

Guide  
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# Advanced Stock Valuation

Release A7.3

**JDEdwards®**



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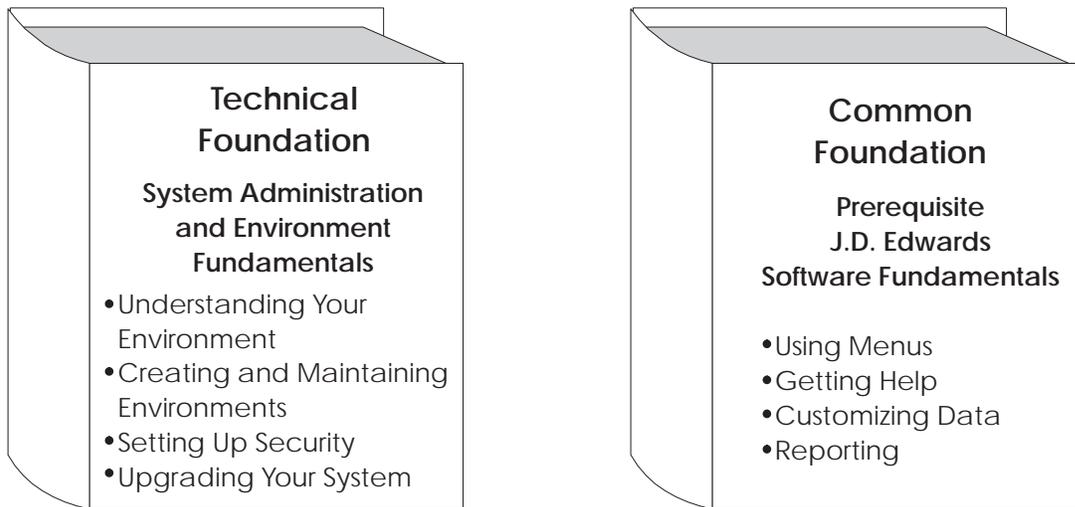
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## Where Do I Look?



## Guides





## **Important Note for Students in Training Classes**

This guide is a source book for online helps, training classes, and user reference. Training classes may not cover all the topics contained here.



# Welcome

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## About this Guide

This guide provides overviews, illustrations, procedures, and examples for release A7.3 of J.D. Edwards software. Forms (screens and windows) shown are only examples. If your company operates at a different software level, you might find discrepancies between what is shown in this guide and what you see on your screen.

This guide includes examples to help you understand how to use the system. You can access all of the information about a task using either the guide or the online help.

Before using this guide, you should have a fundamental understanding of the system, user defined codes, and category codes. You should also know how to:

- Use the menus
- Enter information in fields
- Add, change, and delete information
- Create and run report versions
- Access online documentation

## Audience

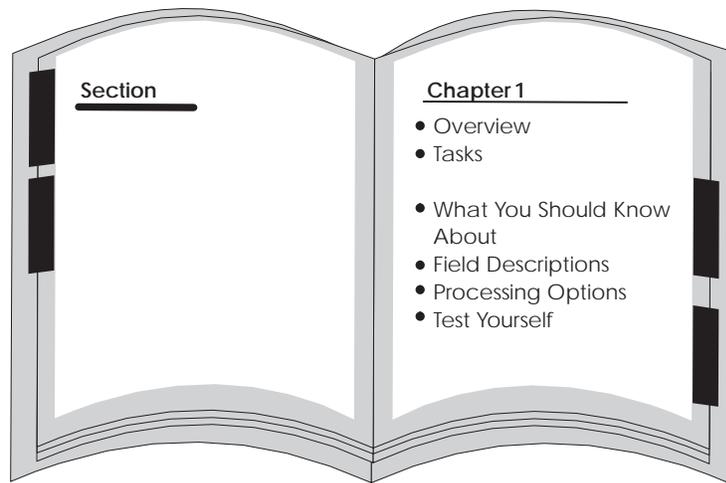
This guide is intended primarily for the following audiences:

- Users
- Classroom instructors
- Client Services personnel
- Consultants and implementation team members

## Organization

This guide is divided into sections for each major function. Sections contain chapters for each task or group of related tasks. Each chapter contains the information you need to accomplish the task, run the program, or print the

report. Chapters normally include an overview, form or report samples, and procedures.



When it is appropriate, chapters also might explain automatic accounting instructions, processing options, and warnings or error situations. Some chapters include self-tests for your use outside the classroom.

This guide has a detailed table of contents and an index to help you locate information quickly.

## Conventions Used in this Guide

The following terms have specific meanings when used in this guide:

- *Form* refers to a screen or a window.
- *Table* generally means “file.”

We assume an “implied completion” at the end of a series of steps. That is, to complete the procedure described in the series of steps, either press Enter or click OK, except where noted.

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# Advanced Stock Valuation Overview

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.

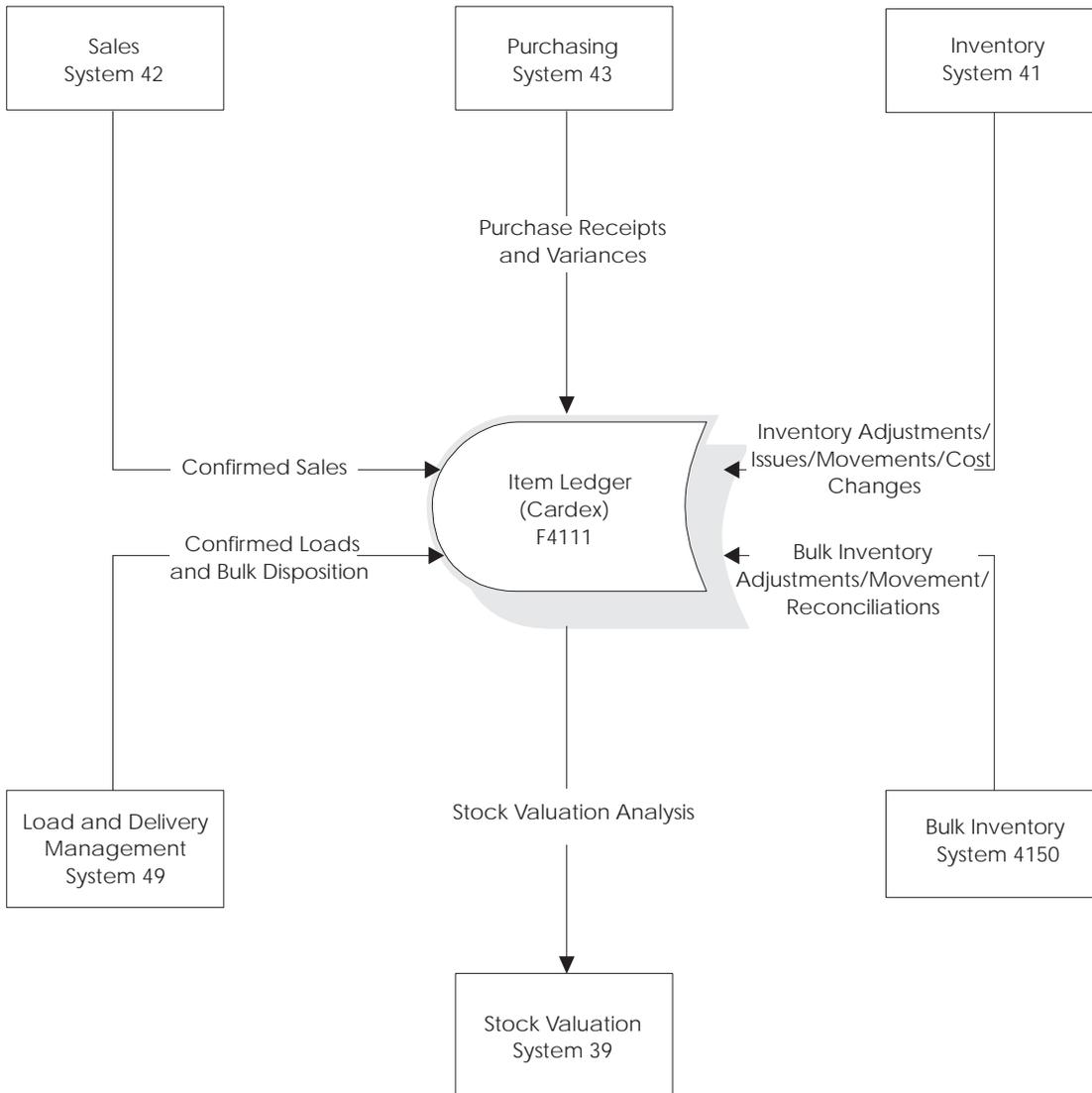
## System Integration

The Advanced Stock Valuation system integrates with the following systems:

<b>Purchase Management</b>	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.
<b>Inventory Management</b>	This system stores item information that can be used by all the other systems.
<b>Bulk Stock Control</b>	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.
<b>Sales Order Management</b>	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.
<b>Distribution Contracts Management</b>	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.
<b>Load and Delivery Management</b>	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.

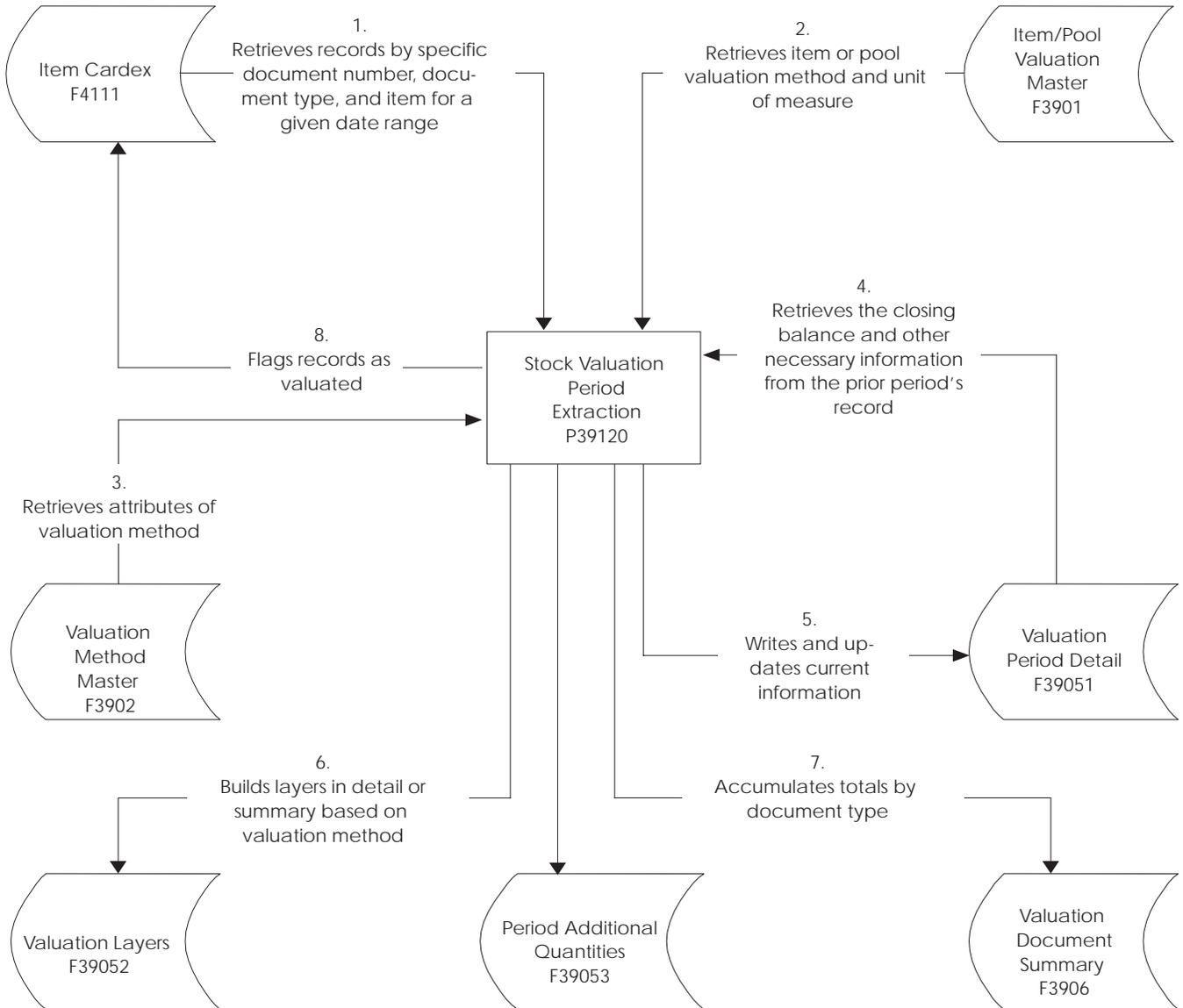


The Cardex, or Item Ledger, is the central repository of all inventory and cost movements. Each program from all other J.D. Edwards systems that handles inventory writes records to this table whenever inventory and cost are affected. The Advanced Stock Valuation system uses inventory information from the Cardex to ensure that the correct inventory is valued. The following diagram identifies the programs that impact inventory balances and write entries to the Cardex.

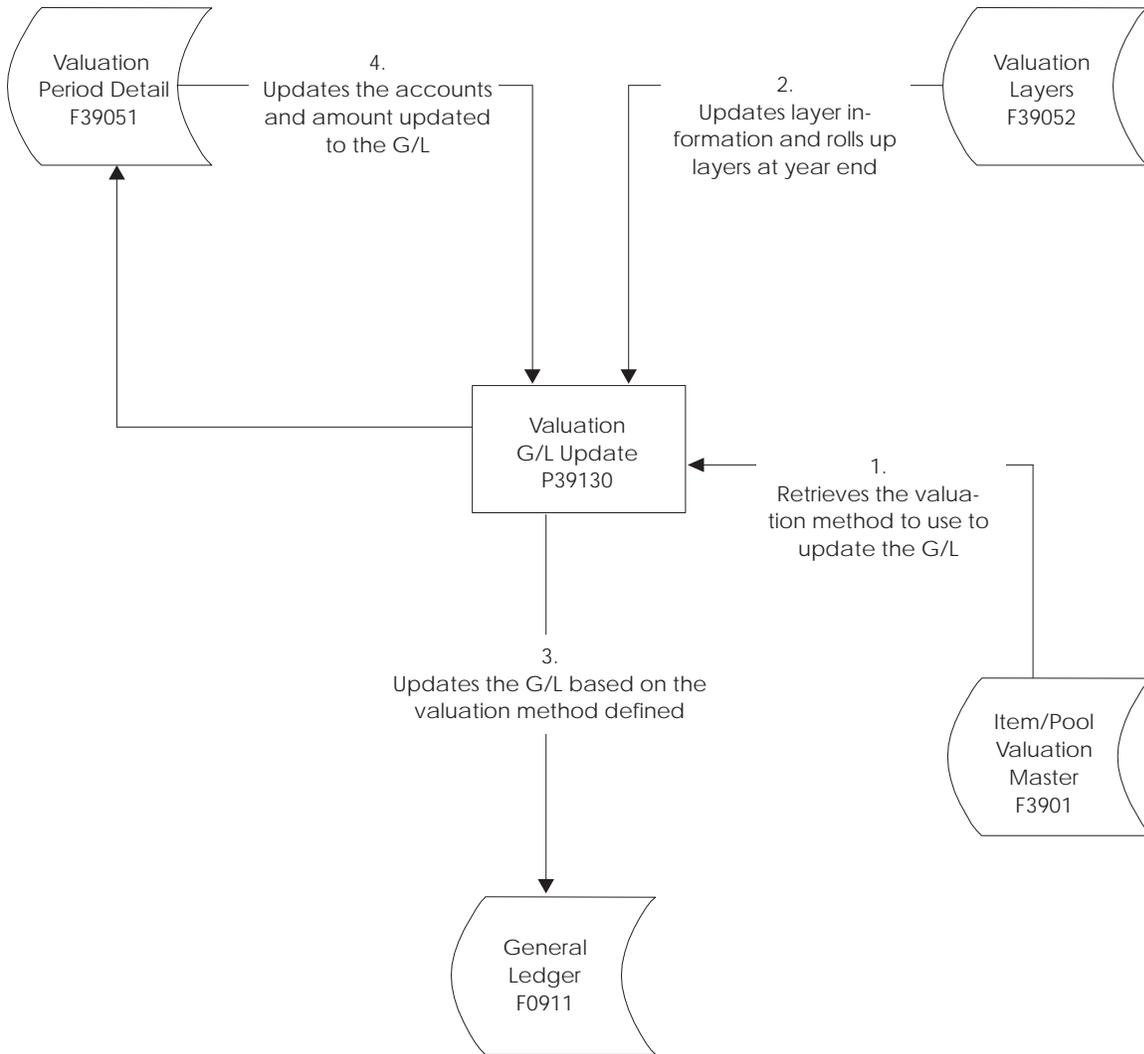


The Advanced Stock Valuation system uses the Cardex as the base for its processing. The system

- 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



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.



## Business Considerations

The J.D. Edwards 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.

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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.

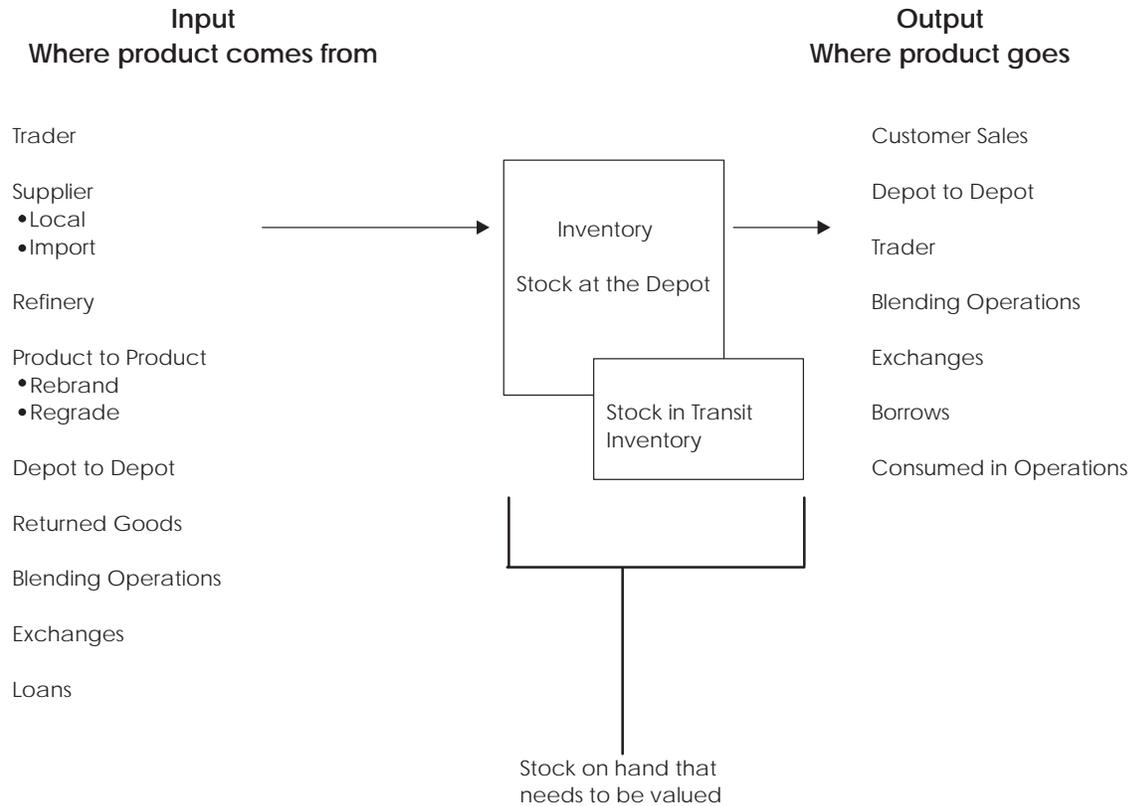
To determine how to account for your company's inventory, you must:

- 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

## 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.



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 value 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.

## 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.

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The J.D. Edwards 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.

## 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. Inventory items in a company’s possession and available for sale throughout a period must acquire a period–end status of either “sold” or “on hand.” 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 J.D. Edwards purchasing and sales systems perpetually update the general ledger for Replacement or Current Cost valuation. The Advanced Stock Valuation system provides additional valuation methods for all items in your inventory:

- First In/First Out (FIFO)
- Last In/First Out (LIFO)
- Weighted Average 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.

The following descriptions provide an overview of the stock valuation methods available with J.D. Edwards 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.

**Replacement or 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.

**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.

**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 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.

**Weighted Average Cost** This method calculates the inventory on a weighted average of all the purchases.

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 you use within the company. Taxes might require a different method than used for profitability reports within a company.

With the J.D. Edwards 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 any number of auxiliary methods to use for comparison or other reporting purposes.

## Tables and Descriptions

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

<b>Item/Pool Valuation Master (F3901)</b>	Contains the information for all valuation methods, including: <ul style="list-style-type: none"><li>• Item number or pool</li><li>• Unit of measure</li><li>• Valuation method</li><li>• User identification and update information</li></ul>
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**Valuation Method  
Master (F3902)**

Contains the information for all valuation methods you define for your company. See also *Defining 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 also *Running the Period 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)**

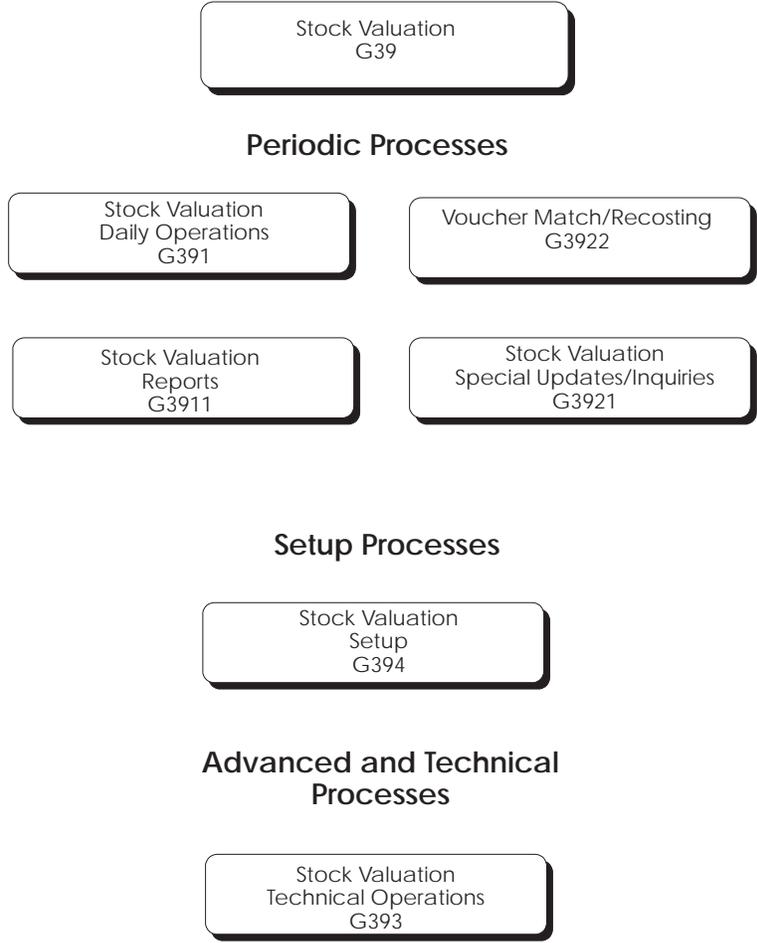
Contains the valuation information for those methods you defined to include not-in-stock inventory, in-transit inventory, or loan and borrow accommodations.

**Valuation Document  
Summary (F3906)**

Contains the cost information summarized by document type.

## Menu Overview

The following diagram identifies the commonly used menus for the J.D. Edwards Advanced Stock Valuation system.



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# Periodic Processing



# Advanced Stock Valuation Processing

## Objectives

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

## 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:

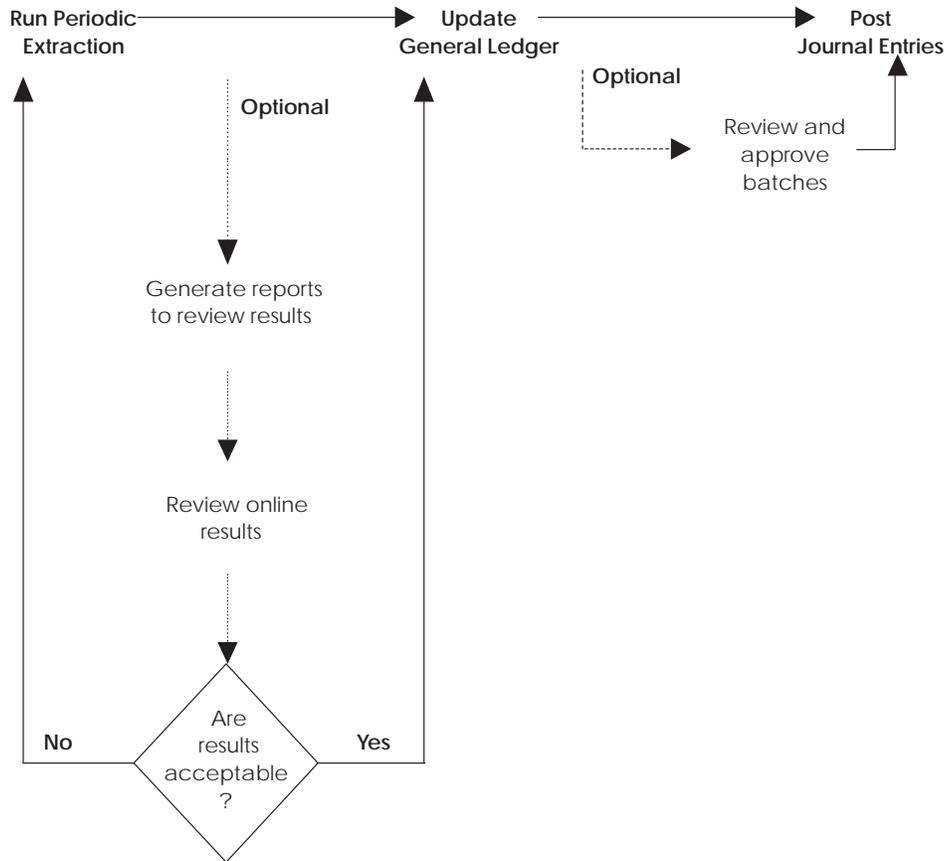
- Understand the information sources for stock valuation
- Determine the value of stock

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.





# **Understand Sources of Stock Valuation Information**

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## **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.

### **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.”

### **Purchase Management 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.

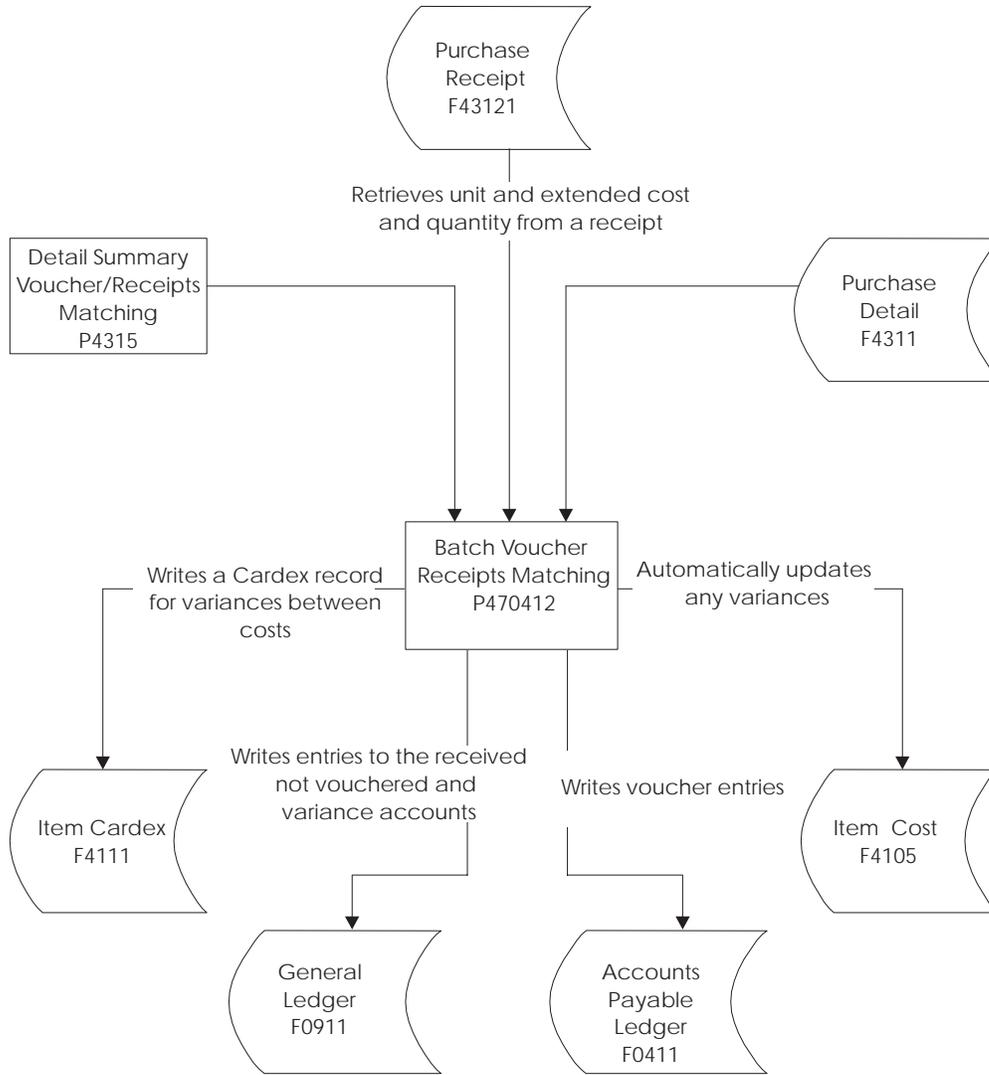
You enter the cost of an item during purchase order entry. If you do not enter a different cost or adjust the cost at any other point, the system retrieves this cost to determine the cost of an item.

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.



## 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

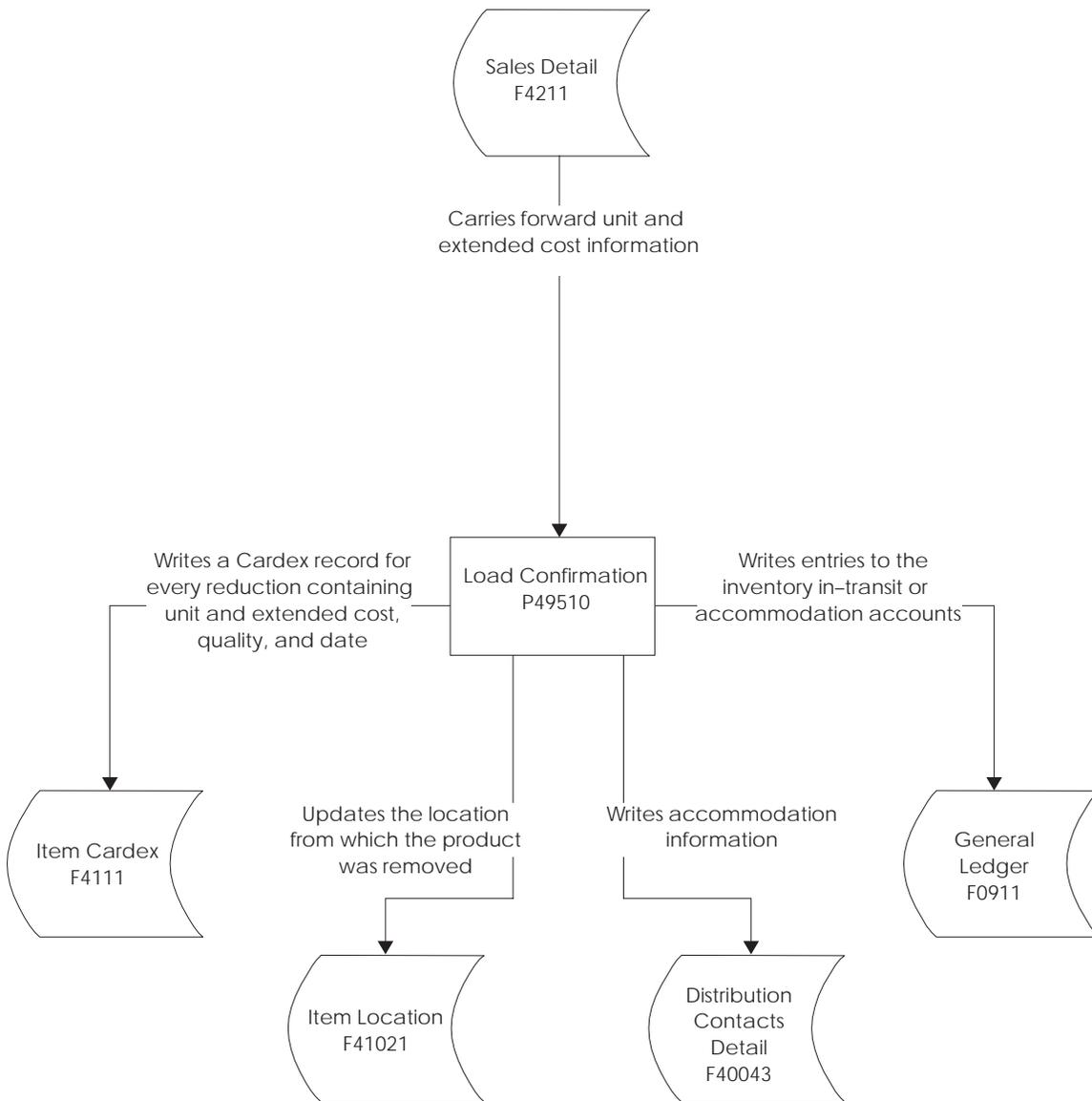
physical possession of the product. Storage, transportation, and handling charges might be part of an agreement that can add to the cost of an item and increase the valuation for borrowed inventory.

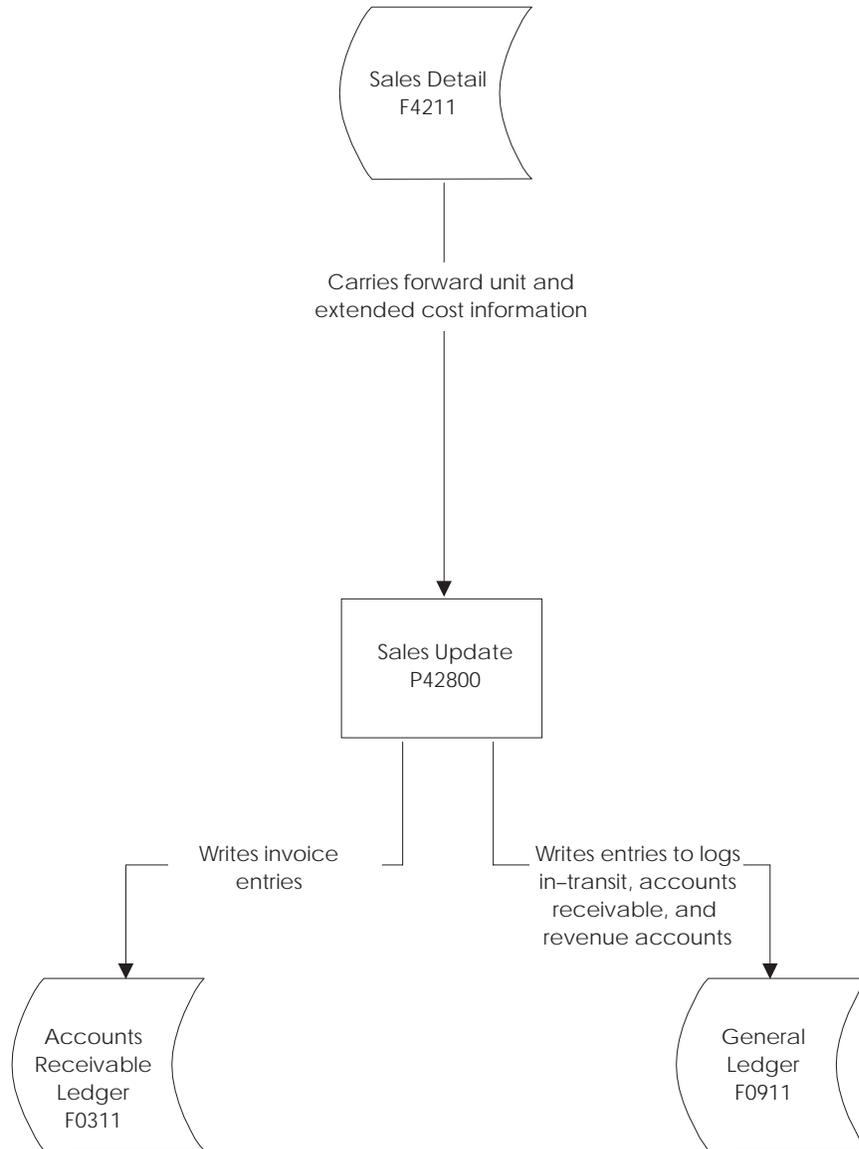
The following steps outline the process when you loan product to a partner:

- 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. A withhold 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.





To process a borrow or an exchange, you will probably use either the purchasing programs or one of the bulk stock movement programs.

## 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.

### 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

- *Setting Up Landed Costs and Creating Individual Vouchers from Invoices (P4315)* in the *Purchase Management Guide*.
- *Creating a Sales Order (P4211)* in *Sales Order Management Guide*
- *Entering a Purchase Order (P4311)* in *Purchasing Management Guide*
- *Intra-Depot Stock Movements (P415101)* in *Bulk Stock Control Guide*
- *Defining Agreement Relationships (P38010)* in the *Agreement Management Guide*
- *Setting up Branch Sales Markups* in the *ECS Sales Order Management Guide*
- *Defining Valuation Methods (P3902)*

# Determine the Value of Stock

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## 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.

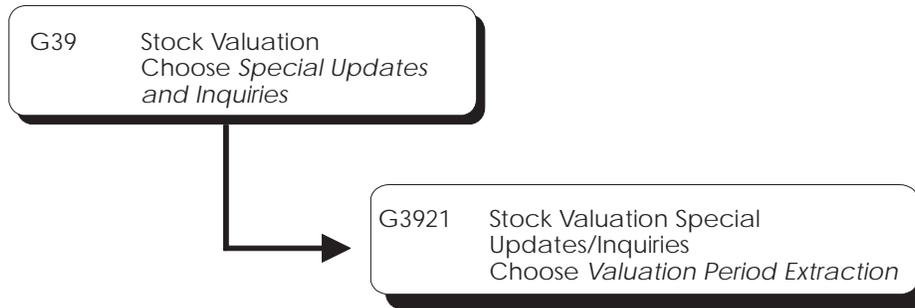
To determine the value of stock, complete the following tasks:

- Run the periodic extraction
- Print reports (optional)
- Review results (optional)
- Update the general ledger
- Review and approve batches (optional)
- Post the journal entries

### Before You Begin

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

## Running the Periodic 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.

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:

- |  |  |
|--|--|
| <b>Stock Valuation Period Extraction</b>     | Use this version for the first run to extract all records since the previous period ending and posting to the general ledger.  |
| <b>Period Extraction – Update Period</b>     | Use this version to include missed transactions or receipts. You set the processing option for this version to extract only missed information.<br><br>You can also use this version if your company wants to run interim extractions to keep valuation information current throughout the period.   |
| <b>Period Extraction – Clear and Restart</b> | 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. |

### Before You Begin

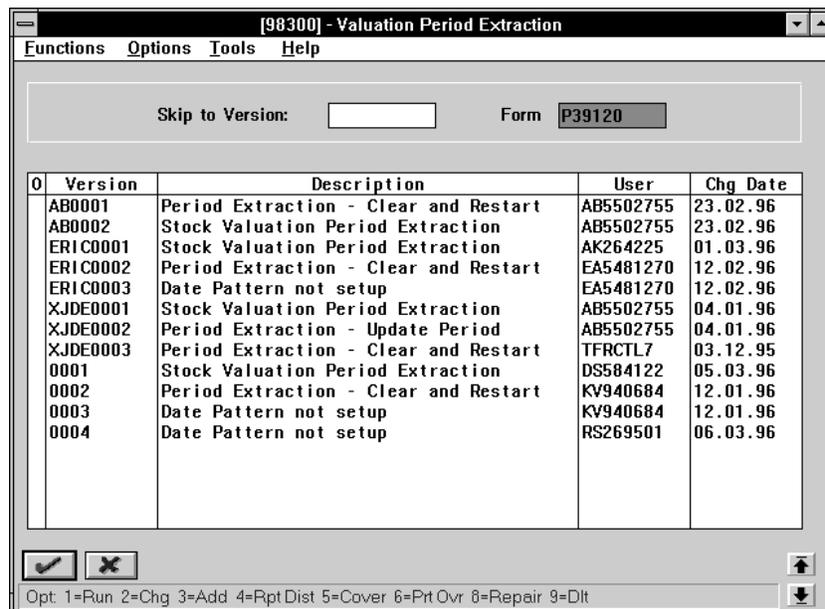
- Verify that each item or pool has an assigned valuation method. See *Assigning Valuation Methods*.
- Verify that three versions of Value Period Extraction are set up. See *Version Addition and Revision* in the *BASIC Guide*.
- Verify that Period Extraction Company Selection has been set up if you want to extract the valuation by company.

**▶ 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.



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

## Processing Options for Valuation Period Extraction

**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 DREAMwriter Version ID to determine the company selection from the Item/Pool Valuation Master File (Dreamwriter Form ID P391201):  
Default = XJDE0001 \_\_\_\_\_  
(NOTE: This Dreamwriter 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.

**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 . . . . . \_\_\_\_\_

## What You Should Know About Processing Options

**Restart Option  
Processing Option (3)**

Enter 1 for the update version of the extraction program. This setting will keep the records from the extraction you just ran, and include any transactions or receipts that were not included.

Enter 2 for the clear and restart version of the extraction program. This setting clears all the records from the extraction you just ran and starts over with the extraction from the last period.

**Data selection values**

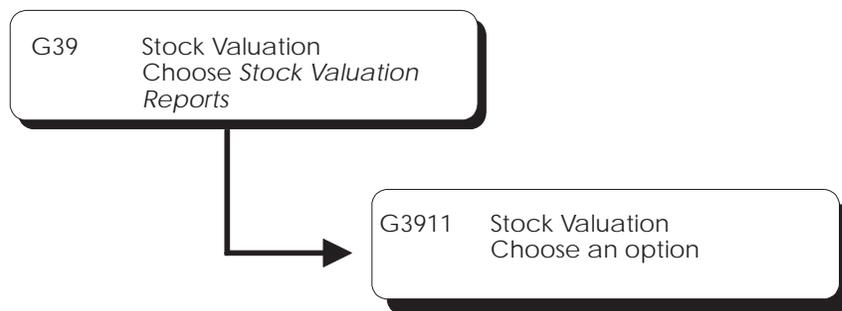
Settings for Period Extraction and Update versions:

- G/L Date Less than \*All
- Order Date Equal to \*Zero

Settings for Restart version:

- G/L Date less than \*All
- Current Period Equal to \*All
- Fiscal year Equal to \*All

## Generating Reports



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:

**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 latest period







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

## What You Should Know About

### **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 *Defining Valuation Methods*.

## See Also

- *Assigning Valuation Methods (P3901)*
- *Reviewing Pools (P39001)* for information about reviewing items in a pool

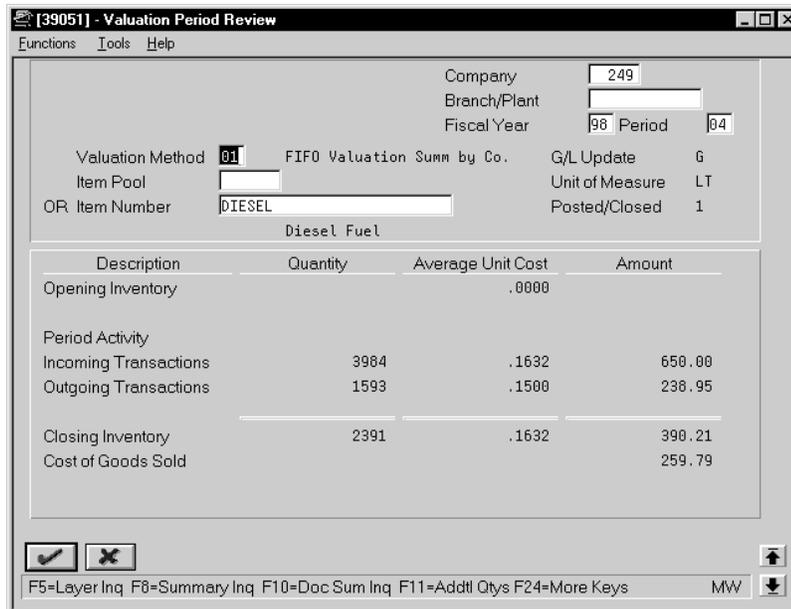
## Reviewing Item or Pool Quantities

Use Valuation Period Review to review the opening, incoming, outgoing, and period ending values of any item or pool for a specific valuation method.

### **To review item or pool quantities**

---

On Valuation Period Review



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	<p>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).</p> <p>When you run the Stock Valuation Extraction program, the system updates the Stock Valuation Detail tables for the assigned valuation methods.</p>
Item Pool	<p>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.</p>

## 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.

### ► To review a summary by period

On Valuation Summary Review

The screenshot shows a window titled "[39050] - Valuation Summary Review". The interface includes a menu bar with "Functions", "Options", "Tools", and "Help". Below the menu bar are several input fields:

- Company: 249
- Branch/Plant: (empty)
- Valuation Method: 01 (FIFO Valuation Summ by Co.)
- Item Pool: (empty)
- OR Item Number: DIESEL (Diesel Fuel)
- Fiscal Year: 98 (U/M LT Liters)

Below the input fields is a table with the following data:

0	Pr	Opening	Incoming	Outgoing	Closing	Pst Cts
	4		3984	1593	2391	1
	5	2391	6472	1792	7071	1
	6	7071	3984	8465	2590	1

At the bottom of the window, there are navigation buttons (checkmark, close, up, down) and a status bar with the text: "Opt:1=Period Review F5=Layers Inquiry F2=Display Amounts F24=More Keys MW".

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

## 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 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

- *Defining Valuation Methods (P3902)*

## ▶ To review historical layers

On Valuation Layers Review

The screenshot shows a window titled "[39052] - Valuation Layers Review". It contains several control fields and a data table.

Control fields include:

- Display Depleted Layers:  1
- Company: 249
- Branch/Plant: \*
- G/L Update: 6
- Valuation Meth: 01 FIFO
- Valuation Summ by Co.:
- Item Pool:
- OR Item Number: DIESEL Diesel Fuel
- Fiscal Year: 98 Period
- Period Outgoing Qty: 8465
- Skip to - Closing Inventory: 2590
- Receipt Date:
- U/M: LT Liters

The data table below shows receipt details:

Receipt Date	Curr. Inventory Allocations	Purchasing Unit Cost	Current Amount	Current Sales Quantity	P	C
04/30/98		.1632		599	2	
05/31/98		.1738		6472	2	
06/30/98	2590	.2322	601.40	1394	2	
TOTALS	2590	.2322	601.40	8465		

At the bottom, there are navigation buttons and keyboard shortcuts: F10=Date Ascending/Descending, F4=More Details, F24=More Keys, and MW.

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

### Reviewing Methods

Use Valuation Methods Comparison to compare the valuation differences between two different methods.

► **To review methods**

On Valuation Methods Comparison

The screenshot shows a window titled "[39200] - Valuation Method Comparison". It contains several input fields and two comparison tables.

Input fields include:
 

- Company: 249
- Branch/Plant: DEPOT1
- UOM: LT Liters
- Item Pool: [ ]
- OR Item Number: DIESEL Diesel Fuel
- Fiscal Year: 98 Period: 04
- Valuation Method 1: 01 (FIFO Valuation Summ by Co.)
- Valuation Method 2: 05 (LIFO Valuation Summ by Co.)
- G/L Update: G

Two comparison tables are shown:

Opening Inventory			
Quantity		Quantity	
Average Unit Cost	.0000	Average Unit Cost	.0000
Opening Amount		Opening Amount	

Closing Inventory			
Quantity	2391	Quantity	2391
Average Unit Cost	.1632	Average Unit Cost	.1631
Amount	390.21	Amount	390.21
Cost of Goods Sold	259.79	Cost of Goods Sold	259.79

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

## Reviewing the Year-to-Date Summary

Use Period Summary Review to review period activities for the year to date.

► **To review the year-to-date summary**

On Period Summary Review

0	Item Pool/Number	Closing Quantity	Average Cost	Extended Cost
	DIESEL	2391	.1632	390.21

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

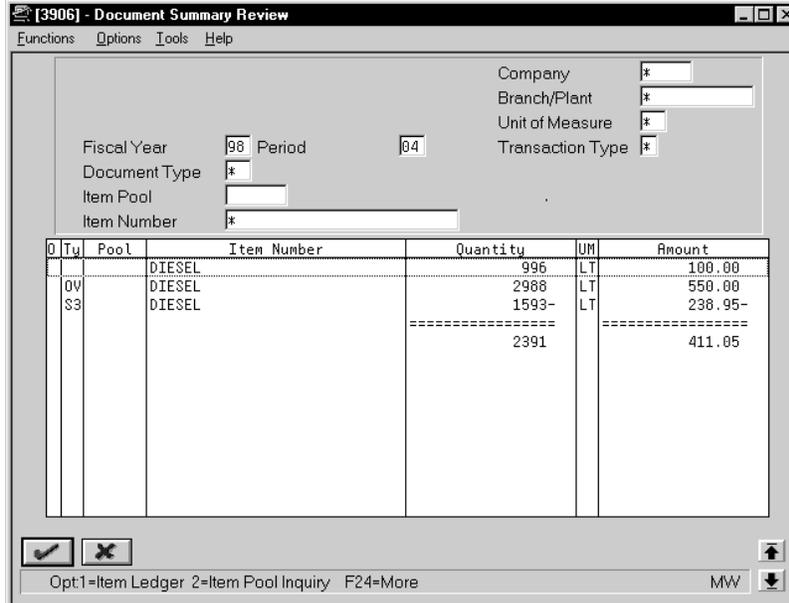
## Reviewing by Document Type

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.

► **To review by document type**

On Document Summary Review



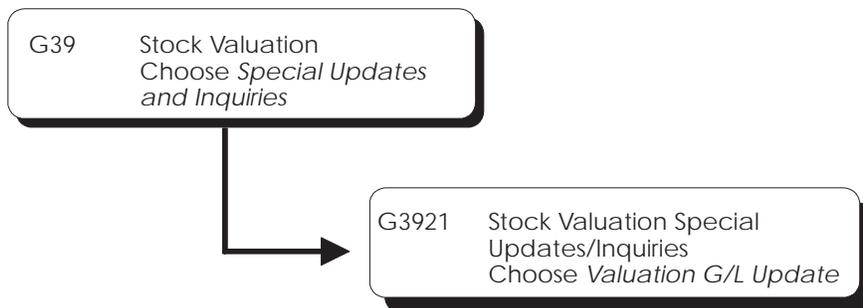
1. Complete the following field:
  - Branch/Plant
2. Accept the defaults, or complete the following optional fields:
  - Transaction Type
  - Document Type
3. Complete one of the following optional fields:
  - Item Pool
  - Item Number

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

Field	Explanation
Document Type	<p>A user defined code (system 00/type DT) that identifies the origin and purpose of the transaction.</p> <p>J.D. Edwards reserves several prefixes for document types, such as vouchers, invoices, receipts, and time sheets.</p> <p>The reserved document type prefixes for codes are:</p> <ul style="list-style-type: none"> <li>P     Accounts payable documents</li> <li>R     Accounts receivable documents</li> <li>T     Payroll documents</li> <li>I     Inventory documents</li> <li>O     Order processing documents</li> <li>J     General ledger/joint interest billing documents</li> </ul> <p>The system creates offsetting entries as appropriate for these document types when you post batches.</p> <p>..... <i>Form-specific information</i> .....</p> <p>Advanced Stock Valuation</p> <p>Enter a specific document type (for example, BB for bulk simple blend) to view all of the transactions associated with this document type.</p>

## Updating the General Ledger

### Updating the General Ledger for Stock Valuation



The Valuation G/L Update program updates the general ledger for the valuation methods defined as general ledger update methods. 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

- *Assigning Valuation Methods (P39130)*

## Processing Options for Valuation G/L Update

### **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)
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:**

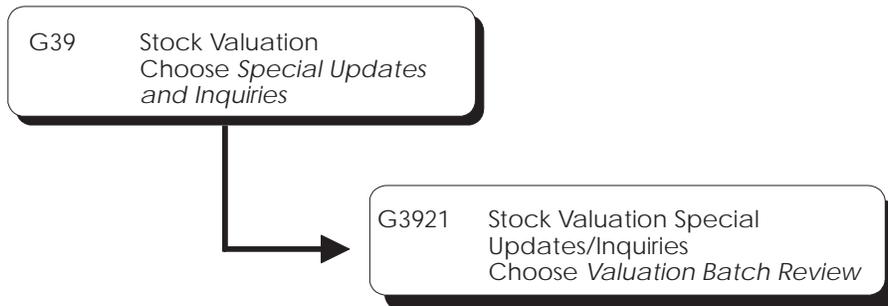
6. Enter a '1' to roll up remaining FIFO layers for year-end processing.

## What You Should Know About Processing Options

- Year-end processing (6)** 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.

## Reviewing and Approving Batches

### Reviewing and Approving Stock Valuation Batches



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

O	App	Batch Number	Ty	Date	Difference Input Total	Documents	Status	User
		4431	N	05/28/94		1-	Posted	MM281807T
		4437	N	05/28/94			Error	MM281807T
		121647	N	02/06/96		2-	Pendin	SL288278T
		123675	N	02/22/96	2,410,900-	1-	Pendin	SL288278T
		126790	N	03/14/96	628,949	1-	Pendin	SL288278T
		126797	N	03/14/96		1-	Pendin	SL288278T
		126798	N	03/14/96	7,547,388-	3-	Pendin	SL288278T
		127461	N	03/20/96	126,000-	1-	Pendin	SL288278T
		127462	N	03/20/96	2,403,771-	1-	Pendin	SL288278T
		127585	N	03/21/96	303,000-	1-	Pendin	SL288278T
		130304	N	04/04/96	1,033,625-	1-	Pendin	SL288278T
		130335	N	04/04/96	4,533,825-	1-	Pendin	SL288278T
		130469	N	04/05/96		1-	Pendin	SL288278T
		131082	N	04/09/96	60,000-	1-	Pendin	SL288278T
		131105	N	04/09/96	4,422,051-	1-	Pendin	SL288278T

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.

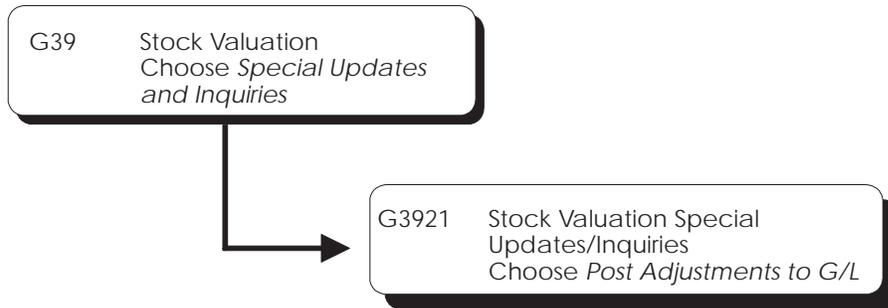
General Ledger Batch Review appears with a list of the general entries.

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

<b>Field</b>	<b>Explanation</b>
Batch Number	A number that identifies a group of transactions that are processed and balanced as a unit. When you add 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. The system closes the batch when you return to the menu.
Batch Date From	The date of the batch. If you leave this field blank, the system date is used.
User ID	The IBM-defined user profile.
Batch Date Thru	The ending date of the range for the batches you want to display. If you specify a From date and leave the Thru date blank, the system displays all batches with that batch date and future batch dates.

Field	Explanation
Batch Status	<p>A code that indicates the posting status of a batch. Valid codes are:</p> <ul style="list-style-type: none"> <li>blank Unposted batches that are pending approval or have a status of approved.</li> <li>A Approved for posting. The batch has no errors, is in balance, but has not yet been posted.</li> <li>D Posted. The batch posted successfully.</li> <li>E Error. The batch is in error. You must correct the batch before it can post.</li> <li>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).</li> <li>U In use. The batch is temporarily unavailable because someone is working with it.</li> </ul> <p>These valid codes are set up in user defined codes (system 98, type IC).</p>
Approved	<p>A code that indicates whether a batch is ready for posting. Valid codes are:</p> <ul style="list-style-type: none"> <li>A Approved, ready for posting.</li> <li>P Pending approval. The batch will not post.</li> </ul> <p>If the system constants do not specify manager approval, the system automatically approves batches that are not in error.</p>
Batch Type	<p>A code that indicates the system and type of entries for a batch. This is a user defined code (system 98, type IT).</p>
Input Total	<p>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:</p> <ul style="list-style-type: none"> <li>Input Total – 10052</li> <li>Total Entered – 10000</li> <li>Total Remaining – 52</li> </ul> <p>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.</p> <p>NOTE: Depending on how your system uses batch review, this field might not apply to batches created by your particular system.</p>

## Posting the Journal Entries



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.

## Processing Options for Posting Adjustments to General Ledger

**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.) \_\_\_\_\_
  
- 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.
- 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:**

- 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. \_\_\_\_\_

**Batch Type Selection:** \_\_\_\_\_

NOTE: This option should NOT be changed by User.



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# Setup



# Advanced Stock Valuation Setup

## Objectives

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

## 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

## What Are the System Setup Requirements?

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





# Set Up User Defined Code Lists

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To access General User Defined Codes, enter UDC on any menu selection or command line.

## Setting Up User Defined Codes for Advanced Stock Valuation

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 J.D. Edwards 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.

<b>System 39/Type ID Incoming Document Type</b>	Include all document types that you will use for incoming ("to") transactions.
<b>System 39/Type OD Outgoing Document Types</b>	Include all document types that you will use for outgoing ("from") transactions.
<b>System 39/Type VA Valuation Type</b>	Hard-coded UDCs to include LIFO, FIFO, and Weighted Average Cost.
<b>System 39/Type WT Allocation by Branch or Company</b>	Hard-coded UDCs to include these two options for defining valuation methods.

**System 41/Type 05**  
**Item Category Code 05**      Include all pool codes that you will use to group items for valuation purposes.

### What You Should Know About

**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

System Code: 39  
 User Defined Codes: VA  
 Skip To Code:   
 Valuation Type:

01 Character

Code	Description
1	FIFO Valuation
2	LIFO Valuation
3	Weighted Average Valuation

F5=Code Types F14=Memo F15=Where Used F18=Translate F21=Print F24=More MW

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 fold area.

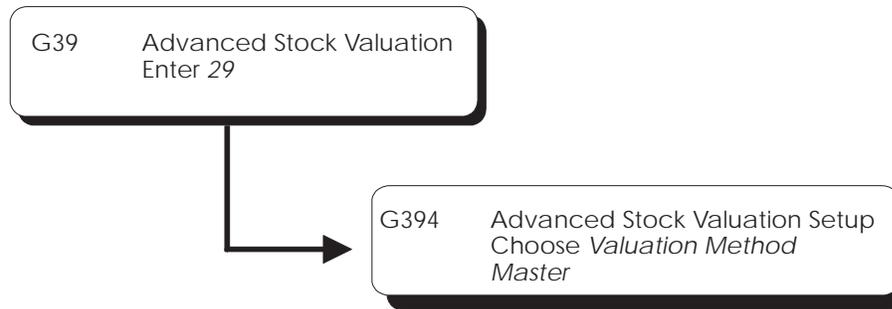
5. Complete the following optional fields:

- Special Handling Code
- Hard Coded Y/N

<b>Field</b>	<b>Explanation</b>
System Code	A user defined code (98/SY) that identifies a J.D. Edwards system.
User Defined Codes	Identifies the table which 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 Length	The length of the user defined code. It cannot be greater than 10 characters.
User Defined Code	This column contains a list of valid codes for a specific user defined code table. The number of characters permitted for a code appears in the column title.
Description	A user defined name or remark that describes a field.
Special Handling Code – User Def Codes	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.
Hard Coded Y/N	A yes/no flag indicating whether a user defined code is hard coded or not.

## Define Valuation Methods

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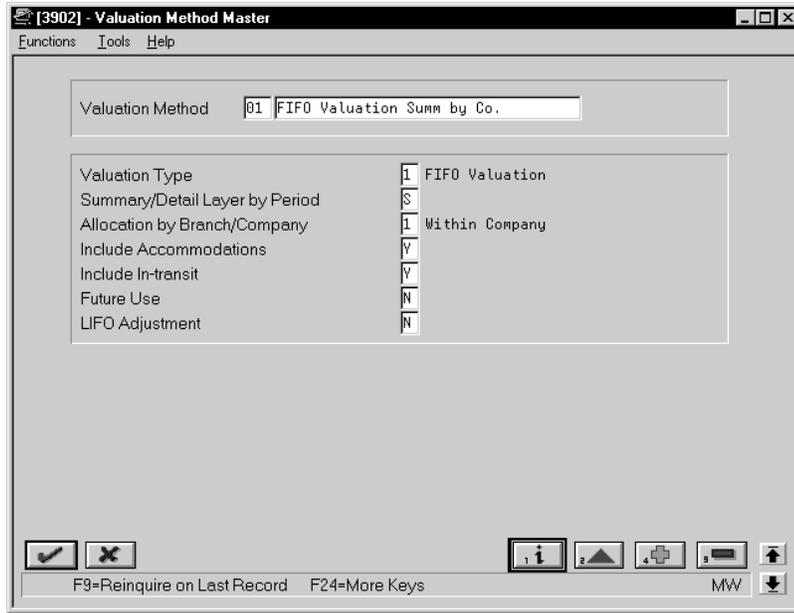
### Defining Valuation Methods

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.

▶ **To define valuation methods**

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On Valuation Method Master



1. Complete the following fields:
  - Valuation Method
  - Description
  - Valuation Type
  - Within Branch or Company
  - Include Accommodations
  - Include In-transit
2. If the valuation method is LIFO, complete the following field:
  - LIFO Adjustment

Field	Explanation
Valuation Method	<p>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: F1 (FIFO), F2 (FIFO Detail by Branch), and L1 (LIFO).</p> <p>When you run the Stock Valuation Extraction program, the system updates the Stock Valuation Detail tables for the assigned valuation methods.</p>

Field	Explanation
Description	<p>A brief description of an item, a remark, or an explanation.</p> <p>..... <i>Form-specific information</i> .....</p> <p>For Advanced Stock Valuation</p> <p>The valuation method for the code in the Valuation Method field. Examples include FIFO, FIFO Detail by Branch, and LIFO.</p>
Valuation Type	<p>A hard-coded user defined code (system 39/type VA) indicating the type of process that the valuation method should use in stock valuation. Identify if the method is a LIFO, FIFO, or Weighted Average Cost valuation type.</p>
Summary/Detail	<p>A code that indicates whether the inquiry is to be in detail or summary mode. Valid codes are:</p> <p style="padding-left: 40px;">D     Detail mode</p> <p style="padding-left: 40px;">S     Summary mode</p>
Allocation by Branch/Company	<p>A code that identifies how the system allocates the historical layers built by the valuation method. Valid values are:</p> <p style="padding-left: 40px;">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.</p> <p style="padding-left: 40px;">2     Within branch. The period detail contains one record per branch, item or pool, valuation method, and period.</p> <p>At the end of the year, the system rolls all detail layers and period summary layers into one layer.</p>
Include Accommodations	<p>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:</p> <p>Y or 1                     Yes, include accommodations (default).</p> <p>N or 0                     No, do not include accommodations.</p>
Include In-transit	<p>A code that indicates if the system should include in-transit stock in the valuation. Valid values are:</p> <p>Y or 1                     Yes, include stock currently in transit to a customer in the calculation of stock value.</p> <p>N or 0                     No, do not include stock that is in transit in the calculation of stock value.</p>

Field	Explanation
LIFO Adjustment	<p>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.</p> <p>The system uses the following formula to determine the LIFO adjustment:</p> $\frac{\text{(Average cost of the accumulation/depletion - current period's average cost)} * \text{accumulation/depletion}}{\text{accumulation/depletion}}$ <p>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:</p> <p>Y or 1 Yes, this is a company-wide LIFO valuation method. Include the LIFO adjustment calculation. This is the default.</p> <p>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.</p>

### Processing Options for Valuation Method Master

**Default Values :**

1. Enter Version for Item/Pool Valuation Maintenance. \_\_\_\_\_

# Work with Pools and Items

---

## 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.

Complete the following tasks:

- Assign pools
- Review pools
- Assign valuation methods

## 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

### Before You Begin

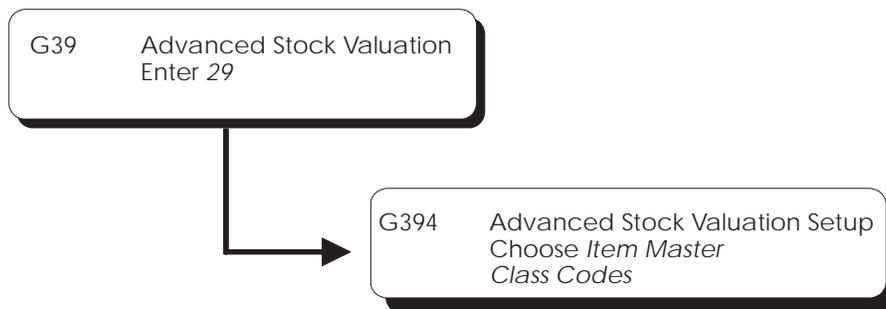
- Set up UDCs for pools. See *Setting Up User Defined Code Tables*.
- Set up an item or complete this step during item setup. See *Setting Up an Item* in the *Inventory Management Guide*.

### What You Should Know About

#### **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 also *Setting Up Kit Items* in the *Inventory Management Guide*.

### Assigning Default Pools for New Items



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**

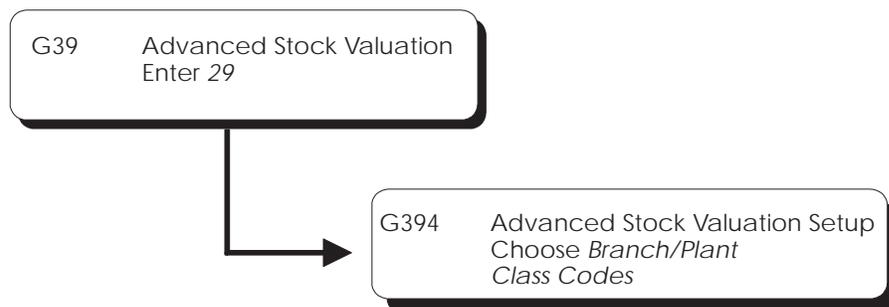
On Item Master Class Codes

The screenshot shows a window titled "[41011] - Item Master Class Codes". At the top, there are fields for "Product No" (containing "REG") and "Leaded Fuel". Below this, the window is divided into three main sections: "Sales", "Purchasing", and "Other Codes". Each section contains several fields with checkboxes or input boxes. The "Sales" section includes Sales Catalog Section, Sub Section, Sales Category Code 3, 4, and 5, and Preferred Carrier. The "Purchasing" section includes Commodity Class, Commodity Sub Class, Supplier Rebate Code, Master Planning Family, Landed Cost Rule, and Preferred Carrier. The "Other Codes" section includes Shipping Conditions Code, Shipping Commodity Class, Cycle Count Category, Item Dimension Group, Warehouse Process Grp 1, 2, and 3, Item Pool Code, and Category Codes 6 through 10. At the bottom, there are navigation icons and function key labels: F3=Exit, F12=Previous, F24=More Keys, and MW.

Complete the following fields:

- Product Number
- Item Pool Code

**Assigning Branch/Plant Pools for Existing Items**



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

The screenshot shows a software window titled "[41025] - Branch/Plant Class Codes". The window contains several input fields and sections:

- Branch/Plant:** A text field containing "DEPOT1".
- Item Number:** A text field containing "REG" and a checkbox labeled "Leaded Fuel".
- Sales:** A group of fields including "Sales Catalog Section", "Sub Section", "Sales Category Code 3", "Sales Category Code 4", "Sales Category Code 5", and "Preferred Carrier".
- Purchasing:** A group of fields including "Commodity Class", "Commodity Sub Class", "Supplier Rebate Code", "Master Planning Family", "Landed Cost Rule", and "Preferred Carrier".
- Other Codes:** A group of fields including "Shipping Conditions Code", "Shipping Commodity Class", "Cycle Count Category", "Item Number", "Warehouse Process Grp 1", "Warehouse Process Grp 2", "Warehouse Process Grp 3", "Item Pool Code", "Category Code 6", "Category Code 7", "Category Code 8", "Category Code 9", and "Category Code 10".

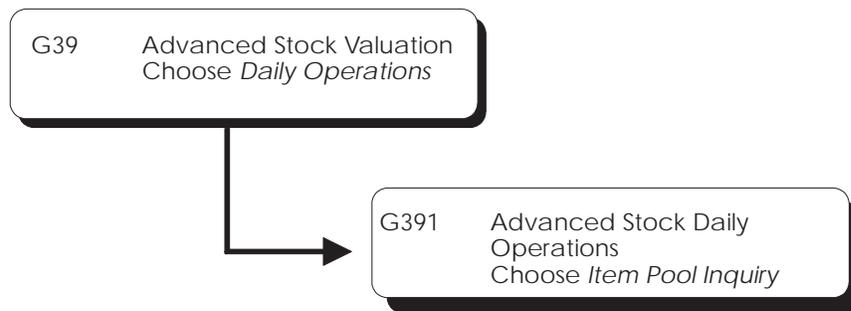
At the bottom of the window, there are several icons and labels: "F3=Exit", "F12=Previous", "F24=More Keys", and "MW".

Complete the following fields:

- Branch/Plant
- Item Number
- Item Pool Code

Field	Explanation
Item Pool Code	<p>For Advanced Stock Valuation</p> <p>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.</p> <p>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.</p>

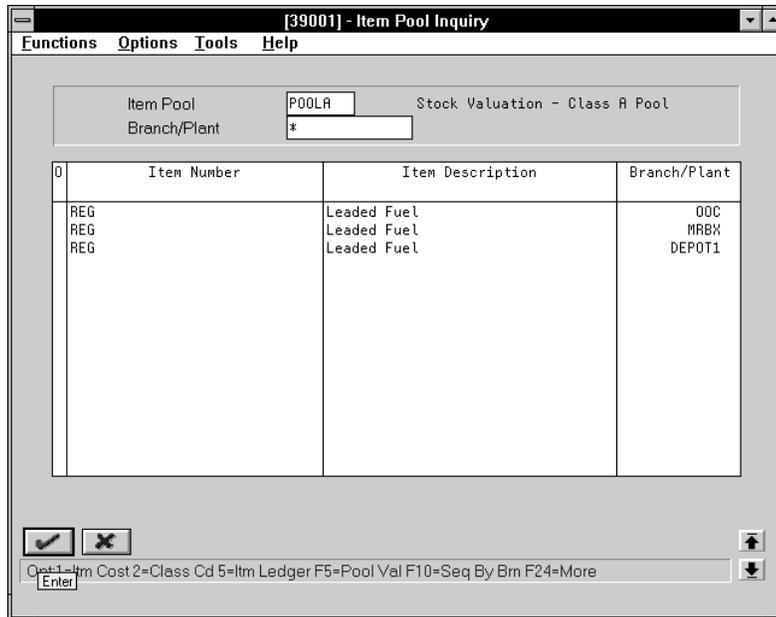
## Reviewing Pools



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**

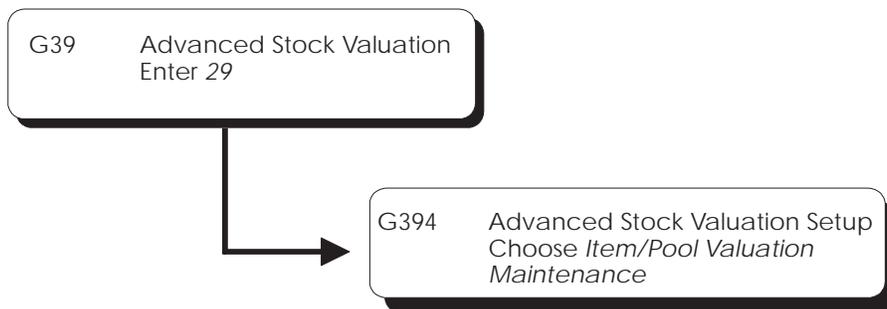
On Item Pool Inquiry



Complete the following fields:

- Item Pool
- Branch/Plant

### Assigning Valuation Methods



You must assign a valuation method to each item and pool that you want valued. 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.

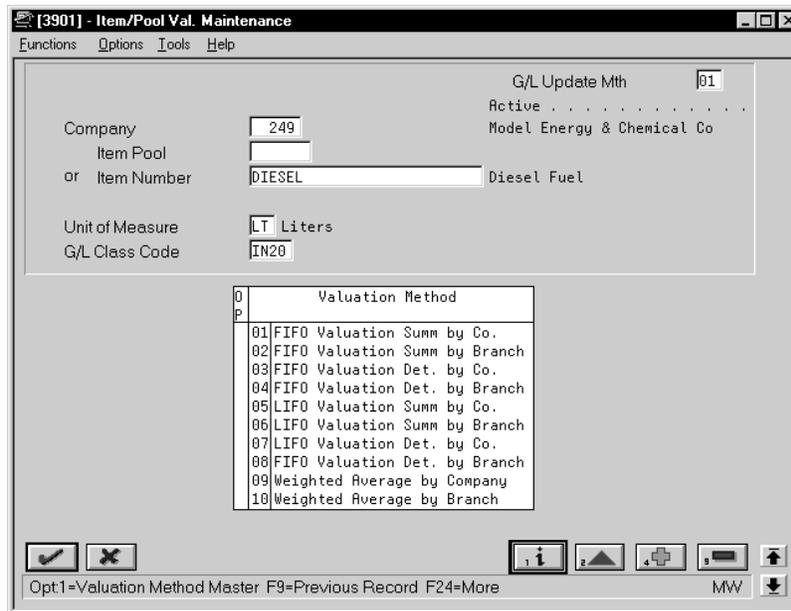
When you add an item or pool with Item/Pool Valuation Maintenance, the system checks to ensure that it doesn't yet exist in this table. The system does not allow you to make duplicate entries for the same item or pool.

### Before You Begin

- Define the valuation methods. See *Defining Valuation Methods (P3902)*.

### ▶ To assign valuation methods

On Item/Pool Valuation Maintenance



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

Field	Explanation
G/L Update Method	<p>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).</p> <p>..... <i>Form-specific information</i> .....</p> <p>For Advanced Stock Valuation</p> <p>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.</p> <p>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.</p>

Field	Explanation
G/L Class Code	<p>A code that identifies the general ledger class that you want the system to use when it searches 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.</p> <p>The table of Automatic Accounting Instructions (AAIs) allows you to predefine classes of automatic offset accounts for the Inventory, Purchasing, and Sales Order Management systems. G/L categories might be assigned as follows:</p> <p style="padding-left: 40px;">IN20 Direct Ship Orders IN60 Transfer Orders IN80 Stock Sales</p> <p>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:</p> <p style="padding-left: 40px;">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</p> <p>Although this field is four characters, only the last two characters of the Category and the last character of the Document Type are used to find the AAI.</p> <p>..... <i>Form-specific information</i> .....</p> <p>For Advanced Stock Valuation</p> <p>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.</p>
Unit of Measure	<p>A user defined code (system 00/ type UM) that indicates in what quantity an inventory item is expressed; for example, CS (case) or BX (box).</p> <p>..... <i>Form-specific information</i> .....</p> <p>Advanced Stock Valuation</p> <p>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.</p>

Field	Explanation
Valuation Method	<p>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).</p> <p>When you run the Stock Valuation Extraction program, the system updates the Stock Valuation Detail tables for the assigned valuation methods.</p> <p>..... <i>Form-specific information</i> .....</p> <p>Advanced Stock Valuation</p> <p>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.</p>

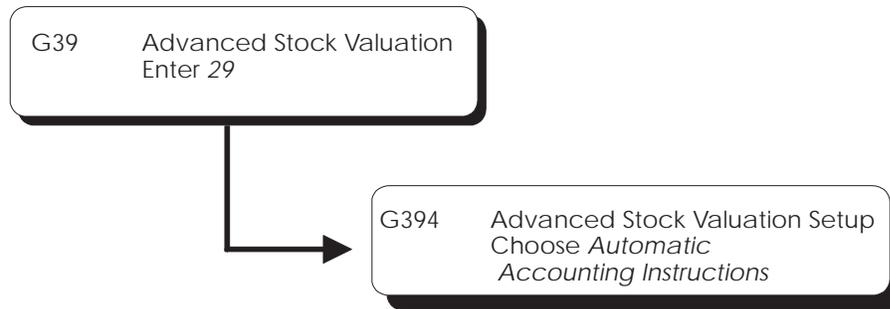
### What You Should Know About

**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.

# Set Up Automatic Accounting Instructions

---



## Setting Up 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.

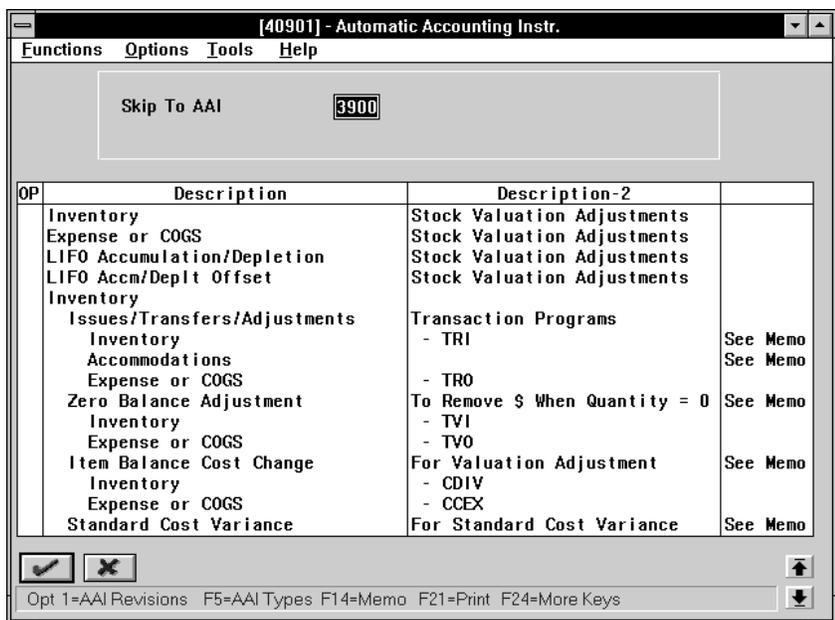
## What You Should Know About

### Attaching messages to AAI

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



1. Choose an AAI.
2. Choose the option to revise the AAI.

[40950] - Distribution Automatic Account

Functions Tools Help

AAI Table Number 3912 LIFO Accumulation/Depletion  
 Company \* Stock Valuation Adjustments  
 Document Type \*

Co	Do Ty	G/L Cls	Description	Account Bus. Unit	Distribution Object	Sub
00249	JE	****	Journal Entry		1411	SVLIFO

F14=Memo F21=Print F24=More Keys

3. On Distribution Automatic Account, complete one or more of the following fields:

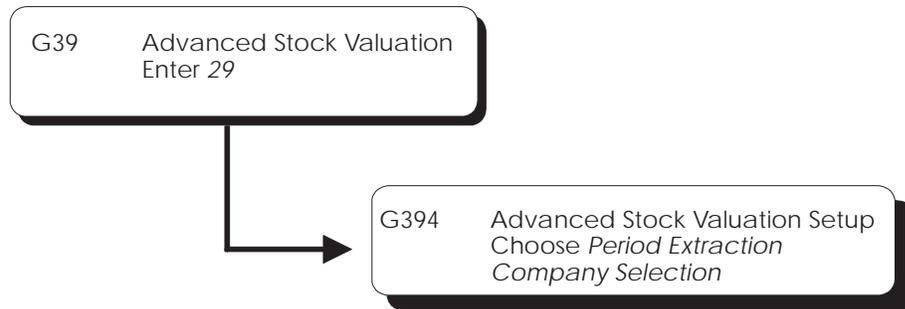
- Company
- Document Type
- General Ledger Posting Category
- Business Unit
- Object Account
- Subsidiary

Field	Explanation
Document Type	<p>A user defined code (system 00/type DT) that identifies the origin and purpose of the transaction.</p> <p>J.D. Edwards reserves several prefixes for document types, such as vouchers, invoices, receipts, and time sheets.</p> <p>The reserved document type prefixes for codes are:</p> <ul style="list-style-type: none"> <li>P Accounts payable documents</li> <li>R Accounts receivable documents</li> <li>T Payroll documents</li> <li>I Inventory documents</li> <li>O Order processing documents</li> <li>J General ledger/joint interest billing documents</li> </ul> <p>The system creates offsetting entries as appropriate for these document types when you post batches.</p>

Field	Explanation
Category – G/L	<p>A code that identifies the general ledger class that you want the system to use when it searches 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.</p> <p>The table of Automatic Accounting Instructions (AAIs) allows you to predefine classes of automatic offset accounts for the Inventory, Purchasing, and Sales Order Management systems. G/L categories might be assigned as follows:</p> <ul style="list-style-type: none"> <li>IN20 Direct Ship Orders</li> <li>IN60 Transfer Orders</li> <li>IN80 Stock Sales</li> </ul> <p>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:</p> <ul style="list-style-type: none"> <li>Sales–Stock (Debit) xxxxx.xx</li> <li>A/R Stock Sales (Credit) xxxxx.xx Posting</li> <li>Category: IN80</li> <li>Stock Inventory (Debit) xxxxx.xx</li> <li>Stock COGS (Credit) xxxxx.xx</li> </ul> <p>Although this field is four characters, only the last two characters of the Category and the last character of the Document Type are used to find the AAI.</p>
Object Account	<p>The object account portion of a general ledger account. The terms “object account” and “cost type” are used synonymously. They refer 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). When you are using a flexible chart of accounts, if the object is set to 6 digits, J.D. Edwards recommends that you use all 6 digits. Here, entering 000456 is not the same as entering 456, because the system adds three blank spaces to fill a 6-digit object.</p>
Subsidiary	<p>A subdivision of an object account. Subsidiary accounts include more detailed records of the accounting activity for an object account.</p>

# Set Up Company Selection

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## Setting Up 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.

### Data Selection Values

1. Type Y in the 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.



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# Advanced and Technical Operations





## Technical Processes

### Objectives

- To understand the purge programs

### About Technical Processes

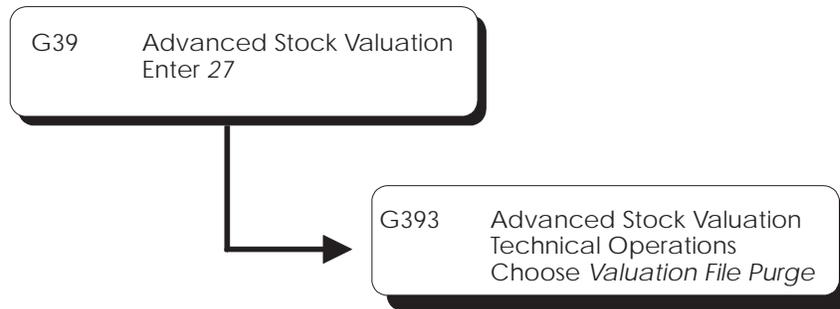
The Advanced Stock Valuation system contains purge programs to remove data from the valuation tables. Only trained, technical staff should complete the purges.





# Purge Valuation Data

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## Purging Valuation Data

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. A 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.

### 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.

## What You Should Know About

### **Naming saved purged records**

Set the processing options to save the records you purge in a special purge library. The system names this library 'JDE' 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 DREAM Writer job performing the purge.

If you submitted a DREAM 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 DREAM Writer version that you use.

## Processing Options for Stock Valuation Purge

### **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 #3 will 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. \_\_\_\_\_

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# Appendices



## Appendix A — Valuation Calculations

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### 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.

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		
January Sales		900				
Total Closing Inventory		1000	\$2.00	\$2000.00		
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:

$$\text{Opening inventory (500) + purchases (1400) - sales (900) = closing inventory (1000)}$$

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:

## Advanced Stock Valuation

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:

$$\text{Closing inventory value} = \text{sum}(\text{closing allocations} * \text{purchase price})$$

$$\begin{aligned} \text{Closing inventory value (January)} &= \\ (600 * \$1.75) + (300 * \$2.50) + (100 * \$2.00) &= \$2000.00 \end{aligned}$$

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

$$\text{Opening inventory value} (\$500.00) + \text{purchases} (\$2800.00) - \text{closing inventory value} (\$2000.00) = \text{COGS} (\$1300.00)$$

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

$$\text{Closing inventory value} (\$2000.00) / \text{total closing inventory}(1000) = \$2.00$$

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

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	140.00
February Purchases		1500	2.10	3150.00	Period Ending	
February Sales		500				
Total Closing Inventory		2000	\$2.08	\$1450.00		