

# **R11i Analyzing Inventory and WIP Transactions**

## **Student Guide**

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## **Author**

Anisa King

## **Technical Contributors and Reviewers**

Tom Marik  
Pam Freeman  
Larry Phillips  
John Paramore

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# Preface

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## Profile

### Before You Begin This Course

Before you begin this course, you should have the following qualifications:

- Thorough knowledge of basic MRP II and accounting concepts.
- Working experience with cost accounting activities in various different manufacturing environments.

### Prerequisites

- Oracle Inventory Release 11
- Oracle Purchasing Release 11
- Oracle Bills of Material and Engineering Release 11 (if products are installed at your site)
- Oracle Work In Process Release 11 (if products are installed at your site)
- Oracle Planning Release 11
- Oracle General Ledger Release 11
- R11i Costing Setup and Implementation
- R11i Cost Information
- R11i Cost Rollup
- R11i Average Costing
- R11i Standard Costing

### How This Course Is Organized

*R11i Analyzing Inventory and WIP Transactions* is an instructor-led course featuring lecture and hands-on exercises. Online demonstrations and written practice sessions reinforce the concepts and skills introduced.

## Related Publications

### Oracle Publications

Title	Part Number
<i>Oracle Inventory User's Guide Release 11i</i>	<i>A58270-01</i>
<i>Oracle Purchasing User's Guide Release 11i</i>	<i>A82912-01</i>
<i>Oracle Bill of Materials User's Guide Release 11i</i>	<i>A75087-01</i>
<i>Oracle Engineering User's Guide Release 11i</i>	<i>A75090-01</i>
<i>Oracle Work In Process User's Guide Release 11i</i>	<i>A75101-01</i>
<i>Oracle Cost Management User's Guide Release 11i</i>	<i>A75088-01</i>
<i>Oracle General Ledger User's Guide Release 11i</i>	<i>A82850-01</i>

### Additional Publications

- System release bulletins
- Installation and user's guides
- read.me files
- *Oracle Magazine*

# Typographic Conventions

## Typographic Conventions in Text

Convention	Element	Example
Bold italic	Glossary term (if there is a glossary)	The <b><i>algorithm</i></b> inserts the new key.
Caps and lowercase	Buttons, check boxes, triggers, windows	Click the Executable button. Select the Can't Delete Card check box. Assign a When-Validate-Item trigger to the ORD block. Open the Master Schedule window.
Courier new, case sensitive (default is lowercase)	Code output, directory names, filenames, passwords, pathnames, URLs, user input, usernames	Code output: <code>debug.set ('I', 300);</code> Directory: <code>bin (DOS), \$FMHOME (UNIX)</code> Filename: Locate the <code>init.ora</code> file. Password: User <code>tiger</code> as your password. Pathname: Open <code>c:\my_docs\projects</code> URL: Go to <code>http://www.oracle.com</code> User input: Enter <code>300</code> Username: Log on as <code>scott</code>
Initial cap	Graphics labels (unless the term is a proper noun)	Customer address ( <i>but</i> Oracle Payables)
Italic	Emphasized words and phrases, titles of books and courses, variables	Do <i>not</i> save changes to the database. For further information, see <i>Oracle7 Server SQL Language Reference Manual</i> . Enter <code>user_id@us.oracle.com</code> , where <i>user id</i> is the name of the user.
Quotation marks	Interface elements with long names that have only initial caps; lesson and chapter titles in cross-references	Select "Include a reusable module component" and click Finish.  This subject is covered in Unit II, Lesson 3, "Working with Objects."
Uppercase	SQL column names, commands, functions, schemas, table names	Use the SELECT command to view information stored in the LAST_NAME column of the EMP table.

Convention	Element	Example
Arrow	Menu paths	Select File—> Save.

Brackets	Key names	Press [Enter].
Commas	Key sequences	Press and release keys one at a time: [Alternate], [F], [D]
Plus signs	Key combinations	Press and hold these keys simultaneously: [Ctrl]+[Alt]+[Del]

## Typographic Conventions in Code

Convention	Element	Example
Caps and lowercase	Oracle Forms triggers	When-Validate-Item
Lowercase	Column names, table names	SELECT last_name FROM s_emp;
	Passwords	DROP USER scott IDENTIFIED BY tiger;
	PL/SQL objects	OG_ACTIVATE_LAYER (OG_GET_LAYER ( 'prod_pie_layer' ) )
Lowercase italic	Syntax variables	CREATE ROLE <i>role</i>
Uppercase	SQL commands and functions	SELECT userid FROM emp;



## Typographic Conventions in Navigation Paths

This course uses simplified navigation paths, such as the following example, to direct you through Oracle Applications.

(N) Invoice > Entry > Invoice Batches Summary (M) Query > Find (B) Approve

This simplified path translates to the following:

1. (N) From the Navigator window, select Invoice > Entry > Invoice Batches Summary.
2. (M) From the menu, select Query > Find.
3. (B) Click the Approve button.

### Notations :

(N) = Navigator

(M) = Menu

(T) = Tab

(I) = Icon

(H) = Hyperlink

(B) = Button

## Typographical Conventions in Help System Paths

This course uses a “navigation path” convention to represent actions you perform to find pertinent information in the Oracle Applications Help System.

The following help navigation path, for example—

(Help) General Ledger > Journals > Enter Journals

—represents the following sequence of actions:

1. In the navigation frame of the help system window, expand the General Ledger entry.
2. Under the General Ledger entry, expand Journals.
3. Under Journals, select Enter Journals.
4. Review the Enter Journals topic that appears in the document frame of the help system window.

## Getting Help

Oracle Applications provides you with a complete online help facility.

Whenever you need assistance, simply choose an item from the Help menu to pinpoint the type of information you want.

### To display help for a current window:

1. Choose Window Help from the Help menu, click the Help button on the toolbar, or hold down the Control key and type 'h'.

A web browser window appears, containing search and navigation frames on the left, and a frame that displays help documents on the right.

The document frame provides information on the window containing the cursor. The navigation frame displays the top-level topics for your responsibility, arranged in a tree control.

2. If the document frame contains a list of topics associated with the window, click on a topic of interest to display more detailed information.
3. You can navigate to other topics of interest in the help system, or choose Close from your web browser's File menu to close help.

### Searching for Help

You can perform a search to find the Oracle Applications help information you want. Simply enter your query in the text field located in the top-left frame of the browser window when viewing help, then click the adjacent Find button.

A list of titles, ranked by relevance and linked to the documents in question, is returned from your search in the right-hand document frame. Click on whichever title seems to best answer your needs to display the complete document in this frame. If the document doesn't fully answer your questions, use your browser's Back button to return to the list of titles and try another.

# **Analyzing Inventory Transactions**

## **Chapter 1**

### **Analyzing Inventory and WIP Transactions**

#### **Analyzing Inventory Transactions**

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### Objectives

**After completing this lesson, you should be able to:**

- **Use inventory distribution inquiries**
- **Resubmit errored transactions**
- **Use margin analysis reports**
- **Use inventory distribution reports**
- **Perform inventory input/output analysis**
- **Analyze purchase price variance (PPV) and invoice price variance (IPV)**

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## Agenda

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### Agenda

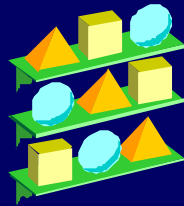
- **Overview of Analyzing Inventory Transactions**
- **Inventory Distribution Inquiry**
- **Resubmit Errored Transactions for Costing**
- **Generating Margin Reports**
- **Analyzing Inventory Transactions**

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### Overview

- Use various inquiries and reports to help you analyze the accounting impact of your material transactions.



**Material transactions**



**Inquiries and analysis**

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## Agenda

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### Agenda

- Overview of Analyzing Inventory Transactions
- **Inventory Distribution Inquiry**
- Resubmit Errored Transactions for Costing
- Generating Margin Reports
- Analyzing Inventory Transactions

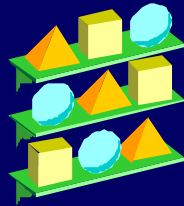
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### Inventory Distribution Inquiry

Use the Material Transaction Distributions window to:

- Review the accounting distributions of your material transactions
- Analyze the accounting impact of your material transactions



**Material transactions**



**Inquiries and analysis**

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## Inventory Distribution Inquiry

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### Inventory Distribution Inquiry

Use the Account Tab of the Material Transaction Distributions window to view:

- Transaction date
- Account distributions associated with your material transactions performed within a date range
- Accounting distribution values in the functional currency of the organization
- Transacted item
- Accounting type for each accounting entry associated with your material transactions

(N) INV Transactions > Material Transactions >  
Find Material Transactions (B) Distributions (T) Account

(N) CST View Transactions > Material Distributions

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**(Help) Oracle Manufacturing Applications > Oracle Inventory >  
Transactions > Viewing Material Transaction Distributions**

## Inventory Distribution Inquiry

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### Inventory Distribution Inquiry

Use the Type Tab of the Material Transaction Distributions window to view:

- Transaction type associated with your material transactions performed within a date range
- Source type for your transactions, showing the origin of the inventory transaction, like purchase order, sales order, or account
- Source of your transactions, such as purchase order number, sales order number, or account number
- Primary UOM of the item and transaction quantity in the primary UOM of the item

(N) INV Transactions > Material Transactions >  
Find Material Transactions (B) Distributions (T) Type

(N) CST View Transactions > Material Distributions **ORACLE**

(Help) Oracle Manufacturing Applications > Oracle Inventory >  
Transactions > Viewing Material Transaction Distributions

## Inventory Distribution Inquiry

---

### Inventory Distribution Inquiry

Use the **Location** Tab of the **Material Transaction Distributions** window to determine the subinventory and locator for your transactions performed within a date range and to view:

- Subinventory name associated with the transaction
- Location information
- Operation sequence associated with the transaction
- Transaction number assigned to the transaction

(N) INV Transactions > Material Transactions >  
Find Material Transactions (B) Distributions (T) Location  
(N) CST View Transactions > Material Distributions

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**(Help) Oracle Manufacturing Applications > Oracle Inventory >  
Transactions > Viewing Material Transaction Distributions**

## Inventory Distribution Inquiry

---

### Inventory Distribution Inquiry

Use the Currency Tab of the Material Transaction Distributions window to view:

- Exchange rate information for your transactions performed within a date range
- Transaction date
- Transaction currency
- Distribution value in the transaction currency
- Transaction exchange rate
- Transaction conversion type

(N) INV Transactions > Material Transactions >  
Find Material Transactions (B) Distributions (T) Currency

(N) CST View Transactions > Material Distributions

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(Help) Oracle Manufacturing Applications > Oracle Inventory >  
Transactions > Viewing Material Transaction Distributions

## Inventory Distribution Inquiry

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### Inventory Distribution Inquiry

Use the Comments Tab of the Material Transaction Distributions window to view:

- Comments for transactions performed within a date range
- Transaction information, such as transaction reason, transaction reference, and general ledger batch ID (if transferred to the general ledger)

(N) INV Transactions > Material Transactions >  
Find Material Transactions (B) Distributions (T) Comments  
(N) CST View Transactions > Material Distributions

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**(Help) Oracle Manufacturing Applications > Oracle Inventory >  
Transactions > Viewing Material Transaction Distributions**

## Agenda

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### Agenda

- Overview of Analyzing Inventory Transactions
- Inventory Distribution Inquiry
- **Resubmit Errored Transactions for Costing**
- Generating Margin Reports
- Analyzing Inventory Transactions

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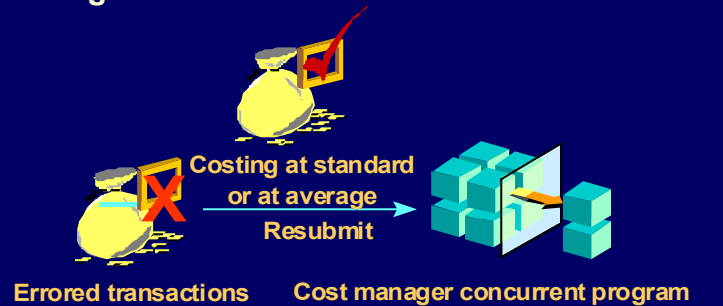


## Resubmitting Errored Transactions for Costing

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### Resubmitting Errored Transactions for Costing

- After you correct the sources of errors in other windows, you can resubmit errored material transactions for costing in the Cost View Material Transactions window in standard or average costing environments.



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### Resubmitting Errored Transactions for Costing

#### Timely Costed Transactions

- You can resubmit errored transactions and cost transactions on a timely basis. Timely costed transactions are important:
  - To provide up-to-date cost information to management
  - To allow on-time period closing
- Failed transactions must be resolved promptly. This is particularly critical for average costing because no further transactions will be costed for an entire organization if there is a single failed transaction.

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## Resubmitting Errored Material Transactions for Costing

### Resubmitting Errored Material Transactions for Costing

Use the Cost View Material Transactions window to:

- View transactions that were not costed successfully in either standard or average costing organizations
- Submit cost transactions that have failed to process
- Identify the error, fix the source of the error using other windows, and resubmit the transaction using the error code and error explanation columns, selecting and submitting the transaction from the Tools pull-down menu

(N) CST View Transactions > Material Transactions >  
Find Material Transactions

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(Help) Oracle Manufacturing Applications > Oracle Inventory >  
Transactions > Viewing Material Transactions

## Resubmitting Errored Resource Transactions for Costing

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### Resubmitting Errored Resource Transactions for Costing

Use the Pending Resource Transactions window to:

- Select a single transaction or multiple transactions from the displayed transactions to resubmit for reprocessing

1. In the Pending Resource Transactions window, from the Tools pull-down menu, choose **Select All for Resubmit**. You can deselect selected transactions as required.

2. Save your work to resubmit the transactions.

(N) CST View Transactions > Pending Resource Transactions >  
Find Resource Transactions (T) Comments  
(M) Tools > **Select All for Resubmit**

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(Help) Oracle Manufacturing Applications > Oracle WIP >  
Transactions > Viewing Resource Transactions

### Resubmitting Errored Transactions for Costing

#### Error Messages

- At resubmission time, you see messages with meaningful information about the errored transactions:
  - For standard costing
  - For average costing



Messages

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### Resubmitting Errored Transactions for Costing

#### Standard Costing Error Messages

- Error in localized costing
- Error in getting currency conversion type profile option
- Error in converting unit of measures for cost
- Error in converting unit of measures for quantity
- Error in getting concurrent who information from user profile
- Error in computing scrap value
- Error in getting operating unit
- Error processing continuous flow manufacturing (CFM) completion

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## Resubmitting Errored Transactions for Costing

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### Resubmitting Errored Transactions for Costing

#### Average Costing Error Messages

- Creating a row in WIP\_PERIOD\_BALANCE failed
- Failed in WIP completion or scrap transaction
- Backflush transaction failed



Messages

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## Review Question

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### Review Question

**Failed transactions must be resolved promptly for average costing because no further transactions will be costed for an entire organization if there is a single failed transaction.**

- 1. True**
- 2. False**

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## Review Question

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### Review Question

**Failed transactions must be resolved promptly for average costing because no further transactions will be costed for an entire organization if there is a single failed transaction.**

1. True
2. False

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## Agenda

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### Agenda

- Overview of Analyzing Inventory Transactions
- Inventory Distribution Inquiry
- Resubmit Errored Transactions for Costing
- **Generating Margin Reports**
- Analyzing Inventory Transactions

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### Margin Analysis Reports

- Use the Margin Analysis Reports to report sales revenue, cost of goods sold, and gross margin information for each item shipped/invoiced within the specified date range.
- You can print reports in summary and in detail.
  - The detail report provides information by customer, order, and line number.
- The costing method of the organization is independent of margin analysis reporting or any of the margin analysis concepts. The costing method does not affect the procedure to run margin analysis reports.

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### Margin Analysis Reporting Concepts

**You have two Margin Analysis Reports which provide the same detail:**

- **Margin Analysis Report**
  - **Uses builds (also known as margin analysis load runs) in which costs are saved to generate margin reports**
  - **Provides backward compatibility, allowing you to create reports from old builds**
- **Upgrade customers may continue to run reports from old builds, however, they cannot create any new builds. The old builds are retained until the builds are deliberately purged by name, one at a time.**

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### Margin Analysis Reporting Concepts

#### Margin Analysis Report with Order Management

- **Margin Analysis Report with Order Management**
  - Uses a continuous build that only uses transactional costs
  - Generates a margin analysis from a cost type
  - Uses intelligent dates; no need to purge builds
- This report cannot be generated from old builds because the build name does not appear in the report parameters.

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### Margin Analysis Reporting Concepts

#### Implications

- In Release 11, you could save costs by saving builds.
- In Release 11i, you need to save a specific cost type, other than the transactional cost type, in order to be able to rerun a margin analysis against that cost type.
- For example, if you have target cost types for different years, you need to save each target cost type in order to be able to run a margin analysis report against target costs from different years.

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## Margin Analysis Reporting Concepts for Both Margin Reports

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### Margin Analysis Reporting Concepts for Both Margin Reports

#### Multi-org

- If you enable Multi-org, the Margin Analysis Reports display sales revenue, cost of goods sold, and gross margin information for all inventory organizations within an operating unit.
- If you do not enable Multi-org, the Margin Analysis Reports display sales revenue, cost of goods sold, and gross margin information for the operating unit in which the current organization belongs.

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## Margin Analysis Reporting Concepts for Both Margin Reports

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### Margin Analysis Reporting Concepts for Both Margin Reports

#### Marketing Parameters

- You can combine the Customer Name, Sales Representative, Sales Channel, and Industry parameters to restrict the report to a single customer, sales representative, sales channel, and industry.

#### Cost of Goods Sold

- Cost of goods is displayed at the historical transaction cost unless you enter a value in the cost type parameter. If you enter a cost type, cost of goods sold is calculated by extending the quantity shipped times the current item cost in the chosen cost type.

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## Generating Margin Analysis Reports

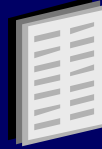
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### Generating Margin Analysis Reports

Use the Margin Analysis Report or the Margin Analysis Report with Order Management (OM) to:

- Report sales revenue, cost of goods sold, and gross margin information for each item shipped and invoiced within a specified date range.
- In the Submit Requests window, you select the report name.

(N) CST Report > Operational Analysis > Request Analysis Reports



**Reports**

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(Help) Oracle Manufacturing Applications > Oracle Inventory > Reports and Processes > Margin Analysis Report

## Margin Analysis Report for Order Management, Prerequisites

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### Margin Analysis Report for Order Management, Prerequisites

- If you are missing one of these applications, you cannot run the report:
  - Oracle Order Management (OM)
  - Oracle Inventory
  - Oracle Receivables
- In addition, for accurate margin reporting, in Receivables, use the derived date option to set invoice dates:
  - The invoice date automatically defaults to the shipment date.
  - You recognize revenue and cost in the same accounting period.

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## Margin Analysis Report for Order Management, Prerequisites

---

### Margin Analysis Report for Order Management, Prerequisites

- You run this report from tables populated by submission of the Margin Analysis Load Run program.
  - The first time that this program runs under Order Management, it populates empty tables.
  - Subsequent submission of the program appends data to the tables, but the tables are never purged. A continuous build is created.
- Since the continuous build is based on valuation cost types (standard or average), the cost type is selected when you submit the report. You cannot purge continuous builds.

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## Submitting a Margin Analysis Load Run

---

### Submitting a Margin Analysis Load Run

- You must run the Margin Analysis Load Run program in order to create the build from which Margin Analysis reports are derived.
- When you upgraded to Release 11i with Order Management, all the Order Entry data was migrated to Order Management tables, allowing you to create a new margin build.
- You create this new margin build the first time that you run the Margin Analysis Load Run program.
- Subsequently, you rerun the Margin Analysis Load Run program to increment or refresh the build.

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#### Note

When Oracle Order Management is installed, the Margin Analysis Load Run (or Build) tables are continuous and ongoing. The build cannot be purged.

## Submitting a Margin Analysis Load Run

---

### Submitting a Margin Analysis Load Run

After “loading” data generated by transactions, you can run the Margin Analysis Reports.

Use the Margin Analysis Load Run window to:

- Load data from a series of transactions have been performed
- Enter parameters:
  - From date
  - To date
  - Overlap days
  - Load Option: increment or refresh

(N) CST Report > Operational Analysis >

Request Analysis Reports > Margin Analysis Load Run

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(Help) Oracle Manufacturing Applications > Oracle Inventory >  
Reports and Processes > Margin Analysis Load Run

## Loading Data for Margin Analysis Report for a Regular Order with a Standard Item

---

### Loading Data for Margin Analysis Report for a Regular Order with a Standard Item

#### Business Flow

- Create an order (header and line) for a standard item.
- Create an invoice for that item with AutoInvoice.
- Ensure that the corresponding revenue distribution is created.
- Pick release the order.
- Ship the item (Ship Confirm Deliveries and Update Shipping) and cost it (Cost manager up).
- Run INV interface and AR interface to synchronize INV, OM and AR.
- Ensure that COGS accounting distribution is created.
- Repeat the above bullets with an order with multiple lines and multiple standard items.
- Run the Margin Analysis Load program and check table CST\_MARGIN\_TEMP for results.

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## Purging a Margin Analysis Load Run

---

### Purging a Margin Analysis Load Run

Use the Purge Margin Analysis Run window to:

- Enter the load name to purge the build generated prior to Release 11i with Oracle Order Management
- Enter parameters:
  - Build Name
  - Build Description
  - From date
  - To date
  - Order Number
  - Cost Type

(N) CST Report > Operational Analysis >

Request Analysis Reports > Purge Margin Analysis Run

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(Help) Oracle Manufacturing Applications > Oracle Inventory >  
Reports and Processes > Purge Margin Analysis Run

## Review Question

---

### Review Question

**The Margin Analysis Report with Order Management cannot be generated from old builds because the build name does not appear in the report parameters.**

**The Margin Analysis Report provides backward compatibility to upgrade customers, since you can create margin reports from old builds.**

- 1. True**
- 2. False**

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## Review Question

---

### Review Question

**The Margin Analysis Report with Order Management cannot be generated from old builds because the build name does not appear in the report parameters.**

**The Margin Analysis Report provides backward compatibility to upgrade customers, since you can create margin reports from old builds.**

1. True
2. False

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## Agenda

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### Agenda

- Overview of Analyzing Inventory Transactions
- Inventory Distribution Inquiry
- Resubmit Errored Transactions for Costing
- Generating Margin Reports
- **Analyzing Inventory Transactions**

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### Account Distribution Reports

- Receiving Account Distribution Report
- Material Account Distribution Detail Report
- Transaction Historical Summary Report
- Purchase Price Variance Report
- Invoice Price Variance Report

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### Account Distribution Reports

#### Receiving Account Distribution Report

- Use the Receiving Account Distribution Report to display accounting information associated with your receiving transactions.

(N) CST Report > Transactions > Request Transaction Reports

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**(Help) Oracle Manufacturing Applications > Oracle Inventory > Reports and Processes > Receiving Account Distribution Report**

### Account Distribution Reports

#### Material Account Distribution Detail Report

- You can review inventory transaction values transferred to the general ledger by GL batch to aid in your inventory to general ledger reconciliation.
  - Select a specific GL batch and report only the entries transferred in that batch.

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### Account Distribution Reports

#### Submitting the Material Account Distribution Detail Report

- Use the Material Account Distribution Detail Report to display accounting information associated with your inventory transactions.

(N) CST Report > Transactions > Request Transaction Reports

1. Use the Transaction Reports, Cost and Period Close Reports, or Submit Requests window and enter "Material account distribution detail" in the Name field to submit the report.
2. Enter the report parameters.
3. Submit the report.

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(Help) Oracle Manufacturing Applications > Oracle Inventory >  
Reports and Processes >  
Material Account Distribution Detail Report

### Transaction Historical Summary Report

#### Rollback Transaction Quantities and Values

- Rollback transaction quantities and values to any date you choose and report the beginning balance and the transaction values.

#### Multiple Open Periods

- When you have multiple periods, you can use this report to determine the inventory quantity or value as of the end date of your prior periods using the balance option of the report.

#### Throughput Analysis

- You can analyze the quantity and value throughput using the quantity or value options of the report.

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## Transaction Historical Summary Report

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### Transaction Historical Summary Report

- Use the Transaction Historical Summary Report to analyze historical item quantities, values, or historical inventory balances.

(N) CST Report > Transactions > Request Transaction Reports



**Balances**



**Values**



**Audit trail**

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### Inventory Input/Output Analysis

#### Material Account Distribution Reports

- You can analyze the sources and uses of your inventory using the material account distribution reports run by transaction type or source type.



**Beginning balance + sources - uses = Ending balance**

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### Inventory Input/Output Analysis

#### Sources

- Purchase order receipts
- WIP completions
- Interorganization receipts
- Miscellaneous receipts

#### Uses

- Customer shipments
- WIP issues
- Interorganization issues
- Miscellaneous issues

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### Analyzing PPV/IPV

#### **Purchase Price Variance (PPV)**

- **PPV only applies to standard costing organizations.**
- **Each time you deliver material from a purchase order to a subinventory, the PO price is compared to the standard cost of the item and a variance is calculated.**
- **Average cost organizations are valued at purchase price and have no PPV, except with outside processing which is charged at standard cost in an average cost organization.**

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### Analyzing PPV/IPV

#### Invoice Price Variance (IPV)

- IPV applies to both standard costing and average costing organizations.
- Each time an invoice is matched (approved) to a purchase order, the invoice price is compared to the PO price and a variance is calculated.
- IPV is calculated when the Payables Accounting Process is run, not when the invoice is matched.

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### Analyzing PPV/IPV

**Use the Purchase Price Variance Report to:**

- **Analyze purchase price variance (PPV)**

**(N) CST Report > Operational Analysis > Request Analysis Reports**

**Use the Invoice Price Variance Report to:**

- **Analyze invoice price variance (IPV)**

**(N) CST Report > Operational Analysis > Request Analysis Reports**

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## Review Question

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### Review Question

**You can analyze the sources and uses of your inventory using the material account distribution reports run by transaction type or source type.**

- 1. True**
- 2. False**

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## Review Question

---

### Review Question

**You can analyze the sources and uses of your inventory using the material account distribution reports run by transaction type or source type.**

- 1. True**
- 2. False**

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### Summary

**In this lesson, you should have learned how to:**

- **Use inventory distribution inquiries and reports**
- **Resubmit errored transactions**
- **Use margin analysis reports**
- **Use inventory distribution reports**
- **Perform inventory input/output analysis**
- **Analyze purchase price variance (PPV) and invoice price variance (IPV)**

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## Practice 1 Overview

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### Practice 1 Overview

**This practice covers the following topics:**

- **Reviewing inventory transaction analysis**
- **Performing and analyzing inventory transactions**

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### Practice 1-1

#### Reviewing Inventory Transaction Analysis

1. Which window do you use to determine the transaction currency, conversion rate, and conversion rate type for your inventory transactions?
2. What are the sources and uses of inventory?
3. What formula is used to calculate the ending inventory balance?

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### Practice 1-1 Solution

#### Reviewing Inventory Transaction Analysis

1. Which window do you use to determine the transaction currency, conversion rate, and conversion rate type for your inventory transactions?

Use the Currency region of the View Transaction Distributions window to determine the transaction currency, conversion rate, and conversion rate type.

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### Practice 1-1: Solution

#### Reviewing Inventory Transaction Analysis

**2. What are the sources and uses of inventory?**

**Sources:** PO Receipts, Interorg Receipts, Receipts from WIP, Misc. Receipts

**Uses:** Issues to WIP, interorg transfers, sales order shipments, cost update, miscellaneous issues

**3. What formula is used to calculate the ending inventory balance?**

**Ending inventory = Beginning inventory + sources – uses**

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## Practice 1-2: Performing and Analyzing Inventory Transactions

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### **Practice 1-2: Performing and Analyzing Inventory Transactions**

In this practice, you are a buyer and will be doing the following in the screens that follow:

1. Verify that the transaction processor is running.
2. Verify that the current period is open.
3. Create a purchase order for CM22680.
4. Approve your purchase order and receive goods.
5. View accounting entries.
6. Perform an inventory adjustment for CM22682 using a miscellaneous receipt.
7. View accounting entries.
8. Run the Material Account Distribution Detail Report.
9. Run the Purchase Price Variance Report.

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## Guided Practice 1-2: Checking the Interface Managers

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### Guided Practice 1-2: Checking the Interface Managers

1. **Navigate to the Interface Managers window in Seattle, M1, to check the status of the Cost Manager. If this manager is not running or is running at an interval greater than 10 minutes, inform the instructor.**

**(N) INV Setup > Transactions > Interface Managers**

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## Guided Practice 1-2: Checking Current Period is Open

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### Guided Practice 1-2: Checking Current Period is Open

1. **Navigate to the Inventory Accounting Periods window to check that the current period is open. If it is not open, open it and all preceding unopened periods.**

**(N) INV Accounting Close Cycle > Inventory Accounting Periods**

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## Guided Practice 1-2: Creating Purchase Orders

---

### Guided Practice 1-2: Creating Purchase Orders

1. Navigate to the Purchase Orders window to create a purchase order for CM22680 in the M1 organization.  
Student 10 will use a quantity of 10, and a price of \$10.00;  
Student 20 will use a quantity of 20, and a price of \$20.00;  
Student 30 will use a quantity of 30, and a price of \$30.00;  
and so on.

(N) PURCHASING Purchase Orders > Purchase Orders (New)

2. Type: Standard Purchase Order
3. Supplier: Advanced Network Devices
4. Site: Santa Clara
5. Ship to: M1
6. Bill to: Accept default
7. Buyer: Accept default
8. Navigate to Items.

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## Guided Practice 1-2: Creating Purchase Orders

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### Guided Practice 1-2: Creating Purchase Orders

1. Navigate to items (continued from previous page).  
(N) PURCHASING Purchase Orders > Purchase Orders (New)  
(T) Items
2. Number: 1
3. Type: Goods
4. Item: CM22680
5. Quantity: 100 for Student 1, 200 for Student 2, and so on.
6. Price: You decide
7. Promise date: Today
8. Need by date: Today
9. Choose: Shipments
10. Number: 1
11. Org: M1
12. Ship to: M1-Seattle
13. Quantity: Will default
14. Save your work.
15. Record your PO number here \_\_\_\_\_.

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## Guided Practice 1-2: Approving Purchase Orders

---

### Guided Practice 1-2: Approving Purchase Orders

1. Record your PO number here \_\_\_\_\_ (continued from previous page).
  2. Choose: Approve.
  3. Submit for approval: X
  4. Click OK.
- You should see a message, "Document has been submitted for approval".

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## Guided Practice 1-2: Receiving Goods to Receiving

---

### Guided Practice 1-2: Receiving Goods to Receiving

**1. Navigate to the Receipts window to receive the goods to receiving, once your purchase order has been approved.**

**(N) PURCHASING Receiving > Receipts**

**2. Purchase Order: The one you noted earlier**

**3. Choose: Find**

**4. Enable the box next to the quantity field.**

**5. Save your work.**

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## Guided Practice 1-2: Receiving Goods to Subinventory

---

### Guided Practice 1-2: Receiving Goods to Subinventory

**1. Navigate to the Receiving Transactions window to receive the goods from receiving to inventory.**

**(N) PURCHASING Receiving > Receipts**

**2. Purchase Order: The one you noted earlier**

**3. Choose: Find**

**4. Enable the box next to the quantity field.**

**5. Subinventory: Stores**

**6. Save your work.**

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## Guided Practice 1-2: Viewing Accounting Entries

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### Guided Practice 1-2: Viewing Accounting Entries

**1. Navigate to the Material Transaction Distributions window, Accounts region, to review the accounting distributions once you have received the goods.**

**(N) INV Transactions > Material Transactions (F) Find Material Transactions (B) Distributions (T) Account**

**(N) CST View Transactions > Material Distributions**

**2. Date: Accept the default of today's date**

**3. Item: CM22680**

**4. Choose: Find**

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## Guided Practice 1-2: Performing Miscellaneous Receipts

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### Guided Practice 1-2: Performing Miscellaneous Receipts

1. Navigate to the Miscellaneous Transaction window to perform an inventory adjustment for CM22682 using a miscellaneous receipt.  
(N) INV Transactions > Miscellaneous Transaction
2. Date: Accept the default of today's date
3. Type: Select account alias receipt
4. Source: M1\_STD\_CST\_ADJ
5. Choose: Transaction Lines
5. Item: CM22682
6. Subinventory: Stores
7. Quantity: Enter a quantity corresponding to your student number
8. Action: Save

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## Guided Practice 1-2: Viewing Accounting Entries

---

### Guided Practice 1-2: Viewing Accounting Entries

**1. Navigate to the Material Transaction Distributions window, Accounts region, to view the accounting entries created by the miscellaneous transactions.**

**(N) INV Transactions > Material Transactions (F) Find Material Transactions (B) Distributions (T) Account**

**(N) CST View Transactions > Material Distributions**

**2. Date: Accept the default of today's date**

**3. Item: CM22682**

**4. Choose: Find**

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## Guided Practice 1-2: Running the Material Account Distribution Detail Report

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### Guided Practice 1-2: Running the Material Account Distribution Detail Report

1. Navigate to the Request Transaction Reports window  
(N) CST Report > Transactions
2. The Submit a new Request window opens
3. Check Select Single Request and choose OK
4. Name: Material Account Distribution Detail Report
5. Choose: OK
6. Enter parameters:
7. Sort By: Item, Account
8. Transaction Dates From: Today's date
9. Transaction Dates To: Today's date
10. Item From/To: CM22680 to CM22682
12. Category Set: Inv.Items
13. Exchange Rate: 1
14. Select OK and choose submit
15. Record your request number \_\_\_\_\_.

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## Guided Practice 1-2: Viewing the Results Online

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### **Guided Practice 1-2: Viewing the Results Online**

**1. Navigate to the Requests window to check that your report request has completed and to view output online.**

**(N) CST Setup > Requests (B) View Output**

**2. Check Specific Request**

**3. Request ID: Enter your request number**

**4. Choose: Find**

**5. Choose: View Output**

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## Guided Practice 1-2: Running the Purchase Price Variance Report

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### Guided Practice 1-2: Running the Purchase Price Variance Report

1. Navigate to the Request Analysis Reports window  
(N) CST Report > Operational Analysis > Request Analysis Reports
2. The Submit a new Request window opens
3. Check Select Single Request and choose OK
4. Name: Purchase Price Variance Report
5. Choose: OK
6. Enter parameters:
7. Title: Purchase Price Variance Report for xxx, where xxx are your initials
8. Transaction Dates From: Today's date
9. Transaction Dates To: Today's date
10. Organization Name: M1 Seattle Manufacturing
11. Select OK and choose submit
12. Record your request number here\_\_\_\_\_.

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## Guided Practice 1-2: Viewing the Results Online

---

### **Guided Practice 1-2: Viewing the Results Online**

**1. Navigate to the Requests window to check that your report request has completed and to view output online.**

**(N) CST Setup > Requests (B) View Output**

**2. Check Specific Request**

**3. Request ID: Enter your request number**

**4. Choose: Find**

**5. Choose: View Output**

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# **Analyzing WIP Transactions**

## **Chapter 2**

### Analyzing Inventory and WIP Transactions

#### Analyzing WIP Transactions

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## Objectives

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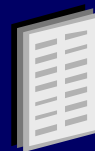
### Objectives

After completing this lesson, you should be able to do the following:

- View WIP values online
- Report and analyze WIP values



**Inquiries and analysis**



**Reports**

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## Agenda

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### Agenda

- **Overview of analyzing WIP transactions**
- Viewing Job and Schedule Values Online
- Reporting and Analyzing WIP Values

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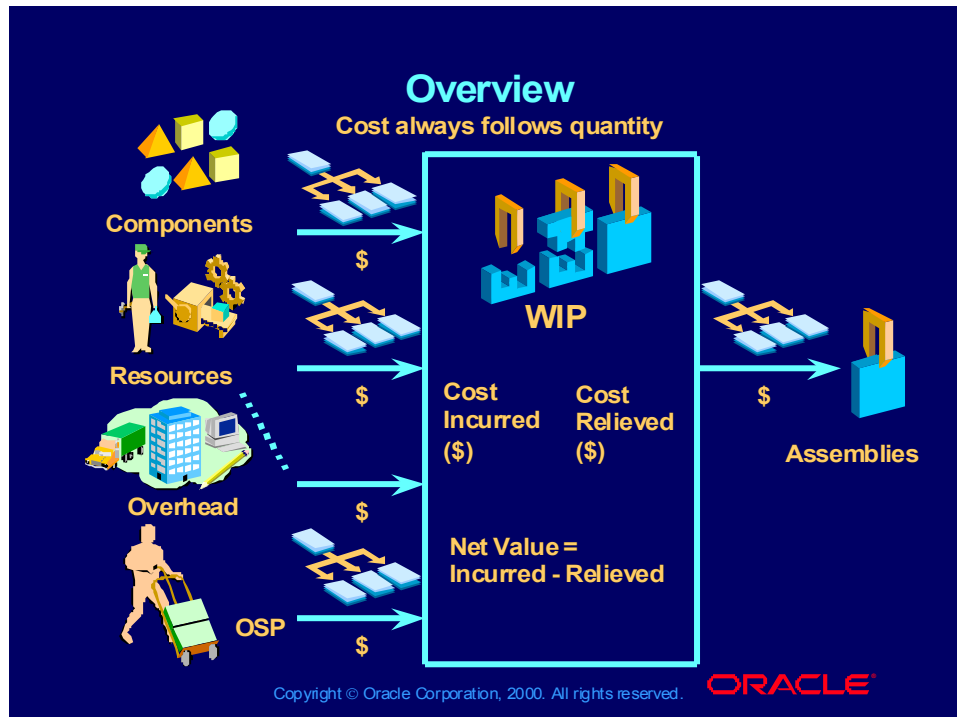
## Overview

The transactions that are processed in Oracle Inventory and in Oracle WIP are costed in Oracle Cost Management.





## Overview



### Overview

**You use various inquiries and reports to help you analyze the accounting impact of your WIP transactions.**



**Inquiries and analysis**



**Reports**

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## Agenda

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### Agenda

- Overview of analyzing WIP transactions
- Viewing Job and Schedule Values Online
- Reporting and Analyzing WIP Values

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## Viewing Job and Schedule Values Online

---

### Viewing Job and Schedule Values Online

Use the WIP Value Summary window, Summary Tab:

- To analyze your jobs and schedules
- To view charges to a specific job or schedule
- To view your work-in-process values by cost element, and drill down to your accounting transactions

(N) WIP Discrete > WIP Value Summary (B) Find > Value Summary  
(T) Summary

(N) CST View Transactions > WIP Value Summary (B) Find >  
Value Summary (T) Summary

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**Help: Oracle Manufacturing Applications >  
Oracle Work in Process > Windows and Navigations >  
Viewing WIP Value Summaries**

## Viewing Job and Schedule Values Online

---

### Viewing Job and Schedule Values Online

Use the WIP Value Summary window, Level Tab:

- To view your work-in-process values by level, and drill down to your accounting transactions

(N) WIP Discrete > WIP Value Summary (B) Find > Value Summary  
(T) Level

(N) CST View Transactions > WIP Value Summary (B) Find >  
Value Summary (T) Level

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**Help: Oracle Manufacturing Applications >  
Oracle Work in Process > Windows and Navigations >  
Viewing WIP Value Summaries**

## Viewing Job and Schedule Values Online

---

### Viewing Job and Schedule Values Online

Use the WIP Transaction Distributions window,  
Account Tab:

- To view your work-in-process values in summary by account, and drill down to your accounting transactions

(N) WIP Discrete > WIP Value Summary (B) Find > Distributions  
(T) Account

(N) CST View Transactions > WIP Value Summary (B) Find >  
Distributions (T) Account

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**Help: Oracle Manufacturing Applications >  
Oracle Work in Process > Windows and Navigations >  
Viewing WIP Value Summaries**

## Viewing Job and Schedule Values Online

---

### Viewing Job and Schedule Values Online

Use the WIP Transaction Distributions window,  
Transaction Tab:

- To view your work-in-process accounting transactions for both material and resource/overhead transactions

(N) WIP Discrete > WIP Value Summary (B) Find > Distributions  
(T) Transaction

(N) CST View Transactions > WIP Value Summary (B) Find >  
Distributions (T) Transaction

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**Help: Oracle Manufacturing Applications >  
Oracle Work in Process > Windows and Navigations >  
Viewing WIP Value Summaries**

## Agenda

---

### Agenda

- Overview of analyzing WIP transactions
- Viewing Job and Schedule Values Online
- Reporting and Analyzing WIP Values
  - Wip Value Report
  - Repetitive Value Report
  - Expense Job Value Report
  - Account Distribution Reports

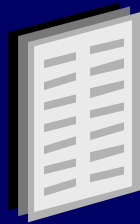
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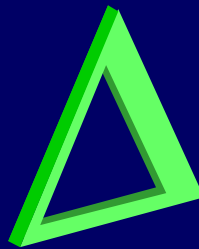


### Reporting and Analyzing WIP Values

Use work-in-process reports to analyze variances.



**Reports**



**Variances**

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## WIP Value Report

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**WIP Value Report**

**Transaction Values**

- The WIP Value Report shows work-in-process transaction values for the chosen period or all transaction values for jobs and schedules.



**WIP Value Report**



**Variances**

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(Help) Oracle Manufacturing Applications > Oracle WIP > Reports and Processes > WIP Value Report

### WIP Value Report

#### Report Options

- Select the **Period-to-Date** option for expense jobs and repetitive schedules, when you recognize repetitive variances on all schedules at period end. This choice reflects the activity for the period and ties to the variance entries booked at period close.
- Select the **Cumulative-to-Date** option for discrete jobs, asset nonstandard jobs, and repetitive schedules, when you recognize repetitive variances when schedules are completed or canceled. This choice reflects all activity and reports the net value of the job or schedule.

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#### Note

The report displays period-to-date and cumulative-to-date totals.

### Review Question

#### WIP Value Report

When you recognize repetitive variances on all schedules at period end, select the Period-to-Date option for expense jobs and repetitive schedules.

When you recognize repetitive variances when schedules are completed or canceled, select the Cumulative-to-Date option for discrete jobs, asset nonstandard jobs, and repetitive schedules.

1. True
2. False

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### Review Question

#### WIP Value Report

When you recognize repetitive variances on all schedules at period end, select the Period-to-Date option for expense jobs and repetitive schedules.

When you recognize repetitive variances when schedules are completed or canceled, select the Cumulative-to-Date option for discrete jobs, asset nonstandard jobs, and repetitive schedules.

1. True
2. False

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## Discrete Job Value Report

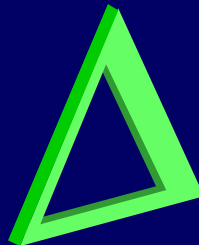
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### Discrete Job Value Report

- The Discrete Job Value Report details the costs incurred by, and relieved from, a job.



**Discrete Job  
Value Report**



**Variances**

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### Discrete Job Value Report

#### Job Costs

- Compare incurred costs to requirements based on the planned start quantity or on the quantity completed.

#### Planned Start Quantity

- This report option extends at standard the required components, resources, and overheads to build the planned start quantity. This value is then compared to the costs incurred at the time the report was submitted.
- Select this option to determine the remaining cost to be incurred to complete a job.

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### Discrete Job Value Report

#### Completed Quantity

- This report option extends at standard the required components, resources, and overheads to build the quantity completed to inventory at the time the report was submitted. This value is then compared to the costs incurred at the time the report was submitted.
- Select this option to analyze a job prior to closing and recognizing the variances.
- Use this option only when you have completed most or all of the assemblies.

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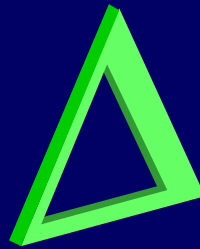
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### Discrete Job Value Report

#### Variances

- Analyze your usage, efficiency, methods and configuration variances.



**Variances**

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### Discrete Job Value Report

#### Usage and Configuration Variances

- Usage variances are calculated in the material transaction section and in the cumulative-to-date section of the report. Usage variances compare the bill of material requirements at the time the job was opened and the material actually issued to the job.
- Configuration variances can be calculated by comparing the usage variance from the transaction section to the usage variance in the cumulative-to-date section. The difference is configuration variance.

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### Discrete Job Value Report

#### Usage and Configuration Variances

- The difference between the cumulative variance and the usage variance is due to the standard bill requirements and the WIP Bill requirements. This could be because the Bill has changed since the standard was rolled up, or because the Job was manually altered upon creation.

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### Discrete Job Value Report

#### Efficiency and Methods Variances

- Efficiency variances are calculated in the resource transaction section of the report and compare the routing operations at the time the job was opened and the resources and overheads earned.
- You also have an efficiency variance in the cumulative-to-date section. This variance compares the standard resource cost to the cost of the resources charged to the job.
- Methods variances can be calculated by comparing the efficiency variance from the transaction section to the efficiency variance in the cumulative-to-date section. The difference is your methods variance.

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### Discrete Job Value Report

#### Efficiency and Methods Variances

- The difference between the cumulative variance and the efficiency and methods variance is due to the standard Routing requirements and the WIP Routing requirements. This could be because the Routing has changed since the standard was rolled up, or because the Job was manually altered upon creation.

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### Review Question

#### Discrete Job Value Report

Select the **Planned Start Quantity** option to determine the remaining cost to be incurred to complete a job.

Select the **Completed Quantity** option to analyze a job prior to closing a job when you have completed most or all of the assemblies.

1. True
2. False

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### Review Question

#### Discrete Job Value Report

Select the **Planned Start Quantity** option to determine the remaining cost to be incurred to complete a job.

Select the **Completed Quantity** option to analyze a job prior to closing a job when you have completed most or all of the assemblies.

1. True
2. False

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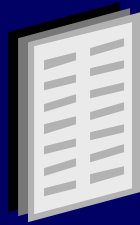
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## Repetitive Value Report

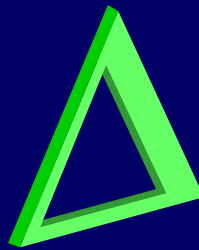
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### Repetitive Value Report

- The Repetitive Value Report details the costs incurred by and relieved from your repetitive schedules.



**Repetitive Value  
Report**



**Variances**

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### Repetitive Value Report

#### Repetitive Assembly

- The Repetitive Value Report displays the sum of all transactions associated with a repetitive assembly on a line for the period you select.

#### Planned Start Quantity

- When you select this option, the report extends at standard, the required components, resources, and overheads to build the planned start quantity for all schedules for an assembly on the line. This value is then compared to the costs incurred at the time the report was submitted.
- This option is useful for determining the remaining cost to be incurred to complete all schedules for this assembly on this line.

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### Repetitive Value Report

#### Completed Quantity

- When you select this option, the report extends at standard the required components, resources, and overheads to build the quantity completed at the time the report was submitted. This value is then compared to the costs incurred at the time the report was submitted.
- Select this option to analyze a schedule or line prior to period close or canceling your schedule depending on your WIP parameters.
- Select this option to analyze variances when you backflush your material requirements upon completion or when you have completed most of the assemblies.

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### Review Question

#### **Repetitive Value Report**

**The Planned Start Quantity is useful for determining the remaining cost to be incurred to complete all schedules for this assembly on this line.**

**Select the Completed Quantity option to analyze a schedule or line prior to period close or canceling your schedule, depending on your WIP parameters.**

**Select the Completed Quantity option to analyze variances when you backflush your material requirements upon completion or when you have completed most of the assemblies.**

- 1. True**
- 2. False**

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### Review Question

#### **Repetitive Value Report**

**The Planned Start Quantity is useful for determining the remaining cost to be incurred to complete all schedules for this assembly on this line.**

**Select the Completed Quantity option to analyze a schedule or line prior to period close or canceling your schedule, depending on your WIP parameters.**

**Select the Completed Quantity option to analyze variances when you backflush your material requirements upon completion or when you have completed most of the assemblies.**

- 1. True**
- 2. False**

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### Expense Job Value Report

- The Expense Job Value Report details current period and job to date expenses.



### Expense Job Value Report

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### Expense Job Value Report

#### Expenses

- The Expense Job Value Report reports transactions at the standard cost in effect when the transaction occurred.

#### Period Cost Tracking

- The Expense Job Value Report adds up current period transaction values to report the expense incurred for the period.

#### Cumulative Cost Tracking

- The Expense Job Value Report adds up all transaction values to report the expense incurred over the life of the job.

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## Account Distribution Reports

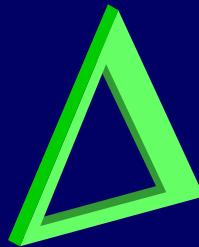
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### Account Distribution Reports

- The Account Distribution Reports show current transactions.



**Account Distribution  
reports**



**Variances**

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### Account Distribution Reports

#### Material Account Distribution Detail Report

- Use the Material Account Distribution Detail Report to analyze specific material transactions that create variances.

#### WIP Account Distribution Report

- Use the WIP Account Distribution Report to analyze specific resource, outside processing, or overhead transactions that create variances.

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## Reporting WIP Values

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### Reporting WIP Values

Use the WIP Value Report to:

- Identify your significant variances with one line per job or repetitive assembly

(N) CST Report > Value

Use the Discrete, Repetitive, and Expense Value Reports to:

- Analyze costs incurred, costs relieved, and variances

(N) CST Report > Value

Use the Material Account Distribution Detail Report and the WIP Account Distribution Report to:

- Analyze specific transactions

(N) CST Report > Transactions

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(Help) Oracle Manufacturing Applications > Oracle WIP > Reports and Processes > WIP Value Report

(Help) Oracle Manufacturing Applications > Oracle WIP > Reports and Processes >

Discrete Job Value Report - Standard Costing

(Help) Oracle Manufacturing Applications > Oracle WIP > Reports and Processes > Repetitive Value Report

(Help) Oracle Manufacturing Applications > Oracle WIP > Reports and Processes > Expense Job Value Report

(Help) Oracle Manufacturing Applications > Oracle Inventory > Reports and Processes >

Material Account Distribution Detail Report

(Help) Oracle Manufacturing Applications > Oracle Inventory > Reports and Processes > WIP Account Distribution Report

#### Note

On these reports, you see favorable variances as negative values.

## Summary

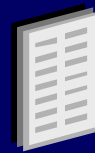
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### Summary

- In this lesson, you should have learned how to:
  - View WIP values online
  - Report and analyze WIP values



**Inquiries and analysis**



**Reports**

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### Practice 2 Overview

**This practice covers the following topics:**

- **Reviewing WIP costing analysis**
- **Reviewing the WIP Value Summary using examples**
- **Performing and analyzing WIP transactions in a standard costing environment**

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## Practice 2-1: Reviewing WIP Costing Analysis

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### **Practice 2-1: Reviewing WIP Costing Analysis**

**In this practice, you provide short answers to questions:**

- 1. Which report do you run to identify your significant variances?**
- 2. Why would you select the Planned Start Quantity option for the Discrete Job Value Report?**
- 3. Why would you select the Completed Quantity option for the Discrete Job Value Report?**

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## Practice 2-1: Reviewing WIP Costing Analysis Solution

---

### Practice 2-1: Reviewing WIP Costing Analysis Solution

#### Reviewing WIP Costing Analysis

1. Which report do you run to identify your significant variances?

Use the WIP Value report to identify your significant variances.

2. Why would you select the Planned Start Quantity option for the Discrete Job Value Report?

Select the Planned Start Quantity option when you want to determine the remaining costs to be incurred to complete a job. You run it at the beginning of a job.

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## Practice 2-1: Reviewing WIP Costing Analysis Solution

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### **Practice 2-1: Reviewing WIP Costing Analysis Solution**

#### **Reviewing WIP Costing Analysis**

**3. Why would you select the Completed Quantity option for the Discrete Job Value Report?**

**Select the Completed Quantity option when you want to analyze the job prior to job close. This report is useful in determining the causes of variances in your discrete jobs.**

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## Practice 2-2: Reviewing the WIP Value Summary using Examples

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### Practice 2-2: Reviewing the WIP Value Summary using Examples

In this practice, examples are used for you to review the charges that appear in the WIP Value Summary for the following:

- Material
- Material overhead
- Resource
- Outside processing
- Overhead

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**Help: Oracle Manufacturing Applications >  
Oracle Work in Process > Windows and Navigations >  
Viewing WIP Value Summaries**

## Practice 2-2: Reviewing the WIP Value Summary, Components Issued to WIP

---

### Practice 2-2: Reviewing the WIP Value Summary, Components Issued to WIP

#### Example

- You are a stockroom clerk for Vision. In your job, you stage workorders, issuing push components to jobs. You also replace defective components with substitute components.
- The controller has asked your cost accountant for an analysis of the accounting flows for the following WIP material transactions:
  - Issues of all push components
  - Returns of specific components
  - Issues of specific components

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## Practice 2-2: Reviewing the WIP Value Summary, Components Issued to WIP

---

### Practice 2-2: Reviewing the WIP Value Summary, Components Issued to WIP

1. **WIP material transaction (issue all material)**  
Push all components into the job.  
10 units at standard cost of \$250 = \$2,500.
2. **WIP material transaction (return specific component)**  
Return two defective units of component 2 to inventory.  
2 units at standard cost of \$33 = \$66.
3. **WIP material transaction (issue specific component)**  
Replace defective components with substitute items.  
2 units at standard cost of \$40 = \$80.

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## Practice 2-2: Reviewing the WIP Value Summary, Components Issued to WIP

---

### Practice 2-2: Reviewing the WIP Value Summary, Components Issued to WIP

The following table is a summary of all transactions to this point.

Work in Process Value						
Cost Element	Cost Incurred		Cost Relieved		Balance	
	This Level	Previous Level	This Level	Previous Level	This Level	Previous Level
Material		2,514				2,514
Material OH						
Resource						
OSP						
Overhead						
Total		2,514				2,514

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## Practice 2-2: Reviewing the WIP Value Summary, Resource Charges to WIP

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### Practice 2-2: Reviewing the WIP Value Summary, Resource Charges to WIP

#### Example

- You are an assembler on a subassembly production line for Vision. In your job, you build assemblies on workorders, charging resources to jobs.
- The controller has asked your cost accountant for an analysis of the accounting flows for the following shop floor resource transactions:
  - Resource transaction without rate variance
  - Resource transaction reversal
  - Resource transaction with rate variance

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## Practice 2-2: Reviewing the WIP Value Summary, Resource Charges to WIP

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### Practice 2-2: Reviewing the WIP Value Summary, Resource Charges to WIP

4. Shop floor transaction (resource without rate variance)  
Charge resource RS1 at actual for operation 10.  
11 hours at \$50 = \$550.
5. Shop floor transaction (reverse resource charge)  
Reverse overcharge.  
1 hour at \$50 = \$50.
6. Shop floor transaction (resource with rate variance)  
Charge resource RS2 at standard for operation 20.  
5 units at \$25 = \$125.

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## Practice 2-2: Reviewing the WIP Value Summary, Resource Charges to WIP

---

### Practice 2-2: Reviewing the WIP Value Summary, Resource Charges to WIP

The following table is a summary of all transactions to this point.

Work in Process Value						
Cost Element	Cost Incurred		Cost Relieved		Balance	
	This Level	Previous Level	This Level	Previous Level	This Level	Previous Level
Material		2,514				2,514
Material OH						
Resource	625				625	
OSP						
Overhead						
Total	625	2,514			625	2,514

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## Practice 2-2: Reviewing the WIP Value Summary, Overhead Charges to WIP

---

### Practice 2-2: Reviewing the WIP Value Summary, Overhead Charges to WIP

#### Example

- You are an assembler on a subassembly production line for Vision. In your job, you move assemblies on workorders. When you move assemblies, the system charges overhead costs automatically based on resource units or value or by item or lot.
- The controller has asked your cost accountant for an analysis of the accounting flows for the following shop floor overhead transactions:
  - Resource-based overhead transaction
  - Resource-based overhead transaction reversal
  - Item-based overhead transaction

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## Practice 2-2: Reviewing the WIP Value Summary, Overhead Charges to WIP

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### Practice 2-2: Reviewing the WIP Value Summary, Overhead Charges to WIP

7. **Shop floor transaction (resource-based overhead)**  
Charge 250% on the resource charged in step 4.  
 $\$550 * 250\% = \$1,375$ .
8. **Shop floor transaction (reverse resource-based overhead)**  
Reverse overhead for resource reversed in step 5.  
 $\$50 * 250\% = \$125$ .
9. **Shop floor transaction (item-based overhead)**  
Move through operation 20; charge item-based overhead.  
10 units at \$20 = \$200.

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## Practice 2-2: Reviewing the WIP Value Summary, Overhead Charges to WIP

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### Practice 2-2: Reviewing the WIP Value Summary, Overhead Charges to WIP

The following table is a summary of all transactions to this point.

Work in Process Value						
Cost Element	Cost Incurred		Cost Relieved		Balance	
	This Level	Previous Level	This Level	Previous Level	This Level	Previous Level
Material		2,514				2,514
Material OH						
Resource	625				625	
OSP						
Overhead	1,450				1,450	
Total	2075	2,514			2075	2,514

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## Practice 2-2: Reviewing the WIP Value Summary, Outside Processing to WIP

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### Practice 2-2: Reviewing the WIP Value Summary, Outside Processing to WIP

#### Example

- You are a shop floor production worker for Vision. In your job, you receive assemblies on workorders from outside suppliers and subcontractors, charging outside processing resources to jobs.
- The controller has asked your cost accountant for an analysis of the accounting flows for the following shop floor outside processing (OSP) resource transactions:
  - OSP resource transaction without rate variance
  - OSP resource transaction reversal
  - Resource overhead on OSP resource

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## Practice 2-2: Reviewing the WIP Value Summary, Outside Processing to WIP

---

### Practice 2-2: Reviewing the WIP Value Summary, Outside Processing to WIP

10. Shop floor transaction  
(OSP resource without rate variance)  
Charge OSP OS1 at actual for operation 30.  
Receive 11 units at \$25 = \$275.
11. Shop floor transaction  
(reverse OSP charge)  
Reverse overcharge.  
1 unit at \$25 = \$25.
12. Shop floor transaction  
(resource overhead on OSP resource)  
Charge overhead at 1 unit at \$20.

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## Practice 2-2: Reviewing the WIP Value Summary, Outside Processing to WIP

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### Practice 2-2: Reviewing the WIP Value Summary, Outside Processing to WIP

The following table is a summary of all transactions to this point.

Work in Process Value						
Cost Element	Cost Incurred		Cost Relieved		Balance	
	This Level	Previous Level	This Level	Previous Level	This Level	Previous Level
Material		2,514				2,514
Material OH						
Resource	625				625	
OSP	250				250	
Overhead	1,470				1,470	
Total	2,345	2,514			2,345	2,514

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## Practice 2-2: Reviewing the WIP Value Summary, Completion Transactions

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### Practice 2-2: Reviewing the WIP Value Summary, Completion Transactions

#### Viewing Charges Online

- Use the WIP Value Summary window to view relief charges from WIP completion transactions from a specific job or schedule.

(N) WIP Discrete > WIP Value Summary (B) Find > Value Summary

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**Help: Oracle Manufacturing Applications >  
Oracle Work in Process > Windows and Navigations >  
Viewing WIP Value Summaries**

## Practice 2-2: Reviewing the WIP Value Summary, Completions and Scrap

---

### Practice 2-2: Reviewing the WIP Value Summary, Completions and Scrap

#### Example

- You are an assembler and a tester on a subassembly production line for Vision. In your job, you scrap defective assemblies and complete good assemblies on workorders.
- The controller has asked your cost accountant for an analysis of the accounting flows for the following shop floor scrap transactions and WIP completion transaction:
  - Scrap transaction
  - Scrap transaction reversal
  - WIP completion transaction

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## Practice 2-2: Reviewing the WIP Value Summary, Completions and Scrap

---

### Practice 2-2: Reviewing the WIP Value Summary, Completions and Scrap

- 13. Shop floor transaction  
Scrap two assemblies at operation 40.  
2 units at \$467 = \$934.
- 14. Shop floor transaction  
Return repaired unit from scrap.  
1 unit at \$467.
- 15. WIP completion transaction  
Complete nine assemblies from WIP to inventory.  
9 units at \$467 = \$4203 + 9 units at \$20 for material overhead.

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## Practice 2-2: Reviewing the WIP Value Summary, Completions and Scrap

---

### Practice 2-2: Reviewing the WIP Value Summary, Completions and Scrap

The following table is a summary of all transactions to this point.

Work in Process Value						
Cost Element	Cost Incurred		Cost Relieved		Balance	
	This Level	Previous Level	This Level	Previous Level	This Level	Previous Level
Material		2,514		2,500		14
Material OH						
Resource	625		500		125	
OSP	250		200		50	
Overhead	1,470		1025		445	
Total	2,345	2,514	1725	2500	620	14

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## Practice 2-3: Performing and Analyzing WIP Transactions in Standard Costing

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### Practice 2-3: Performing and Analyzing WIP Transactions in Standard Costing

In this practice, you are a cost accountant and you define and process a discrete job from release to completion for assembly AS62445 in the Vision Database.

- After each WIP transaction that you perform, you review the job value using the WIP Value Summary window. This will help you to analyze the impact of each transaction.
- After the discrete job is closed, you run various reports to analyze variances.

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### Instructions

1. Check the status of the Material Cost transaction processor. If this processor is not running or is running at an interval greater than 10 minutes, inform the instructor.
2. Define a released, discrete job for AS62445. Set the quantity equal to 10 and the due date equal to Friday of this week.  
Record the job number that the system assigns here: \_\_\_\_\_
3. Issue to the job any push material needed at the start of the job and 5 additional pieces of CM22680.
4. Move the job through its routing. Execute a scrap transaction for a quantity of 2 and verify that the assembly pull components are charged to the job.
5. Receive a partial quantity into the finished goods (FGI) subinventory.
6. Receive the balance of the job into the FGI subinventory.
7. Close the job. Be careful to close only your job, to avoid interfering with other students' jobs.
8. Review material transaction distributions and job costs in the Material Transaction Distributions window and the WIP Value Summary window. View the accounting distributions created by the transactions and item costs.
9. If time permits, run the Discrete Job Value Report for your job, and review the results online.

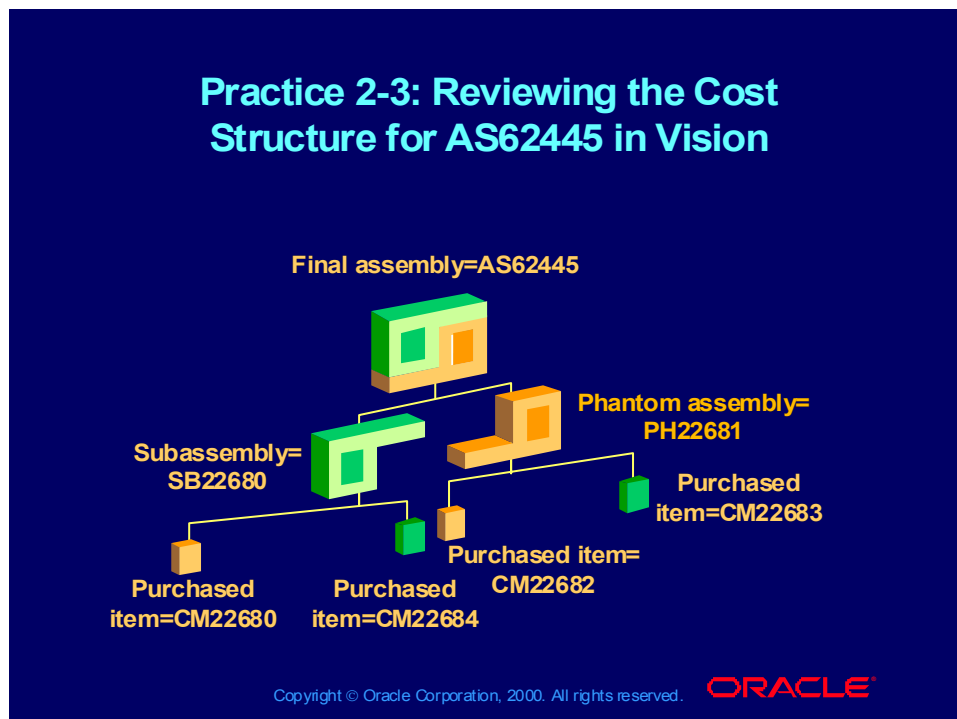
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## Practice 2-3: Reviewing the Cost Structure for AS62445 in Vision

---



## Practice 2-3: Reviewing the Cost Structure for AS62445 in Vision

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### Practice 2-3: Reviewing the Cost Structure for AS62445 in Vision

#### Vision Database Data

- Data was populated in the Vision database to facilitate practices and demonstrations. In this course, we will demonstrate functionality using SB22680, performing transactions and seeing their financial impact.
- For standard costing, we use the M1 organization, verifying that costs exist in the Frozen cost type.
- In M1, you do not have to worry about having onhand balances because the organization allows negative balances.

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## Practice 2-3: Reviewing the Cost Structure for AS62445 in Vision

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### Practice 2-3: Reviewing the Cost Structure for AS62445 in Vision

#### Assumptions

- Supply types for components:  
CM22680, push; CM22682, operation pull;  
CM22683, assembly pull; SB22680, operation pull.
- All resources except lead prep were person type resources having the following: UOM=HR, charge type = WIP move, basis = item and overhead = benefits. The only difference with lead prep was that it was a machine type resource.
- Existing departments were used for assembly, test, pack, and upgrade.

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## Practice 2-3: Reviewing the Cost Structure for AS62445 in Vision

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### Practice 2-3: Reviewing the Cost Structure for AS62445 in Vision

#### Assumptions

- Routings were created with operation sequences set to backflush, usage set at 10 units per hour, and completion and supply subinventories from RIP.
  - Existing overheads were used for material handling, equipment/tool, preventative maintenance, benefits, and manufacturing management.
- Ensure that the interface managers are up and running.

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## Practice 1-2: Performing and Analyzing Inventory Transactions

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### **Practice 1-2: Performing and Analyzing Inventory Transactions**

In this practice, you will be doing the following in the screens that follow:

1. Verify that the transaction processor is running.
2. Create a discrete job.
3. Check material requirements.
4. Review job costs using the Discrete Job Value Report.
5. Issue push material and issue additional push material.
6. Verify that push material was recorded and valued.
7. Perform move transactions.
8. Perform completion transactions.
9. Verify WIP charges in the WIP Value Summary.
10. Close your job.
11. Run the Discrete Job Value Report.
12. Run the WIP Value Report.

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## Guided Practice 2-3: Checking the Interface Managers

---

### Guided Practice 2-3: Checking the Interface Managers

1. **Navigate to the Interface Managers window to check the status of the Cost Manager. If this manager is not running or is running at an interval greater than 10 minutes, inform the instructor.**

**(N) INV Setup > Transactions > Interface Managers**

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## Guided Practice 2-3: Defining Discrete Jobs

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### Guided Practice 2-3: Defining Discrete Jobs

1. Navigate to the Discrete Jobs window to define a released, discrete job for SB22680, as follows:  
(N) WIP Discrete > Discrete Jobs (B) New
2. Job: xx-job01, where xx are your initials
3. Type: Standard
4. Assembly: SB22680
5. Class: Discrete
6. Status: Released
7. Start quantity: 10
8. MRP Net: 10
9. Start date: Today's date
10. Save and record the job number that the system assigns here: \_\_\_\_\_

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## Guided Practice 2-3: Checking Material Requirements

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### Guided Practice 2-3: Checking Material Requirements

1. **Navigate to the Material Requirements window to check your material requirements for any push material needed at the start of the job.**

(N) WIP Discrete > Discrete Jobs (F) Enter job number (B) Components > Supply

- **At this point, you haven't issued any material to your job.**

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## Guided Practice 2-3: Reviewing Job Costs Using Discrete Job Value Report

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### **Guided Practice 2-3: Reviewing Job Costs Using Discrete Job Value Report**

**Run the Discrete Job Value Report - Standard Costing to determine the remaining cost to be incurred to complete your job.**

- 1. Navigate to the Request Value Reports window  
(N) CST Report > Value**
  - 2. The Submit a new Request window opens**
  - 3. Check Select Single Request and choose OK**
  - 4. Name: Discrete Job Value Report - Standard Costing**
  - 5. Choose: OK**
- (continued on next page)**

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## Guided Practice 2-3: Reviewing Job Costs Using Discrete Job Value Report

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### **Guided Practice 2-3: Reviewing Job Costs Using Discrete Job Value Report**

6. Enter parameters:
7. Sort By: Job
8. Report Type: Detail with requirements based on Planned Start Quantity
9. Class Type: Standard Discrete
10. Job From: Your job
11. Job To: Your job
12. Exchange Rate: 1
13. Select OK and choose submit
14. Record your request number here\_\_\_\_\_.

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## Guided Practice 2-3: Viewing the Results Online

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### **Guided Practice 2-3: Viewing the Results Online**

**1. Navigate to the Requests window to check that your report request has completed and to view output online.**

**(N) CST Setup > Requests (B) View Output**

**2. Check Specific Request**

**3. Request ID: Enter your request number**

**4. Choose: Find**

**5. Choose: View Output**

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## Guided Practice 2-3: Issuing Push Material

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### Guided Practice 2-3: Issuing Push Material

1. Navigate to the Material Transactions window to issue your push material needed at the start of the job.
- (N) WIP Material Transactions > WIP Material Transactions
2. Job: xx-job01, where xx are your initials
3. Date: Today's date
4. Type: WIP component issue
5. Subinventory: Stores
6. Choose: Continue
7. Action: Check that your push components appear
8. Choose: Done

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## Guided Practice 2-3: Valuing Push Material

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### Guided Practice 2-3: Valuing Push Material

1. Navigate to the Material Transaction Distributions window to verify that your push material needed at the start of the job was recorded and valued.

(N) INV Transactions > Material Transactions (B) Distributions  
(T) Accounts > Type

2. Transaction Dates: Today's date

3. Item: CM22680

4. Choose: Find

- Observe that WIP Valuation material and material overhead accounts were charged while only the inventory material valuation was credited.

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## Guided Practice 2-3: Valuing Your Job using the WIP Value Summary

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### Guided Practice 2-3: Valuing Your Job using the WIP Value Summary

1. Navigate to the WIP Value Summary window to verify that your push material needed at the start of the job was recorded and valued.

(N) WIP Discrete > WIP Value Summary (B) Find > Value Summary

2. Job: xx-job01
3. Choose: Value Summary
4. Select Cost Element: Material
5. Choose: Distributions
6. Action: Verify the distributions of the push components in your job
7. Select Cost Element: Material Overhead
8. Choose: Distributions
9. Action: Verify the distributions of the push components in your job

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## Guided Practice 2-3: Issuing Push Material

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### Guided Practice 2-3: Issuing Push Material

1. Navigate to the Material Transactions window to issue five additional pieces of CM22680 to the job.  
(N) WIP Material Transactions > WIP Material Transactions
2. Job: xx-job01
3. Date: Today's date
4. Type: WIP component issue
5. Subinventory: Stores
6. Choose: Specific component
7. Choose: Continue
8. Item: CM22680
9. Subinventory: Stores
10. Operation: 10
11. Quantity: 5
11. Choose: Done

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## Guided Practice 2-3: Valuing Push Material

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### Guided Practice 2-3: Valuing Push Material

1. Navigate to the Material Transaction Distributions window to verify that your additional five pieces of CM22680 were recorded and valued.  
(N) INV Transactions > Material Transactions (B) Distributions  
(T) Accounts > Type
2. Transaction Dates: Today's date
3. Item: CM22680
4. Choose: Find
5. Select the transaction with the primary quantity of -5
6. Choose distributions
  - Observe that WIP Valuation material and material overhead accounts were charged while only the inventory material valuation was credited.

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## Guided Practice 2-3: Reviewing Job Costs Using the WIP Value Summary

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### Guided Practice 2-3: Reviewing Job Costs Using the WIP Value Summary

1. **Navigate to the WIP Value Summary window to verify that your additional five pieces of CM22680 were recorded and valued.**  
(N) WIP Discrete > WIP Value Summary (B) Find > Value Summary
2. **Job: xx-job01**
3. **Choose: Value Summary**
4. **Select Cost Element: Material**
5. **Choose: Distributions**
6. **Action: Verify the distributions of the additional push components in your job**
7. **Select Cost Element: Material Overhead**
8. **Choose: Distributions**
9. **Action: Verify the distributions of the additional push components in your job**

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## Guided Practice 2-3: Performing Move Transactions

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### Guided Practice 2-3: Performing Move Transactions

1. Navigate to the WIP Value Summary window to move all of the assemblies From Op Seq: 10, Step: Queue to Op Seq: 20, Step: To Move.

(N) WIP Move Transactions > Move Transactions

2. Job: xx-job01
3. From Op Seq: 10, Step Queue
4. Transaction Type Move: Check Move
5. To: Seq 20, Step: To move
6. Quantity: 10
7. Date: Today's date
8. Quantity: 10
9. Save

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## Guided Practice 2-3: Performing Completions

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### Guided Practice 2-3: Performing Completions

1. Perform a completion for all ten of SB22680.  
(N) WIP Material Transactions > Completion Transactions
2. Job: xx-job01
3. Type: WIP assembly completion
4. Date: Today's date
5. Job Quantity: 10
6. Job Complete: 0
7. Available to Complete: 10
8. Choose: Continue
9. Subinventory: RIP
11. Quantity: 10
12. Choose: Done

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## Guided Practice 2-3: Valuing Completions

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### Guided Practice 2-3: Valuing Completions

1. **Navigate to the Material Transaction Distributions window to verify that your ten completions were recorded and valued.**

(N) INV Transactions > Material Transactions (B) Distributions  
(T) Reason, Reference

2. **Item: SB22680**
3. **Choose: Find**
4. **Costed: Yes**

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## Guided Practice 2-3: Valuing Your Job using the WIP Value Summary

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### Guided Practice 2-3: Valuing Your Job using the WIP Value Summary

1. Navigate to the WIP Value Summary window to verify the value of your job.
- (N) WIP Discrete > WIP Value Summary (B) Find > Value Summary
2. Job: xx-job01
3. Action: Verify the value of your push components, your additional components, your moves and your completions in your job
4. Choose: Value Summary
5. Choose Cost Element: Material
6. Choose: Distributions
7. Action: Verify the distributions of your job.
8. Choose Cost Element: Resource
9. Choose: Distributions
10. Action: Verify the distributions of your job.

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## Guided Practice 2-3: Reviewing Job Costs Using the Discrete Job Value Report

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### Guided Practice 2-3: Reviewing Job Costs Using the Discrete Job Value Report

Run the Discrete Job Value Report - Standard Costing to analyze your job prior to closing and recognizing variances.

1. Navigate to the Request Value Reports window  
(N) CST Report > Value
  2. The Submit a new Request window opens
  3. Check Select Single Request and choose OK
  4. Name: Discrete Job Value Report - Standard Costing
  5. Choose: OK
- (continued on next page)

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## Guided Practice 2-3: Reviewing Job Costs Using the Discrete Job Value Report

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### **Guided Practice 2-3: Reviewing Job Costs Using the Discrete Job Value Report**

6. Enter parameters:
7. Sort By: Job
8. Report Type: Detail with requirements based on Actual Quantity Completed
9. Class Type: Standard Discrete
10. Job From: Your job
11. Job To: Your job
12. Exchange Rate: 1
13. Select OK and choose submit
14. Record your request number here\_\_\_\_\_.

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## Guided Practice 2-3: Viewing the Results Online

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### **Guided Practice 2-3: Viewing the Results Online**

**1. Navigate to the Requests window to check that your report request has completed and to view output online.**

**(N) CST Setup > Requests (B) View Output**

**2. Check Specific Request**

**3. Request ID: Enter your request number**

**4. Choose: Find**

**5. Choose: View Output**

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## Guided Practice 2-3: Closing Discrete Jobs

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### Guided Practice 2-3: Closing Discrete Jobs

1. Navigate to the Close Discrete Jobs window to close only your job.  
(N) WIP Discrete > Close Discrete Jobs > Close Discrete Job (SRS)
2. Request Name: Close Discrete Jobs
3. Parameters window
4. Class Type: Standard discrete
5. From Job: Your job number
6. To Job: Your job number
7. Report Type: Summary
7. OK
8. Choose: Submit
9. Record your request number here: \_\_\_\_\_

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## Guided Practice 2-3: Reviewing Requests

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### Guided Practice 2-3: Reviewing Requests

1. **Navigate to the Requests window to check to make sure that your close request has completed.**

**CST Setup > Requests (T) Query your request number (B) View Output**

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## Guided Practice 2-3: Valuing Your Job using the WIP Value Summary

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### Guided Practice 2-3: Valuing Your Job using the WIP Value Summary

1. **Navigate to the WIP Value Summary window to verify the value of your job.**  
(N) WIP Discrete > WIP Value Summary (B) Find > Value Summary
2. **Job: xx-job01**
3. **Action: Verify the value of your job**
4. **Choose Cost Element: Material**
5. **Choose: Distributions**
6. **Action: Verify the distributions of your job for each cost element**
7. **Choose Cost Element: Resource**
8. **Choose: Distributions**
9. **Action: Verify the accounting distributions of your job created by the transactions.**

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## Guided Practice 2-3: Reviewing Job Costs Using Discrete Job Value Report

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### **Guided Practice 2-3: Reviewing Job Costs Using Discrete Job Value Report**

**Run the Discrete Job Value Report - Standard Costing after you have closed your job.**

- 1. Navigate to the Request Value Reports window  
(N) CST Report > Value**
  - 2. The Submit a new Request window opens**
  - 3. Check Select Single Request and choose OK**
  - 4. Name: Discrete Job Value Report - Standard Costing**
  - 5. Choose: OK**
- (continued on next page)**

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## Guided Practice 2-3: Reviewing Job Costs Using Discrete Job Value Report

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### **Guided Practice 2-3: Reviewing Job Costs Using Discrete Job Value Report**

6. Enter parameters:
7. Sort By: Job
8. Report Type: Summary
9. Class Type: Standard Discrete
10. Job From: Your job
11. Job To: Your job
12. Exchange Rate: 1
13. Select OK and choose submit
14. Record your request number here\_\_\_\_\_.

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## Guided Practice 2-3: Viewing the Results Online

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### Guided Practice 2-3: Viewing the Results Online

1. Navigate to the Requests window to check that your report request has completed and to view output online.

(N) CST Setup > Requests (B) View Output

2. Check Specific Request

3. Request ID: Enter your request number

4. Choose: Find

5. Choose: View Output

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## Guided Practice 2-3: Reviewing Job Costs Using the WIP Value Report

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### **Guided Practice 2-3: Reviewing Job Costs Using the WIP Value Report**

**Run the WIP Value Report to identify your significant variances with one line per job or repetitive assembly.**

- 1. Navigate to the Request Value Reports window  
(N) CST Report > Value**
  - 2. The Submit a new Request window opens**
  - 3. Check Select Single Request and choose OK**
  - 4. Name: WIP Value Report**
  - 5. Choose: OK**
- (continued on next page)**

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## Guided Practice 2-3: Reviewing Job Costs Using the WIP Value Report

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### Guided Practice 2-3: Reviewing Job Costs Using the WIP Value Report

6. Enter parameters:
7. Report Type: Cumulative-to-Date
8. Period: Current period
9. Include Closed Jobs: Yes
10. Job/Schedules From: Your job number
11. To: Your job number
12. Exchange Rate: 1
13. Select OK and choose submit
14. Record your request number here\_\_\_\_\_.

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## Guided Practice 2-3: Viewing the Results Online

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### **Guided Practice 2-3: Viewing the Results Online**

**1. Navigate to the Requests window to check that your report request has completed and to view output online.**

**(N) CST Setup > Requests (B) View Output**

**2. Check Specific Request**

**3. Request ID: Enter your request number**

**4. Choose: Find**

**5. Choose: View Output**

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