 8.1, "Defining Valuation Methods."

To assign cost methods

On Item/Pool Cost Maintenance

Figure 9–5 item/Pool Cost Maintenance screen



1. Complete the following fields:
   - Company
   - Valuation Method
2. Complete one of the following fields:
   - Item Pool
   - Item Number
3. Accept the entries.

   The program displays any previous unit cost information.
4. To change the information, complete the following fields:
   - Unit Cost
   - Thru Date

Field	Explanation
Company	A code that identifies a specific organization, fund, entity, and so on. This code must already exist in the Company Constants table (F0010). It must identify a reporting entity that has a complete balance sheet. At this level, you can have intercompany transactions. **Note:** You can use company 00000 for default values, such as dates and automatic accounting instructions (AAIs). You cannot use it for transaction entries.
Valuation Method	A two-character abbreviation for the methods that the system uses to determine the value of your company's stock for reporting and financial purposes Examples include 01 (FIFO Valuation Summ by Co.) and 02 (FIFO Valuation Summ by Branch), and 05 (LIFO Valuation Summ by Co.). When you run the Stock Valuation Extraction program, the system updates the Stock Valuation Detail tables for the assigned valuation methods.

Field	Explanation
Item Pool	A user defined code (system 41/type 05) that indicates a group of items that are evaluated by the Advanced Stock Valuation system using the same set of valuation methods. You assign the item pool to the item and then set up valuation methods for the pool using the Pool Valuation Method Maintenance program.
Item Number	An inventory item number. The system provides three separate item numbers plus an extensive cross reference capability to alternate item numbers (see data item XRT) to accommodate substitute item numbers, replacements, bar codes, customer numbers, supplier numbers, and so forth. The item numbers are: 1. Item Number (short) - An eight-digit, computer-assigned item number. 2. 2nd Item Number - The 25-digit, free-form, user defined alphanumeric item number. 3. 3rd Item Number - Another 25-digit, free-form, user defined alphanumeric item number.
Unit Cost	The amount per unit (the total cost divided by the unit quantity).
Thru Date	The date on which the item, transaction, or table becomes inactive or through which you want transactions to display. This field is used generically throughout the system. It could be a lease effective date, a price or cost effective date, a currency effective date, a tax rate effective date, or whatever is appropriate.

9.5.2 Processing Options

- See Section 14.3, "Item/Pool Cost Maintenance (P3903)."

10

Set Up Automatic Accounting Instructions

This chapter contains the topic:

- Section 10.1, "Setting Up Automatic Accounting Instructions."

10.1 Setting Up Automatic Accounting Instructions

Navigation

From Advanced Stock Valuation (G39), enter 29

From Advanced Stock Valuation Setup (G394), choose Automatic Accounting Instructions

Automatic Accounting Instructions (AAI) tell the system how to create general ledger entries for programs that generate automatic journal entries. AAIs are the user-defined bridge between program functions, your chart of accounts, and financial reporting. AAIs direct transactions to the appropriate general ledger accounts.

The system already has AAIs in place. You need to ensure that these AAIs are appropriate for your business needs. You can revise existing AAIs and set up additional AAIs as needed to accommodate growth and change in your business functions and financial reporting. Follow the same setup steps to create a new AAI or to revise an existing AAI.

For distribution systems, you must create AAIs for each unique combination of company, transaction, document type, and general ledger class that you will use. Each AAI identifies a specific general ledger account consisting of a business unit, an object, and a subsidiary. When the system processes a transaction, it creates accounting entries.

When setting up each AAI item, verify that there is a default for company 00000. For each company requiring specific instructions, verify that there is a business unit or object account. In many companies, the accounting department is responsible for AAI setup and maintenance.

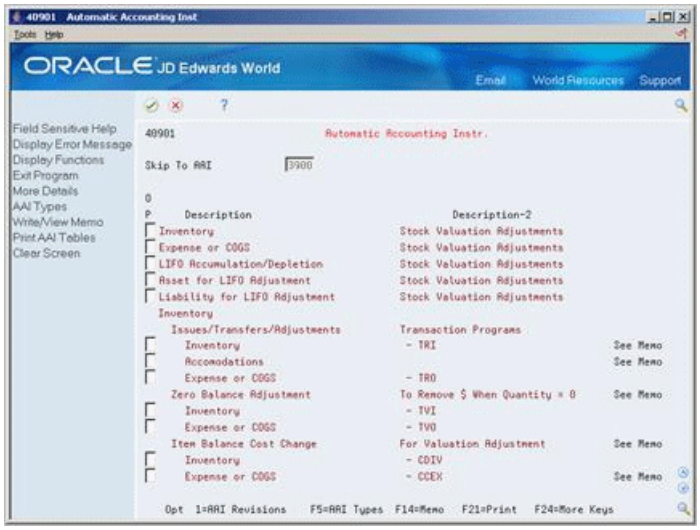
10.1.1 What You Should Know About

Topic	Description
Attaching messages to AAIs	You can attach explanatory messages to any AAI. Choose the memo function and enter your message. When you attach a message, a "See Memo" message appears next to the AAI.

To set up automatic accounting instructions

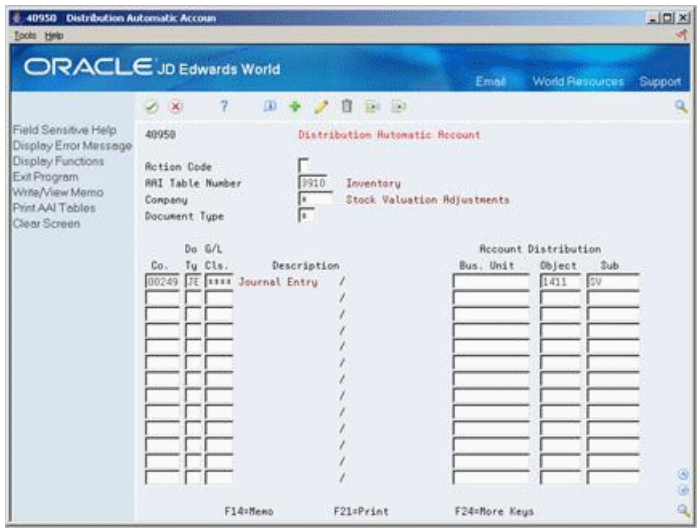
On Automatic Accounting Instructions

Figure 10–1 Automatic Account Instructions screen



1. Choose an AAI.
2. Access AAI Revisions.

Figure 10–2 Distribution Automatic Account screen



3. On Distribution Automatic Account, complete one or more of the following fields:
   - Company
   - Document Type
   - General Ledger Posting Category
   - Business Unit
   - Object Account
   - Subsidiary

Field	Explanation
Document Type	A user defined code (system 00/type DT) that identifies the origin and purpose of the transaction. JD Edwards World reserves several prefixes for document types, such as vouchers, invoices, receipts, and timesheets. The reserved document type prefixes for codes are: P – Accounts payable documents R – Accounts receivable documents T – Payroll documents I – Inventory documents O – Order processing documents J – General ledger/joint interest billing documents The system creates offsetting entries as appropriate for these document types when you post batches. *Form-specific information* In the inquiry field at the top of the form, the asterisk (*) is the default and causes the system to display all document types.
G/L Class Code	A user defined code that identifies the G/L offset to use when the system is searching for the account to which it will post the transaction. If you do not want to specify a class code, you can enter **** (four asterisks) in this field. The table of Automatic Accounting Instructions (AAIs) allows you to predefine classes of automatic offset accounts for the Inventory, Purchase, and Sales Order Management systems. G/L categories might be assigned as follows: IN20 – Direct Ship Orders IN60 – Transfer Orders IN80 – Stock Sales The system can generate accounting entries based upon a single transaction. As an example, a single sale of a stock item can trigger the generation of accounting entries similar to these: Sales-Stock (Debit) xxxxx.xx A/R Stock Sales (Credit) xxxxx.xx Posting Category: IN80 Stock Inventory (Debit) xxxxx.xx Stock COGS (Credit) xxxxx.xx Although this field is four characters, the system uses only the last two characters of the Category and the last character of the Document Type to find the AAI.
Object Account	The object account portion of a general ledger account. The term "object account" refers to the breakdown of the Cost Code (for example, labor, materials, and equipment) into subcategories (for example, dividing labor into regular time, premium time, and burden). If you are using a flexible chart of accounts and the object is set to 6 digits, JD Edwards World recommends that you use all 6 digits. For example, entering 000456 is not the same as entering 456, because the system enters three blank spaces to fill a 6-digit object.

Field	Explanation
Sub (Subsidiary)	A subdivision of an object account. Subsidiary accounts include more detailed records of the accounting activity for an object account. *Form-specific information* If you leave this field blank, the system uses the value you entered on the work order in the Cost Code field.

11

Set Up Company Selection

This chapter contains the topic:

- Section 11.1, "Setting Up Company Selection."

11.1 Setting Up Company Selection

Navigation

From Advanced Stock Valuation (G39), enter 29

From Advanced Stock Valuation Setup (G394), choose Period Extraction Company Selection

If you want the system to select information by company during the period extraction, you must set up all the companies you want selected.

See Also:

- Section 5.2, "Running the Periodic Extraction."

11.1.1 Data Selection Values

1. Type Y in the Include field for Company.
2. Move the cursor to the Value field.
3. Enter one of the following values:
   - *All to extract all companies
   - The number of the company you want selected during the period extraction
   - *Values

   A form appears where you can list all the companies you want extracted.

12

Purge Valuation Data

This chapter contains the topic:

- Section 12.1, "Purging Valuation Data."

12.1 Purging Valuation Data

Navigation

From Advanced Stock Valuation (G39), enter 27

From Advanced Stock Valuation Technical Operations (G393), choose Valuation File Purge

When data becomes obsolete or you need more disk space, you can remove files with the purge program. The system purges information from the following files:

- Document Summary (F3906)
- Period Summary (F39051)
- Additional Quantities (F39053)

Purging can cause serious damage to your system if done incorrectly. The system administrator or operations personnel should perform the procedure. A company should authorize only those employees who understand the purging process and its results access to the purge program.

12.1.1 Before You Begin

- Back up all files you are planning to purge. There is no program to reverse a purge. If an error occurs and the system loses data, you can recover data only from the backup files.
- Ensure that no users are working with the records or files you want to purge. If a file is in use, the system cannot reorganize it.

12.1.2 What You Should Know About

Topic	Description
Naming saved purged records	Set the processing options to save the records you purge in a special purge library. The system names this library 'JD Edwards World' followed by the current system date (without separators). For example, if you purge the records on January 1, 1998, the purge library name is JDE010198. The system creates a physical file with the same name within that library. If you purge the same file multiple times on the same day, the system adds the purged records to the records already in the purge file for that day.
Reorganizing files	Set the processing options to reorganize your files after the purge is complete. Reorganizing the files redistributes the remaining data so that the system can use the disk space more efficiently. The files you want to reorganize cannot be in use elsewhere, but must be exclusively allocated to the report writer job performing the purge. If you submitted a report writer version of the purge program using a logical file build rather than OPNQRYF, the system includes the logical file built over the purged file in the reorganization. This might increase the time required to perform the file reorganization.
Using OPNQRYF	If you use OPNQRYF to select records to be purged, you must specify at least one field in data sequencing and set the Delete field in additional parameters to Y for the report writer version that you use.

12.1.3 Processing Options

- See Section 15.1, "Stock Valuation Purge (P39900)."

Part III

Processing Options

This part contains these chapters:

- Chapter 13, "Advanced Stock Valuation Processing - Processing Options,"
- Chapter 14, "Advanced Stock Valuation Setup Processing Options,"
- Chapter 15, "Advanced & Technical Processing Options."

13

Advanced Stock Valuation Processing - Processing Options

This chapter contains these topics:

13.1 Stock Valuation Period Extraction (P39120)

Processing Option	Processing Options Requiring Further Description
PROCESSING DATE:	
1. Enter the G/L Date to execute. Default of blank will use the current date. (The period to process will be determined by this date.)	
DREAMWRITER VERSION ID:	

Processing Option	Processing Options Requiring Further Description
2. Enter the DREAM Writer Version ID to determine the company selection from the Item/Pool Valuation Master File (DREAM Writer Form ID P391201): Default = XJDE0001 (**NOTE:** This DREAM Writer Version controls company selection ONLY. If Item or Pool ID is selected, it will be ignored.)	
RESTART OPTION:	
3. Enter a '1' to restart the extraction for the period clearing any calculated allocations that already exist in the layer file. Enter a '2' to restart the extraction for the period clearing the period file, layers file and document summary file for the period and pulling in transactions from the prior execution. Default of blank will not perform any restart operations.	Blank, 1, and 2 are the only valid values. Only one version is necessary, as all data sequencing is the same.
USER DEFINED CODES:	
4. List the User Defined Code containing the document types for the following: Incoming Transactions: System Code Record Type Outgoing Transactions: System Code Record Type Document Types to repress error message - "Doc Type not incoming or outgoing": System Code Record Type	
5. Enter the version of the Item/Pool Error Report to use. (DREAM Writer Form ID X391214): Default = ZJDE0001 This processing option will only affect Replacement/Current Cost valuation methods.	

13.2 Unit Cost Period Report (P39540)

Processing Option	Processing Options Requiring Further Description
REPORT OVERRIDES:	
1. Enter the first Fiscal Period you want to print on the report. Blank will default to current fiscal period for the company.	

Processing Option	Processing Options Requiring Further Description
2. Enter the Fiscal Year of the first period you want to print on the report. Default of blank will use the current fiscal year for the company.	
3. Enter a '1' if you would like to print the report displaying Average Unit Cost for Closing Inventory. If left blank the report will display Average Unit Cost for Incoming Transactions.	
4. Enter a '1' to include dual currency amounts on report. Default of blank will not include dual currency amounts on report.	

13.3 Stock Valuation Detail Report (P39400)

Processing Option	Processing Options Requiring Further Description
G/L UPDATE METHOD:	
1. Enter a '1' to print the report using the G/L Update Valuation Method for each Item/Item Pool. Default of blank will print all valuation methods.	
2. Enter a '1' to also print the period incoming and period outgoing on the report along with the Year to date quantities and amounts for LIFO valuation methods. Default of blank will not print the period incoming and period outgoing quantity and amount.	
3. Enter a '1' to include dual currency amounts on report. Default of blank will not include dual currency amounts on report.	

13.4 Stock Valuation G/L Update - Final (P39130)

Processing Option	Processing Options Requiring Further Description
PROOF OR FINAL:	
1. Enter a '1' to execute in update mode which will create journal entries and set the update flag on the period detail record. Default of blank will execute in PROOF mode (no update will occur).	
G/L JOURNAL ENTRY OPTIONS:	
2. G/L date (Default = current)	
3. Document Type (Default = JE)	

Processing Option	Processing Options Requiring Further Description
4. Enter '1' to summarize entries by account (Default = detail entries)	
G/L JOURNAL ENTRY SERVER:	
5. Enter the version ID to use for the G/L Journal Entry Server program (XT0911Z1). Default = ZJDE0001	
YEAR-END PROCESSING:	
6. Enter a '1' to roll up remaining FIFO layers for year-end processing.	Year End Processing: Except for FIFO valuations, the system always rolls up all layers at the end of the year into a single layer for the opening balance for the next year. If you want the FIFO valuation to remain, leave this option blank. If you want the FIFO valuations to roll up into one layer, enter 1 in this option.

13.5 Valuation Summary Review (P39050)

Processing Option	Processing Options Requiring Further Description
Enter the version for each program: If left blank, ZJDE0001 will be used.	
1. Valuation Period Review (P39051)	

13.6 Valuation Period Review (P39051)

Processing Option	Processing Options Requiring Further Description
Enter the version for each program: If left blank, ZJDE0001 will be used.	
1. Document Summary Review (P3906)	

13.7 Period Summary Review (P39053)

Processing Option	Processing Options Requiring Further Description
Enter the version for each program: If left blank, ZJDE0001 will be used.	
1. Valuation Period Review (P39051)	

13.8 Document Summary Review (P3906)

Processing Option	Processing Options Requiring Further Description
Enter the version for each program: If left blank, ZJDE0001 will be used.	

Processing Option	Processing Options Requiring Further Description
1. Item Ledger (P4111)	
2. Item Pool Inquiry (P39001)	

13.9 Period Extraction - Update Period (P39120)

Processing Option	Processing Options Requiring Further Description
PROCESSING DATE:	
1. Enter the G/L Date to execute. Default of blank will use the current date. (The period to process will be determined by this date.)	
DREAMWRITER VERSION ID:	
2. Enter the DREAM Writer Version ID to determine the company selection from the Item/Pool Valuation Master File (DREAM Writer Form ID P391201): Default = XJDE0001 (**NOTE:** This DREAM Writer Version controls company selection ONLY. If Item or Pool ID is selected, it will be ignored.)	
RESTART OPTION:	
3. Enter a '1' to restart the extraction for the period clearing any calculated allocations that already exist in the layer file. Enter a '2' to restart the extraction for the period clearing the period file, layers file and document summary file for the period and pulling in transactions from the prior execution. Default of blank will not perform any restart operations.	Blank, 1, and 2 are the only valid values. Only one version is necessary, as all data sequencing is the same.
USER DEFINED CODES:	
4. List the User Defined Code containing the document types for the following: Incoming Transactions: System Code Record Type Outgoing Transactions: System Code Record Type Document Types to repress error message - "Doc Type not incoming or outgoing": System Code Record Type	
5. Enter the version of the Item/Pool Error Report to use. (DREAM Writer Form ID X391214): Default = ZJDE0001 This processing option will only affect Replacement/Current Cost valuation methods.	

13.10 Stock Valuation Summary (P39500)

Processing Option	Processing Options Requiring Further Description
1. Enter a '1' to include dual currency amounts on report. Default of blank will not include dual currency amounts on report.	

13.11 General Ledger Update Summary (P39510)

Processing Option	Processing Options Requiring Further Description
1. Enter a '1' to include dual currency amounts on report. Default of blank will not include dual currency amounts on report.	

13.12 General Ledger Post (P09800)

Processing Option	Processing Options Requiring Further Description
BATCH SELECTION:	
1. Enter Batch Number or Batch Date or Batch User ID	
PRINT SELECTION:	
2. Identify how to print amount fields on Post Journal: '1' = to Millions (w/ commas) '2' = to Billions (w/o commas) Blank (Default) = No Journal Printed.	
3. Identify which account number to print on report: '1' = Account Number '2' = Short Account ID '3' = Unstructured Account '4' = (Default) Number Entered During Input	
FIXED ASSETS:	
4. Enter a '1' to post F/A entries to Fixed Assets. **Note:** DREAM Writer version ZJDE0001 of Post G/L Entries to Assets (P12800) is executed when this option is selected. All transactions selected from that DREAM Writer will be posted rather than just the current entries being posted to G/L.	
5. Enter a 'Y' if you wish to explode parent item time down to the assembly component level. Component billing rates will be used. (This applies to batch type 'T' only.)	
CASH BASIS ACCOUNTING:	
6. Enter a '1' to create and post Cash Basis accounting entries. (Applies to batch type G, K, M, W, & R only.)	

Processing Option	Processing Options Requiring Further Description
7. Enter units ledger type for Cash Basis Accounting entries. (Default of blank will use "ZU" ledger type.)	
ACCOUNTING FOR 52 PERIODS:	
8. Enter a '1' for 52 Period Post. **Note:** DREAM Writer data selection is used for 52 period posting ONLY. It is NOT used for the standard post to the F0902. Additionally, 52 period date patterns must be set up.	
TAX FILE UPDATE:	
9. Identify when to update the Tax Work file (F0018): '1' = V.A.T. or Use Tax only '2' = for All Tax Amounts '3' = for All Tax Explanation Codes Blank (Default) = No Update to File **Note:** When using Vertex Taxes the Vertex Tax Register file will be updated instead of the Tax Work file for methods '1', '2', and '3'.	
10. Adjust VAT Account for Cash Receipt Adjustments and Write Offs. Tax explanation must be a 'V'. '1' = update VAT amount only '2' = update VAT amount, extended price and taxable amount	
11. Adjust VAT Account for Discount Taken. The Tax Rules file must be set to Calculate Tax on Gross Amount, including Discount and Calculate Discount on Gross Amount, including Tax. Tax explanation must be a 'V'. '1' = update VAT amount only '2' = update VAT amount, extended price and taxable amount	
PROPERTY MANAGEMENT:	
12. Enter DREAM Writer version of Property Management G/L Transaction Creation to be executed. Default is version ZJDE0001. (This applies to batch types '2' and '/'.)	
UPDATE OPTION:	
13. Enter '1' to update short ID number, company, fiscal year/period number, century, and fiscal quarter in unposted transaction records selected for posting. (May be required for custom input programs.)	
REPORT FORMAT:	
14. Enter a '1' to print the Posting Journal in a 198 character format. The default of blank will print the format with 132 characters.	
DETAILED CURRENCY RESTATEMENT:	

Processing Option	Processing Options Requiring Further Description
15. Enter a '1' to create currency restatement entries. This creates records in the XA, YA, and/or ZA ledgers depending on the version you are running.	
16. Enter the version of the Detailed Currency Restatement (P11411) to execute. Default of blank will execute ZJDE0001.	
RECONCILIATION FILE PROCESSING:	
17. Enter a '1' to update the Cross-Environment Reconciliation file. Blank will not update the reconciliation file. **Note:** The Cross-Environment Reconciliation file can also be updated through the stand-alone Cross-Environment File Creation program.	
REVERSING JOURNAL ENTRIES:	
18. When normal number of periods = 12 or 13 and posting a reversing entry into period 12 or 13, enter a '1' to create reversing journal entries to the first period of the following year. This is to avoid posting reversing entries to an adjusting period. Example: Normal number of periods = 12. Period 12 ends 12/30/xx and period 13 ends 12/31/xx. Journal Entry date of 12/30/xx will post reversing entry to period 01 of next year if processing option is set to '1'.	
BATCH TYPE SELECTION: **Note:** This option should NOT be changed by User.	

14

Advanced Stock Valuation Setup Processing Options

This chapter contains these topics:

- Section 14.1, "Item Pool Inquiry (P39001),"
- Section 14.2, "Item/Pool Valuation Master (P3901),"
- Section 14.3, "Item/Pool Cost Maintenance (P3903),"
- Section 14.4, "Valuation Method Master (P3902)."

14.1 Item Pool Inquiry (P39001)

Processing Option	Processing Options Requiring Further Description
Enter the version for each program: If left blank, ZJDE0001 will be used.	
1. Item Ledger (P4111)	
2. Item Cost Revisions (P39001)	

14.2 Item/Pool Valuation Master (P3901)

Processing Option	Processing Options Requiring Further Description
Enter the version for each program: If left blank, ZJDE0001 will be used.	
1. Item Cost Revisions (P39001)	

14.3 Item/Pool Cost Maintenance (P3903)

Processing Option	Processing Options Requiring Further Description
Enter the version for each program: If left blank, ZJDE0001 will be used.	
1. Item Cost Revisions (P4105)	

14.4 Valuation Method Master (P3902)

Processing Option	Processing Options Requiring Further Description
DEFAULT VALUES :	
1. Enter Version for Item/Pool Valuation Maintenance.	

15

Advanced & Technical Processing Options

This chapter contains the topic:

- Section 15.1, "Stock Valuation Purge (P39900)."

15.1 Stock Valuation Purge (P39900)

Processing Option	Processing Options Requiring Further Description
RECORD SELECTION:	
1. Enter a '1' if you would like to print a report of the purged records.	
2. Enter a '1' if you wish to run the purge in update mode. If left blank no records will be removed from the files and processing option number 3 be ignored.	
3. Enter a '1' if you want to save the purged records to a history file. If this processing option is left blank, the records will not be saved.	

A

Valuation Calculations

This appendix contains these topics:

- Section A.1, "First In/First Out (FIFO) Calculations,"
- Section A.2, "Last In/First Out (LIFO) Calculations."

A.1 First In/First Out (FIFO) Calculations

The FIFO costing method assumes that the first inventory items purchased are the first ones sold. This method results in an ending inventory balance based on the costs associated with the most recent purchases. The allocated ending inventory and value become the opening inventory for the next period.

The following example demonstrates the FIFO principle using the first five and last months of a fiscal year.

The example does not include the other factors, such as freight, exchange rate differences, and loans and borrows, that can affect the cost of the inventory.

Figure A–1 First In/First Out (FIFO) Calculations

Product	Date	Quantity	Unit Cost	Value	Allocation	Value
January Opening Inventory		500	1.00	500.00		
Fuel A	01/05	500	2.00	1000.00	100	200.00
Fuel B	01/09	300	2.50	750.00	300	750.00
Fuel C	01/25	600	1.75	1050.00	600	1050.00
January Purchases		1400	2.00	2800.00	Period Ending	
January Sales		900				
Total Closing Inventory		1000	2.00	2000.00	January 31	
Cost of Goods Sold				1300.00		

The opening inventory quantity and price for Pool 1 for the month of January is the closing inventory from December of the previous year. In January, the company purchased a total of 1400 units for 2800.00. The company sold 900 units.

The system uses the following formula to calculate the closing inventory units:

Opening inventory (500) + purchases (1400) - sales (900) = closing inventory (1000)

In determining the closing inventory value using FIFO, the system allocates the closing inventory quantity to the most recently purchased quantities. Because this costing method specifies that the inventory purchased first is sold first, the system calculates the closing inventory as follows:

Figure A–2 Total Closing Inventory

Purchases	Price	Date	Closing Allocations	Closing Value
500	1.00	Opening		
500	2.00	01/05	100	200.00
300	2.50	01/09	300	750.00
600	1.75	01/25	600	1050.00
			Total Closing Inventory Value	2000.00

Once properly allocated, the system calculates the closing inventory value by multiplying the closing allocations by the respective purchase price and summing:

Closing inventory value = sum (closing allocations * purchase price)

Closing inventory value (January) = (600 * 1.75) + (300 * 2.50) + (100 * 2.00) = 2000.00

Once the system determines the closing inventory, then it calculates the cost of the goods sold (COGS) using the formula:

Opening inventory value (500.00) + purchases (2800.00) - closing inventory value (2000.00) = COGS (1300.00)

The system calculates the cost of the closing inventory per unit as follows:

Closing inventory value (2000.00) / total closing inventory(1000) = 2.00

The January closing inventory becomes the February opening inventory. February through May follow the same calculation formulas as illustrated in the following tables:

Figure A–3 February Through May Inventory Calculations

Product	Date	Quantity	Unit Cost	Value	Allocation	Value
February Opening Inventory		1000	2.00	2000.00	500	1000.00
Fuel A	02/08	700	2.50	1750.00	700	1750.00
Fuel B	02/17	800	1.75	1400.00	800	1400.00
February Purchases		1500	2.10	3150.00		
February Sales		500			Period Ending	
Total Closing Inventory		2000	2.08	1450.00	February 28	
Cost of Goods Sold				1000.00		

The closing inventory quantity allocation is as follows:

Figure A–4 Closing Inventory Quantity Allocation

Purchases	Unit Cost	Date	Closing Allocations	Closing Value
1000	2.00	Opening	500	1000.00
700	2.50	02/08	700	1750.00
800	1.75	02/17	800	1400.00
			Total Closing Inventory Value	4150.00

March

Figure A–5 March Closing Inventory

Product	Date	Quantity	Unit Cost	Value	Allocation	Value
March Opening Inventory		2000	2.08	4150.00		
Fuel A	03/10	200	1.50	300.00		
Fuel B	03/20	500	1.25	625.00	200	250.00
March Purchases		700	1.32	925.00	Period Ending March 31	
March Sales		2500				
Total Closing Inventory		200	1.25	250.00		
Cost of Goods Sold				4825.00		

April

Figure A–6 April Closing Inventory

Product	Date	Quantity	Unit Cost	Value	Allocation	Value
April Opening Inventory		200	1.25	2.50.00		
Fuel A	04/11	1200	1.35	1620.00	400	540.00
Fuel B	04/15	1100	1.50	1650.00	1100	1650.00
April Purchases		2300	1.42	3270.00	Period Ending April 30	
April Sales		1000				
Total Closing Inventory		1500	1.46	2190.00		
Cost of Goods Sold				1330.00		

May

Figure A–7 May Closing Inventory

Product	Date	Quantity	Unit Cost	Value	Allocation	Value
May Opening Inventory		1500	1.46	2190.00	1000	1460.00
Fuel A	05/13	600	1.63	975.00	600	975.00
Fuel B	05/24	500	1.35	675.00	500	675.00
May Purchases		1100	1.50	1650.00	Period Ending May 31	
May Sales		500				
Total Closing Inventory		2100	1.48	3110.00		
Cost of Goods Sold				730.00		

For simplicity, this example assumes the company made no transactions from June through November.

Figure A–8 June Through November Closing Inventory

Product	Date	Quantity	Unit Cost	Value	Allocation	Value
December Opening Inventory		2100	1.48	3110.00	100	148.10
Fuel A	12/15	1200	1.35	1620.00	1200	1620.00
Fuel B	12/16	1500	1.50	2250.00	1500	2250.00
December Purchases		2700	1.43	3870.00		
December Sales		2000			Period Ending	
Total Closing Inventory		2800	1.44	4018.10	December 31	
Cost of Goods Sold				2961.90		

Closing inventory

Figure A–9 Total Closing Inventory

Purchases	Price	Date	Closing Allocations	Closing Value
2100	1.48	Opening	100	148.10
1200	1.35	12/15	1200	1620.00
1500	1.50	12/16	1500	2250.00
			Total Closing Inventory Value	4018.10

The system calculates the following end-of-year values as follows:

Closing inventory value = (100 * 1.48) + (1200 * 1.35) + (1500 * 1.50) = 4018.10

Closing inventory cost per unit = 4018.10 / 2,800 = 1.44

The system calculates the COGS for December as follows:

COGS (December) = 3110.00 + 3870.00 - 4018.10 = 2961.90

Using these calculations, the opening inventory values for January are:

Description	Value
Inventory Quantity	2800 units
Unit Price	1.44
Inventory Value	4018.10

A.2 Last In/First Out (LIFO) Calculations

The LIFO costing method assumes that the last inventory items purchased are the first ones sold. This costing method determines the stock value and cost of goods sold based on the sale of the newest stock first. That is, the inventory that has been in stock the shortest amount of time is sold first. This method results in an ending inventory

balance based on the costs associated with the oldest inventory. Second, this method requires that the system records historical costs for all years with stock remaining for that year.

The LIFO costing method values inventory using some unique processes that are important to point out:

- The LIFO method values inventory based on the activity that occurred on a year-to-date basis instead of a rolling (carry forward) inventory balance. To facilitate this type of processing, when the system applies this method for each period, the prior period's entries are reversed, making the new entries the current year-to-date values.

  This reversal is done for all periods except for the last period of the year.

  The reversals every period also keep the opening inventory constant until the end of the year. Thus, the opening inventory is always the same regardless of what transpired in the prior period, because the prior period's entries are reversed.

- The system stores the total purchase quantity, amount, and average price for each period of the year. The stored information allows the system to allocate the closing inventory, starting with the current period and allocating to prior periods.

  The LIFO example presented later in this documentation further illustrates this process.

- Because the LIFO method's purpose is to reflect the inventory value accumulation or depletion at the end of the year, the entries that are logged at the end of each period need to be adjusted to remove the effect of any accumulation or depletion. This adjustment is called a "LIFO adjustment." You must do a LIFO adjustment for all periods except the last period of the year. The system records the LIFO adjustment against the income and balance sheet accounts. See Section A.2.2, "Accumulation/Depletion Credit or Debit" matrix for instructions on when to debit and credit the appropriate accounts.

- You might not always know the price of an item when you receive it. Because a quantity without a price can cause a large fluctuation in the average price, you can enter and use an override price for each period.

  Later in this documentation the tables for May and December illustrate price overrides.

A.2.1 Formulas Used in LIFO Calculations

Abbreviation	Definition
ABS	Absolute value of
Accum	Accumulation
COGS	Cost of good sold
CPUR	Current period average cost
DEPLT	Depletion
FPUR	First average cost (average allocated cost)
INVL	Inventory value
INVQ	Inventory quantity
PTD	Period to date

Abbreviation	Definition
PURQ	Purchase quantity
PURV	Purchase value
QTY	Quantity
SALQ	Sales quantity
YTD	Year to date

Term	Equation
Opening inventory quantity	Sum of quantity accumulations of all existing layers
Opening inventory value	Sum of value accumulations of all existing layers
Period purchase price average	((Sum of PURV) / (Sum of PURQ))
Accumulation/ Depletion	YTD PURQ - YTD SALQ
Total closing INVQ	Opening INVQ + YTD PURQ - YTD SALQ
Closing INVQ allocations	Accumulations: QTY = (accumulation - Jan PURQ) If QTY > 0, then QTY - (QTY - Feb PURQ) Depletions: QTY = (depletion - prior Year1) If QTY > 0, then QTY = (QTY - Prior Year2)
Closing inventory value	Opening INVL + total allocation value
Cost of goods sold	Opening INVL + total YTD PURV - closing inventory value
Material balance	Opening INVQ + total YTD PURQ - closing INVA - YTD SALQ
Average accumulation price	Total allocation value / total allocation quantity
Accumulation/depletion adjusted price	Average accumulation price - PTD average price
Accumulation/depletion amount	Accumulation/depletion price * ABS (accumulation or depletion)

A.2.2 Accumulation/Depletion Credit or Debit

Description	Result
Accumulation	Balance Sheet ■ If FPUR < CPUR, then debit ■ If FPUR > CPUR, then credit Income Statement ■ If FPUR < CPUR, then credit ■ If FPUR > CPUR, then debit

Description	Result
Depletion	Balance Sheet ■ If FPUR < CPUR, then credit ■ If FPUR > CPUR, then debit Income Statement ■ If FPUR < CPUR, then debit ■ If FPUR > CPUR, then credit

The following example demonstrates the LIFO principle using the first five and the last months of a fiscal year. For simplicity, the example assumes that the company made no transactions from May through November.

The example reflects only the effect of the purchase price on the cost of inventory. It does not show the other factors, such as freight, exchange rate differences, loans, and borrows, that can affect the cost of the inventory.

The example presents three layers of accumulation prior to the current year (2017). The opening balance for the year is the sum of the accumulations for the prior layers.

Figure A–10 Three Layers of Accumulation (1 of 2)

Product	Date	Quantity	Unit Cost	Value	Allocation	Value
	2005	70,000	1.00	70,000.00		
	2010	35,000	1.50	52,500.00		
	2016	42,000	1.15	48,300.00		
Opening Inventory	2017	147,000		170,800.00		
Jan. Purchase Average		1400	2.00	2800.00	500	1000.00
Fuel A	01/05	500	2.00	1000.00		
Fuel B	01/09	300	2.50	750.00		
Fuel C	01/25	600	1.75	1050.00		
January Sales		900			Period Ending	
					January 31, 2017	
Accumulation/Depletion		500	2.00	1000.00		
Total Closing Inventory		147,500		171,800.00		
Cost of Goods Sold				1800.00		
Material Balance		0				
LIFO Accumulation/ Depletion Cost			0.00			
					Accumulation	
General Ledger Entries						
New Entries:						
Inventory (Balance Sheet)				171,800.00		
Closing Inventory (Income Statement)				<171,800.00>		
LIFO Accumulation/Depletion Adjustment (Balance Sheet)				0.00		
LIFO Accumulation/Depletion Adjustment (Income Statement)				0.00		

Figure A–11 Three Layers of Accumulation (2 of 2)

Closing Inventory Balance				
2005	70,000	1.00	70,000.00	
2010	35,000	1.50	52,500.00	
2016	42,000	1.15	48,300.00	
2017	500	2.00	1000.00	
Total	147,500		171,800.00	

During January, the company purchased a total of 1400 units for 2,800.00. They sold 900 units. The system uses the following formula to determine the closing inventory for a specified period:

Opening inventory (147,000) + purchases (1400) - sales (900) = closing inventory units (147,500)

The system calculates the accumulation/depletion from the beginning of the year with the following formula:

Closing inventory (147,500) - opening inventory (147,000) = accumulation/depletion (500)

The closing inventory quantity needs to be allocated to the correct purchase quantities and dates for the LIFO method. The system allocates the closing inventory as follows:

Figure A–12 January Total Closing Inventory Value

Layers	Purchases	Unit Cost	Closing Allocations	Closing Value
2005	70,000	1.00	70,000	70,000.00
2010	35,000	1.50	35,000	52,500.00
2016	42,000	1.15	42,000	48,300.00
January 2017	1400	2.00	500	1000.00
			Total Closing Inventory Value	171,800.00

Once properly allocated, the system multiplies the closing allocations by the respective purchase price and sums them to calculate the closing inventory value:

Sum (closing allocations * purchase price) = closing inventory value (170,800.00) + (500 * 2.00) = 171,800.00

Once the closing inventory value has been determined, the system calculates the COGS using the formula:

Opening inventory value (170,888.00) + purchases (2800.00) - closing inventory value (171,800.00) = COGS (1800.00)

The system calculates the average cost with the following formula:

Total purchase amount (2800.00) / total purchase quantity (1400) = average cost (2.00)

The system uses the following formula to calculate the LIFO adjustment:

Average price of the accumulation/depletion (1000.00 / 500) - current period's average price (2800.00 / 1400) = LIFO adjustment (0.00)

Therefore, the LIFO adjustment is the accumulation/depletion (500) * the accumulation/depletion cost (0.00) = 0.00

In February, the January period ending entries are reversed before you make the February entries.

Figure A–13 February Total Closing Inventory Value (1 of 2)

Product	Date	Quantity	Unit Cost	Value	Allocation	Value
	2005	70,000	1.00	70,000.00		
	2010	35,000	1.50	52,500.00		
	2016	42,000	1.15	48,300.00		
Opening Inventory	2017	147,000		170,800.00		
Jan. Purchase Average		1400	2.00	2800.00	1400	2800.00
Feb. Purchase Average		1500	2.10	3150.00	100	210.00
Fuel A	02/08	700	2.50	1750.00		
Fuel B	02/17	800	1.75	1400.00		
January Sales		900			Period Ending	
February Sales		500			February 28, 2017	
Accumulation/Depletion		1500	2.01	3010.00		
Total Closing Inventory		148,500		173,810.00		
Cost of Goods Sold				2940.00		
Material Balance		0				
LIFO Accumulation/ Depletion Cost			0.09			
					Accumulation	
General Ledger Entries						
Prior Period Reversal:						
Inventory (Balance Sheet)				<171,800.00>		
Closing Inventory (Income Statement)				171,800.00		
LIFO Accumulation/Depletion Adjustment (Balance Sheet)				0.00		
LIFO Accumulation/Depletion Adjustment (Income Statement)				0.00		

Figure A–14 February Total Closing Inventory Value (2 of 2)

New Entries:				
Inventory (Balance Sheet)			173,810.00	
Closing Inventory (Income Statement)			<173,810.00>	
LIFO Accumulation/Depletion Adjustment (Balance Sheet)			140.00	
LIFO Accumulation/Depletion Adjustment (Income Statement)			<140.00>	
Closing Inventory Balance				
2005	70,000	1.00	70,000.00	
2010	35,000	1.50	52,500.00	
2016	42,000	1.15	48,300.00	
2017	1500	2.01	3010.00	
Total	148,500		173,810.00	

The system uses the same formulas and makes the calculations based on the February transactions.

During February, the company purchased a total of 1500 units for 3150.00. They sold 500 units. The system uses the following formula to determine the closing inventory:

Opening inventory (147,000) + purchases (1400 + 1500) - sales (900 + 500) = closing inventory (148,500)

The accumulation/depletion from the beginning of the year is:

Closing inventory (148,500) - opening inventory (147,000) = 1500

The system allocates the closing inventory as follows:

Figure A–15 February Closing Inventory Allocation

Layers	Purchases	Unit Cost	Closing Allocations	Closing Value
2005	70,000	1.00	70,000	70,000.00
2010	35,000	1.50	35,000	52,500.00
2016	42,000	1.15	42,000	48,300.00
Jan 2017	1400	2.00	1400	2800.00
Feb 2017	1500	2.10	100	210.00
			Total Closing Inventory Value	173,810.00

The system calculates the February COGS:

Opening inventory value (170,800.00) + purchases (2800.00 +3150.00) - closing inventory value (173,810.00) = COGS (2940.00)

The system calculates the February average cost:

Total purchase amount (3150.00) / purchase quantity (1500) = average cost (2.10)

The system calculates the LIFO adjustment:

Average cost of the accumulation/depletion (2800.00 + 210.00 / 1500) - current period's average cost (2.10) = (0.09)

Accumulation/Depletion (1500) * accumulation/depletion average cost (0.09) = LIFO accumulation/depletion adjustment (140.00)

See the matrix indicating how to credit or debit accumulation/depletion to determine how to make the income statement and balance sheet entries for the LIFO adjustment.

In March, the February period ending entries are reversed before you make the March entries.

Figure A–16 March Total Closing Inventory Value (1 of 2)

Product	Date	Quantity	Unit Cost	Value	Allocation	Value
	2005	70,000	1.00	70,000.00		
	2010	35,000	1.50	52,500.00		
	2016	42,000	1.15	48,300.00	<300>	<345.00>
Opening Inventory	2017	147,000		170,800.00		
Jan. Purchase Average		1400	2.00	2800.00		
Feb. Purchase Average		1500	2.10	3150.00		
March Purchase Average		700	1.32	925.00		
Fuel B	03/10	200	1.50	300.00		
Fuel C	03/20	500	1.25	625.00		
January Sales		900			Period Ending	
February Sales		500			March 31, 2017	
March Sales		2500				
Accumulation/Depletion		<300>	1.15	<345.00>		
Total Closing Inventory		146,700		170,455.00		
Cost of Goods Sold				7220.00		
Material Balance		0				
LIFO Accumulation/ Depletion Cost			<0.17>			
					Depletion	
General Ledger Entries						
Prior Period Reversal:						
Inventory (Balance Sheet)				<173,810.00>		
Closing Inventory (Income Statement)				173,810.00		
LIFO Accumulation/Depletion Adjustment (Balance Sheet)				<140.00>		
LIFO Accumulation/Depletion Adjustment (Income Statement)				140.00		

Figure A–17 March Total Closing Inventory Value (2 of 2)

New Entries:				
Inventory (Balance Sheet)			170,455.00	
Closing Inventory (Income Statement)			<170,455.00>	
LIFO Accumulation/Depletion Adjustment (Balance Sheet)			<51.43>	
LIFO Accumulation/Depletion Adjustment (Income Statement)			51.43	
Closing Inventory Balance				
2005	70,000	1.00	70,000.00	
2010	35,000	1.50	52,500.00	
2016	41,700	1.15	47,955.00	
Total	146,700		170,455.00	

The system uses the same formulas and makes the calculations based on the February transactions.

During March, the company purchased a total of 700 units for 925.00. They sold 2500 units. The system uses the following formula to determine the closing inventory:

Opening inventory (147,000) + purchases (1400 + 1500 + 700) - sales (900 + 500 + 2500) = closing inventory (146,700)

The accumulation/depletion from the beginning of the year is:

Closing inventory (146,700) - opening inventory (147,000) = <300>

The system allocates the closing inventory as follows:

Figure A–18 March Closing Inventory Allocation

Layers	Purchases	Unit Cost	Closing Allocations	Closing Value
2005	70,000	1.00	70,000	70,000.00
2010	35,000	1.50	35,000	52,500.00
2016	42,000	1.15	42,000 - 300	47,955.00
Jan 2017	1400	2.00		
Feb 2017	1500	2.10		
March 2017	700	1.32		
			Total Closing Inventory Value	170,455.00

The system calculates the March COGS:

Opening inventory value (170,800.00) + purchases (2800.00 +3150.00 + 925.00) - closing inventory value (170,455.00) = COGS (7220.00)

The system calculates the March average cost:

Total purchase amount (<3450.00>) / total purchase quantity (<300>) = average cost (1.15)

The system calculates the LIFO adjustment:

Average cost of the accumulation/depletion(345 / 300 = 1.15) - current period's average cost (925 / 700 = 1.32) = accumulation/depletion cost (<.17>)

Accumulation/depletion (300) * accumulation/depletion cost (<0.17>) = LIFO accumulation/depletion adjustment (<51.43>)

See the matrix indicating how to credit or debit accumulation/depletion to determine how to make the income statement and balance sheet entries for the LIFO adjustment.

The depletion in March reduced the inventory of a prior layer. April's opening balance will be the same as all of the other months due to the fact that the prior period entries are reversed.

The remaining months follow the same calculations. In December, the last period in the year, no LIFO adjustment entries are made to the accounts.

Two different tables are presented for December:

- The first December example has a closing inventory as an accumulation. This creates a LIFO layer for 2017.
- The second December example has a depletion. The depletion is removed from the prior (2016) layer's quantity. No new layer is created.

Figure A–19 December Closing Inventory as Accumulation (1 of 6)

Product	Date	Quantity	Unit Cost	Value	Allocation	Value
	2005	70,000	1.00	70,000.00		
	2010	35,000	1.50	52,500.00		
	2016	42,000	1.15	48,300.00		
Opening Inventory	2017	147,000		170,800.00		
Jan. Purchase Average		1400	2.00	2800.00	1000	2000.00
Feb. Purchase Average		1500	2.10	3150.00		
March Purchase Average		700	1.32	925.00		
April Purchase Average		2300	1.42	3270.00		
Fuel C	04/11	1200	1.35	1620.00		
Fuel A	04/15	1100	1.50	1650.00		
January Sales		900			Period Ending	
February Sales		500			April 30, 2017	
March Sales		2500				
April Sales		1000				
Accumulation/ Depletion		1000	2.00	2000.00		
Total Closing Inventory		148,000		172,800.00		
Cost of Goods Sold				8145.00		
Material Balance		0				
LIFO Accumulation/ Depletion Cost			0.58			
General Ledger Entries					Accumulation	
Prior Period Reversal:						
Inventory (Balance Sheet)				<170,455.00>		
Closing Inventory (Income Statement)				170,455.00		
LIFO Accumulation/Depletion Adjustment (Balance Sheet)				51.43		
LIFO Accumulation/Depletion Adjustment (Income Statement)				<51.43>		

Figure A–20 December Closing Inventory as Accumulation (2 of 6)

New Entries:				
Inventory (Balance Sheet)			172,800.00	
Closing Inventory (Income Statement)			<172,800.00>	
LIFO Accumulation/Depletion Adjustment (Balance Sheet)			<578.26>	
LIFO Accumulation/Depletion Adjustment (Income Statement)			578.26	
Closing Inventory Balance				
2005	70,000	1.00	70,000.00	
2010	35,000	1.50	52,500.00	
2016	42,000	1.15	48,300.00	
2017	1000	2.00	2000.00	
Total	148,000		172,800.00	

Figure A–21 December Closing Inventory as Accumulation (3 of 6)

Product	Date	Quantity	Unit Cost	Value	Allocation	Value
	2005	70,000	1.00	70,000.00		
	2010	35,000	1.50	52,500.00		
	2016	42,000	1.15	48,300.00		
Opening Inventory	2017	147,000		170,800.00		
Jan. Purchase Average		1400	2.00	2800.00	1000	2000.00
Feb. Purchase Average		1500	2.10	3150.00		
March Purchase Average		700	1.32	925.00		
April Purchase Average		2300	1.42	3270.00		
May Purchase Average		500	3.30	1650.00		
Fuel C	05/13	******	******	975.00		
Fuel A	05/25	500	1.35	675.00		
January Sales		900			Period Ending	
February Sales		500			May 31, 2017	
March Sales		2500				
April Sales		1000				
May Sales		500				
Accumulation/Depletion		1000	2.00	2000.00		
Total Closing Inventory		148,000		172,800.00		
Cost of Goods Sold				9795.00		
Material Balance		0				
LIFO Accumulation/ Depletion Cost			<1.30>			
General Ledger Entries					Accumulation	
Prior Period Reversal:						
Inventory (Balance Sheet)				<172,800.00>		
Closing Inventory (Income Statement)				172,800.00		
LIFO Accumulation/Depletion Adjustment (Balance Sheet)				578.26		
LIFO Accumulation/Depletion Adjustment (Income Statement)				<578.26>		

Figure A–22 December Closing Inventory as Accumulation (4 of 6)

New Entries:				
Inventory (Balance Sheet)			172,800.00	
Closing Inventory (Income Statement)			<172,800.00>	
LIFO Accumulation/Depletion Adjustment (Balance Sheet)			1300.00	
LIFO Accumulation/Depletion Adjustment (Income Statement)			<1300.00>	
Closing Inventory Balance				
2005	70,000	1.00	70,000.00	
2010	35,000	1.50	52,500.00	
2016	42,000	1.15	48,300.00	
2017	1000	2.00	2000.00	
Total	148,000		172,800.00	
******Transactions entered with extended price and did not include quantity and unit price.				

Figure A–23 December Closing Inventory as Accumulation (5 of 6)

Product	Date	Quantity	Unit Cost	Value	Allocation	Value
	2005	70,000	1.00	70,000.00		
	2010	35,000	1.50	52,500.00		
	2016	42,000	1.15	48,300.00		
Opening Inventory	2017	147,000		170,800.00		
Jan. Purchase Average		1400	2.00	2800.00	1400	2800.00
Feb. Purchase Average		1500	2.10	3150.00	1500	3150.00
March Purchase Average		700	1.32	925.00	700	925.00
April Purchase Average		2300	1.42	3270.00	200	284.35
May Purchase Average #		1100	1.50	1650.00		
Dec. Purchase Average		2700	1.14	3075.00		
Fuel C	12/15	1200	1.00	1200.00		
Fuel B	12/16	1500	1.25	1875.00		
January Sales		900			Period Ending	
February Sales		500			December 31, 2017	
March Sales		2500				
April Sales		1000				
May Sales		500				
December Sales		500				
Accumulation/Depletion		3800	1.88	7159.35		
Total Closing Inventory		150,800		177,959.35		
Cost of Goods Sold				7710.65		
Material Balance		0				
General Ledger Entries					Accumulation	
Prior Period Reversal:						
Inventory (Balance Sheet)				<172,800.00>		
Closing Inventory (Income Statement)				172,800.00		
LIFO Accumulation/Depletion Adjustment (Balance Sheet)				<1300.00>		
LIFO Accumulation/Depletion Adjustment (Income Statement)				1300.00		

Figure A–24 December Closing Inventory as Accumulation (6 of 6)

New Entries:				
Inventory (Balance Sheet)			177,959.35	
Closing Inventory (Income Statement)			<177,959.35>	
Closing Inventory Balance				
2005	70,000	1.00	70,000.00	
2010	35,000	1.50	52,500.00	
2016	42,000	1.15	48,300.00	
2017	3800	1.88	7159.35	
Total	150,800		177,959.35	
# Purchase average overridden with corrected quantity and unit price for previous month.				

Figure A–25 December Closing Inventory as Depletion (1 of 2)

Product	Date	Quantity	Unit Cost	Value	Allocation	Value
	2005	70,000	1.00	70,000.00		
	2010	35,000	1.50	52,500.00		
	2016	42,000	1.15	48,300.00	<700>	<805.00>
Opening Inventory	2017	147,000		170,800.00		
Jan. Purchase Average		1400	2.00	2800.00		
Feb. Purchase Average		1500	2.10	3150.00		
March Purchase Average		700	1.32	925.00		
April Purchase Average		2300	1.42	3270.00		
May Purchase Average #		1100	1.50	1650.00		
Dec. Purchase Average		2700	1.14	3075.00		
Fuel C	12/15	1200	1.00	1200.00		
Fuel B	12/16	1500	1.25	1875.00		
January Sales		900			Period Ending	
February Sales		500			December 31, 2017	
March Sales		2500				
April Sales		1000				
May Sales		500				
December Sales		5000				
Accumulation/Depletion		<700>	1.15	<805.00>		
Total Closing Inventory		146,300		169,995.00		
Cost of Goods Sold				15,675.00		
Material Balance		0				
General Ledger Entries					Depletion	
Prior Period Reversal:						
Inventory (Balance Sheet)				<172,800.00>		
Closing Inventory (Income Statement)				172,800.00		
LIFO Accumulation/Depletion Adjustment (Balance Sheet)				<1300.00>		
LIFO Accumulation/Depletion Adjustment (Income Statement)				1300.00		

Figure A–26 December Closing Inventory as Depletion (2 of 2)

New Entries:				
Inventory (Balance Sheet)			169,995.00	
Closing Inventory (Income Statement)			<169,995.00>	
Closing Inventory Balance				
2005	70,000	1.00	70,000.00	
2010	35,000	1.50	52,500.00	
2016	41,300	1.15	47,495.00	
Total	146,300		169,995.00	
# Purchase average overridden with corrected quantity and unit price for previous month.				

A.2.3 Weighted Average Cost Calculations

The Weighted Average Cost method calculates the inventory value based on a cost that is a weighted average of the purchases for a given period. The given period can also be a year-to-date range, which includes all purchases from the beginning of the year.

The following example only reflects the effect of the purchase price on the cost of inventory. It does not show the other factors, such as freight, exchange rate differences, loans, and borrows, that can affect the cost of the inventory.

Figure A–27 Weighted Average Cost Calculations

Product	Date	Quantity	Unit Cost	Value
January Opening Inventory		500	1.20	600.00
Fuel A	01/05	500	2.00	1000.00
Fuel B	01/09	300	2.50	750.00
Fuel C	01/25	600	1.75	1050.00
January Purchases		1400	2.00	2800.00
January Sales		900		
Total Closing Inventory		1000	1.79	1789.47
Cost of Goods Sold				1610.53

The opening inventory quantity, cost, and value are the closing figures from December of the previous year. In the month of January, the company purchased a total of 1400 units for 2800.00. The company sold 900 units.

The system uses the following formula to calculate the closing inventory for January:

Opening inventory (500) + purchases (1400) - sales (900) = total closing inventory (1,000)

The system calculates the closing inventory value with the following formula:

Closing inventory value = sum (closing inventory units * weighted average cost)

The system calculates the weighted average cost with the following formula:

Weighted average cost = ((opening inventory value + total purchases value) / (opening inventory units + total purchase units))

((600.00 + 2800.00) / (500 + 1400)) = 1.79 (weighted average cost)

Because the weighted average cost for January is 1.79, the closing inventory value is:

1000 * 1.79 = 1789.47

Once the closing inventory value has been determined, then the system calculates the COGS with the following formula:

Opening inventory value (600.00) + purchases (2800.00) - closing inventory value (1789.47) = COGS (1610.53)

This closing inventory value, along with the weighted average price of 1.79, will be the opening values for the next period, February.

Figure A–28 February Opening Values

Product	Date	Quantity	Unit Cost	Value
February Opening Inventory		1000	1.79	1789.47
Fuel A	02/08	700	2.50	1750.00
Fuel B	02/18	800	1.75	1400.00
February Purchases		1500	2.10	3150.00
February Sales		500		
Total Closing Inventory		2000	1.98	3951.58
Cost of Goods Sold				987.89

The system performs the same calculations for the ensuing months of the fiscal year.

The month of December follows the same principles and the closing inventory becomes the opening inventory for the next year.

B

Functional Servers

This chapter contains the topic:

- Section B.1, "About Functional Servers."

B.1 About Functional Servers

Several JD Edwards World programs access functional servers. The purpose of functional servers is to provide a central location for standard business rules about entering documents, such as vouchers, invoices, and journal entries. These business rules establish the following:

- Data dictionary default values
- Field edits and valid values
- Error processing
- Relationships between fields or applications

The advantages of a functional server are:

- It reduces maintenance of entry programs because edit rules reside in one central location.
- You can standardize documents across all applications because you create them using the same business rules.
- Generally, the user interface (appearance and interaction) of a form is now separate from how a program works.

To set up business rules for an entry program

The steps for setting up business rules for an entry program are:

1. Create a DREAM Writer version for a specific functional server program (for example, XT0411Z1 for voucher entry).
2. Set the processing options within the version according to your company requirements.
3. Specify the version you want the entry program to use in the processing options for that entry program.

You can have all your entry programs use the same DREAM Writer version (and thus, use the same rules) or you can set up different DREAM Writer versions. JD Edwards World provides DREAM Writer version ZJDE0001 as the default functional server version for your entry programs.

Caution: Only the person responsible for system-wide setup should make changes to the functional server version. For more information about how to set up DREAM Writer versions, see the *JD Edwards World Technical Foundation Guide*.

B.1.1 Example: Voucher Processing Functional Server

The following programs use the voucher processing functional server. JD Edwards World provides two demo versions of the functional server, ZJDE0001 and ZJDE0002.

- Speed Voucher Entry (P040015)
- Standard Voucher Entry (P04105)
- Void Payment Entry (P4704103)
- Credit Tied to Debit Bill (P041010)
- Multi-Voucher (P041017)
- Calculate Withholding (P04580)

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