Periodic Costing

Student Guide

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Table of Contents

Periodic Average Costing 1-1
R11i Periodic Costing 1-2
Objectives 1-3
Agenda 1-4
Overview 1-5
Periodic Average Costing 1-8
Agenda 1-12
Business Value of Periodic Average Costing 1-13
Periodic Average Costing Key Features 1-19
Review Question 1-20
Agenda 1-22
Requirements for Using Periodic Average Costing 1-23
Using Periodic Average Costing 1-25
Review Question 1-41
Agenda 1-43
Processing Costs for Periodic Costing 1-44
Transaction Costs and Allocations 1-46
Transaction Costs 1-49
Allocations 1-55
Transaction Costs and Allocations 1-59
Agenda 1-65
Reporting 1-66
Periodic Acquisition Cost Report 1-68
Valuation Reports 1-69
Submitting Reports 1-70
Agenda 1-71
Implementation and Setup Considerations 1-72
Setup for Periodic Costing 1-73
Implementation and Setup Considerations 1-74
Setting Up Periodic Costing, Setup Steps Specific to Periodic Costing 1-78
Update Periodic Costs Window 1-92
Review Question 1-93
Summary 1-95
Practice 1 Overview 1-96
Practice 1-1 1-97
Practice 1-1: Solution 1-98
Practice 1-2 1-100
Practice 1-2: Solution 1-104
Practice 1-3 1-108

Periodic Incremental LIFO Costing 2-1
R11i Periodic Costing 2-2
Objectives 2-3
Agenda 2-4
Overview 2-5
Review Question 2-8
Agenda 2-10
Business Value of Periodic Incremental LIFO Costing 2-11
Review Question 2-14
Agenda 2-16
Periodic Incremental LIFO 2-17
Periodic Incremental LIFO, Uses Landed or Acquisition Cost 2-20
Periodic Incremental LIFO 2-24

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Example of Periodic Incremental LIFO....2-27
Review Question....2-36
Periodic Incremental LIFO Procedures....2-38
Calculating Inventory Value Using Periodic Incremental LIFO....2-39
Reviewing the Use of Market Value....2-44
Closing the Period....2-46
Review Question....2-48
Processing for Periodic Costing....2-52
Agenda....2-54
Inquiring and Reporting....2-55
Item Cost Inquiry Window....2-57
Periodic Incremental LIFO Valuation Report for Fiscal Reporting....2-58
Periodic Acquisition Cost Report....2-59
Agenda....2-60
Implementation and Setup Considerations....2-61
Setup for Periodic Costing....2-62
Implementation and Setup Considerations....2-63
Setting Up Periodic Costing, Setup Steps Specific to Periodic Costing....2-67
Update Periodic Costs Window....2-81
Summary....2-82
Practice 2 Overview....2-83
Practice 2-1....2-84
Practice 2-1: Solution....2-86

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Preface

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

- R11i Costing Setup and Implementation
- R11i Cost Information
- R11i Cost Rollup
- R11i Average Costing
- R11i Standard Costing
- R11i Analyzing Inventory and WIP Transactions
- R11i Period Close for Inventory Organizations

How This Course Is Organized

R11i Periodic Costing is an instructor-led course featuring lecture and hands-on exercises. Online demonstrations and written practice sessions reinforce the concepts and skills introduced.

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Related Publications

Oracle Publications

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

Additional Publications

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

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Typographic Conventions

Typographic Conventions in Text

Convention	Element	Example
Bold italic	Glossary term (if there is a glossary)	The ***algorithm*** 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: `debug.set ('I", 300);` Directory: `bin` (DOS), `$FMHOME` (UNIX) Filename: Locate the `init.ora` file. Password: User `tiger` as your password. Pathname: Open `c:\my_docs\projects` URL: Go to `http://www.oracle.com` User input: Enter `300` Username: Log on as `scott`
Initial cap	Graphics labels (unless the term is a proper noun)	Customer address (*but* Oracle Payables)
Italic	Emphasized words and phrases, titles of books and courses, variables	Do *not* save changes to the database. For further information, see *Oracle7 Server SQL Language Reference Manual.* Enter `user_id@us.oracle.com`, where *user_id* 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.

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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 role`
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

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(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.

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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.

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Periodic Average Costing

Chapter 1

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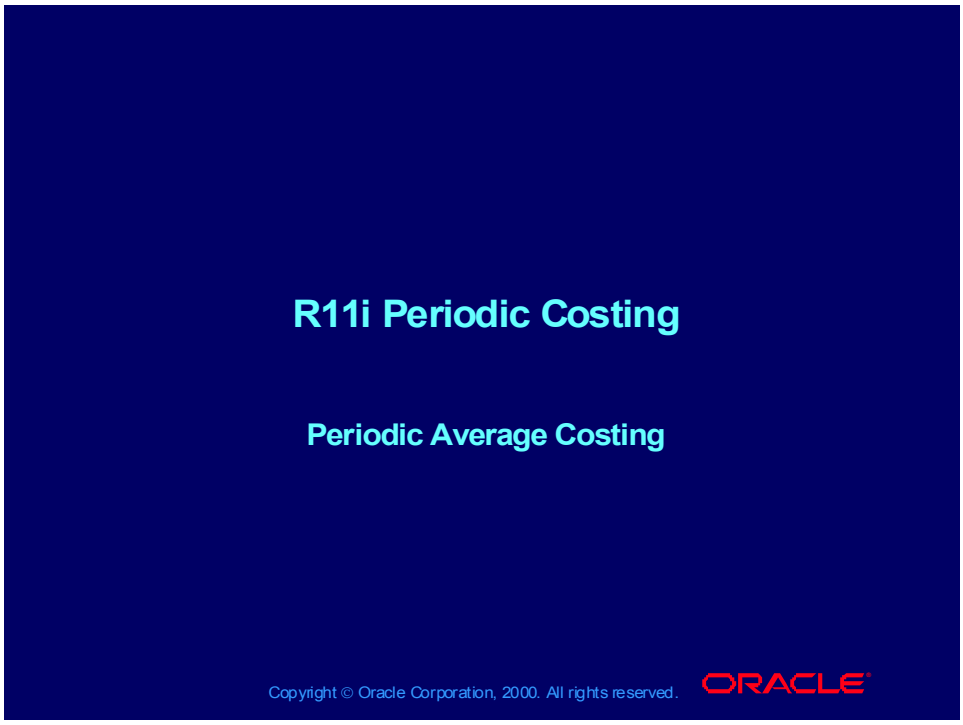

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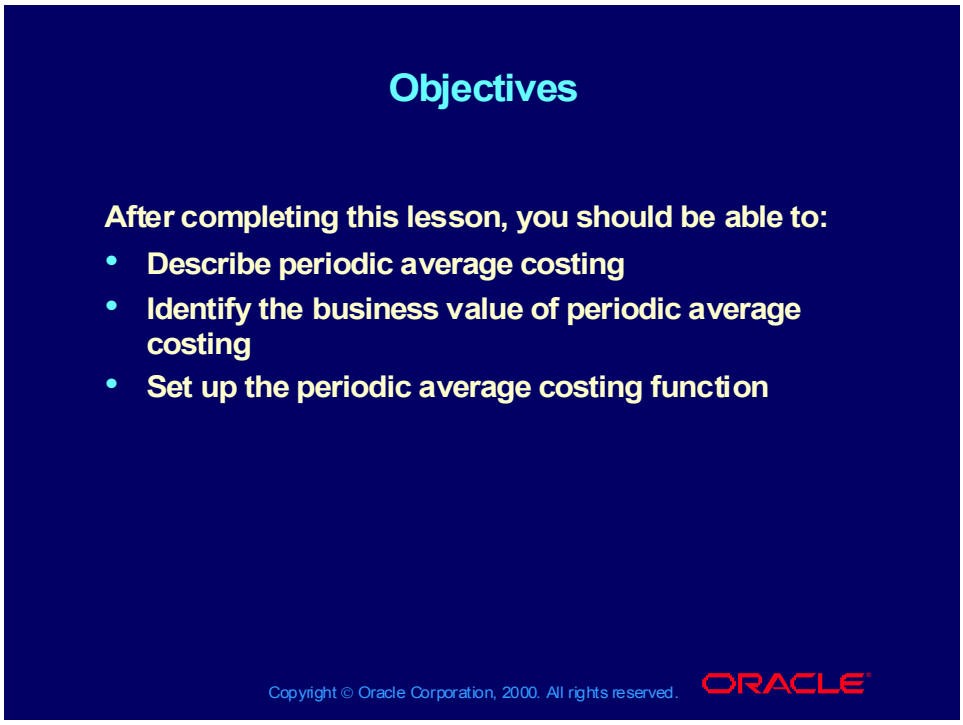

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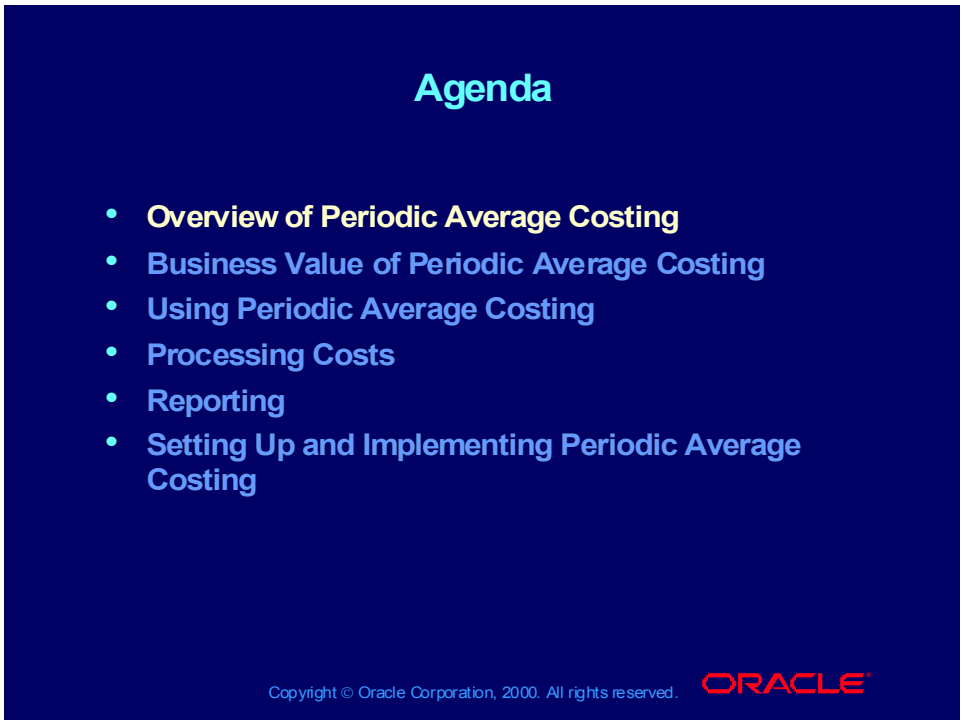
Agenda



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Overview

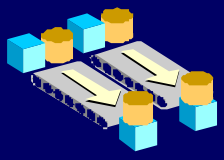
You use the periodic average costing method if you:

- Need to report the actual cost (total acquisition cost) of an item at the end of a fiscal period
- Use invoice-price-based valuation of your inventory

Actual item costs

Period-end

Valuation



Period-based costing

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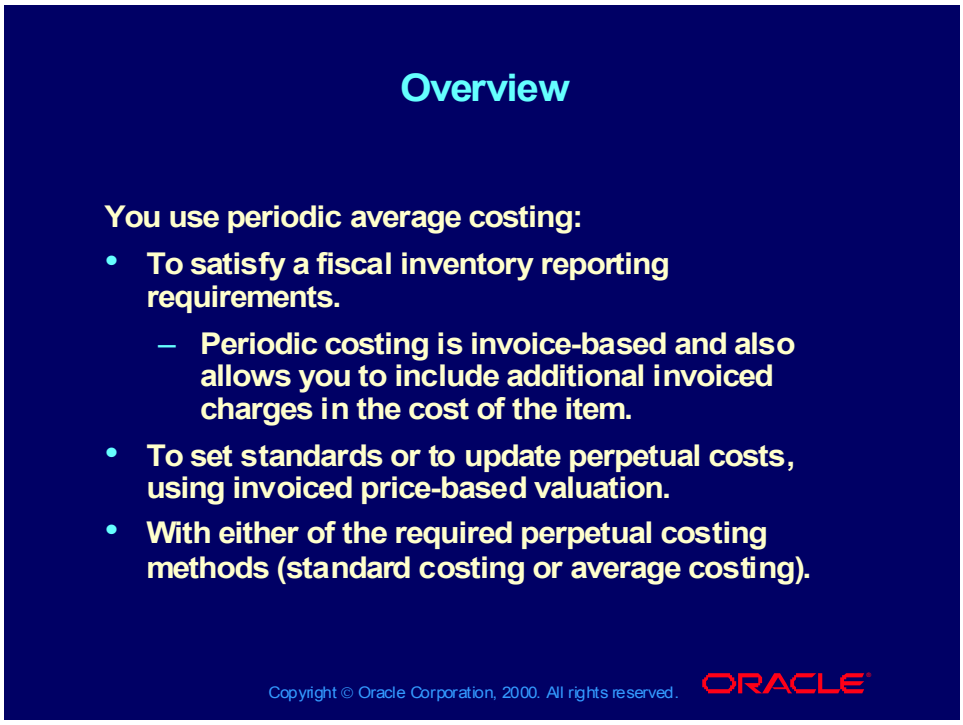

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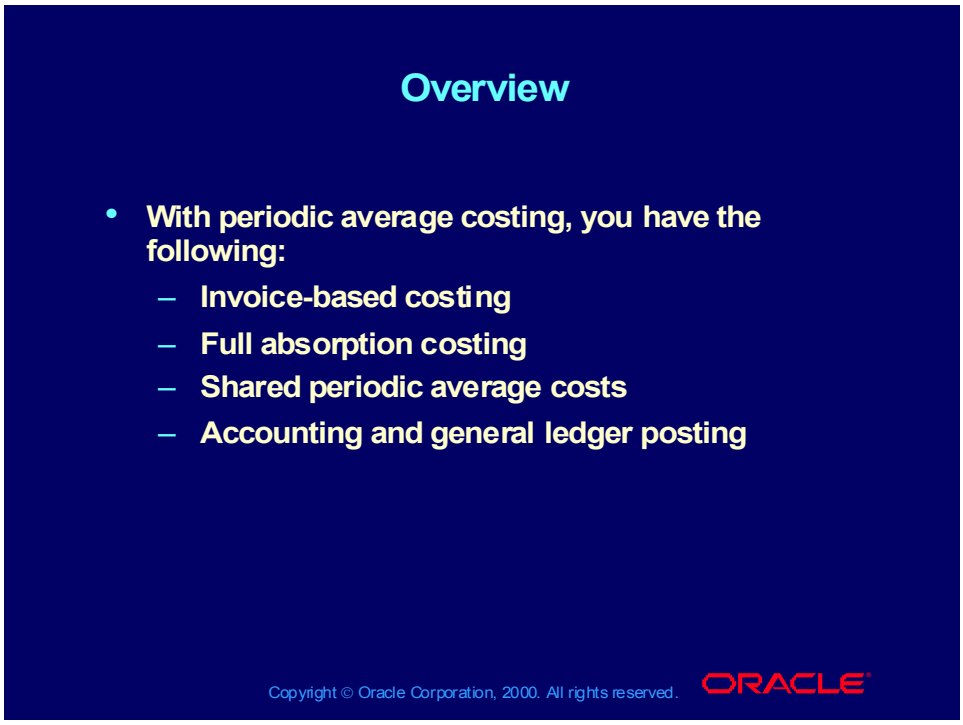

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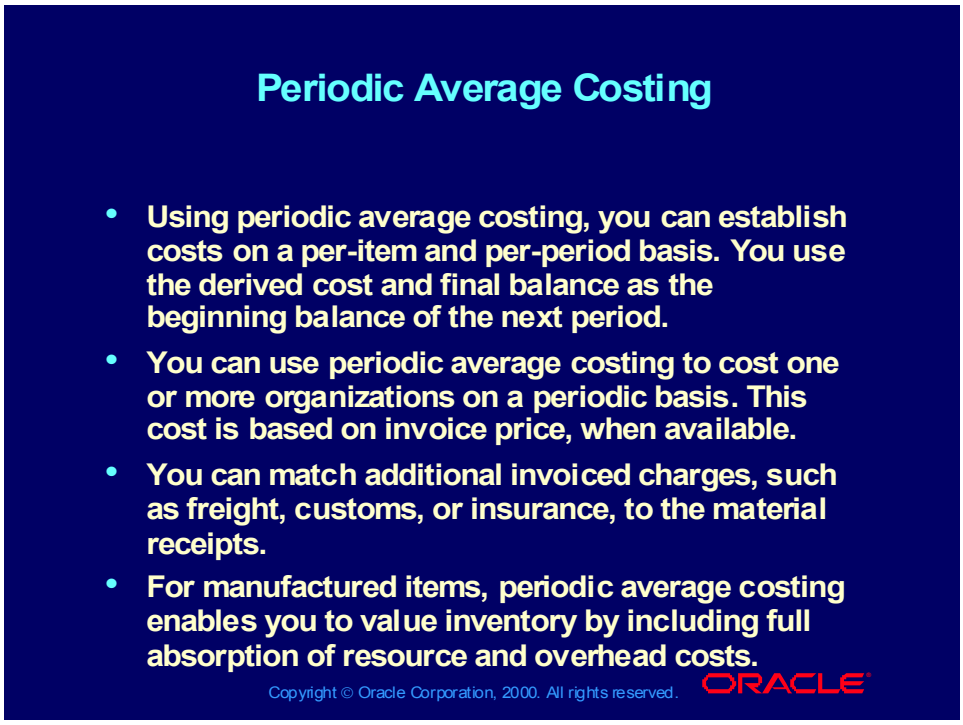

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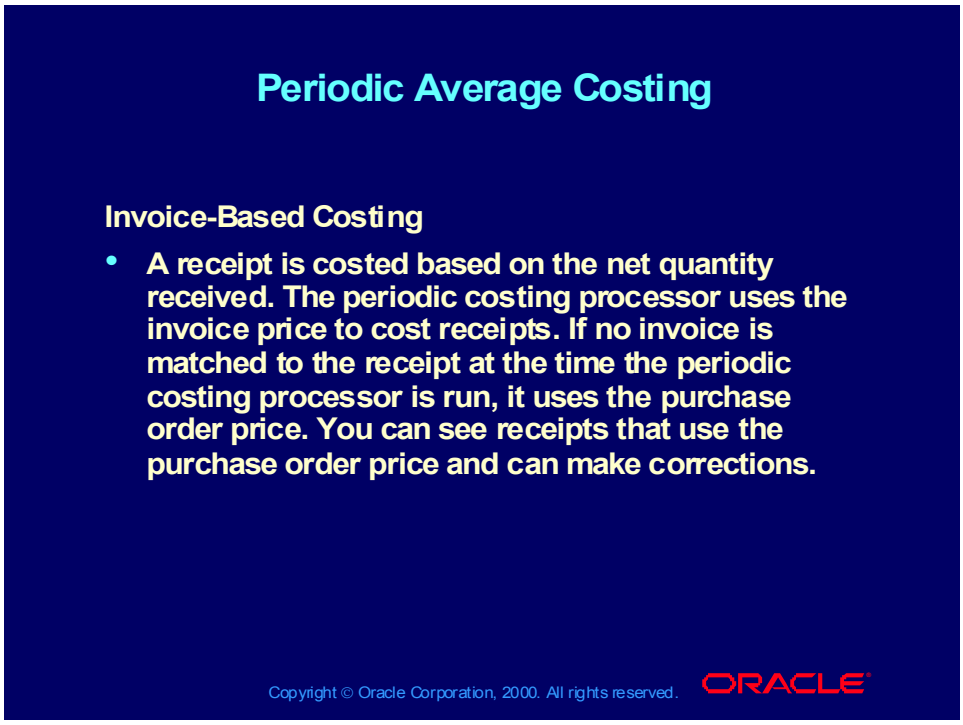

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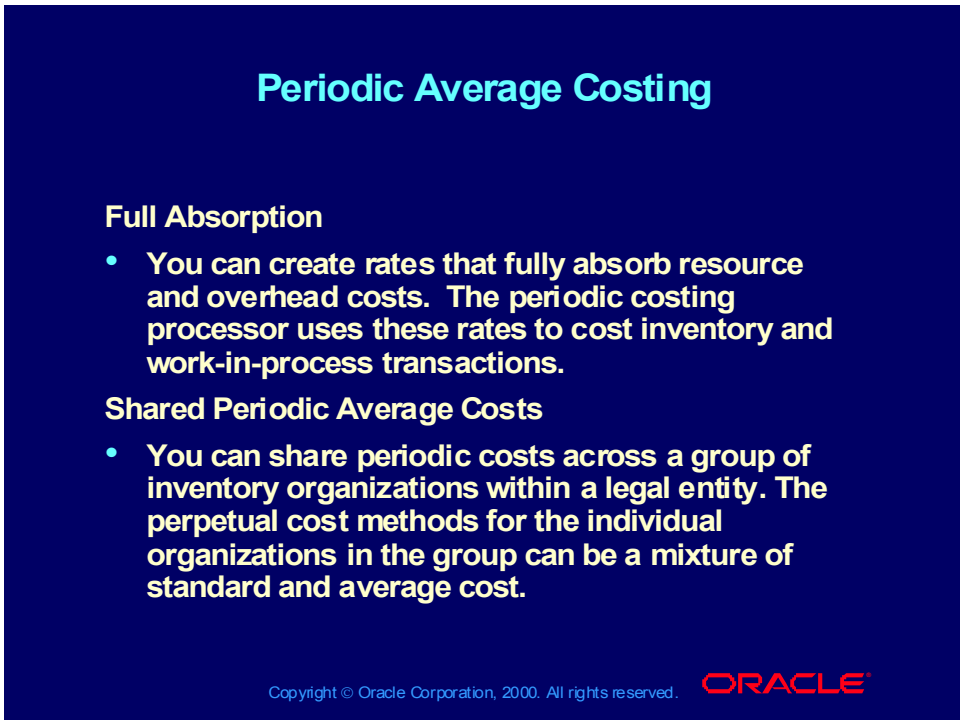

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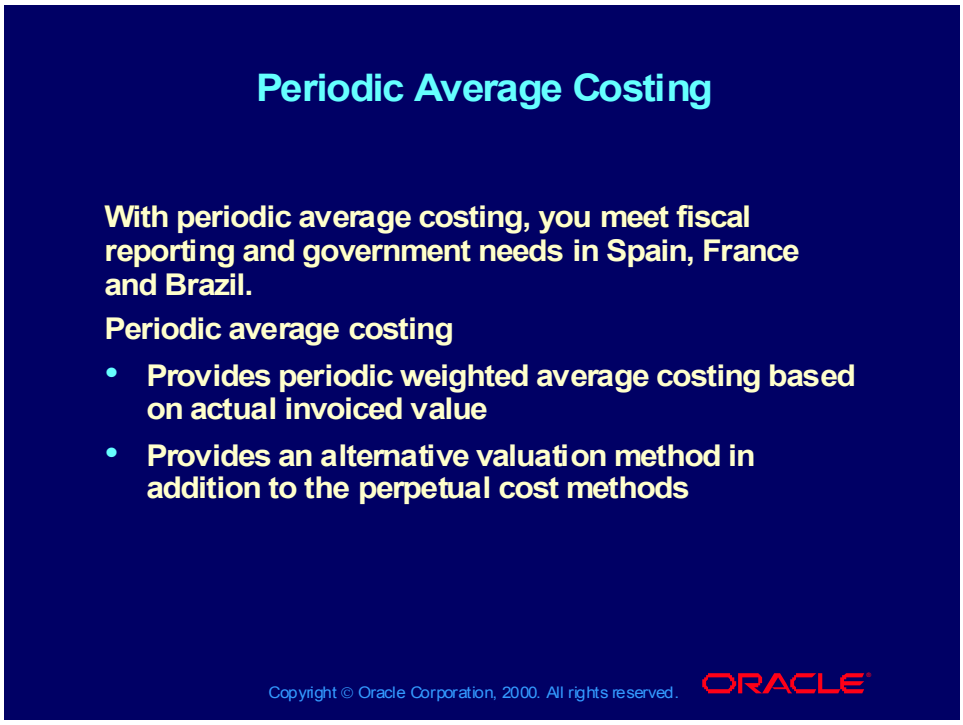

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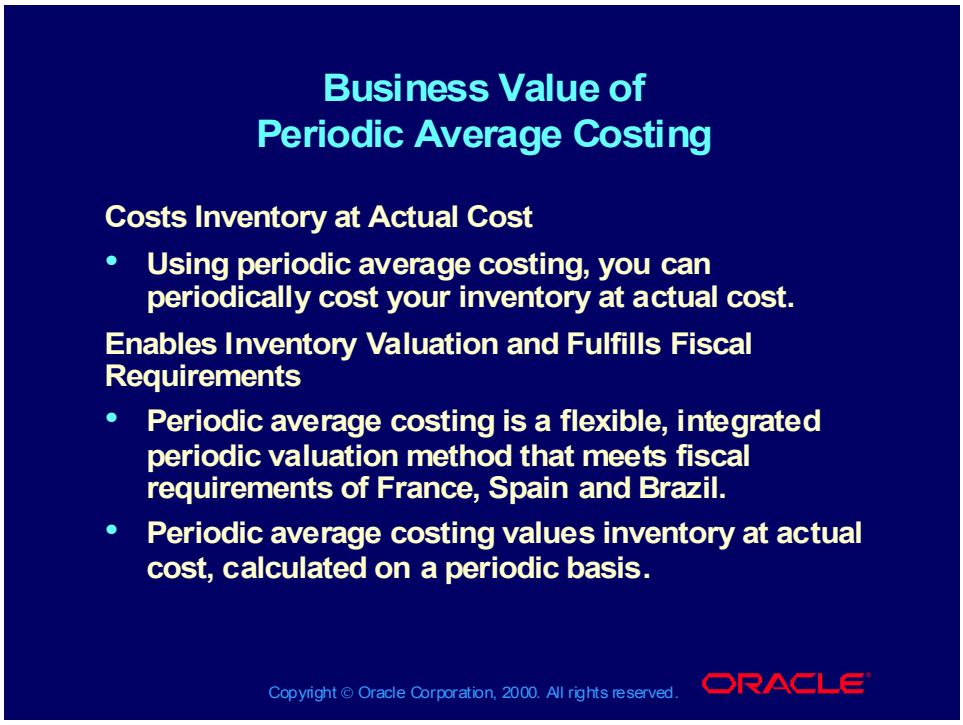

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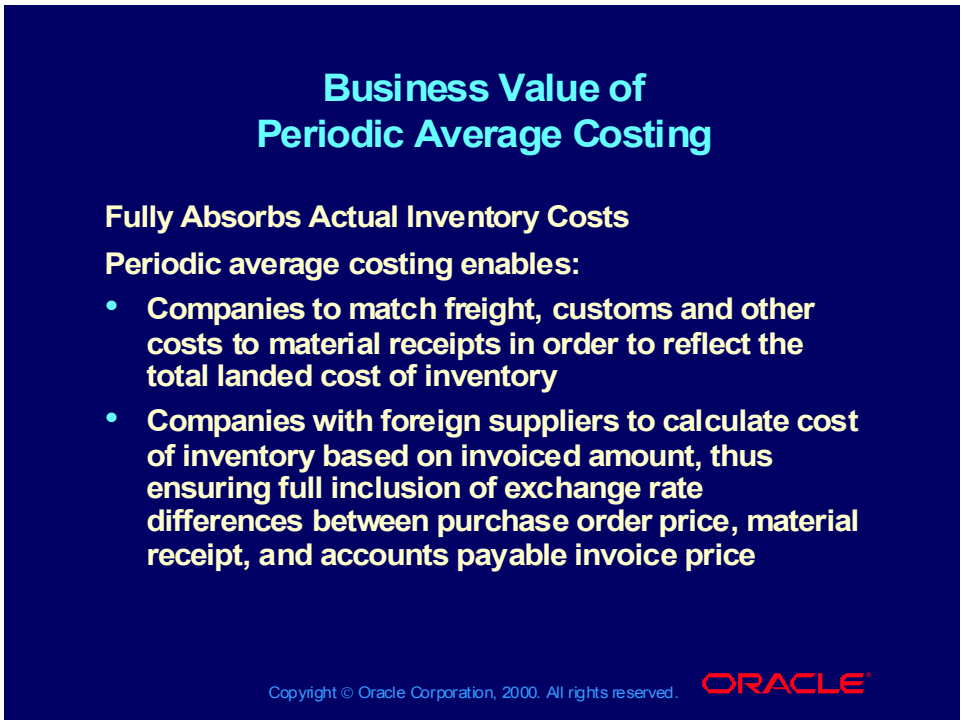

Note

This feature is not specific to periodic average costing.

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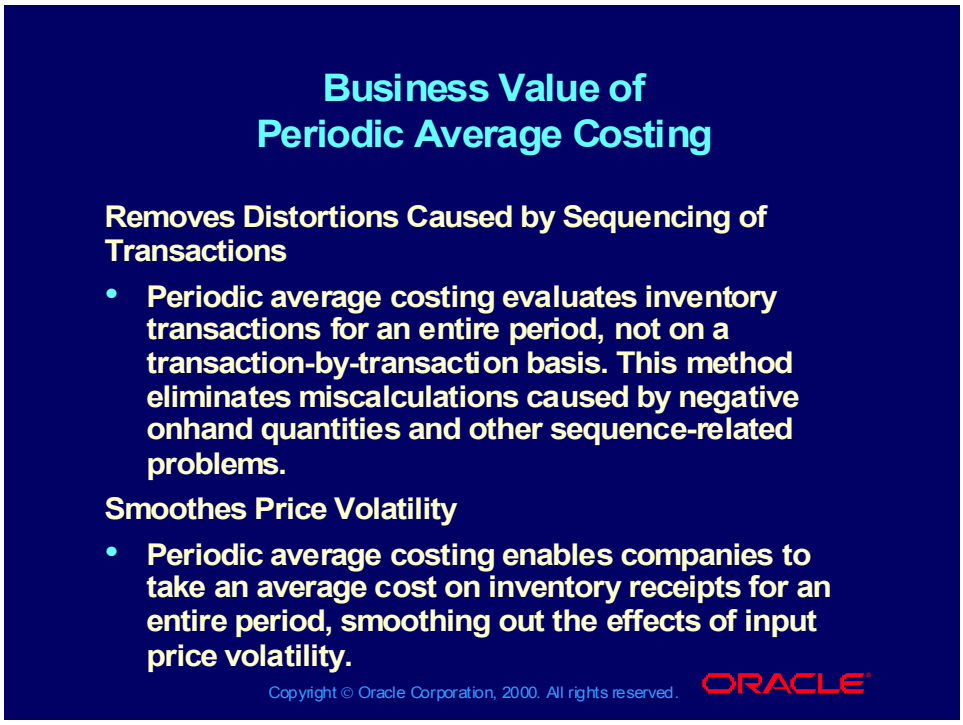

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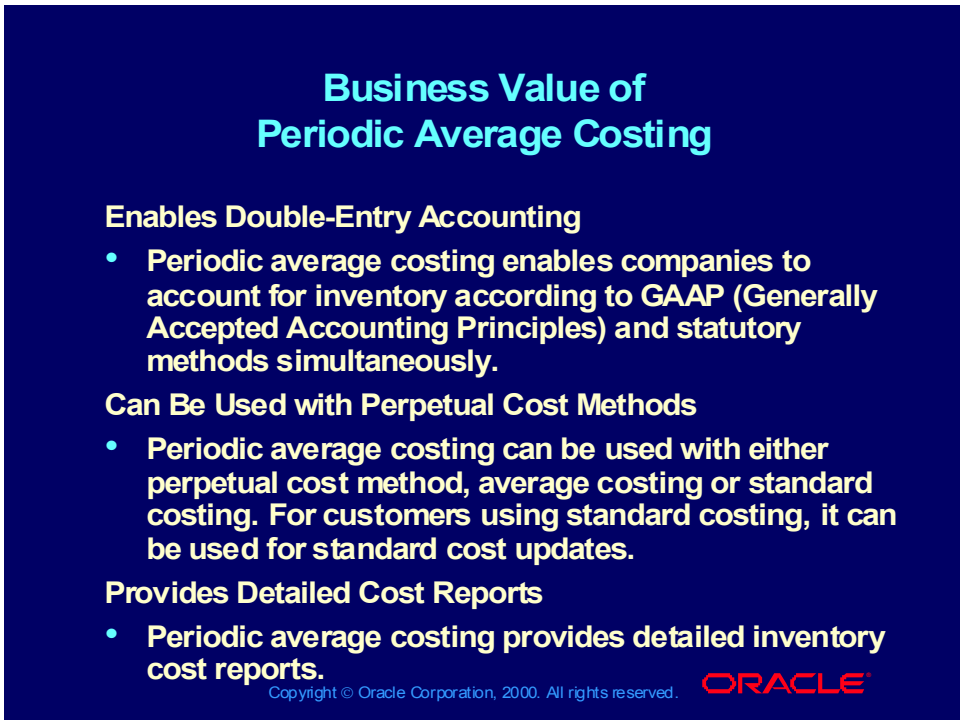

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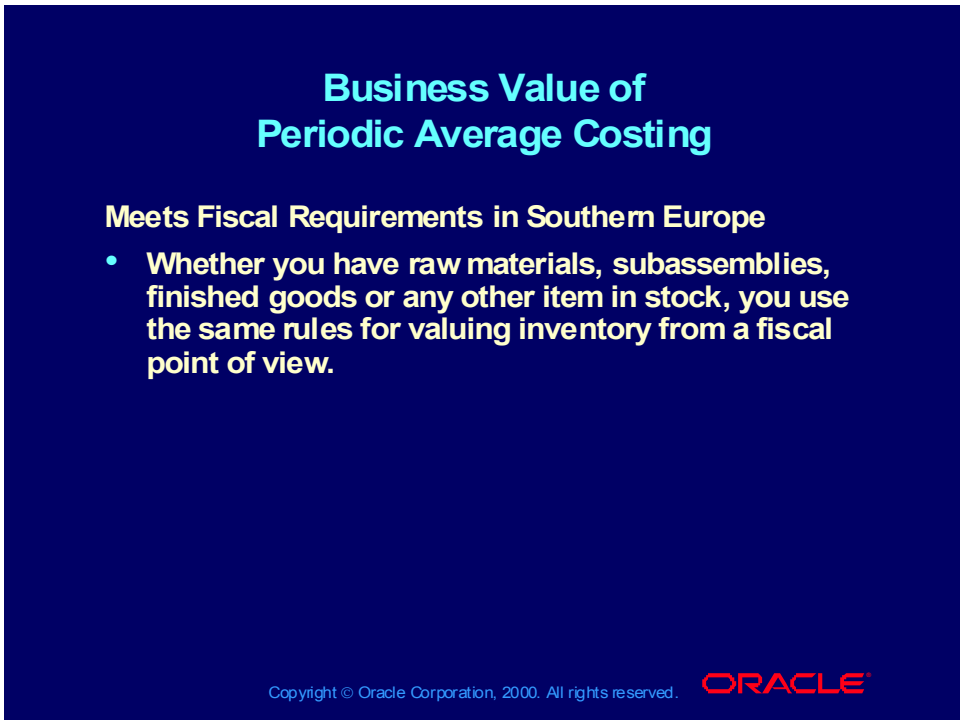

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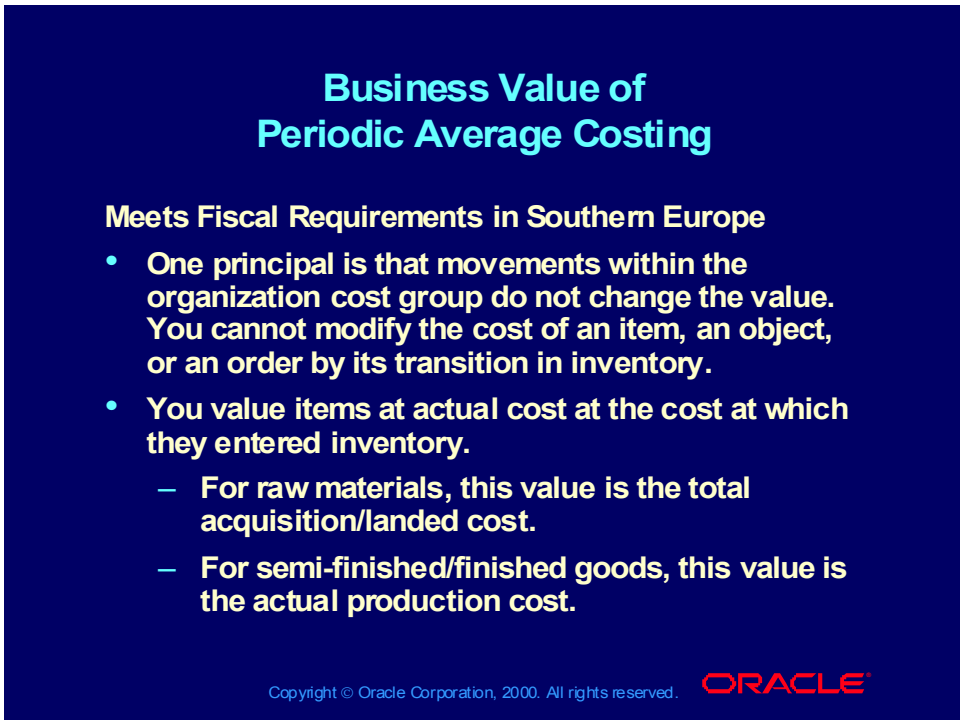

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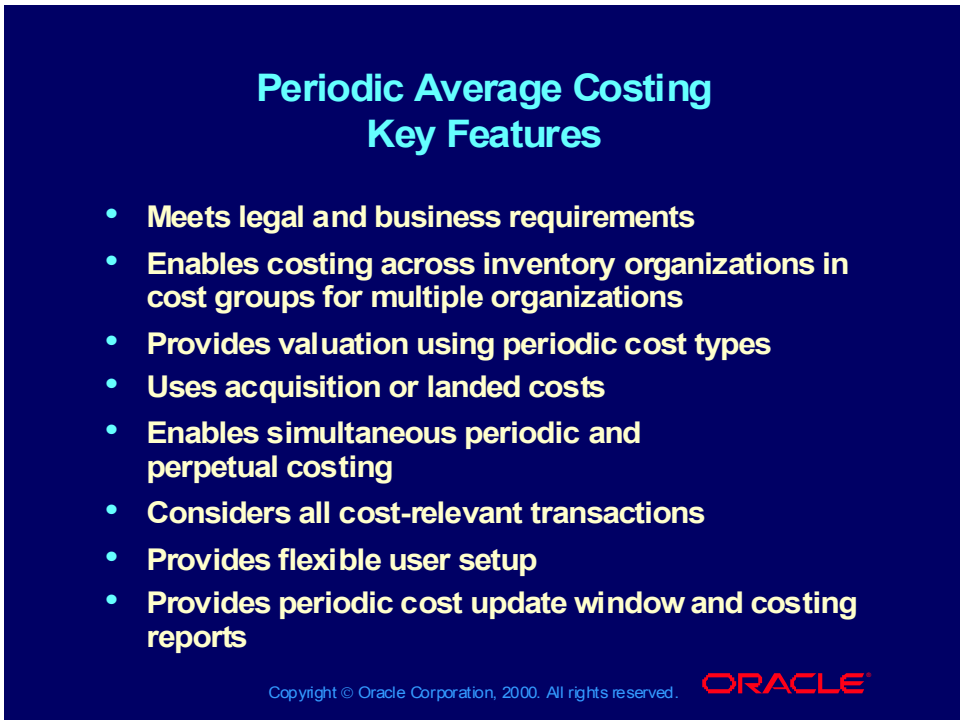
Periodic Average Costing Key Features



Key Features

- Periodic costing meets legal and business requirements in several key markets.
- You can cost across inventory organization, where required.
- Valuation uses periodic cost types, and therefore can supplement the cost types that you already have in place for other purposes.
- You can perform acquisition costing more effectively. This means that you can value your inventory according to landed costs.
- You can continue to use either perpetual method, standard costing, or average costing.
- Periodic average costing includes all relevant transactions and has a number of windows for setup.

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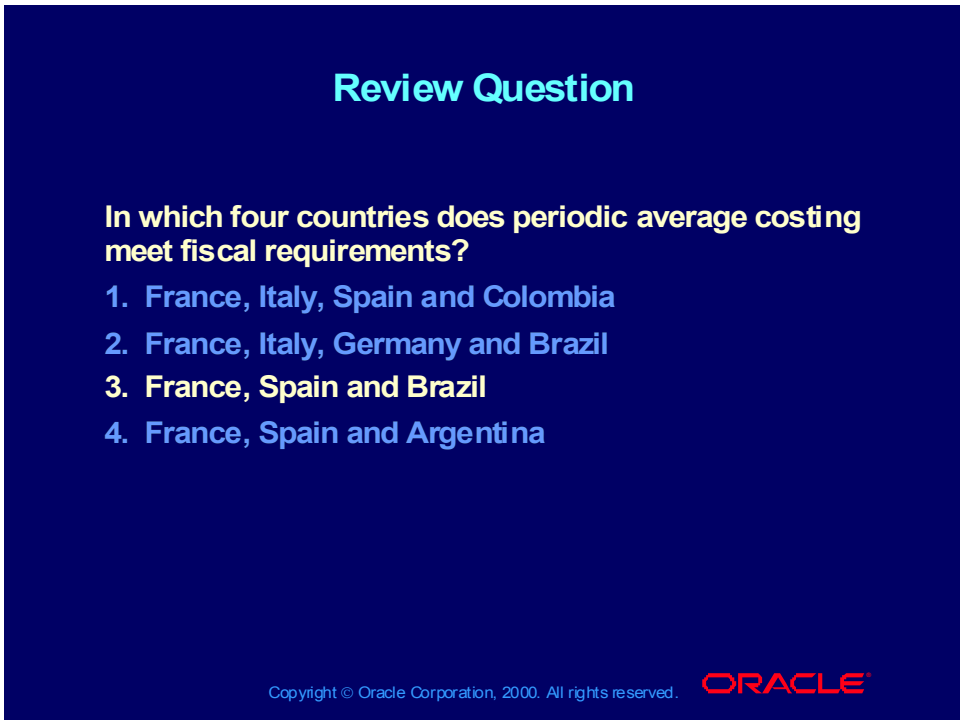

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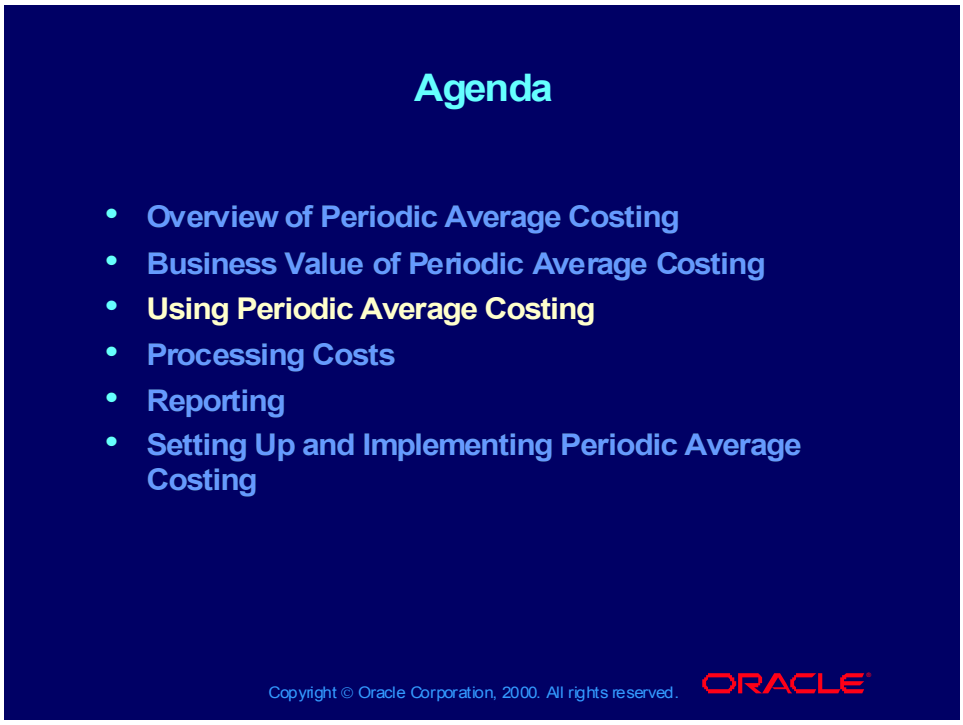

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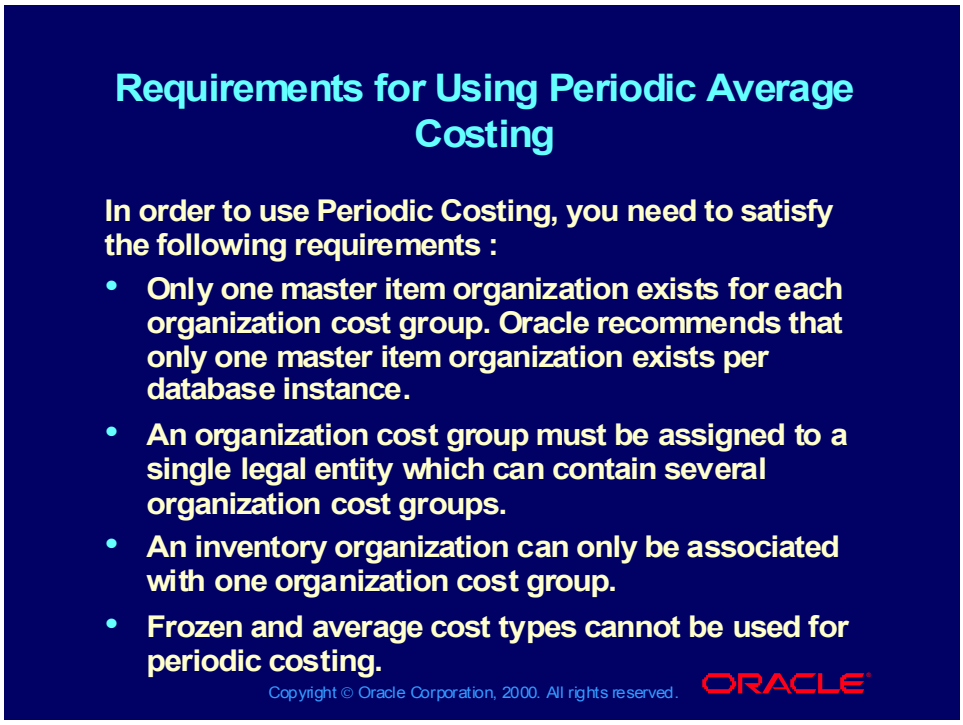

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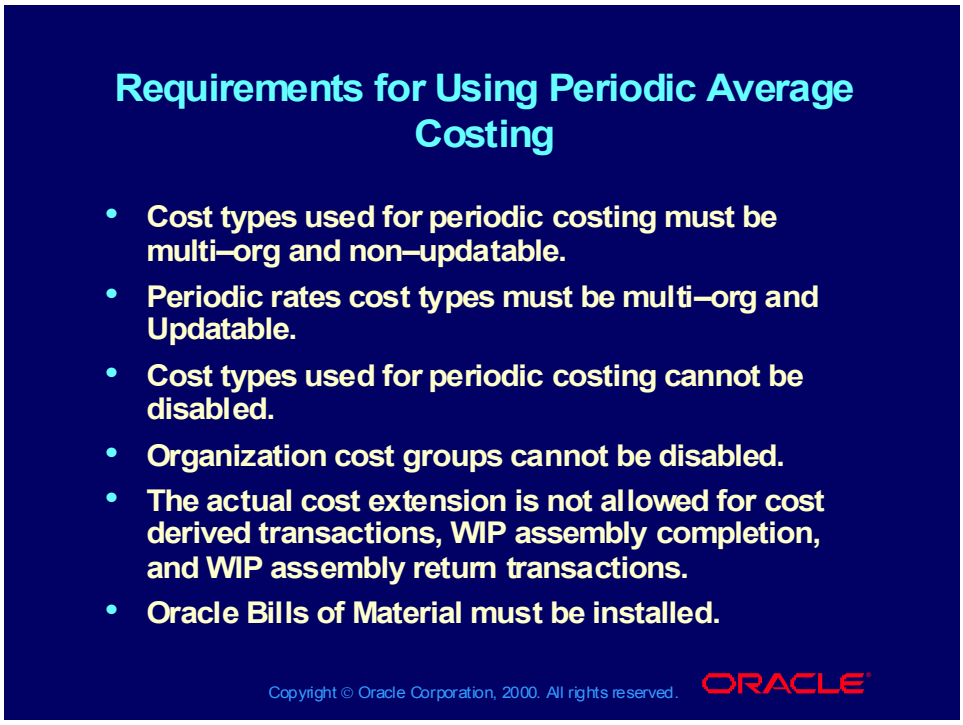

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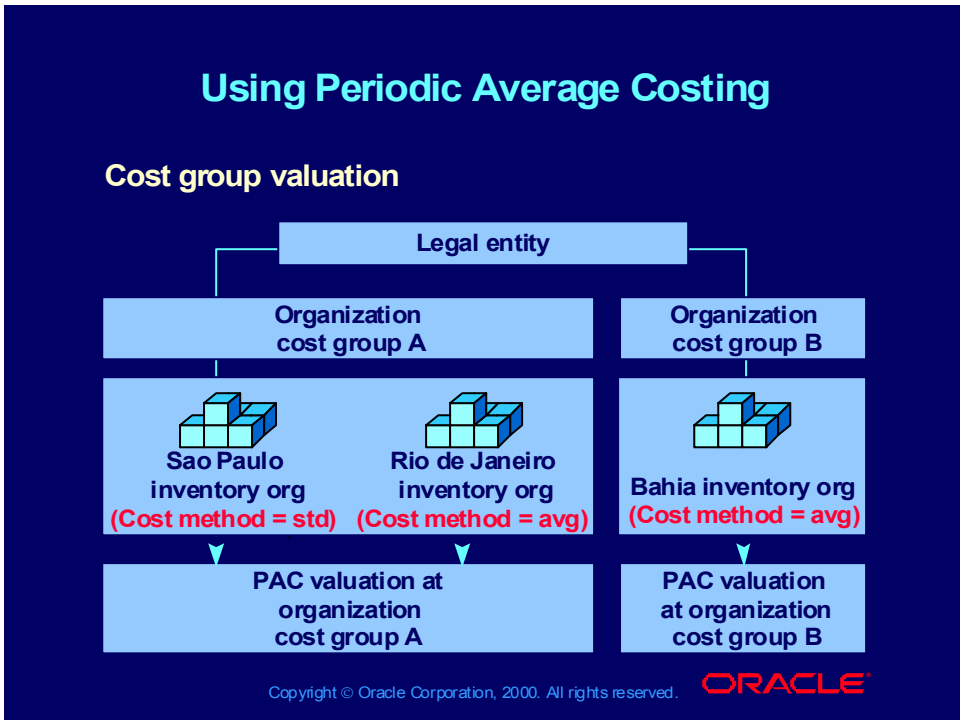

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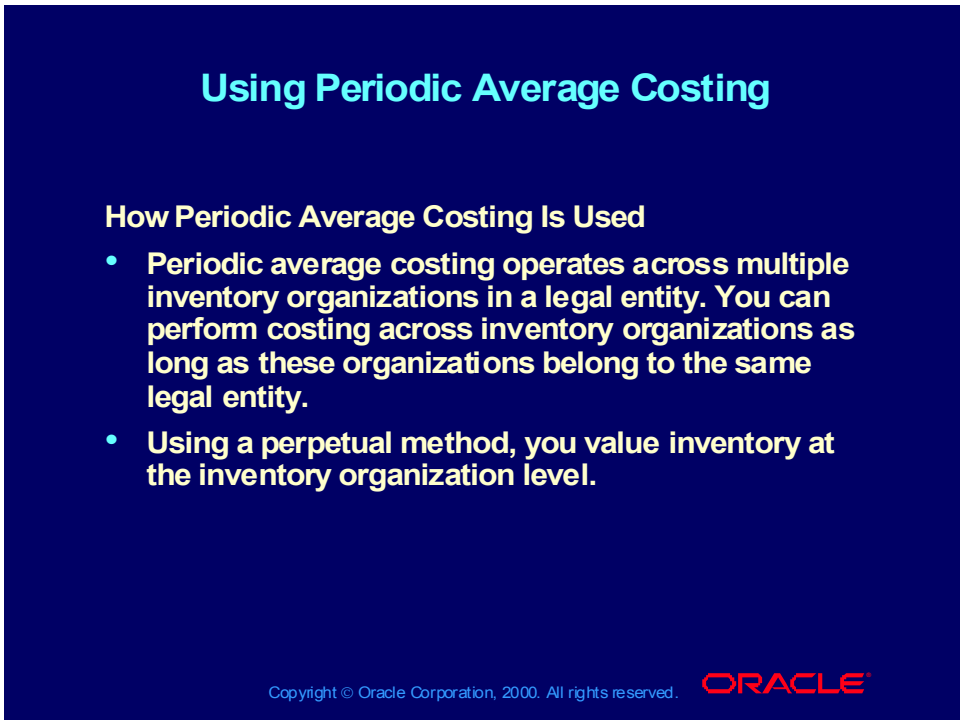

Note

SAP, a competitor of Oracle, only allows cost group valuation with a grouping of standard costing organizations.

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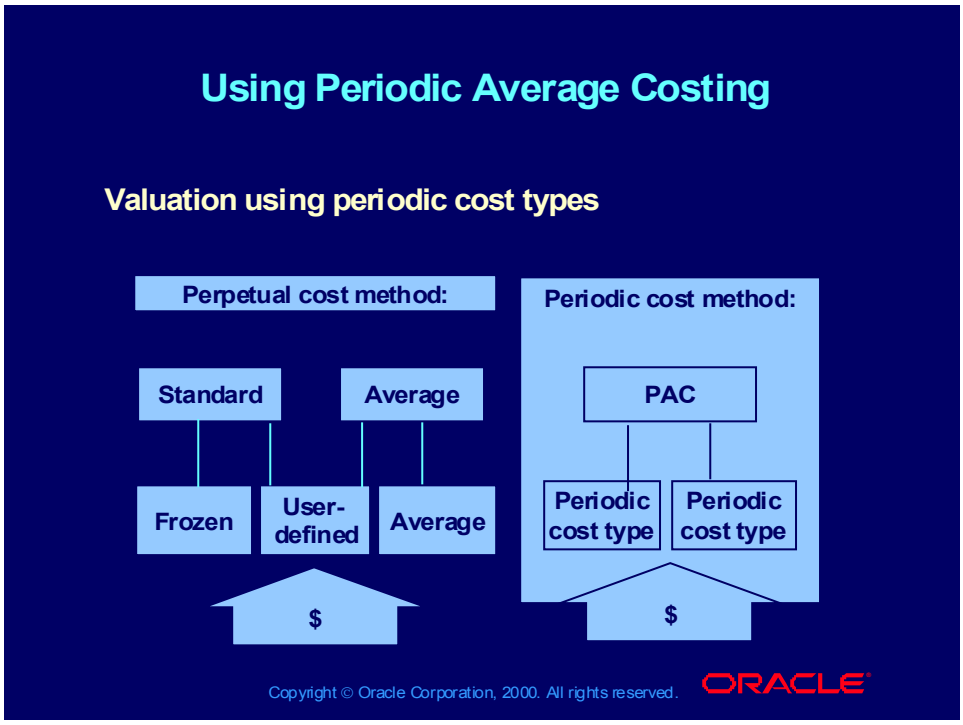

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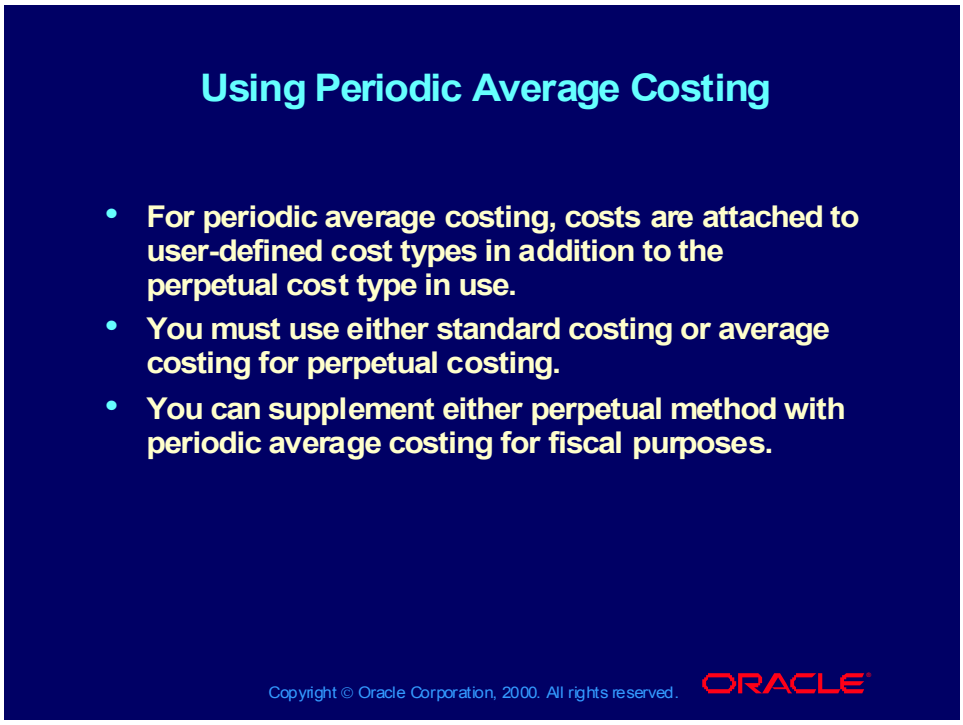

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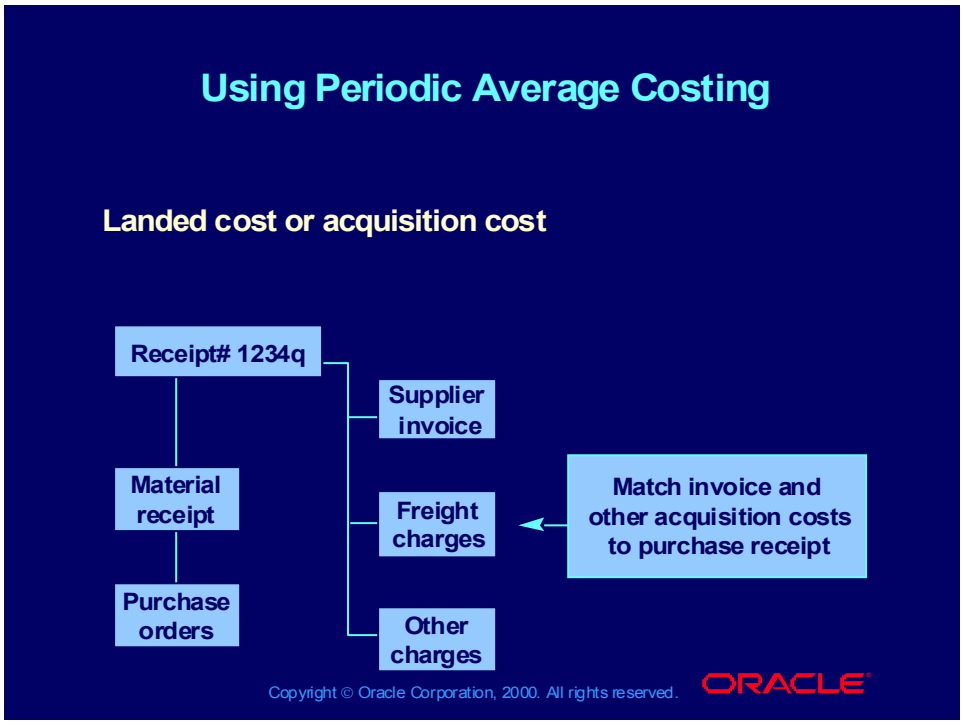

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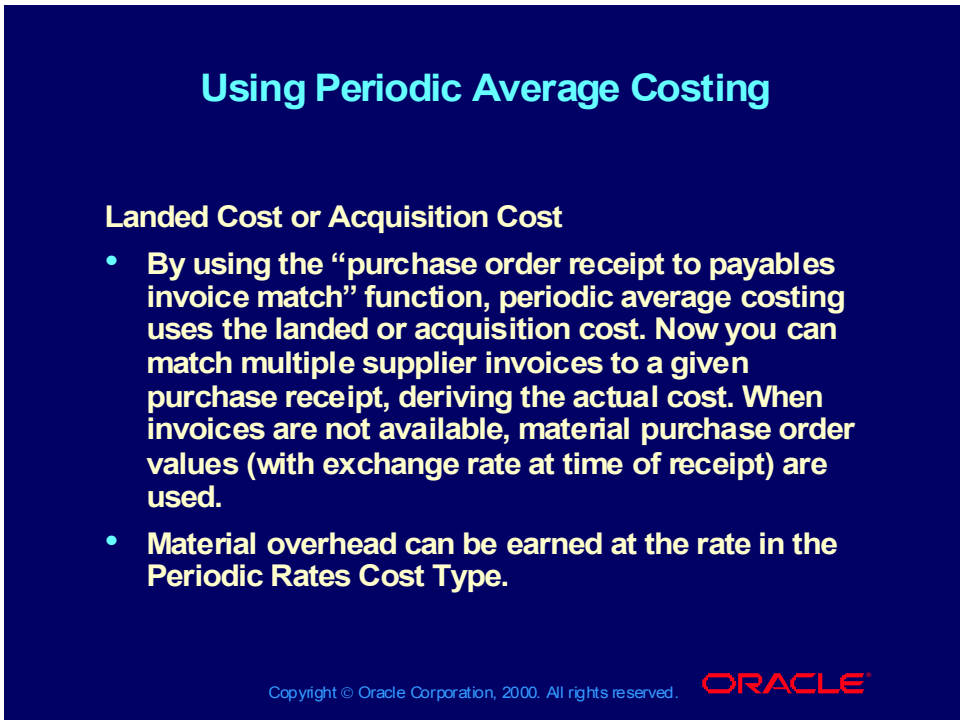

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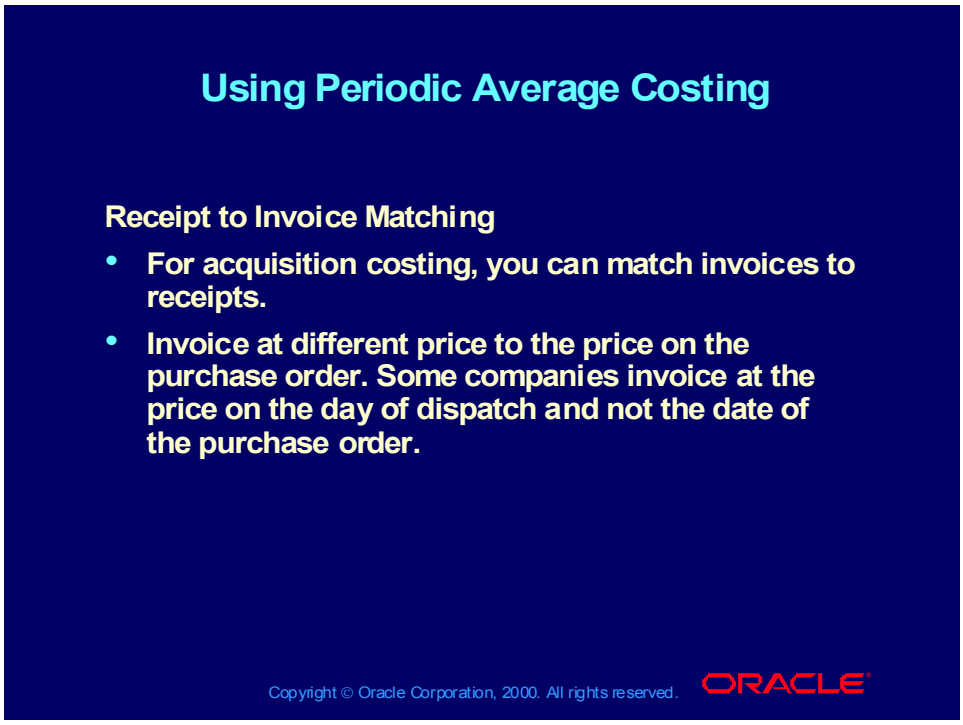

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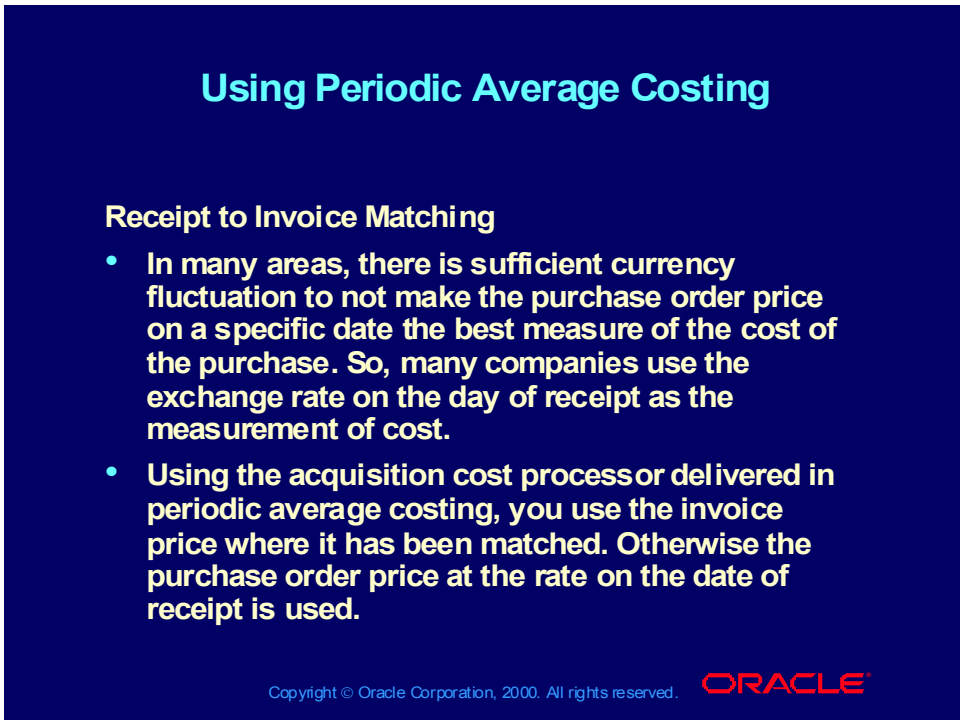

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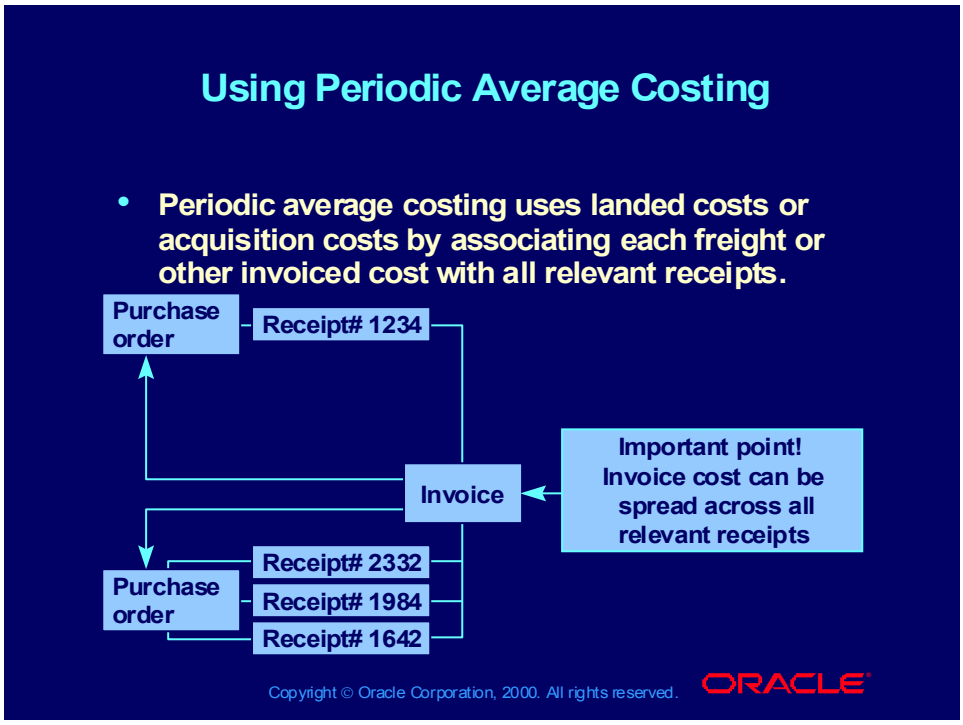

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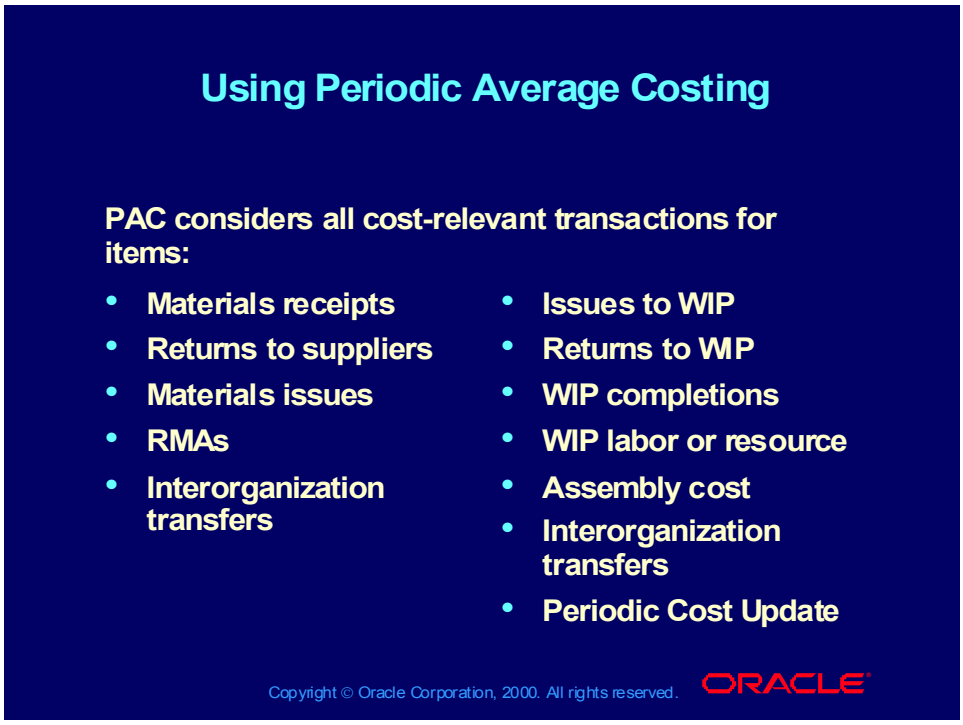

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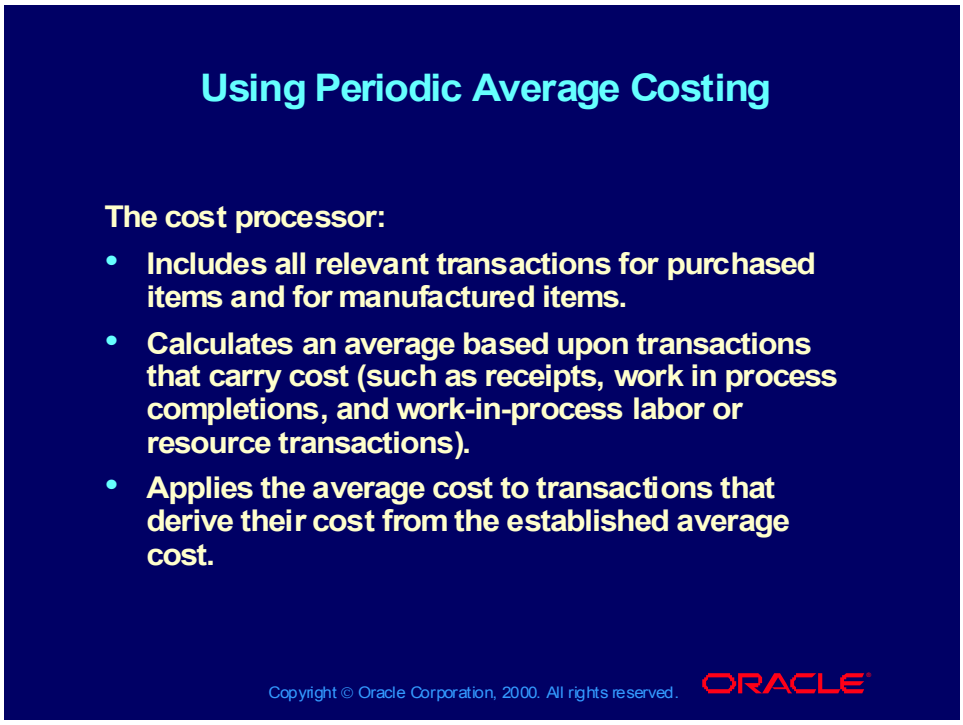

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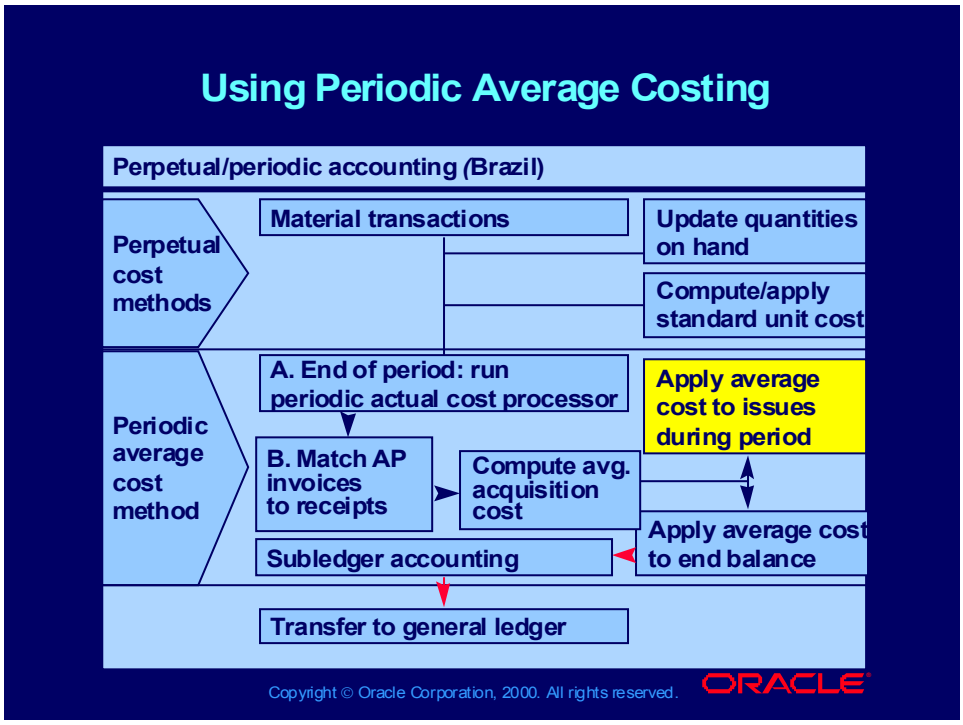

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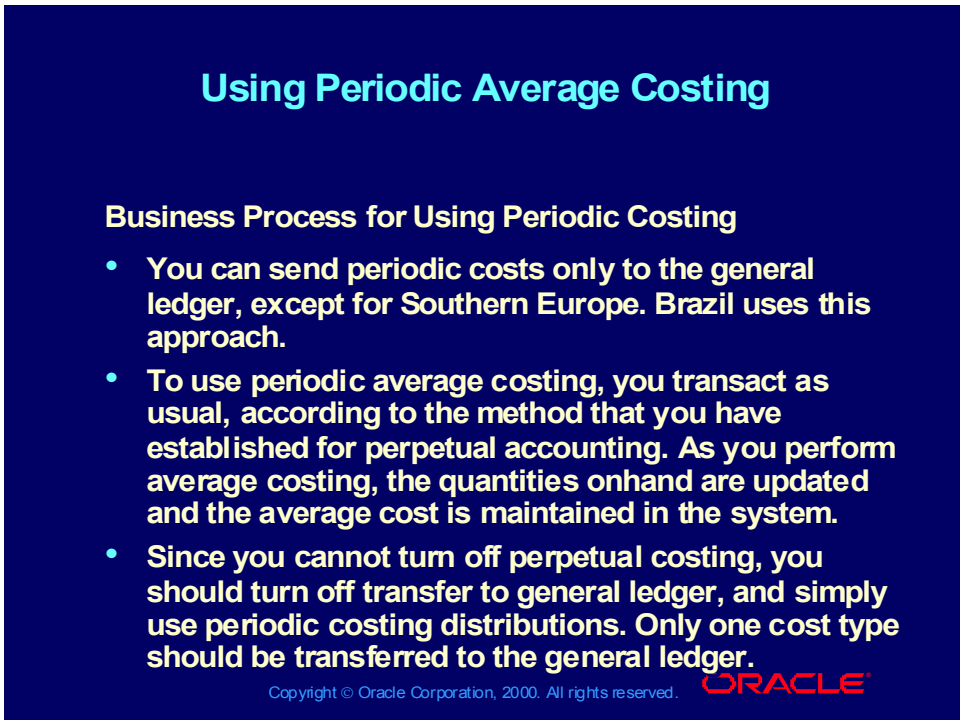

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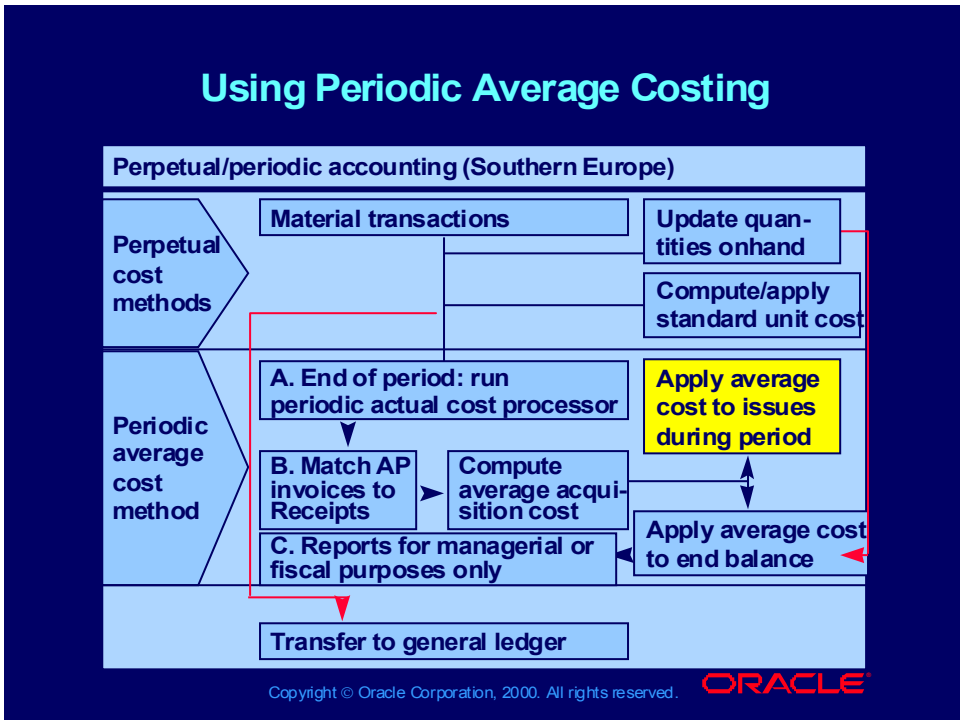

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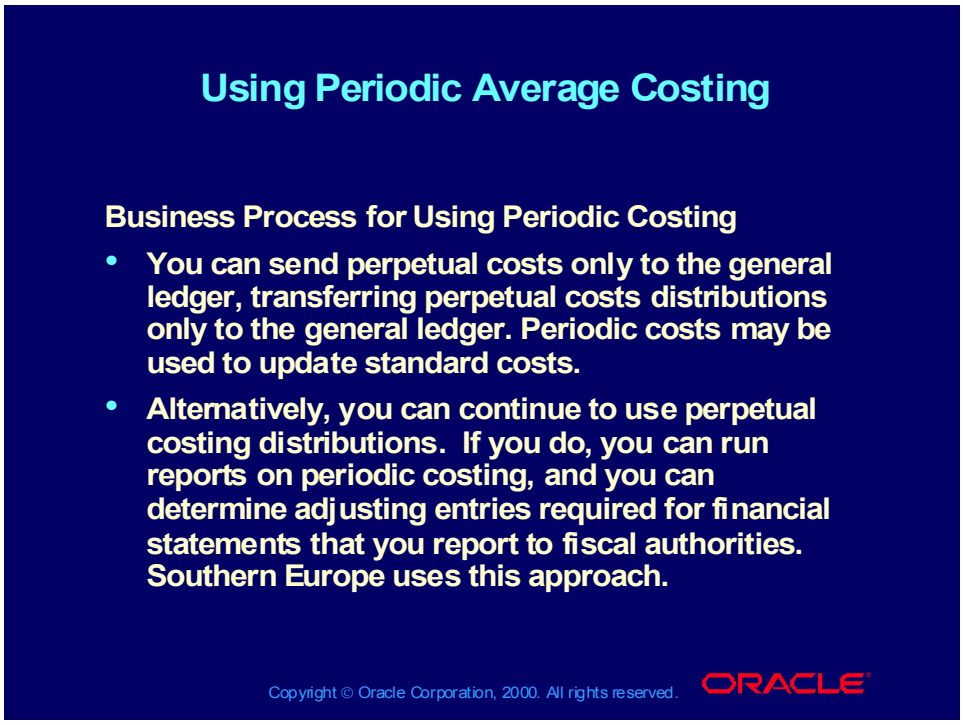

Note

This is also relevant for those companies who want to use periodic costing as a supplementary management tool; they want only to examine their inventory activity using this method, but not for any other purpose. They may want to do this if they are in an inflationary environment, or if they commonly experience negative inventory situations.

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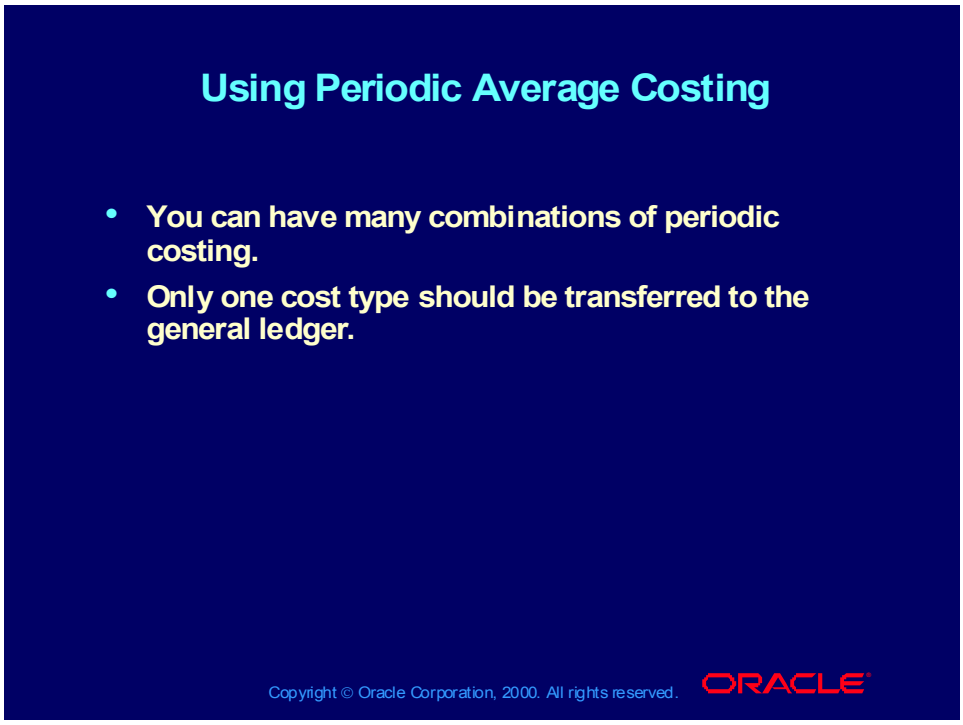

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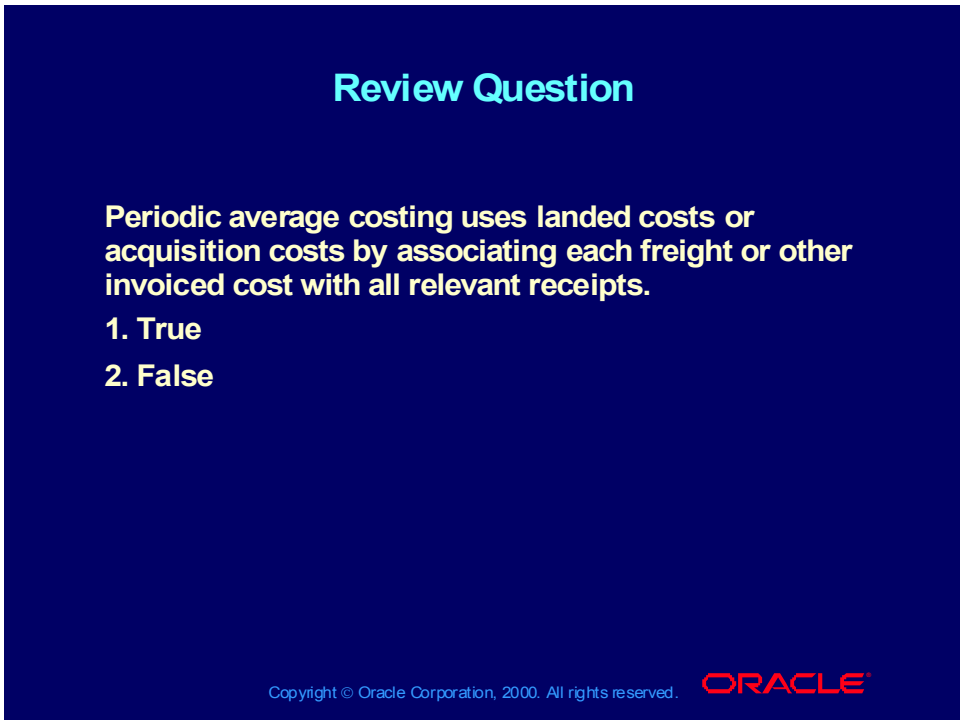

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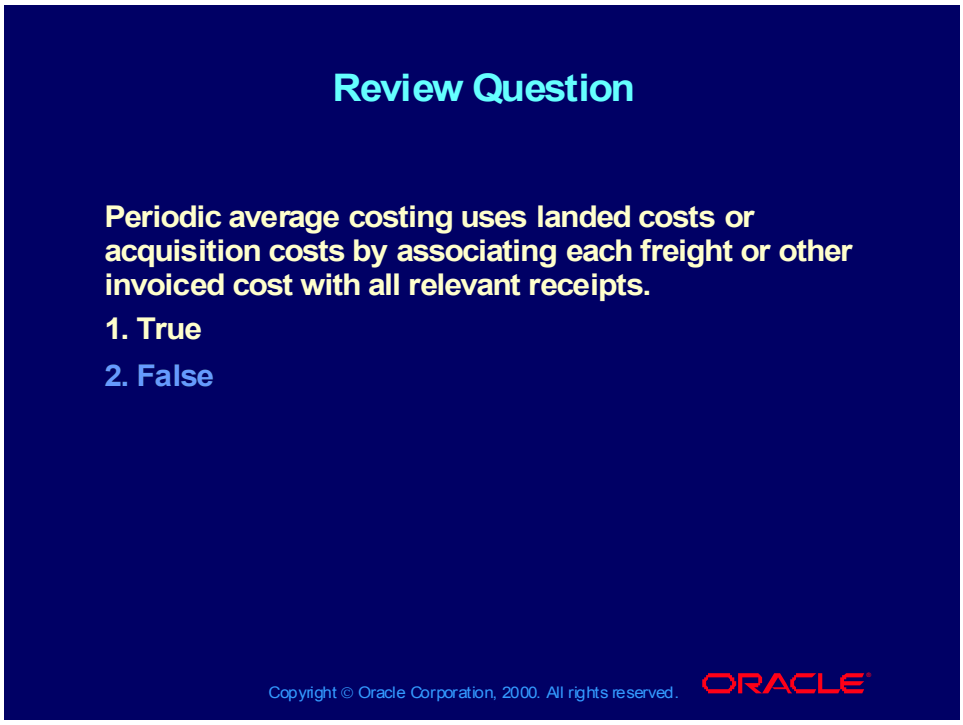

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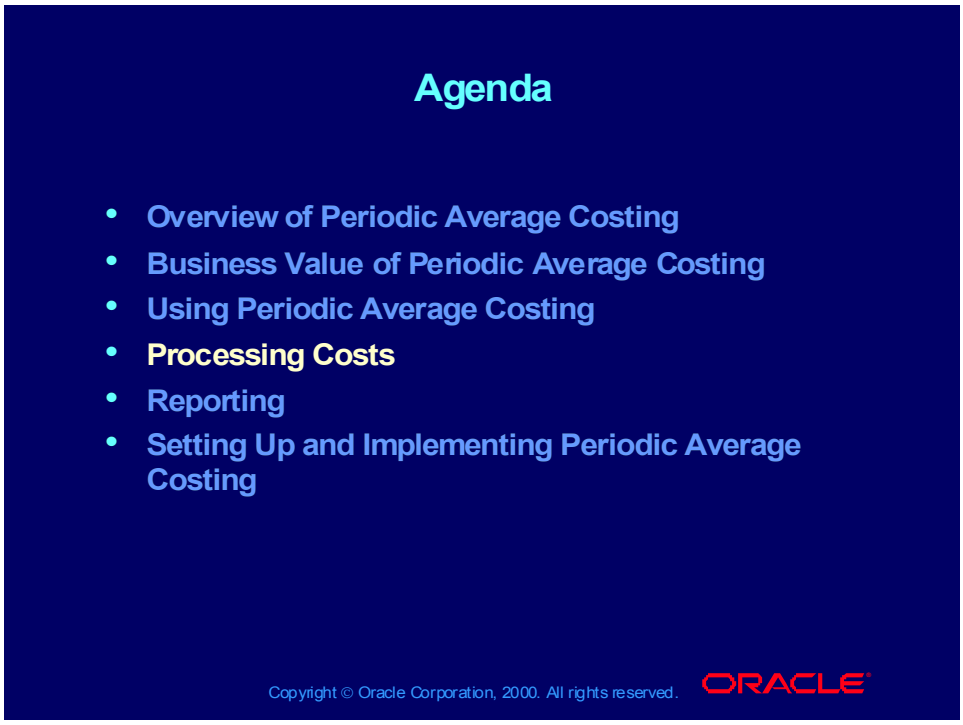

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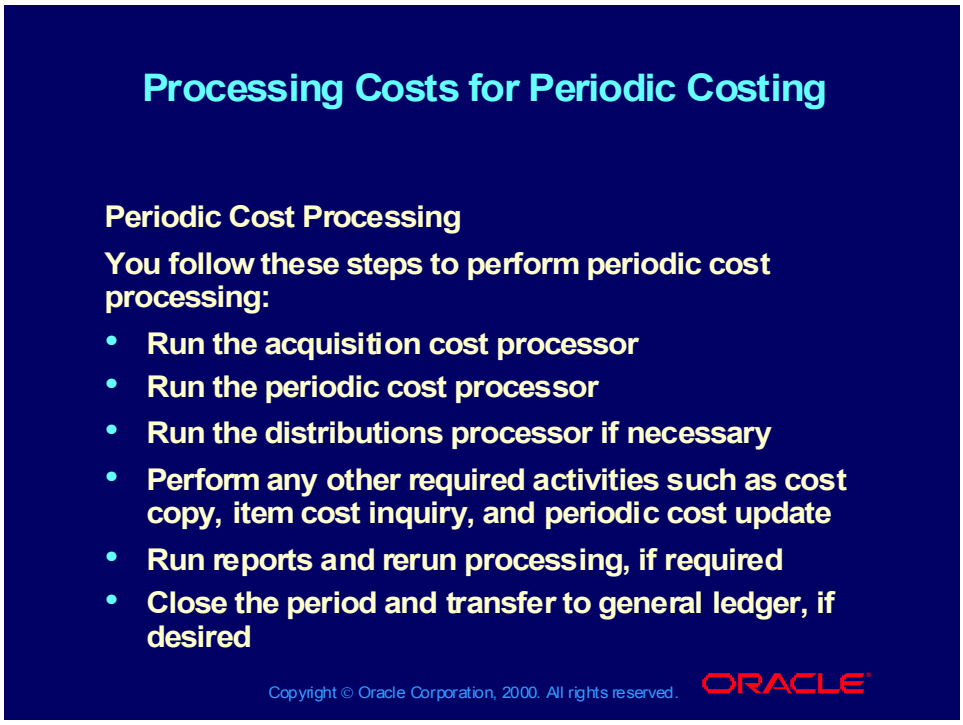

Help: Oracle Manufacturing Applications > Oracle Cost Management > Periodic Costing > Periodic Cost Processing

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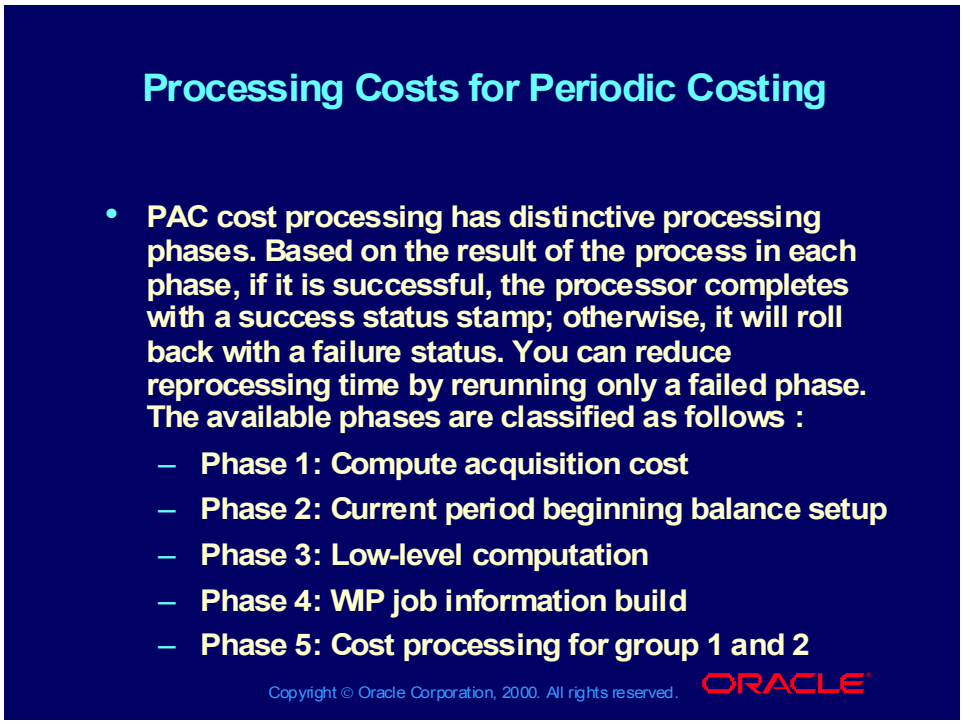

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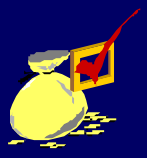
Transaction Costs and Allocations

- Costs sharing and item sequencing
- Period-end valuation of inventory
- Re-runnable cost processing

Item costs

Period-end


Valuation

Analysis

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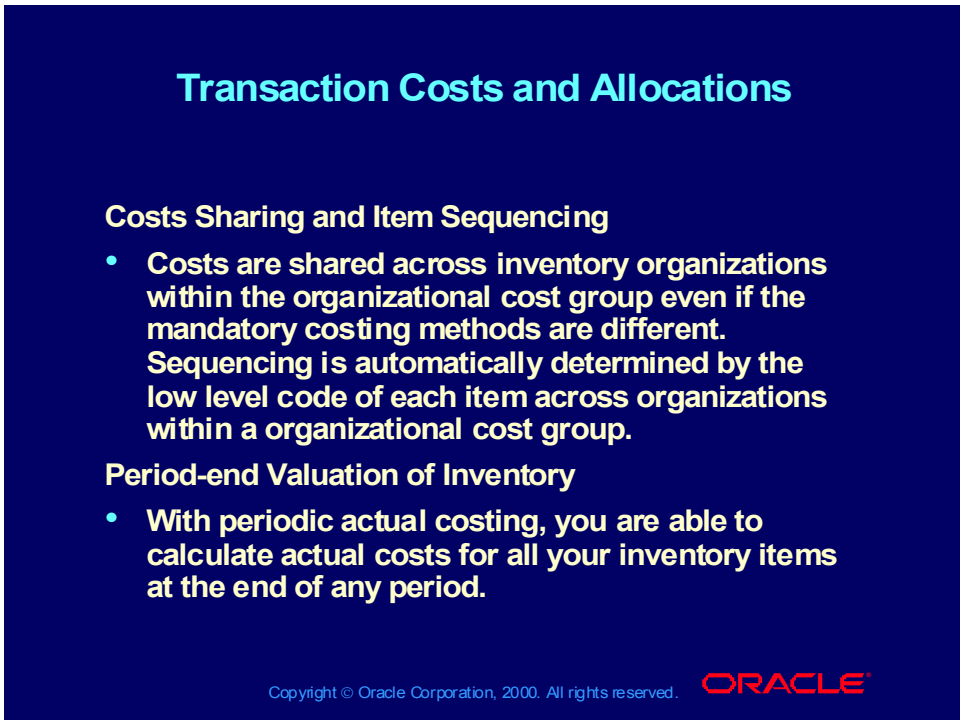

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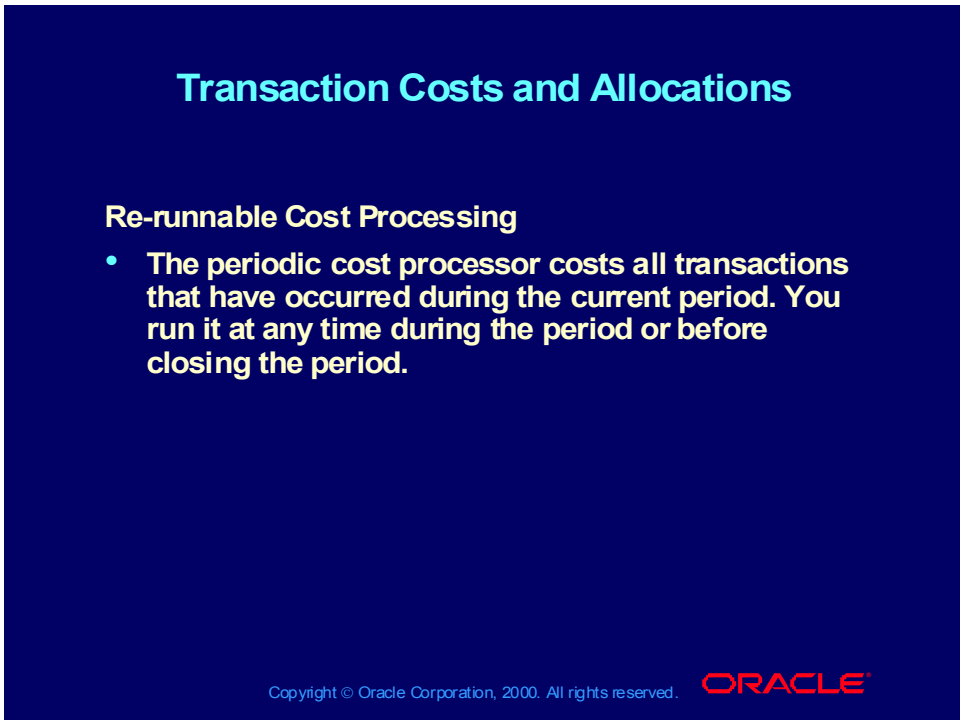

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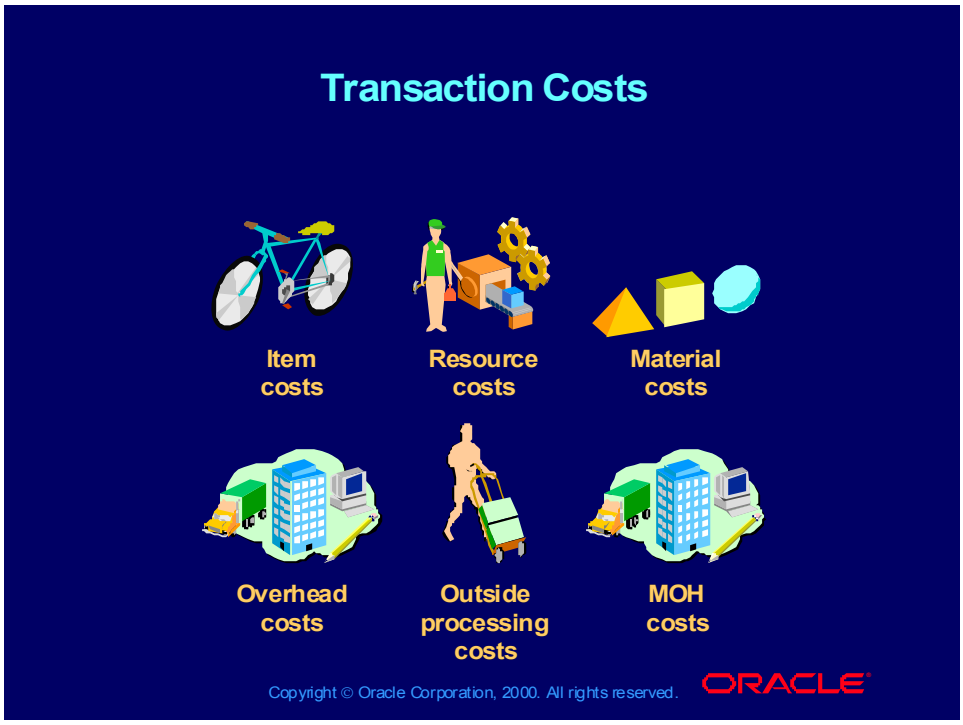
Transaction Costs



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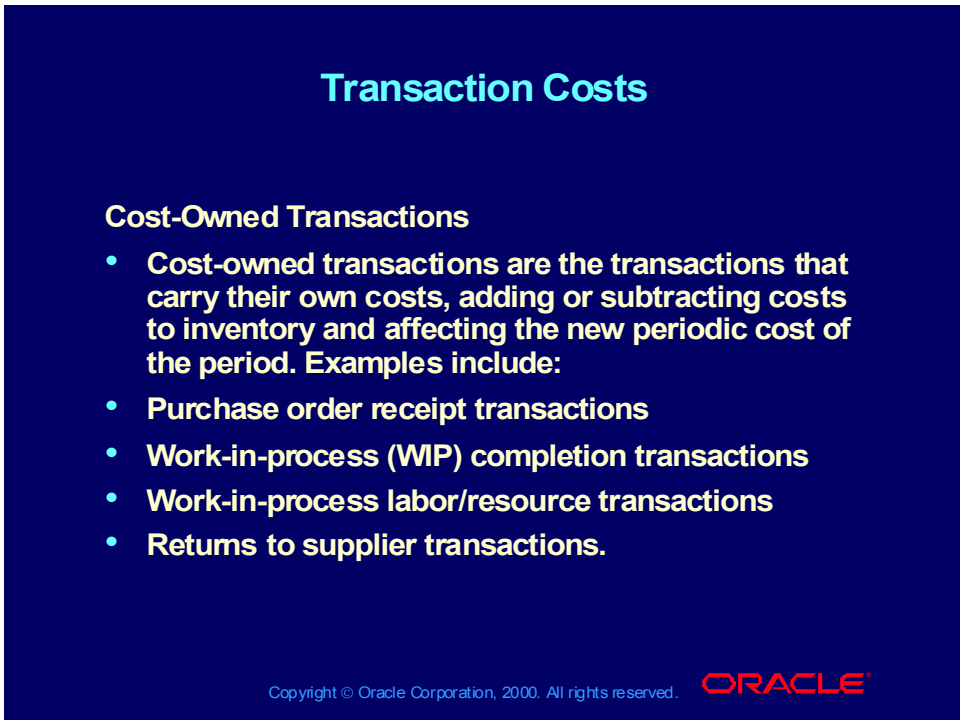

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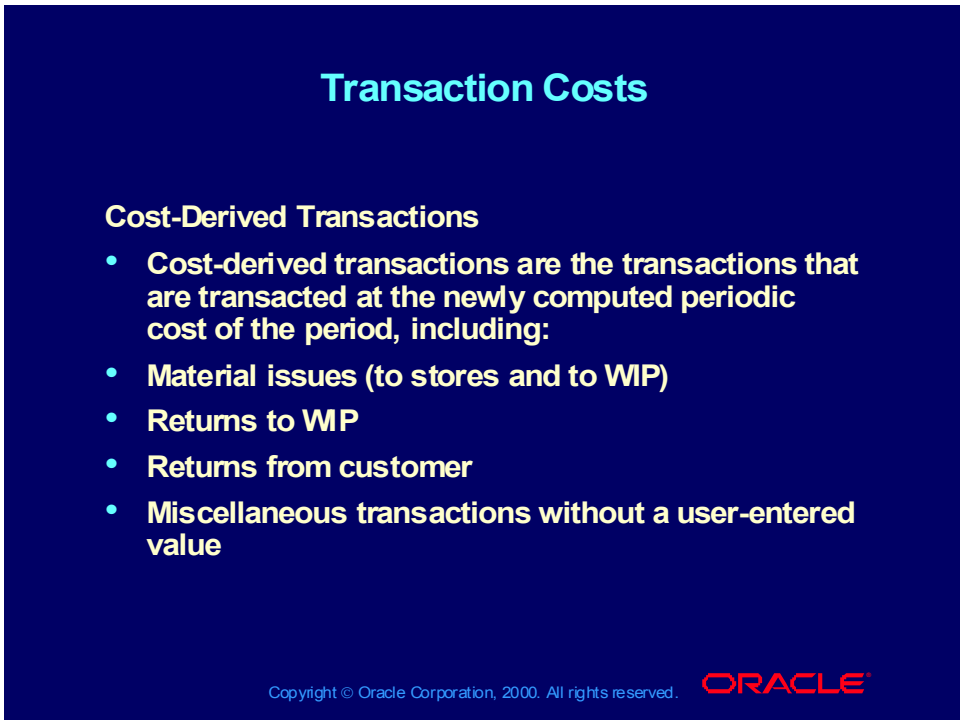

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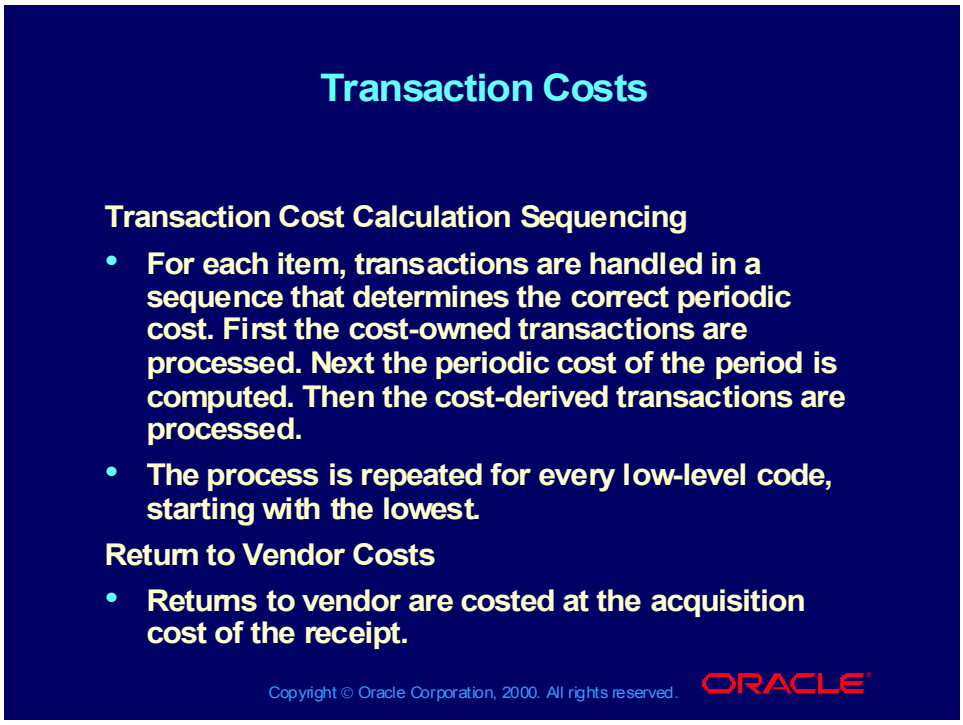

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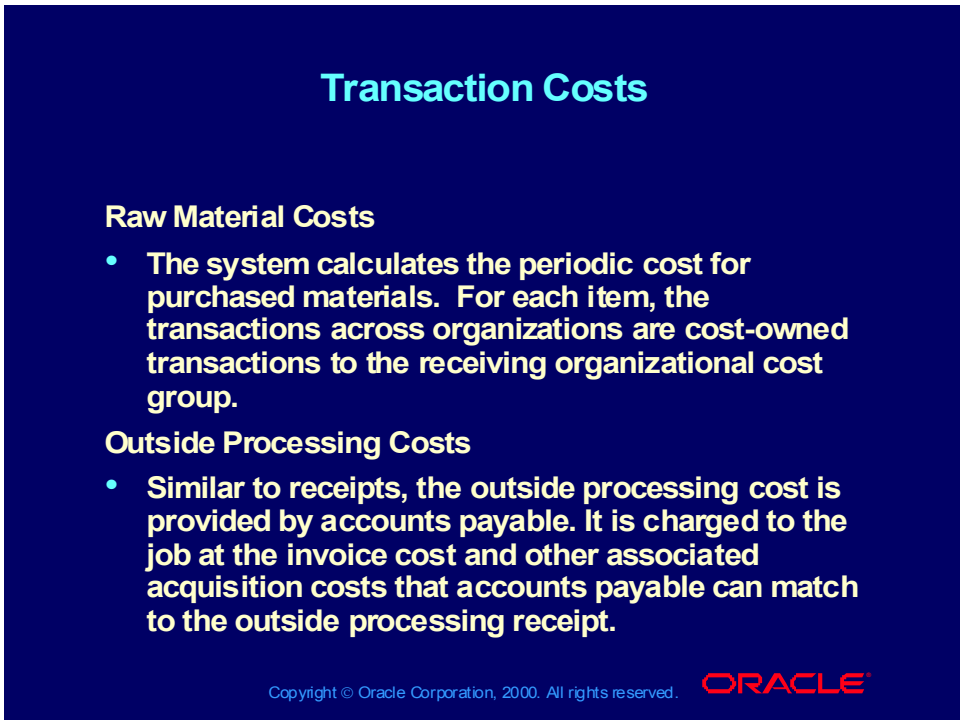

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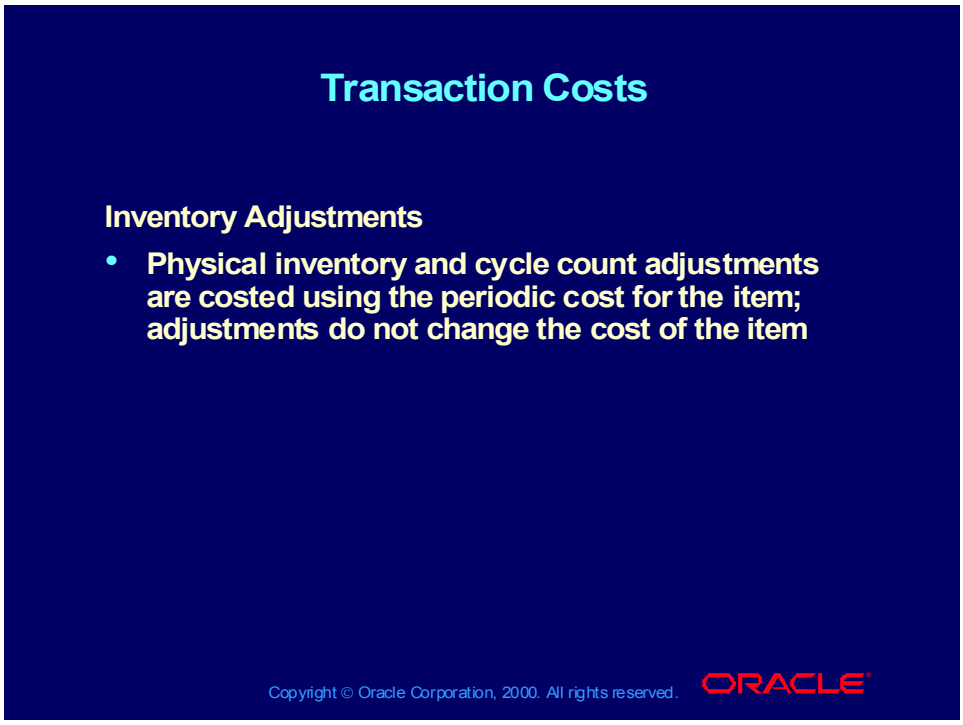

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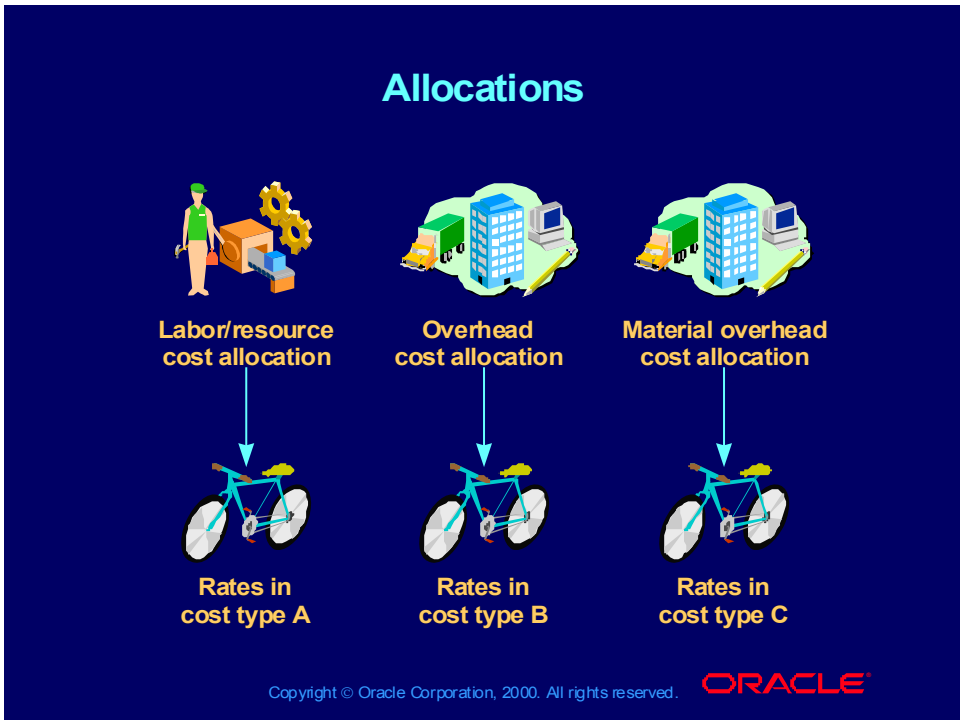
Allocations



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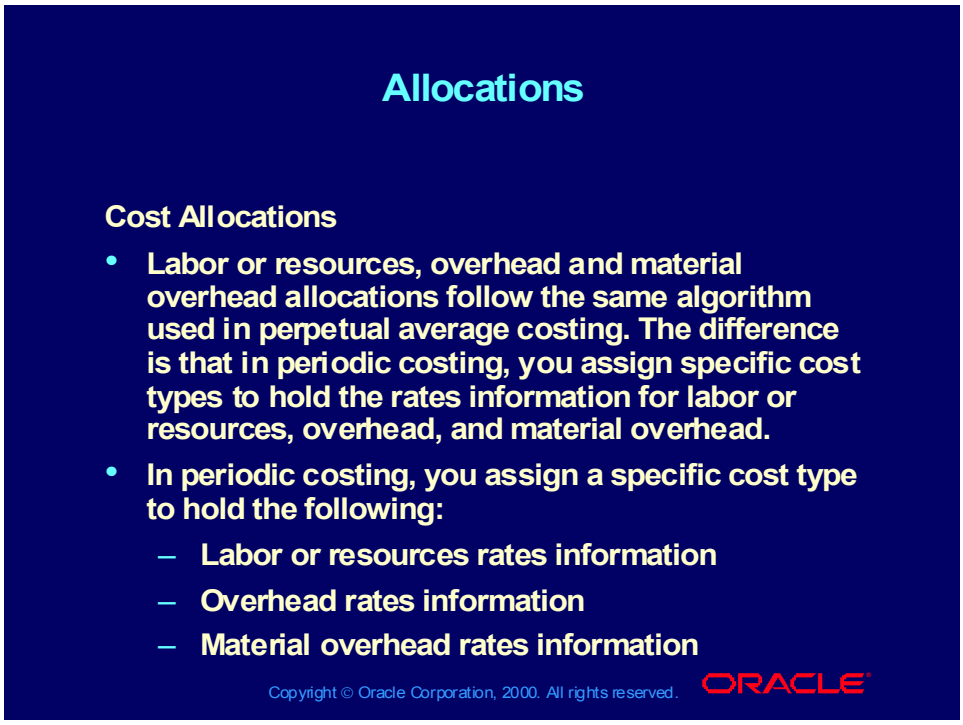

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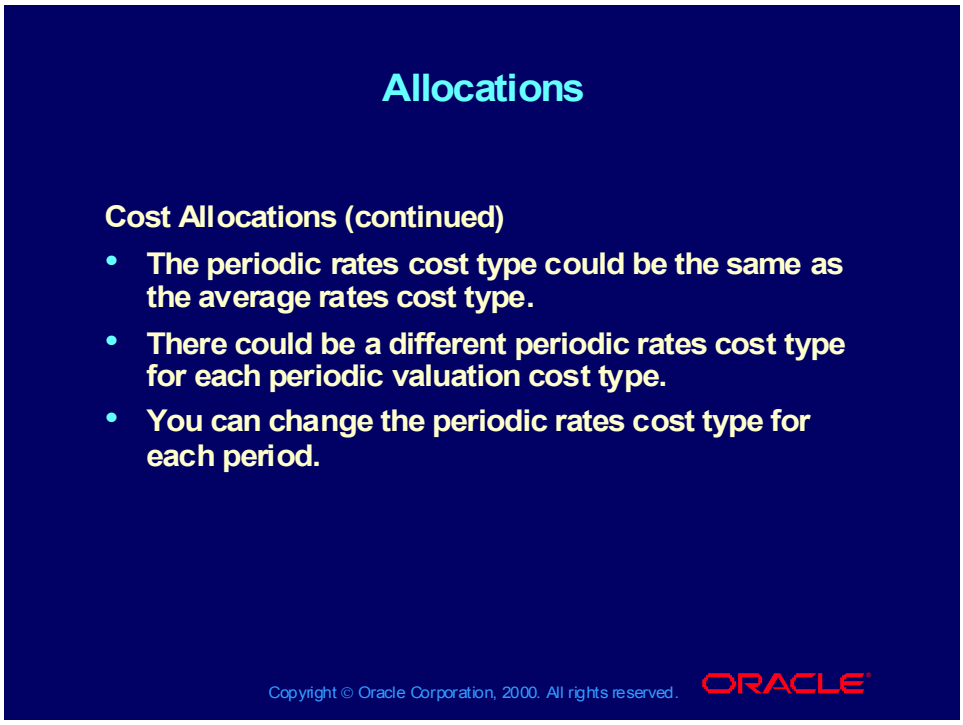

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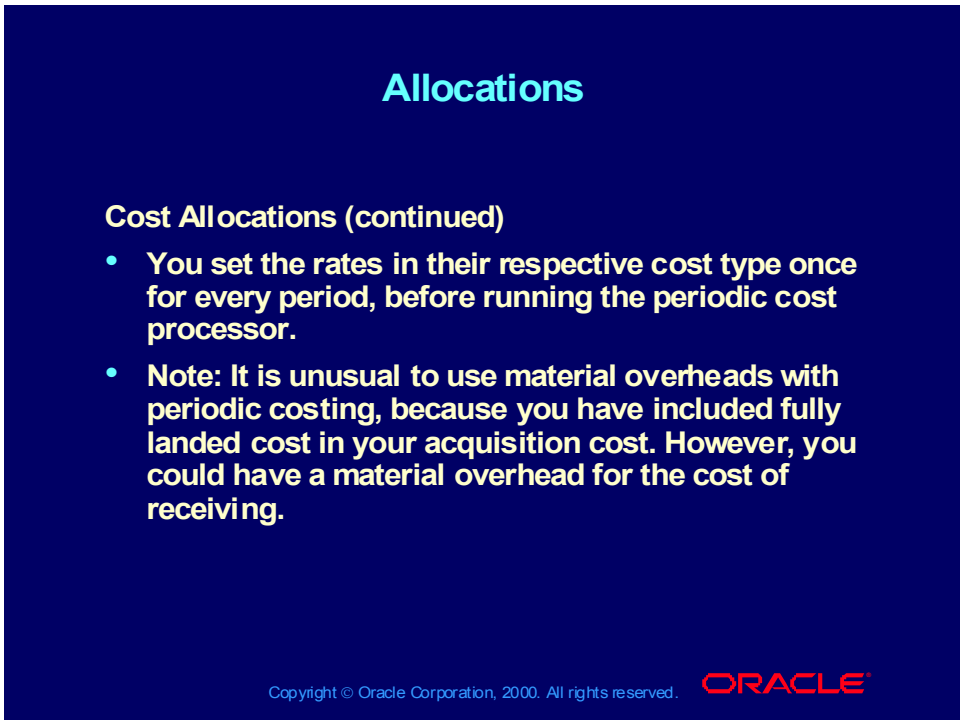

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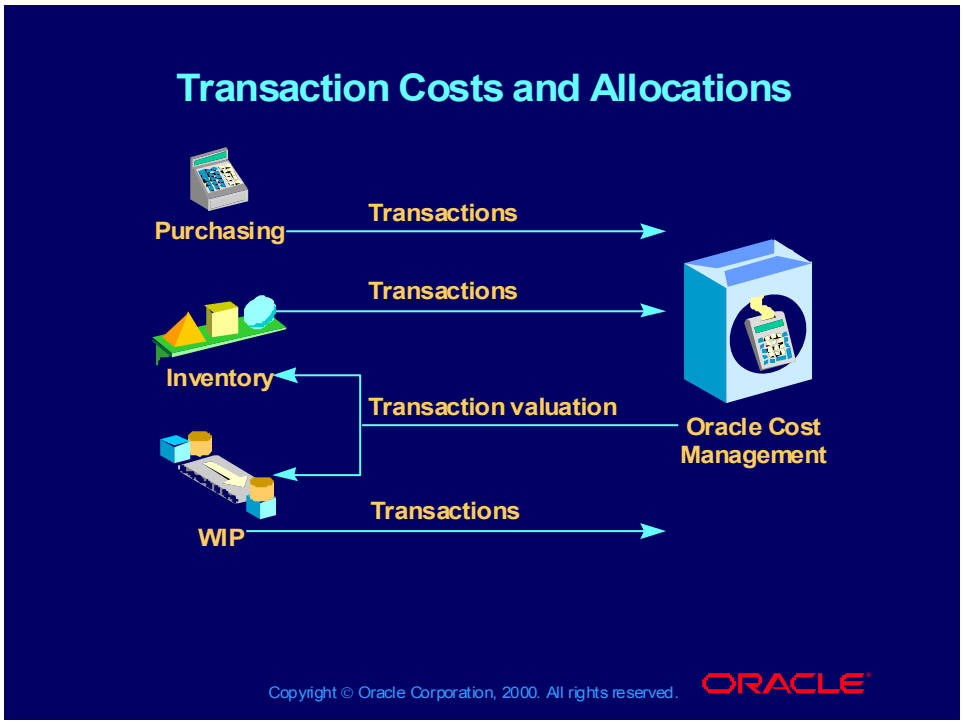

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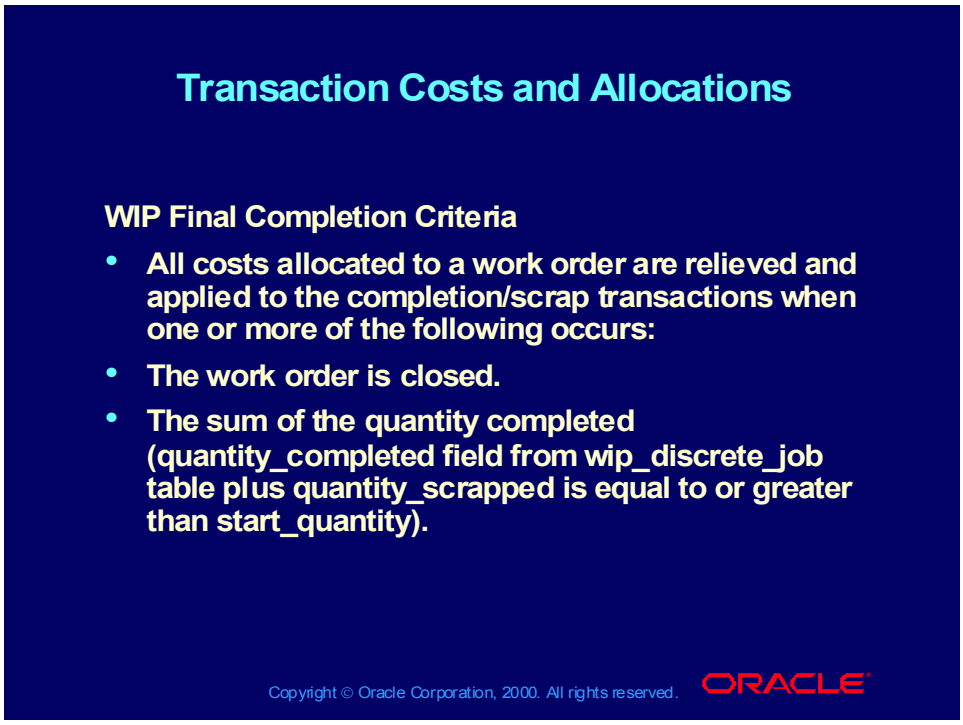

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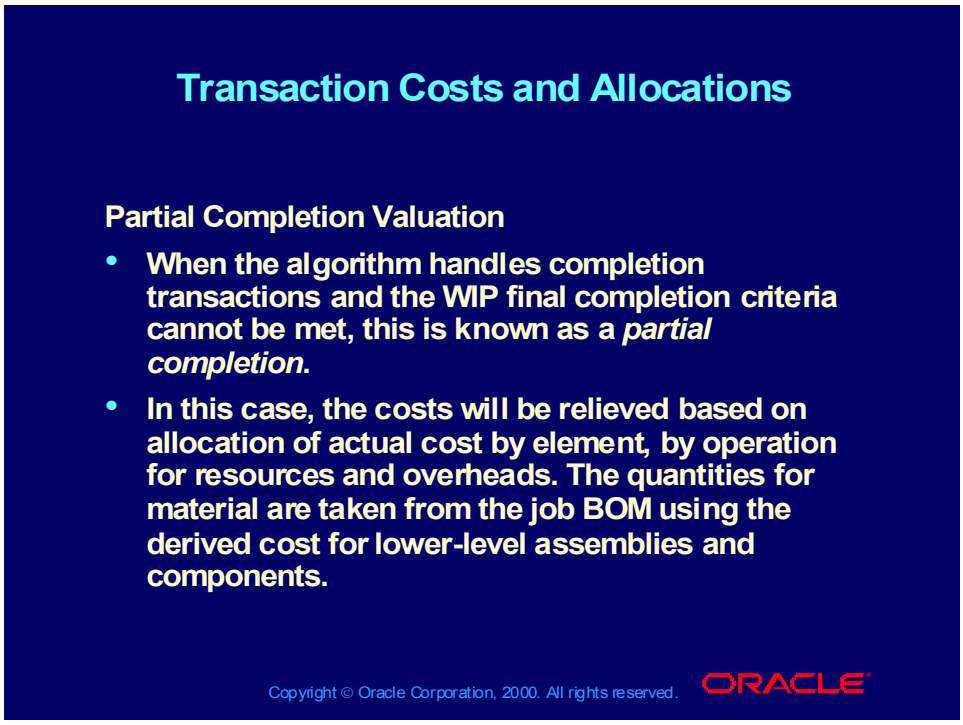

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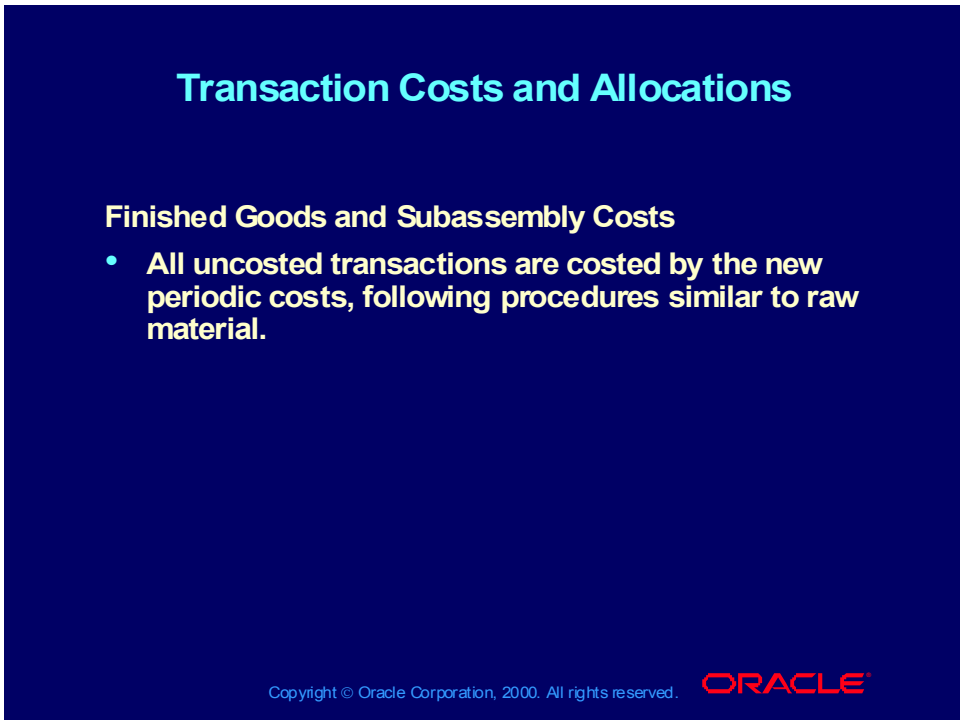

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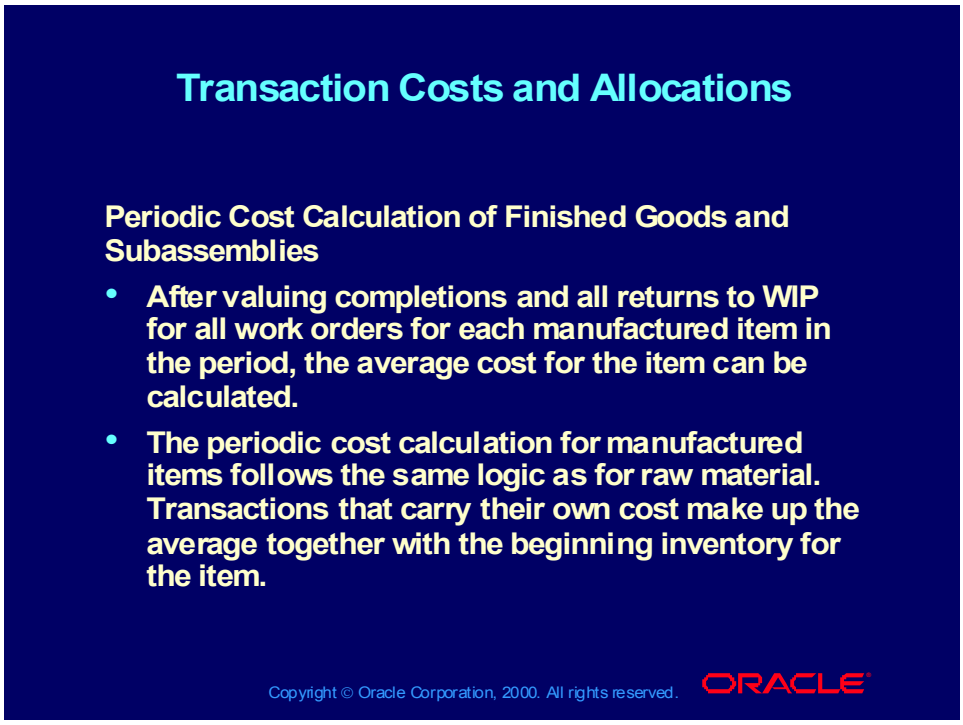

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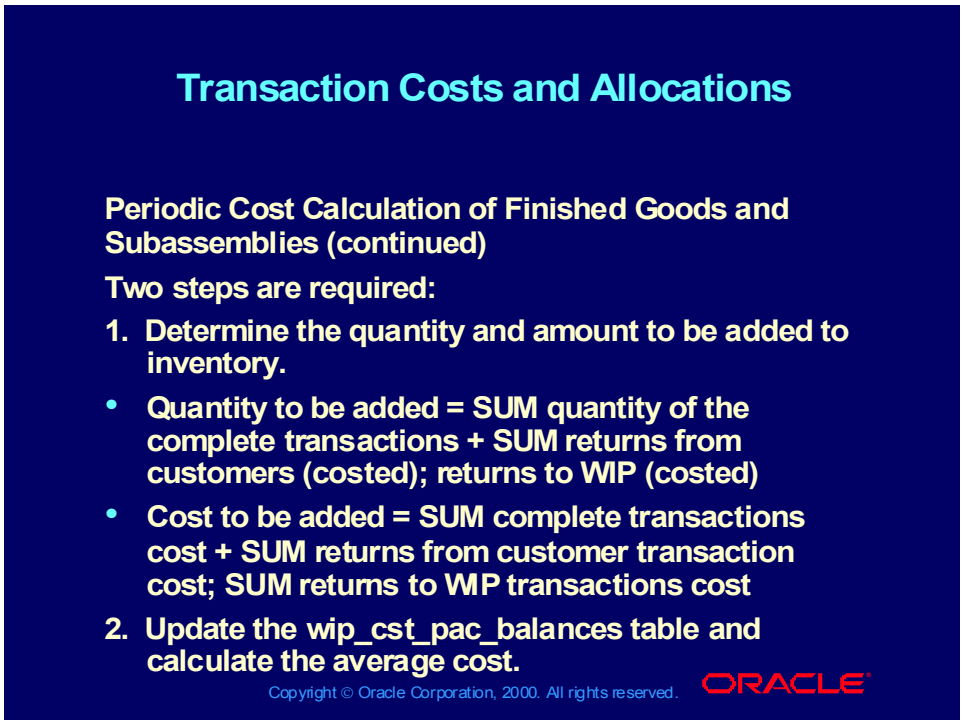

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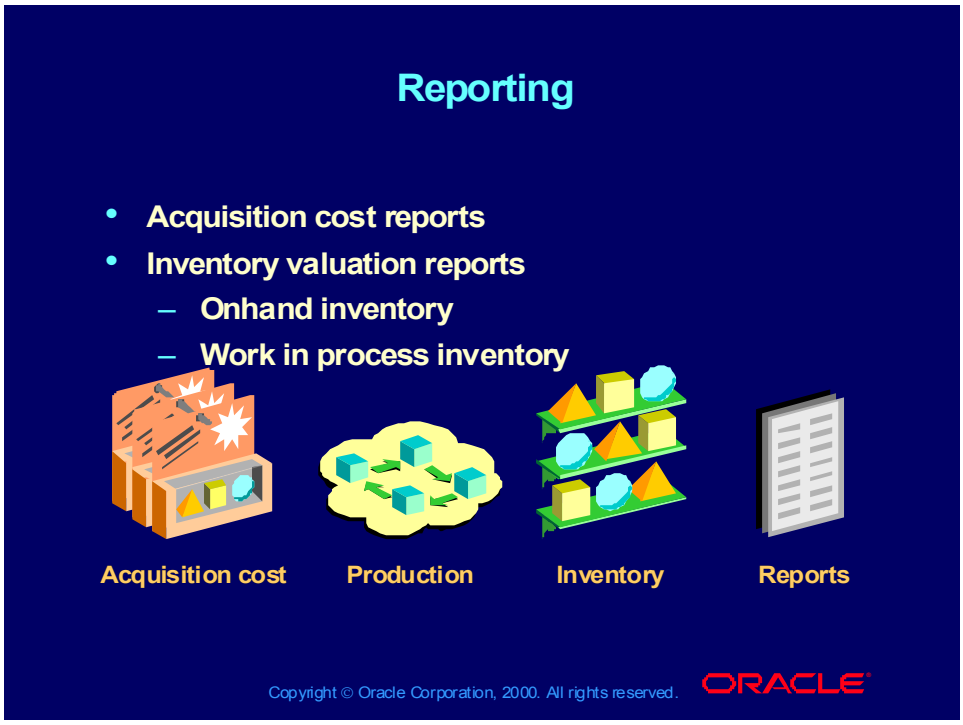

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Reporting

Reports

- In addition to inventory valuation reports, you can run reports to see the detailed cost of receipts and identify receipts that use the purchase order price.
- You have the following reports:
  - Periodic Acquisition Cost Report
  - Periodic Inventory Valuation Report
  - Periodic WIP Value Report

Periodic average costing reports

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Periodic Acquisition Cost Report

Help: Oracle Manufacturing Applications > Oracle Cost Management > Periodic Costing > Reports > Periodic Acquisition Cost Report

Scenario

The likely scenario is that some receipts will invariably not be matched, because the invoice may be received too late. However, because you perform the acquisition costing after month-end close, you should have time to update most of the unmatched receipts .

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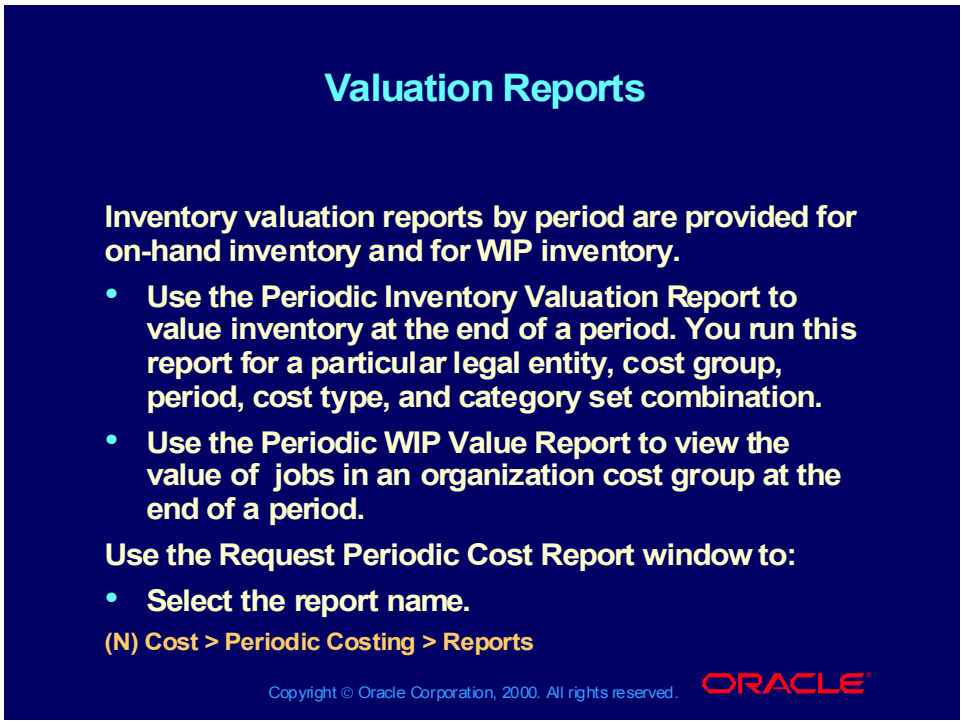
Valuation Reports



Help: Oracle Manufacturing Applications > Oracle Cost Management > Periodic Costing > Reports > Periodic Inventory Valuation Report

Help: Oracle Manufacturing Applications > Oracle Cost Management > Periodic Costing > Reports > Periodic WIP Value Report

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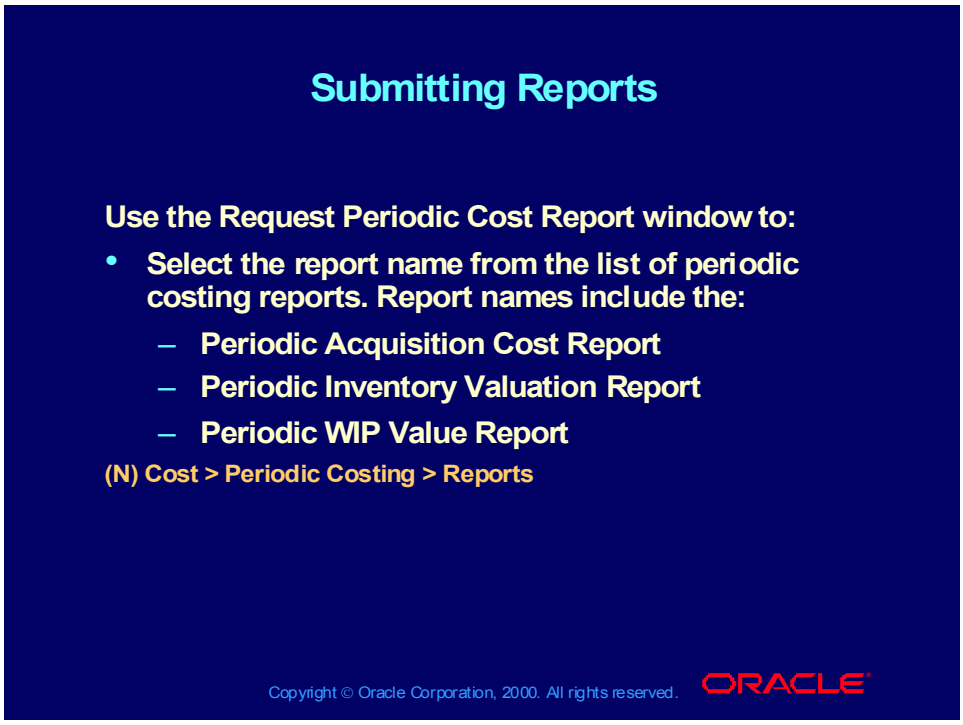

Help: Oracle Manufacturing Applications > Oracle Cost Management > Periodic Costing > Reports

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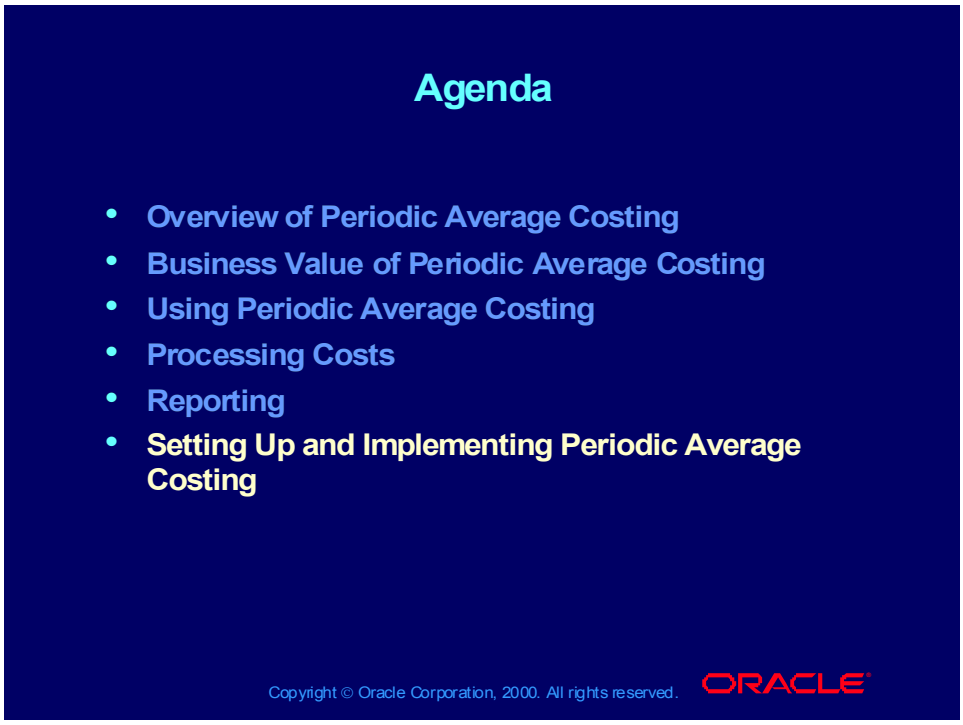

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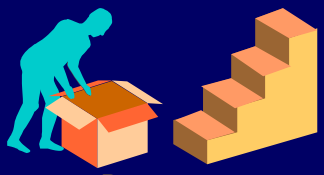
Implementation and Setup Considerations

You can setup periodic costing flexibly, using:

- An accounting calendar
- Organization cost groups



Processes and organized setup steps

Set up applications

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ORACLE

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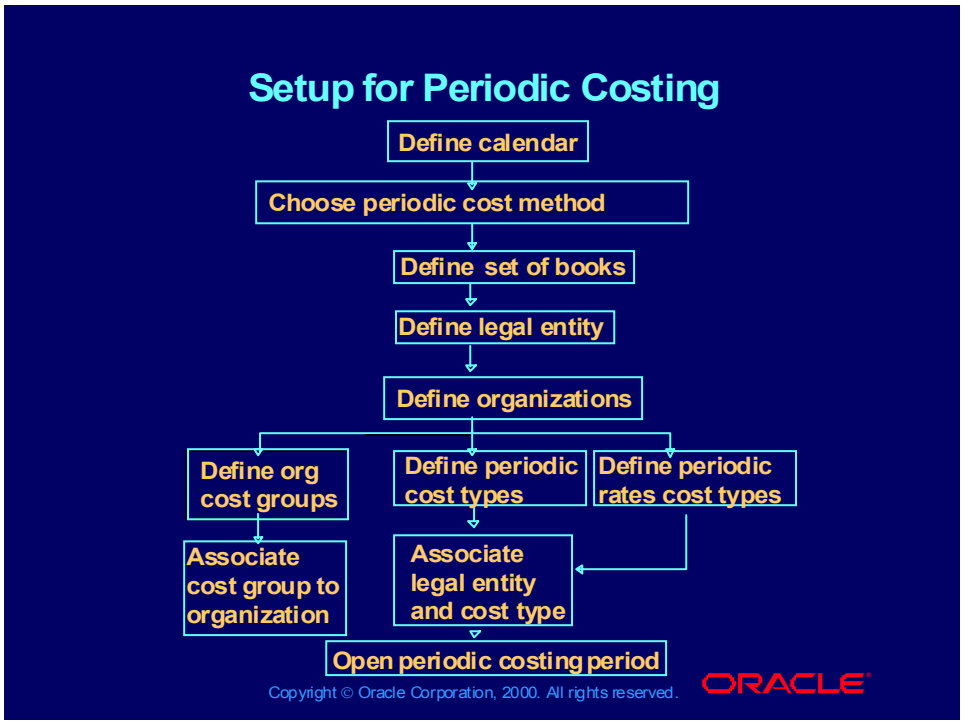
Setup for Periodic Costing



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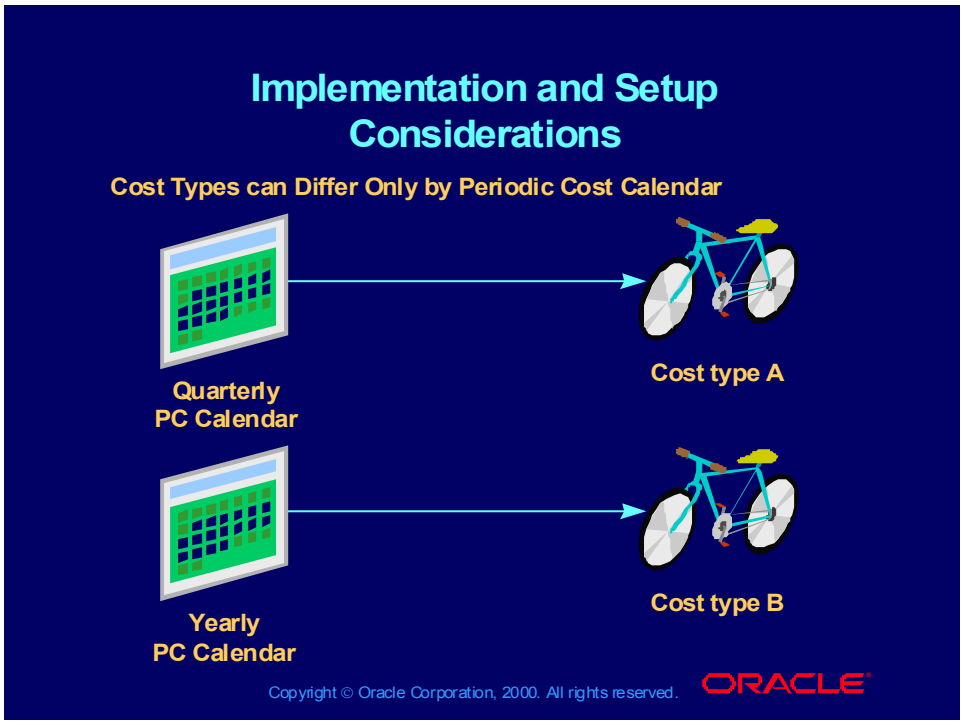

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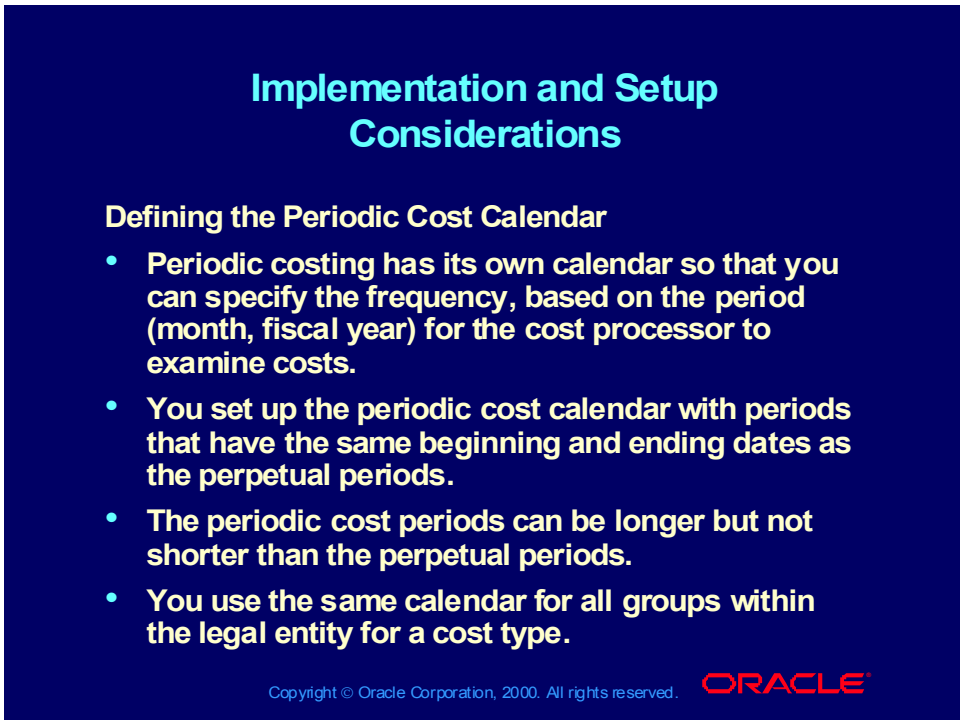

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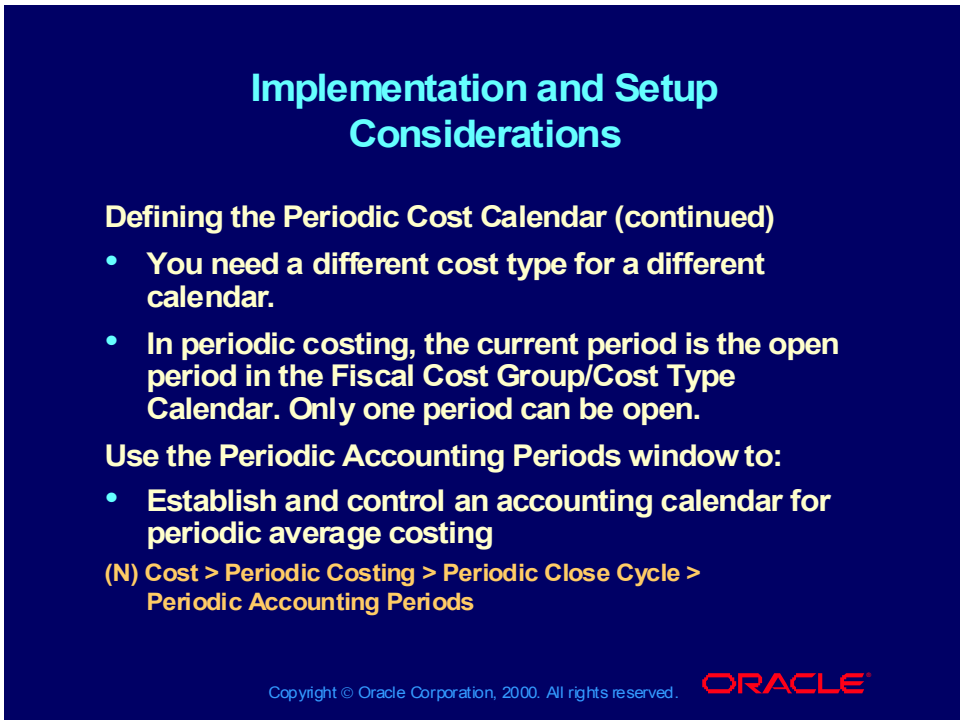

Help: Oracle Manufacturing Applications > Oracle Cost Management > Periodic Costing > Periodic Cost Processing > Closing Periodic Cycle

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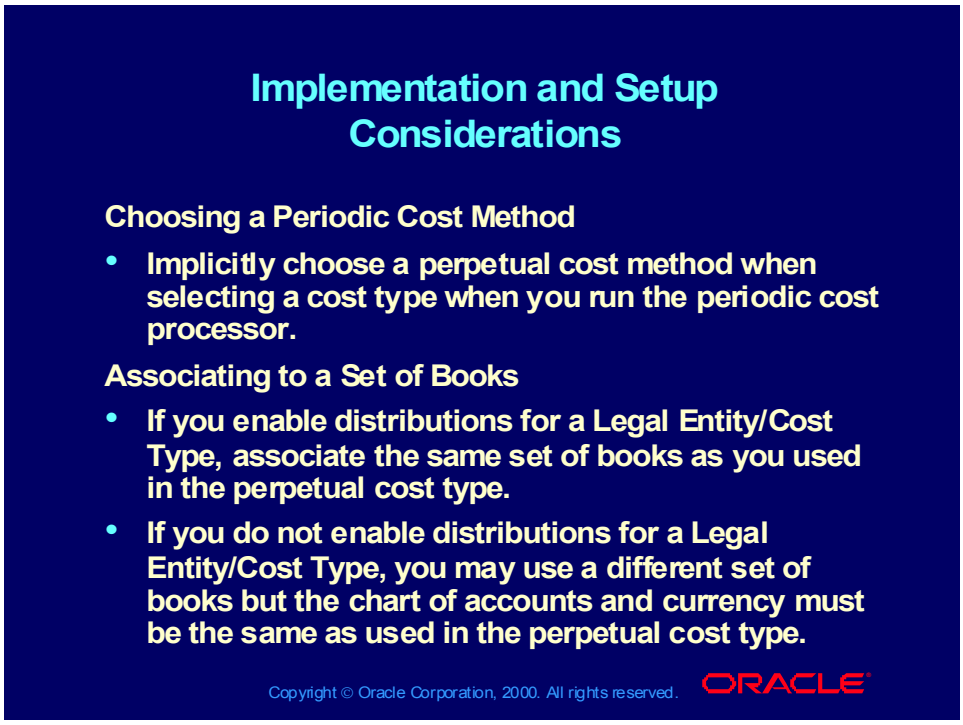

Help: Oracle Manufacturing Applications > Oracle Cost Management > Periodic Costing > Periodic Cost Setup

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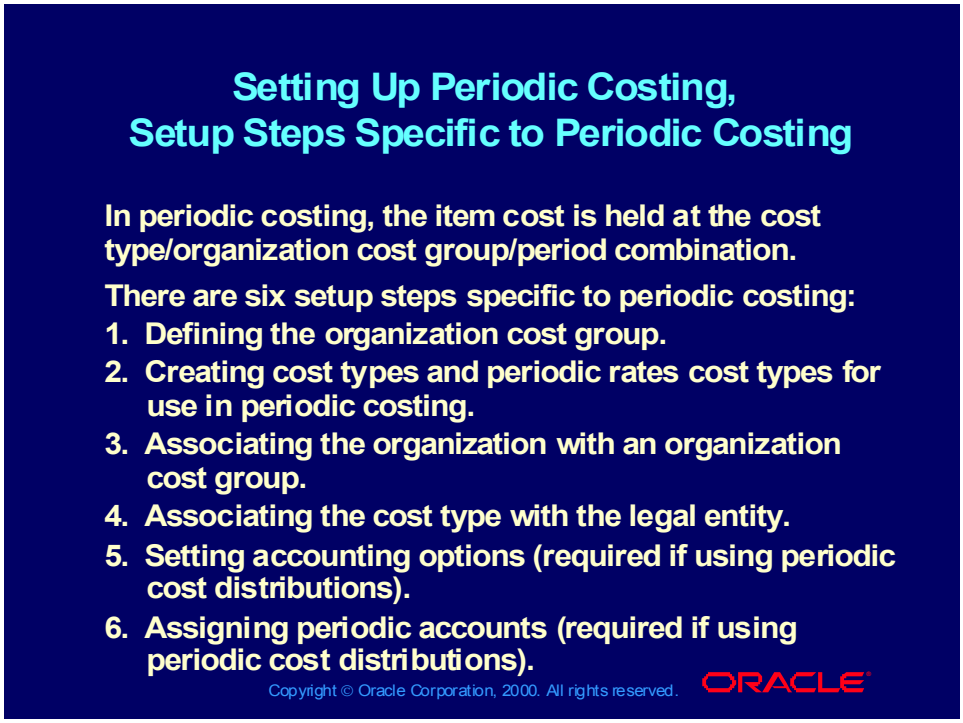

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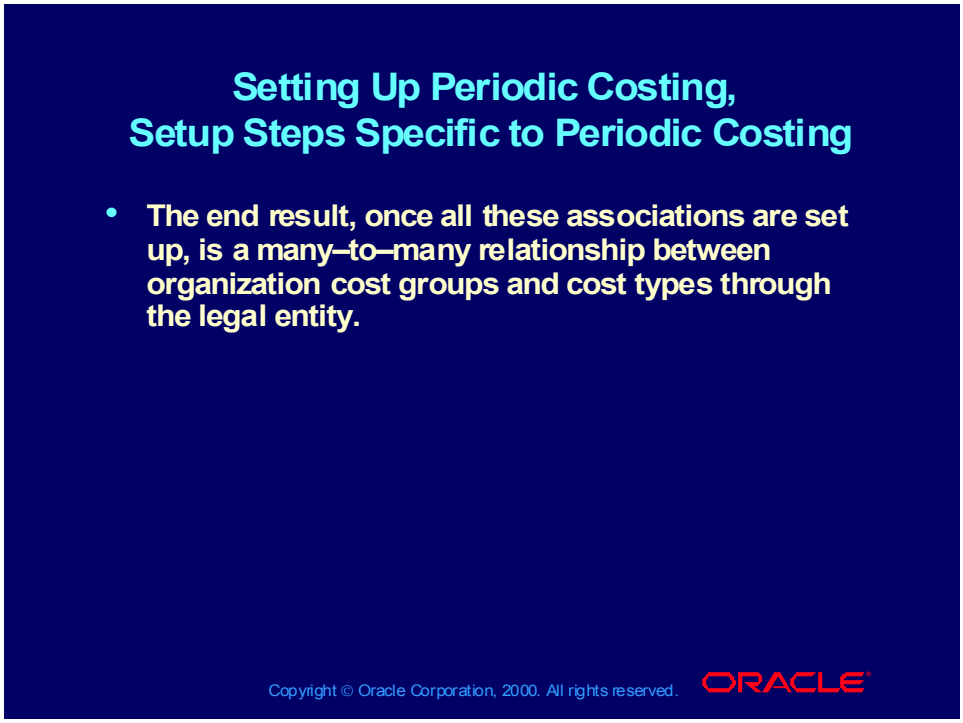

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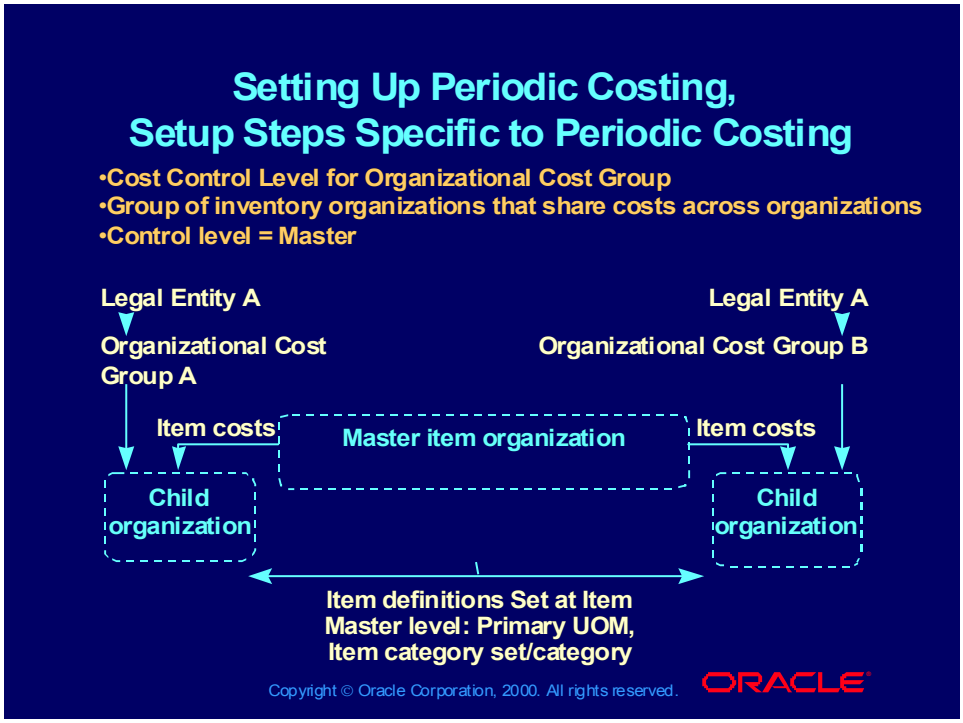
Setting Up Periodic Costing, Setup Steps Specific to Periodic Costing



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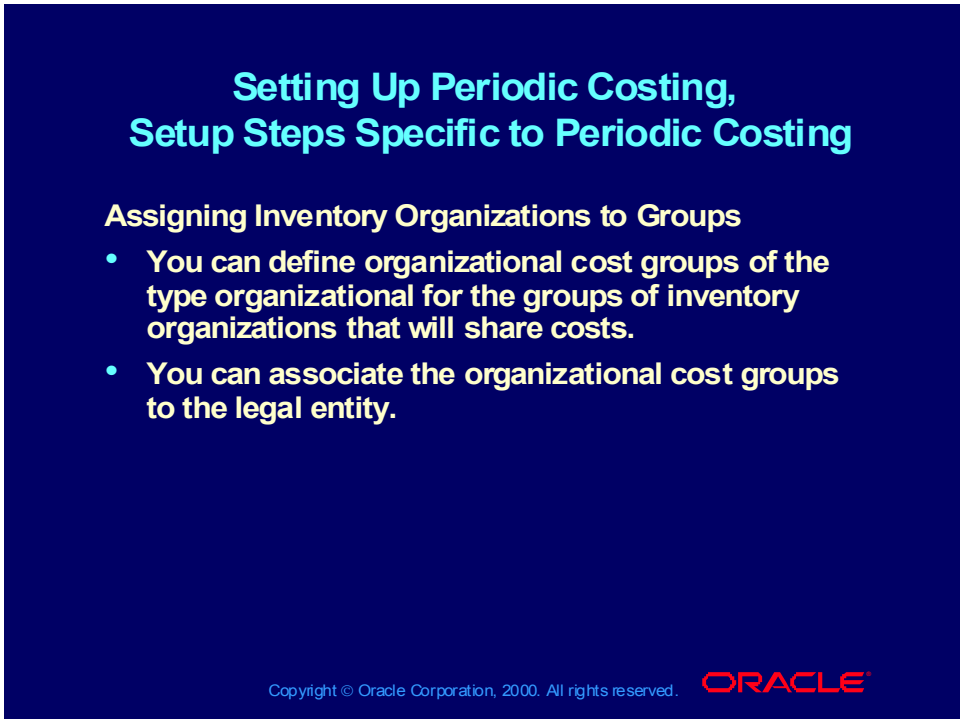

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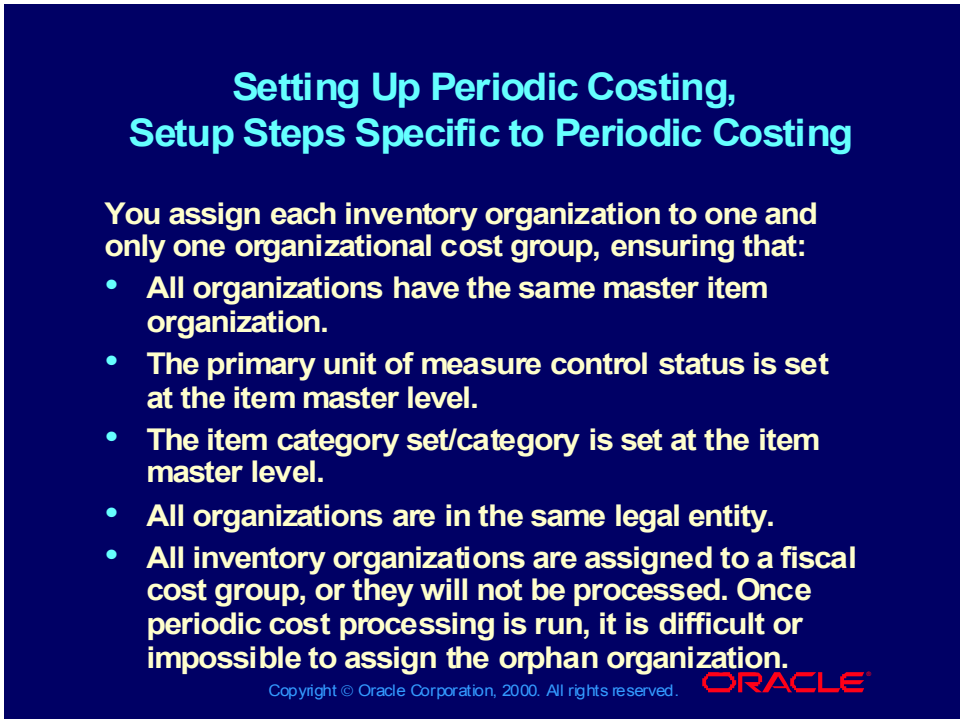
Setting Up Periodic Costing, Setup Steps Specific to Periodic Costing



Note

You can assign organizations but you cannot change the assignment once the process is started.

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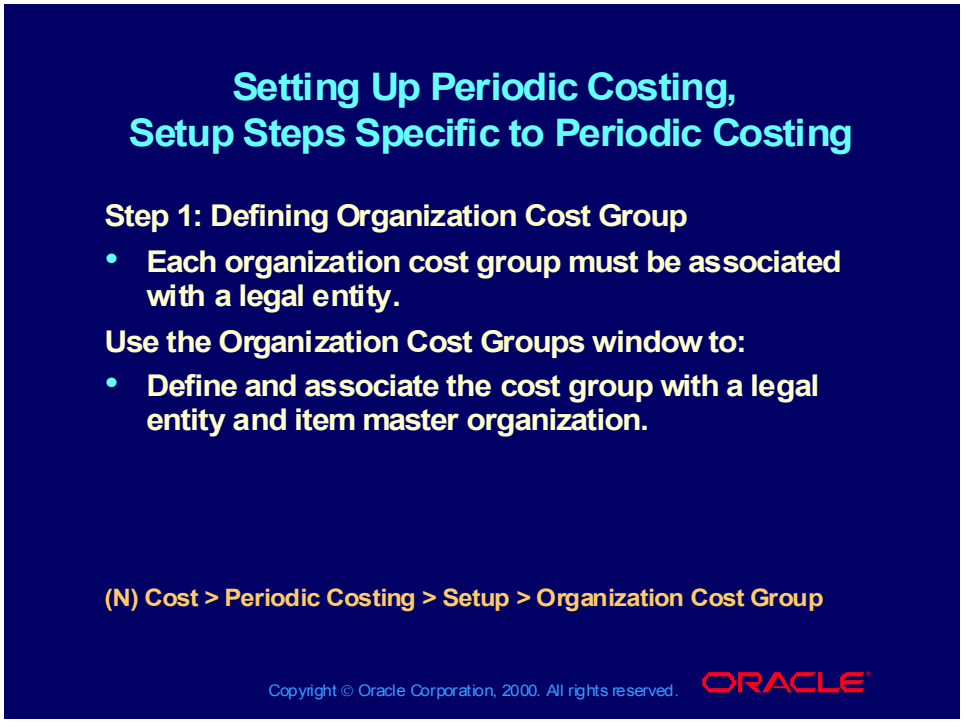
Setting Up Periodic Costing, Setup Steps Specific to Periodic Costing



Help: Oracle Manufacturing Applications > Oracle Cost Management > Periodic Costing > Periodic Cost Setup > Setup Steps > Step 1: Defining Organization Cost Group

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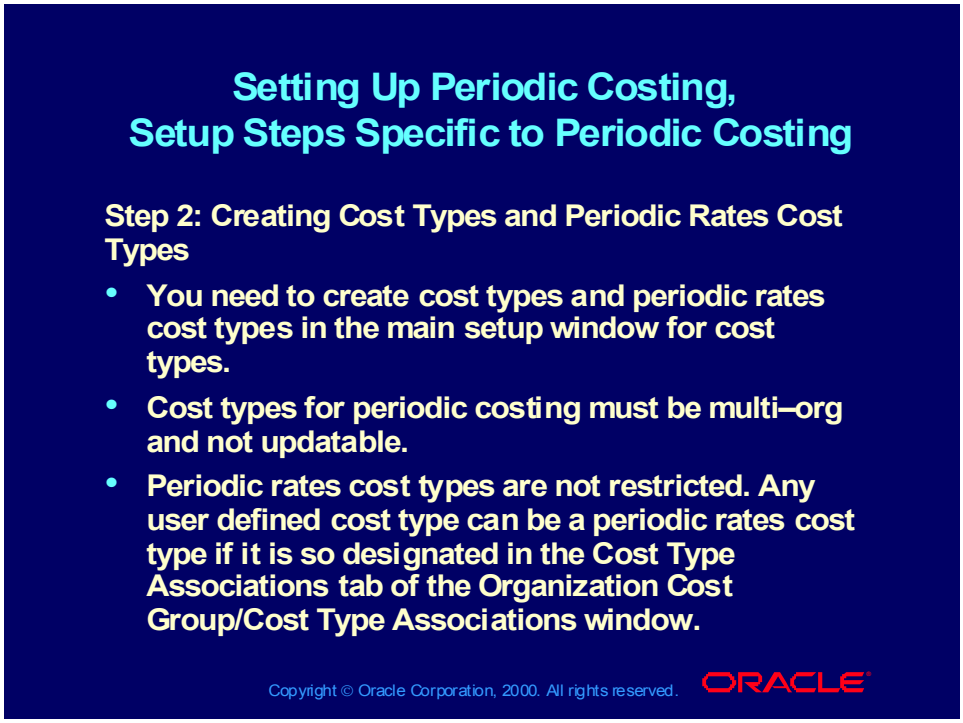

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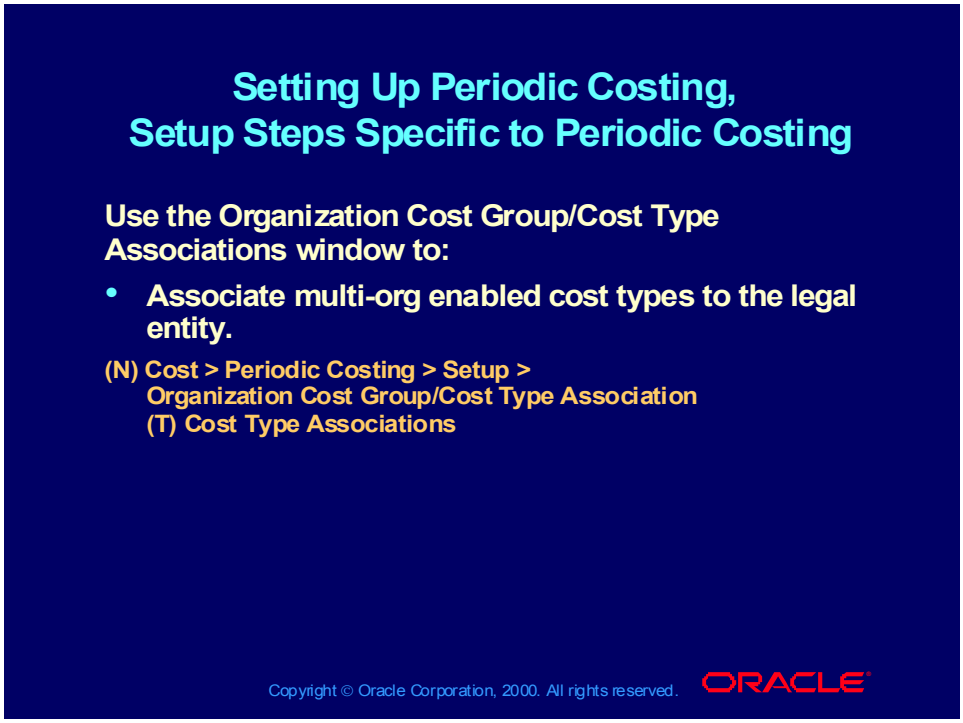

Help: Oracle Manufacturing Applications > Oracle Cost Management > Periodic Costing > Periodic Cost Setup > Setup Steps > Step 2: Creating Cost Types and Periodic Rates Cost Types

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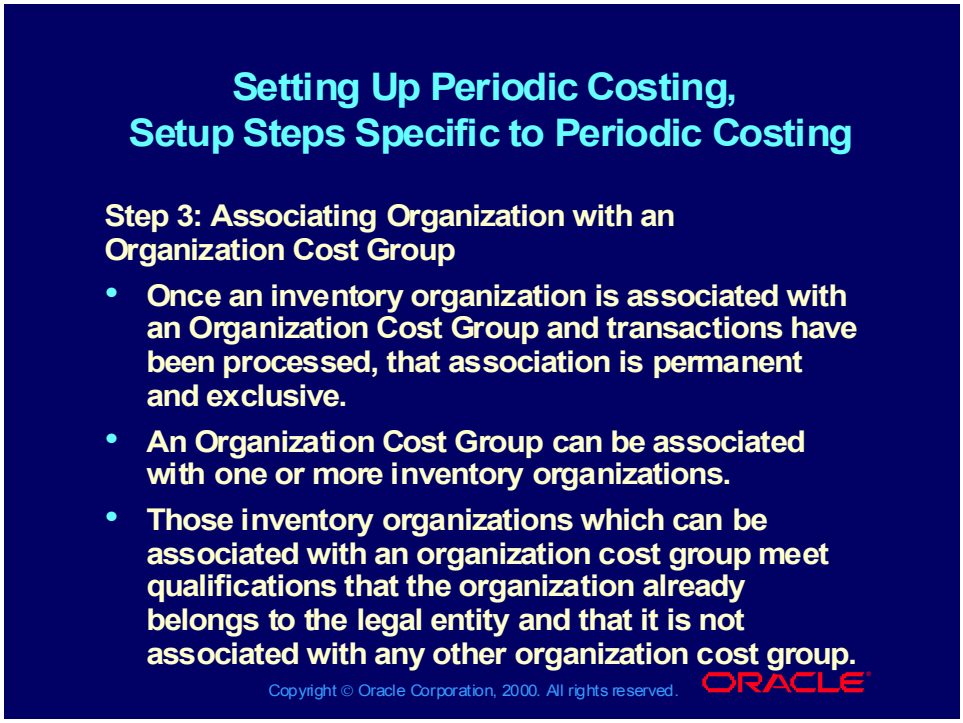

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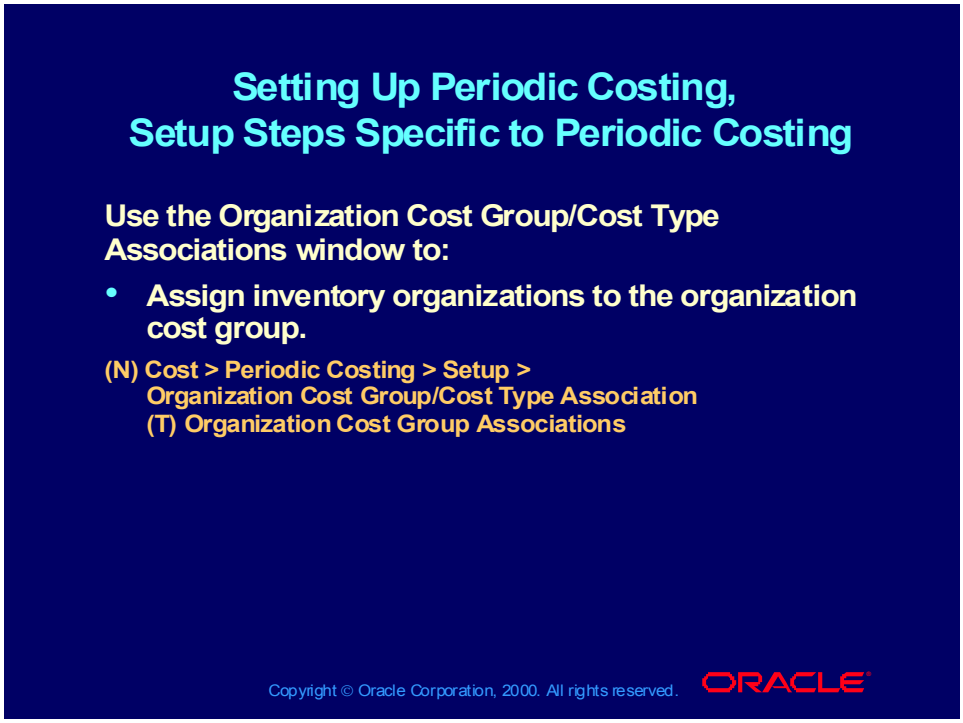

Help: Oracle Manufacturing Applications > Oracle Cost Management > Periodic Costing > Periodic Cost Setup > Setup Steps > Step 3: Associating Organization with an Organization Cost Group

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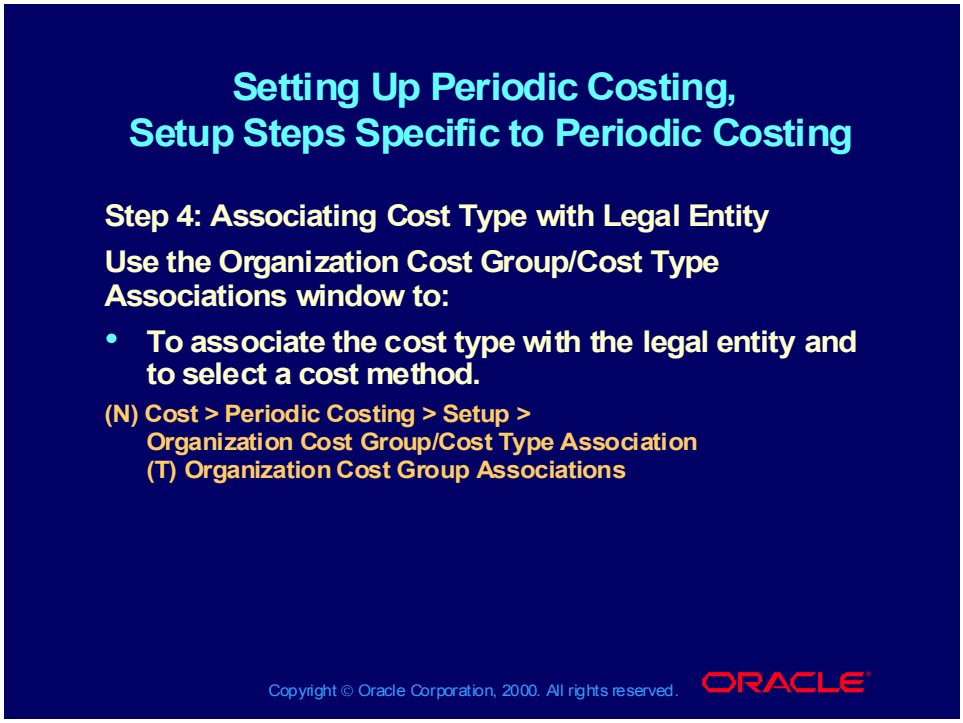

Help: Oracle Manufacturing Applications > Oracle Cost Management > Periodic Costing > Periodic Cost Setup > Setup Steps > Step 4: Associating Cost Type with Legal Entity

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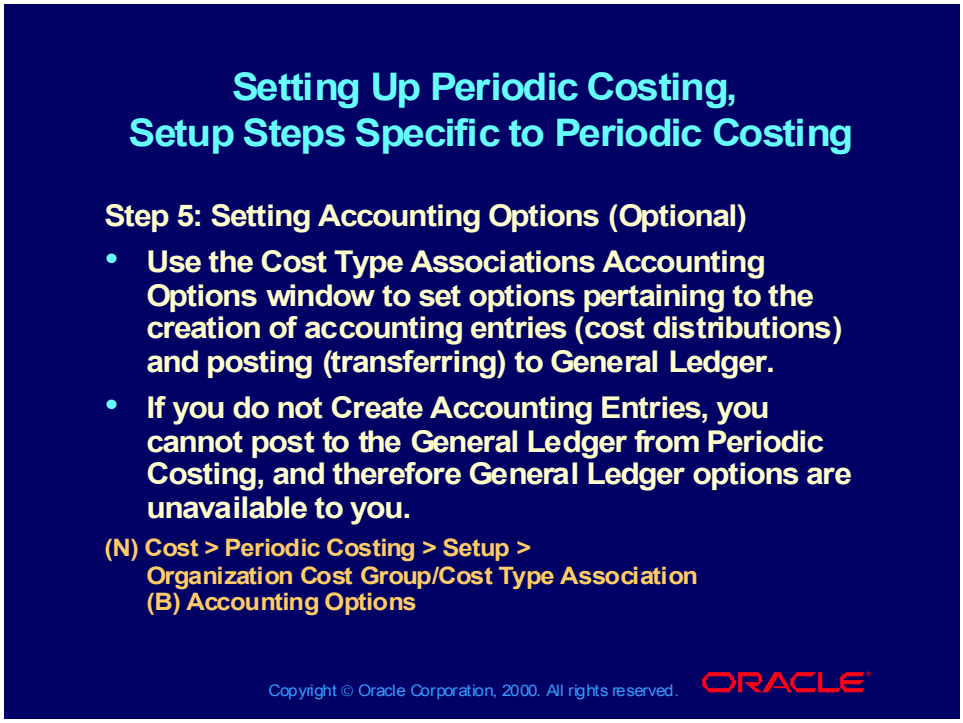

Help: Oracle Manufacturing Applications > Oracle Cost Management > Periodic Costing > Periodic Cost Setup > Setup Steps > Step 5: Setting Accounting Options (Optional)

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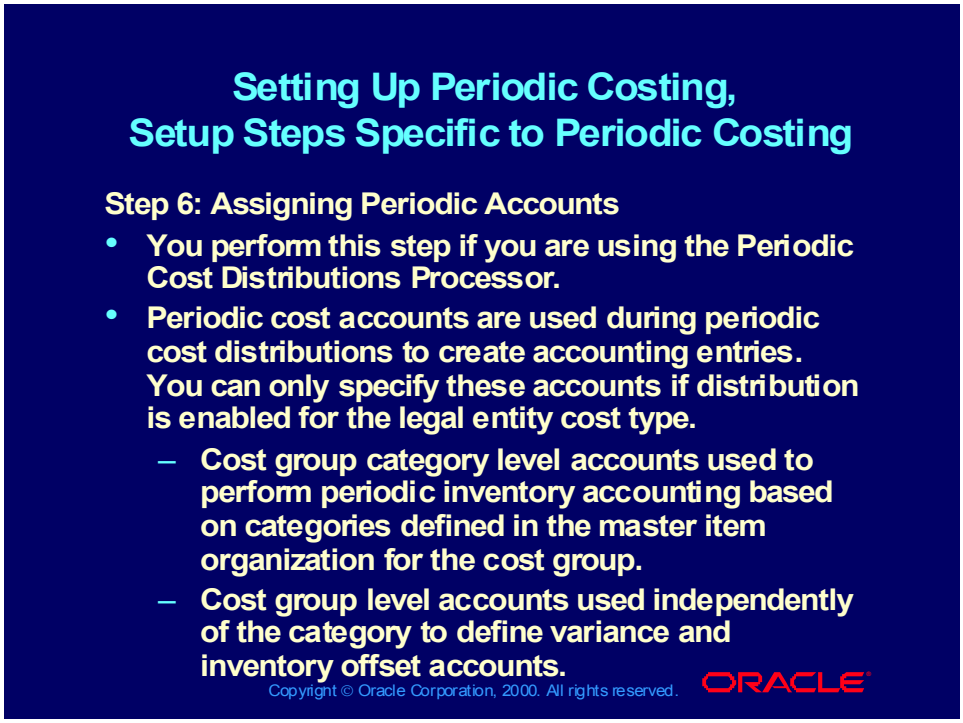

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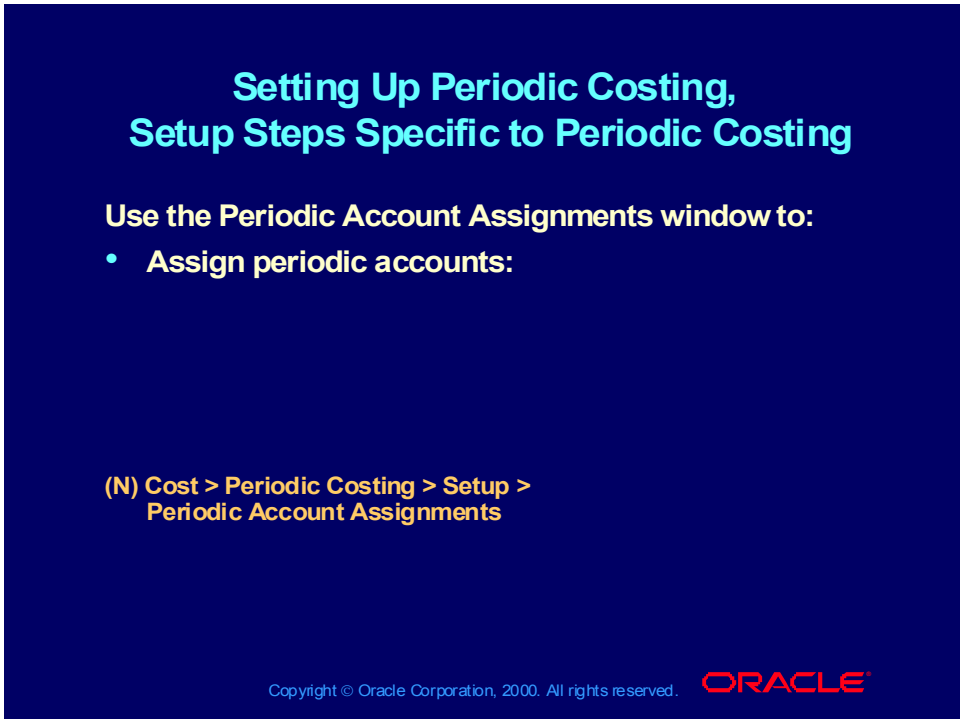

Help: Oracle Manufacturing Applications > Oracle Cost Management > Periodic Costing > Periodic Cost Setup > Setup Steps > Step 6: Assigning Periodic Accounts

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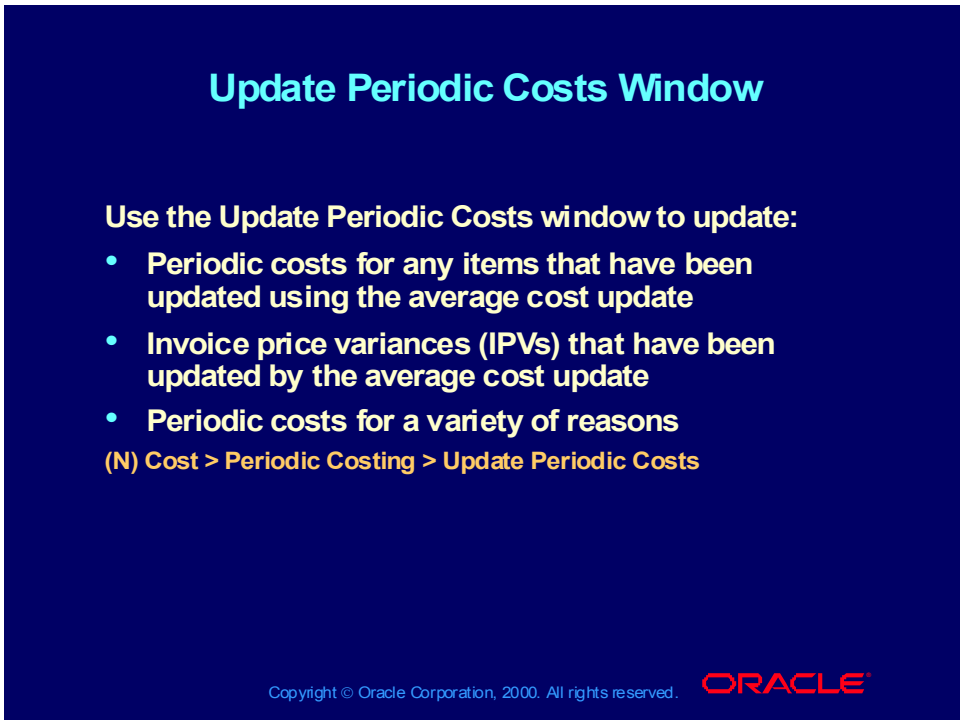
Update Periodic Costs Window



Help: Oracle Manufacturing Applications > Oracle Cost Management > Periodic Costing > Periodic Cost Processing > Updating Periodic Costs

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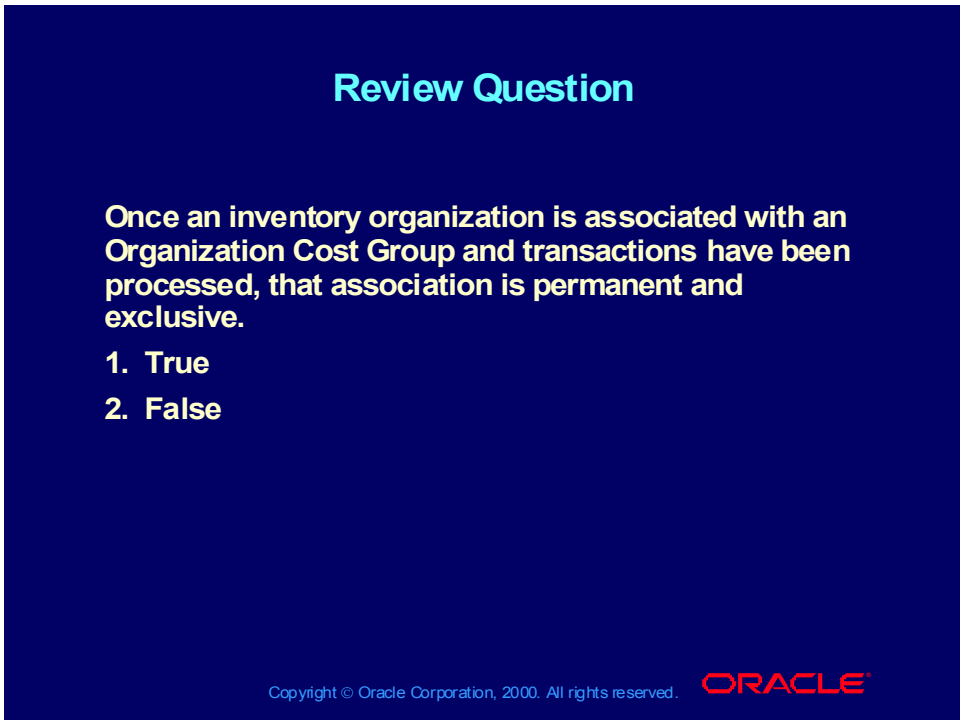

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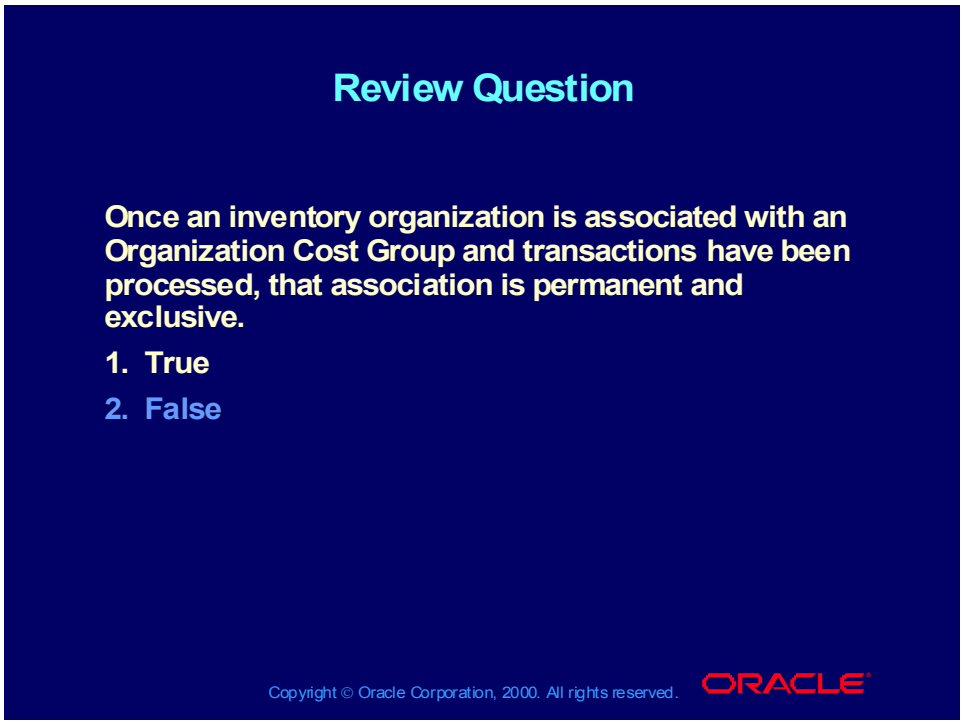

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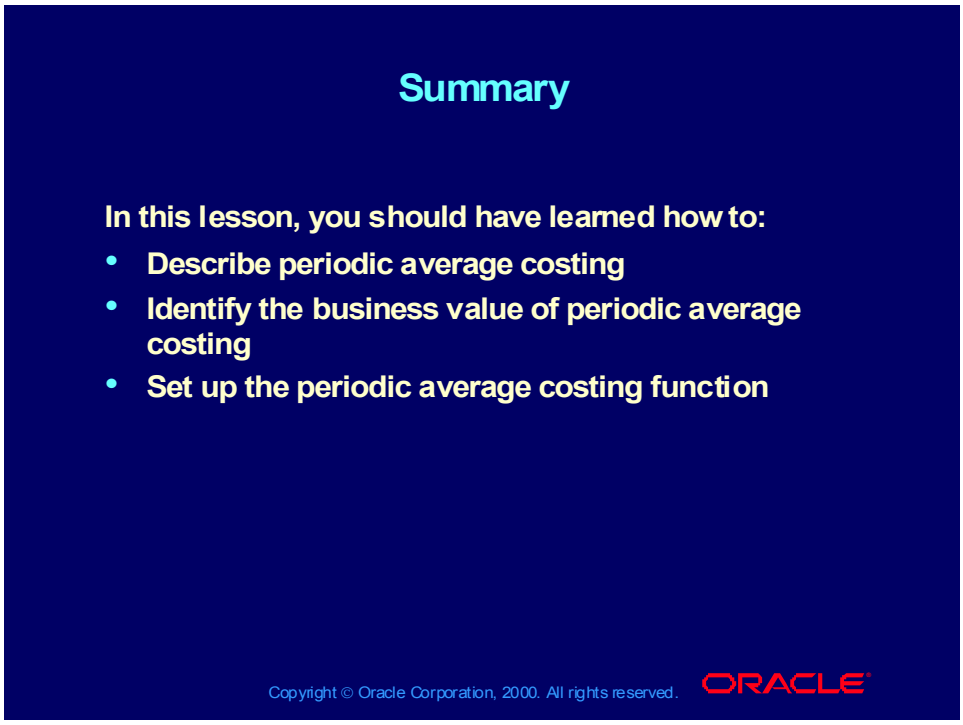

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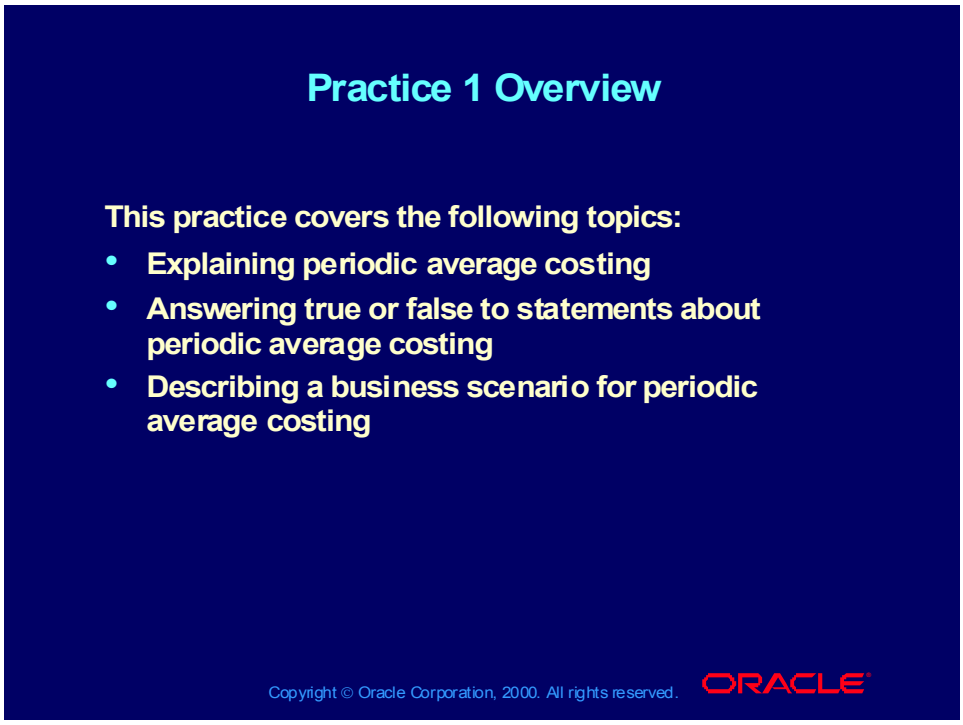

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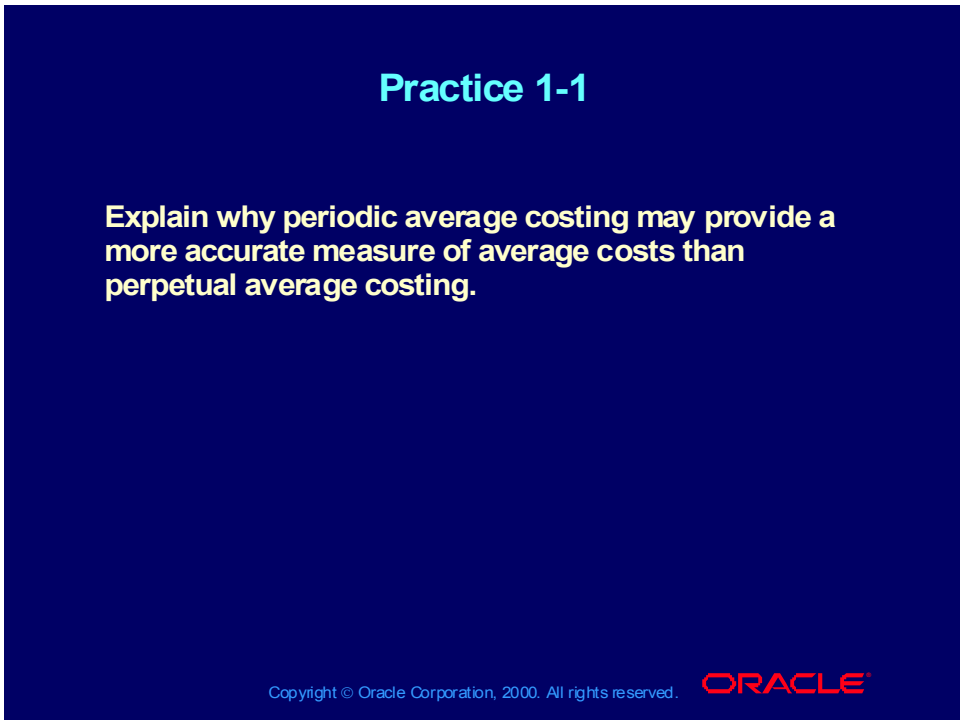

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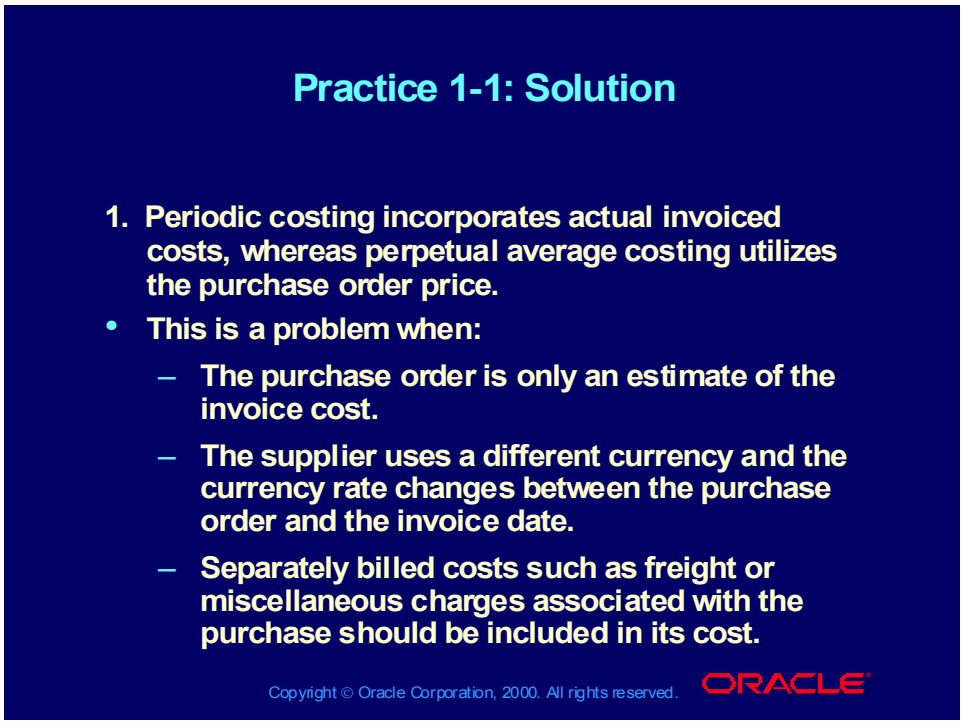

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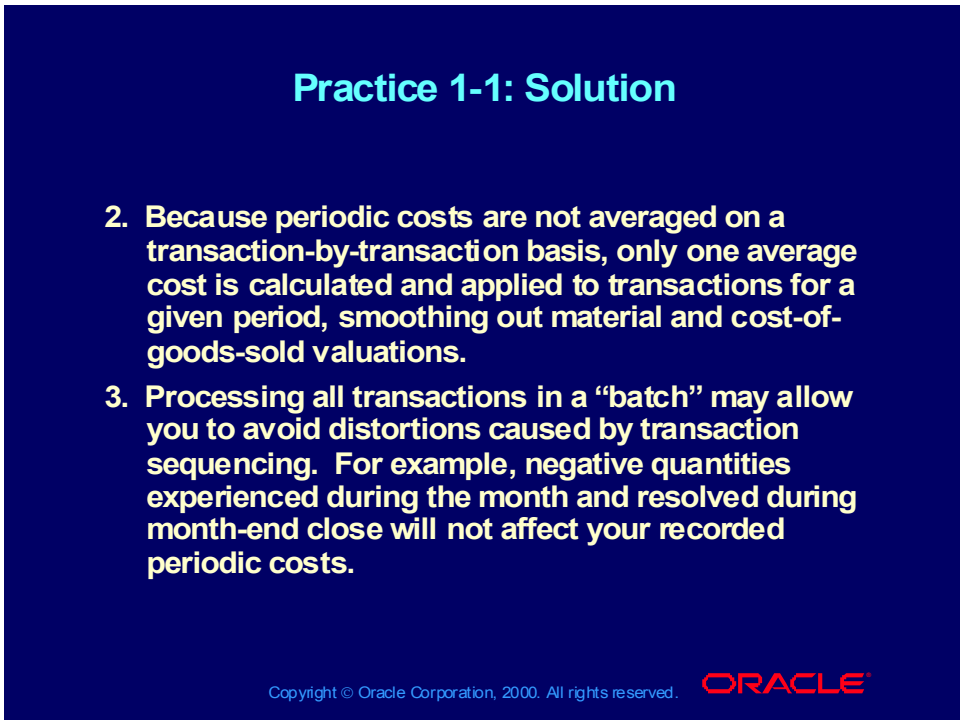

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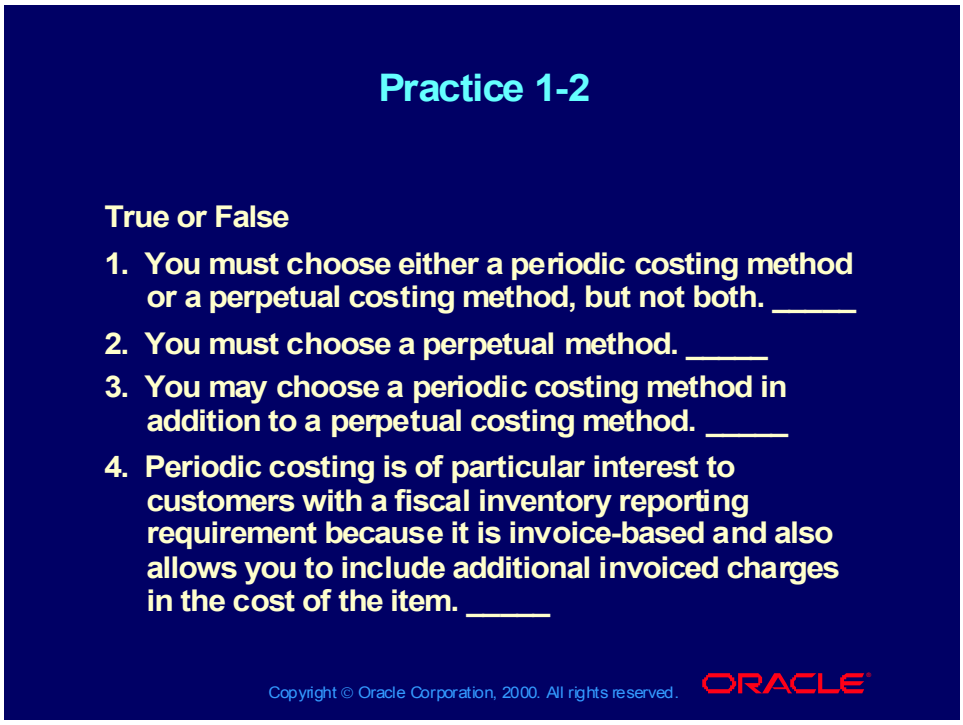

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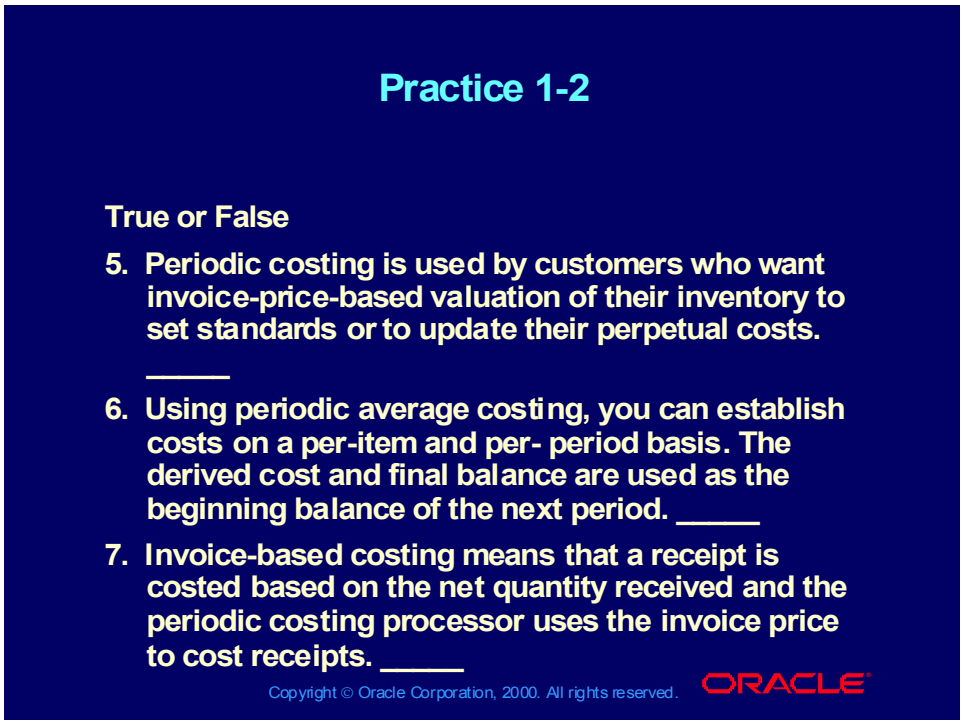

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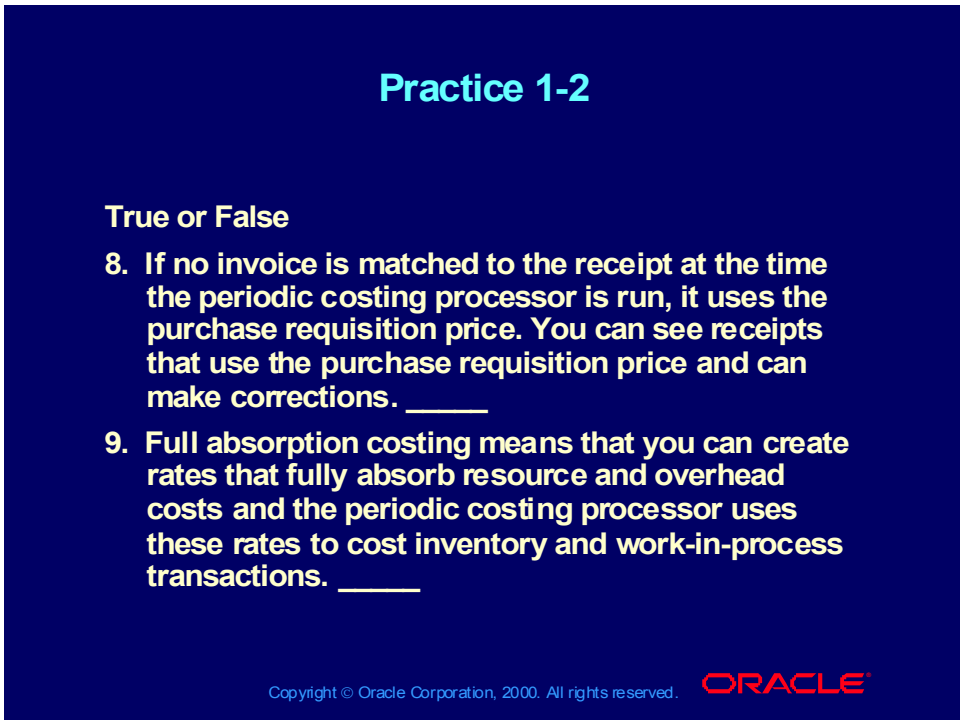

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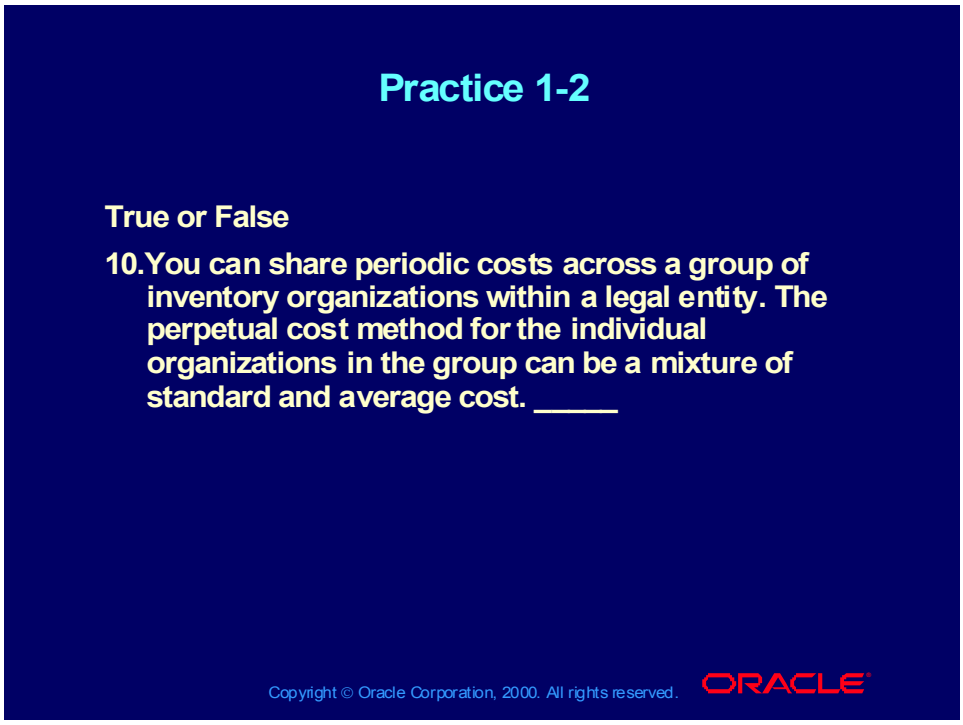

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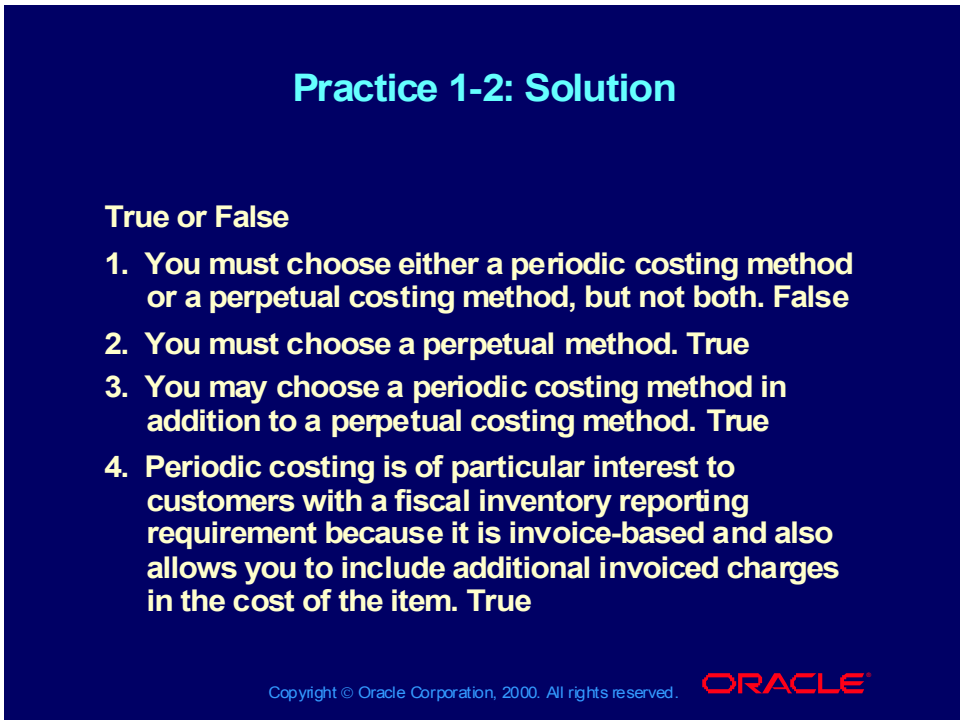

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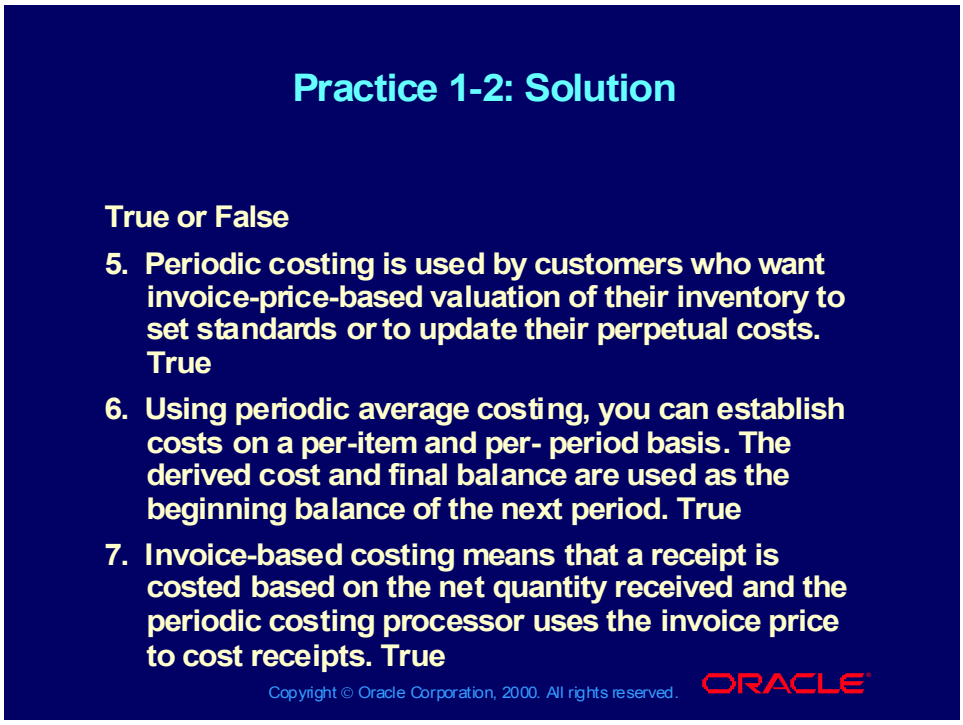

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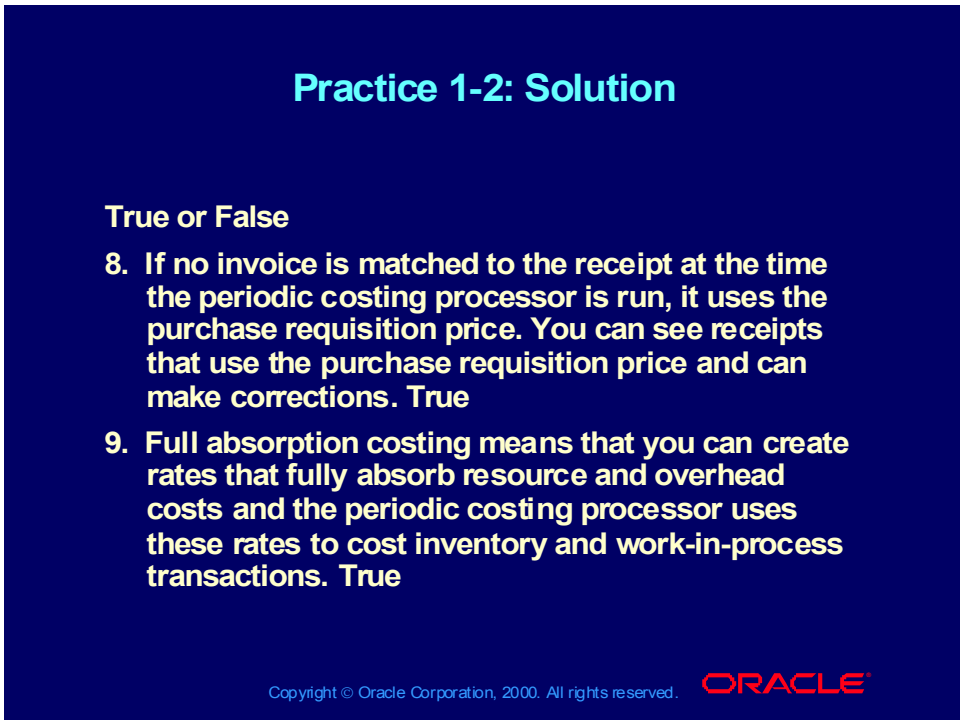

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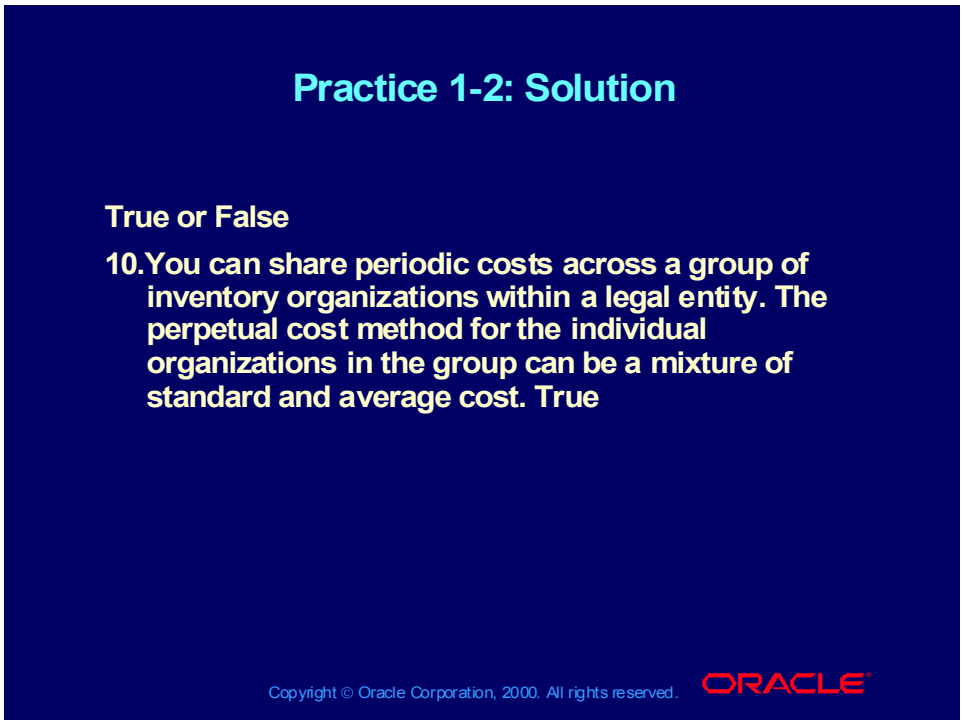

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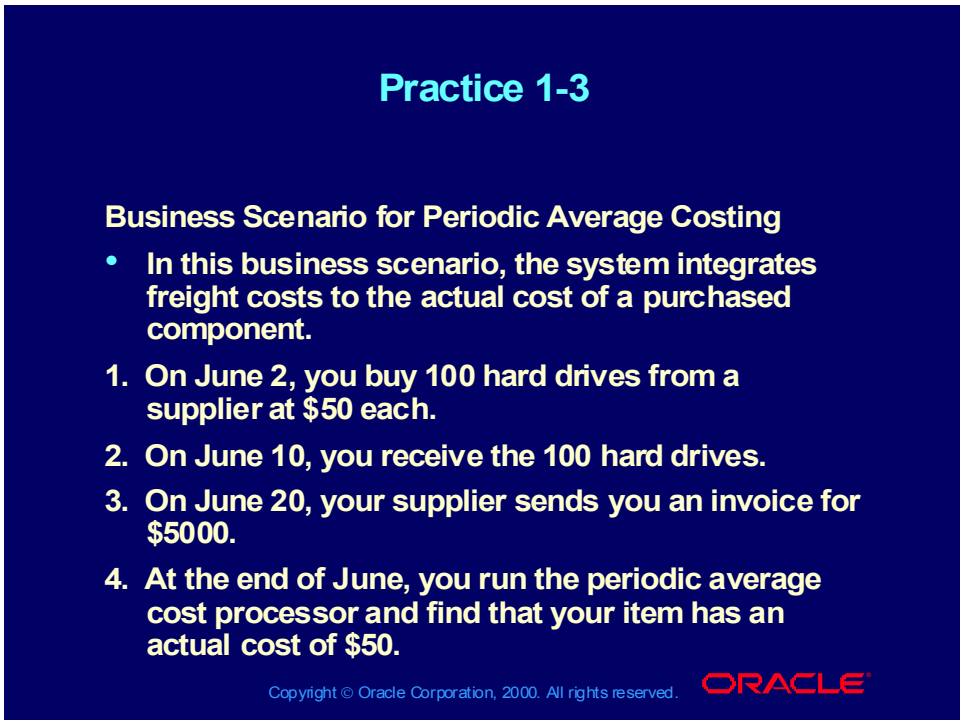

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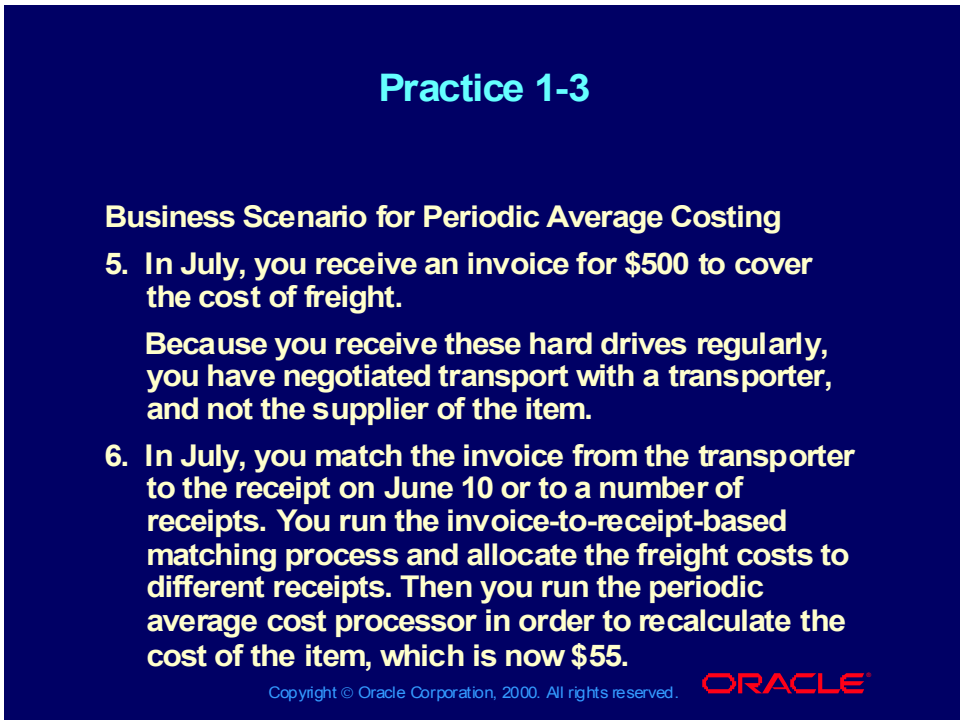

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Periodic Incremental LIFO Costing

Chapter 2

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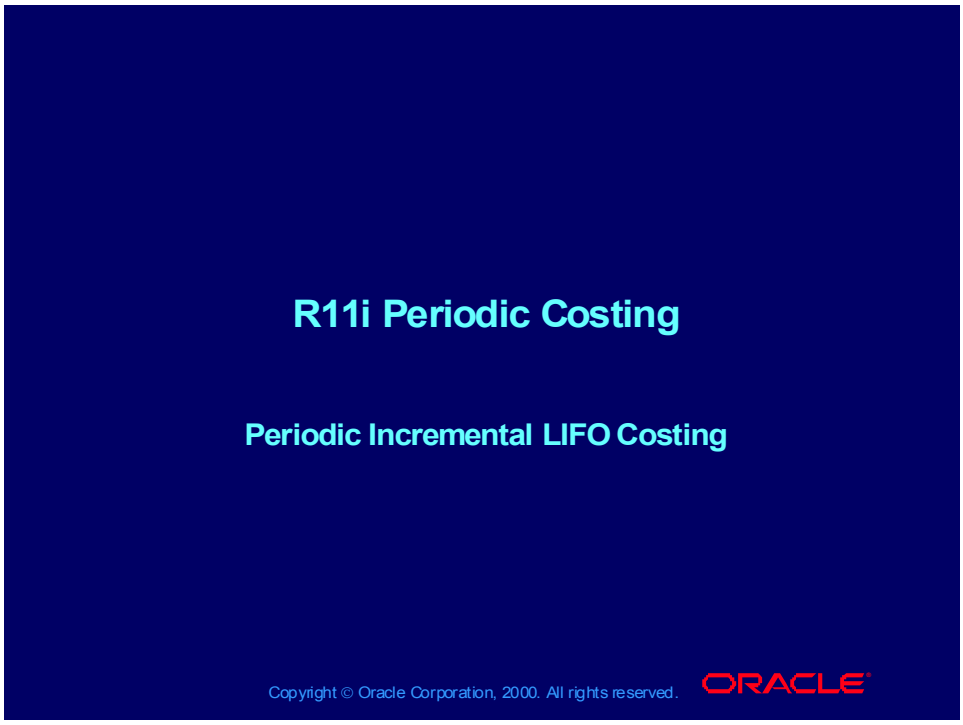

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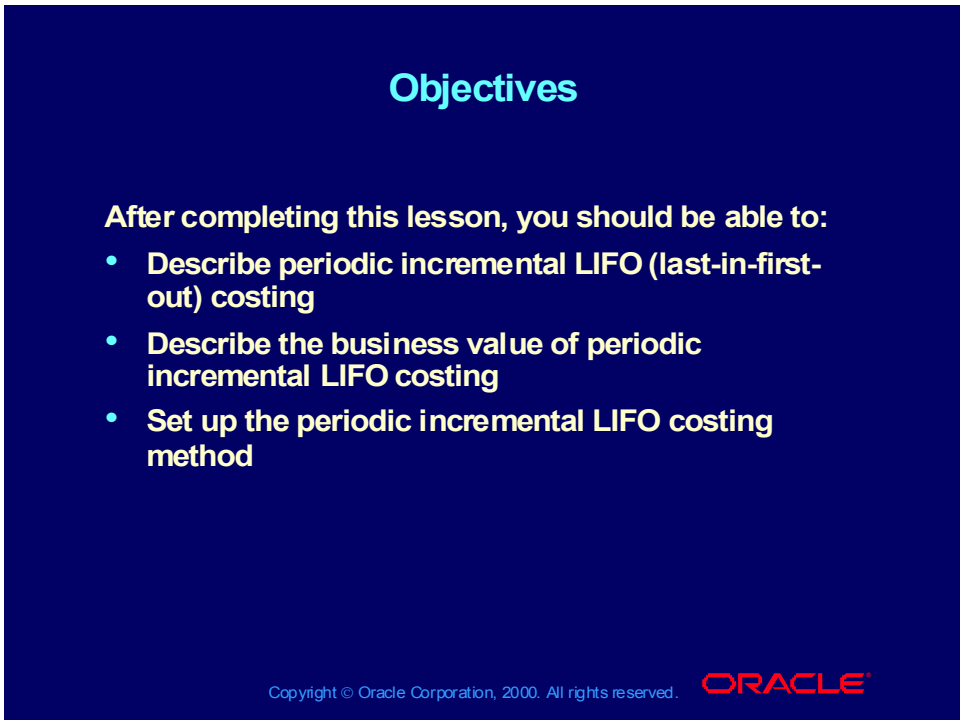

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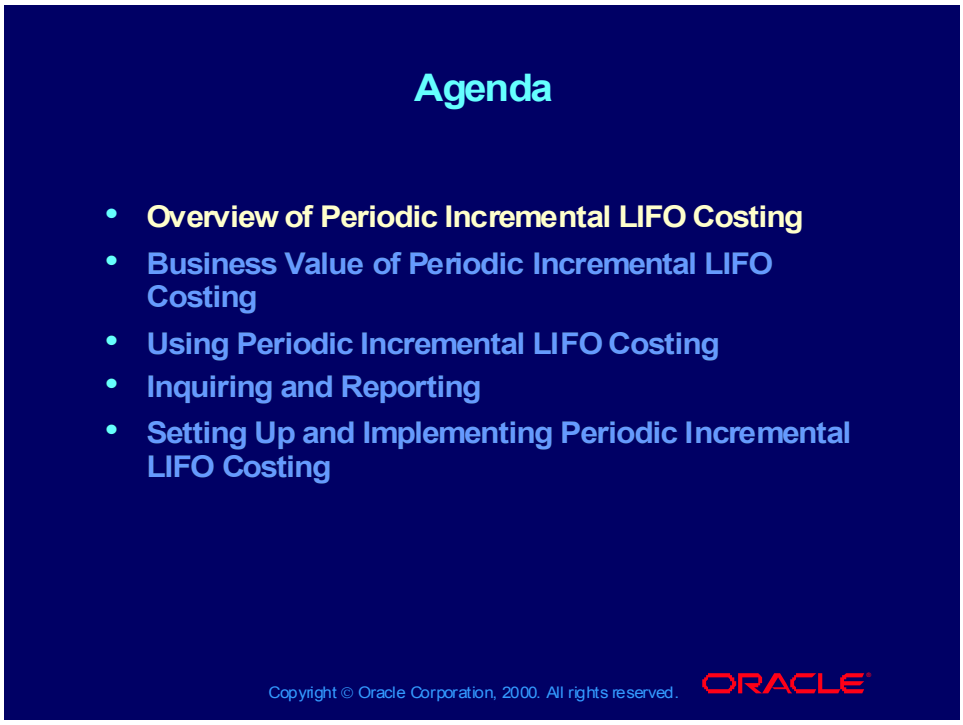

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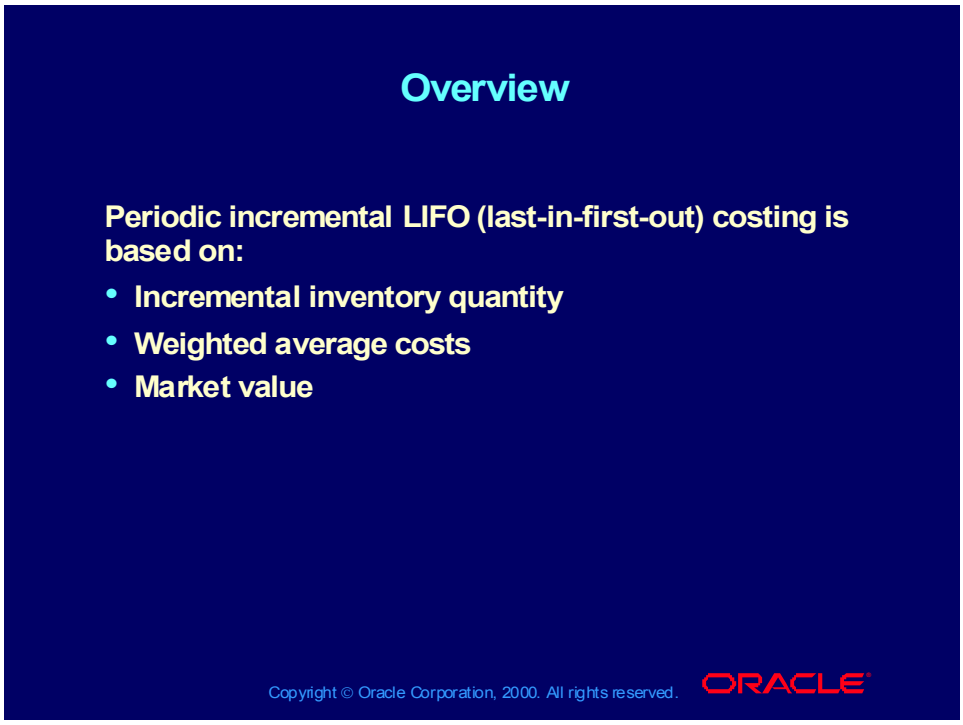

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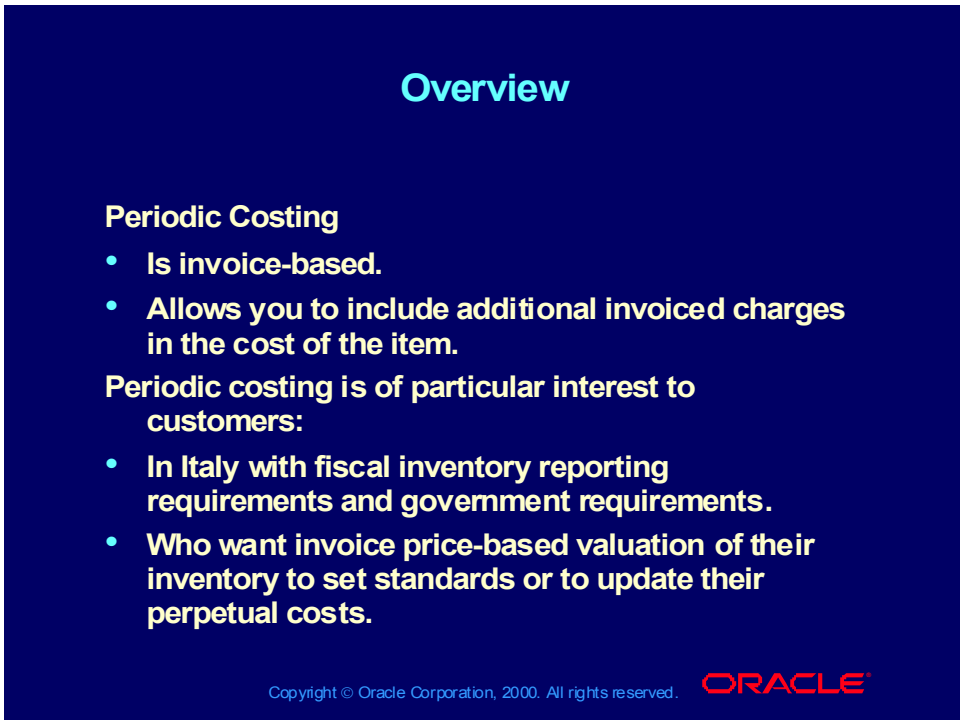

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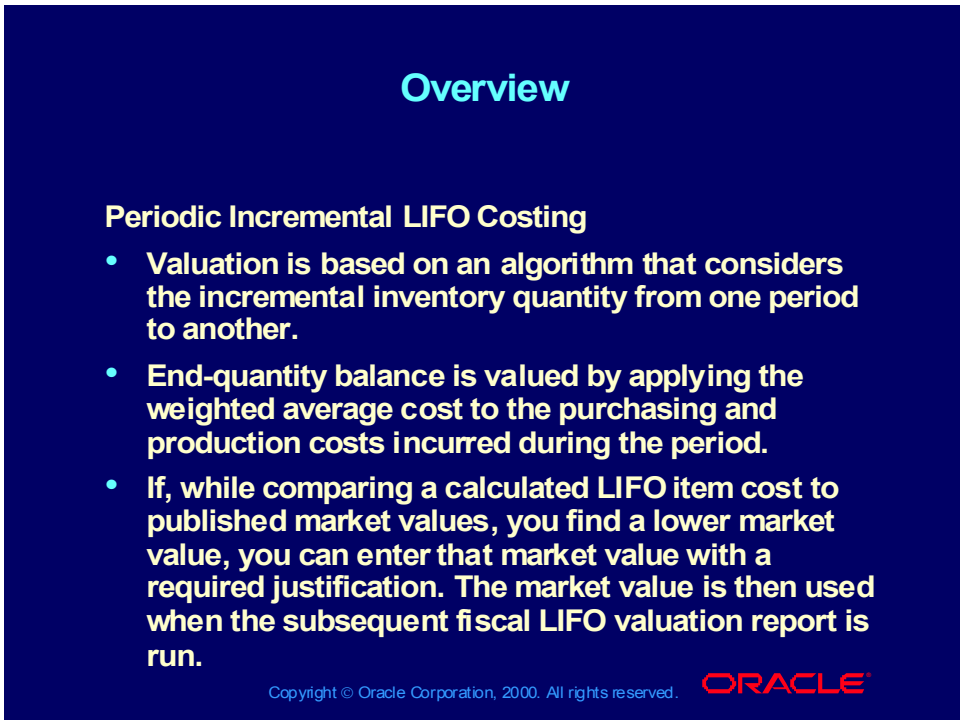

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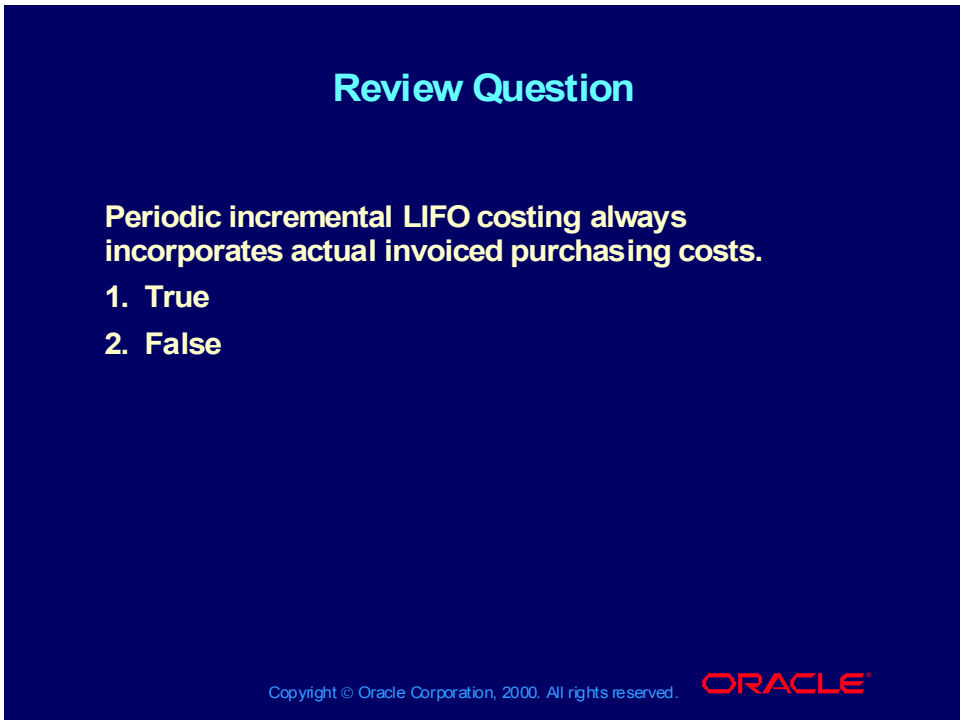

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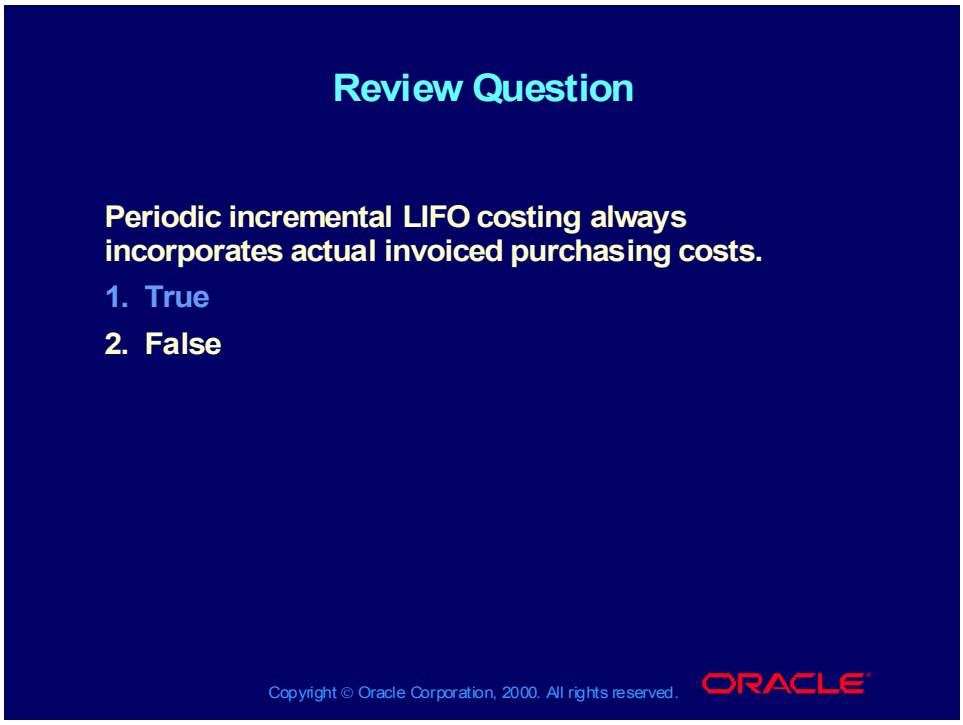

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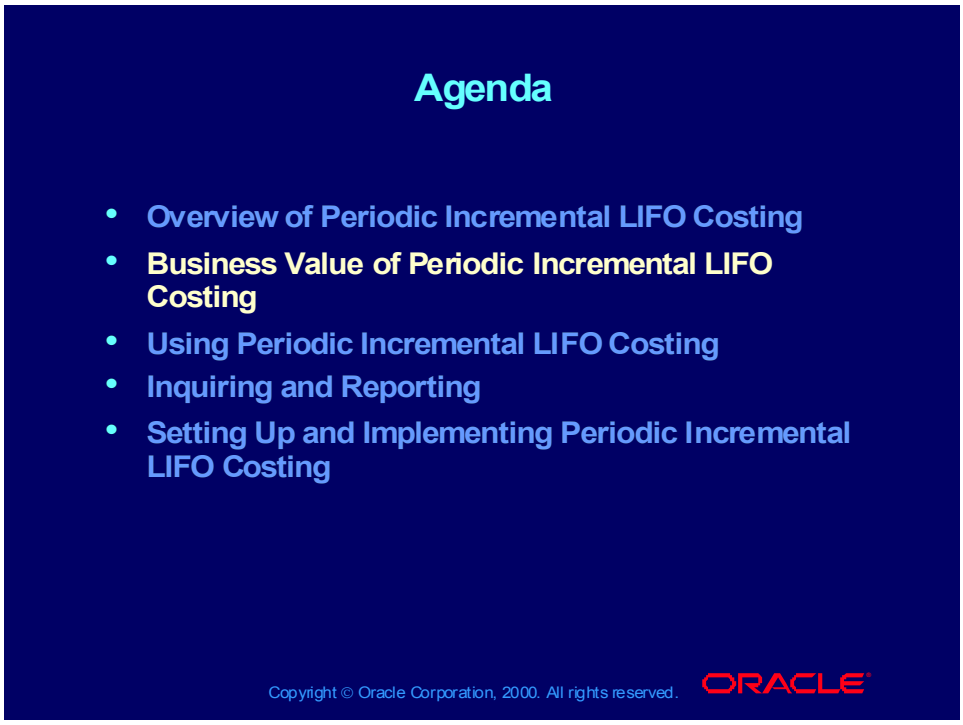

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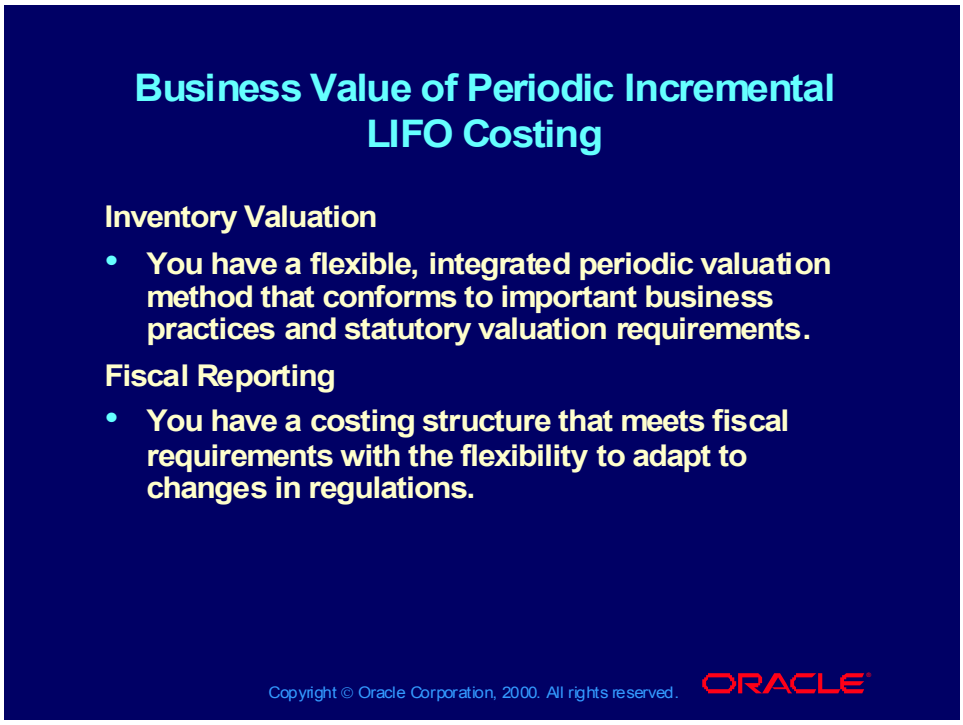

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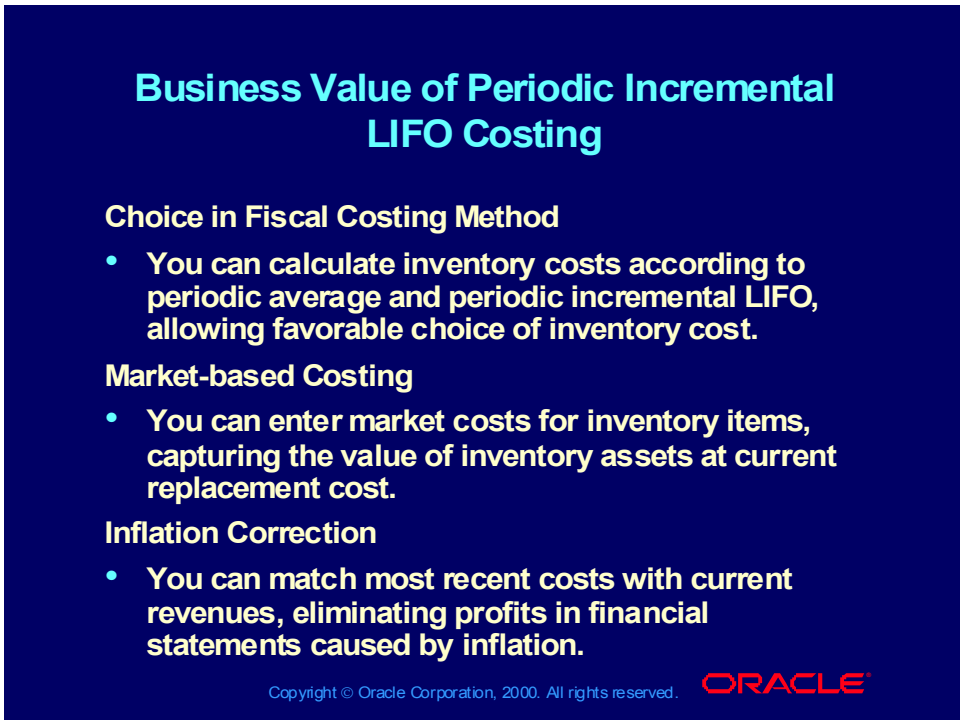

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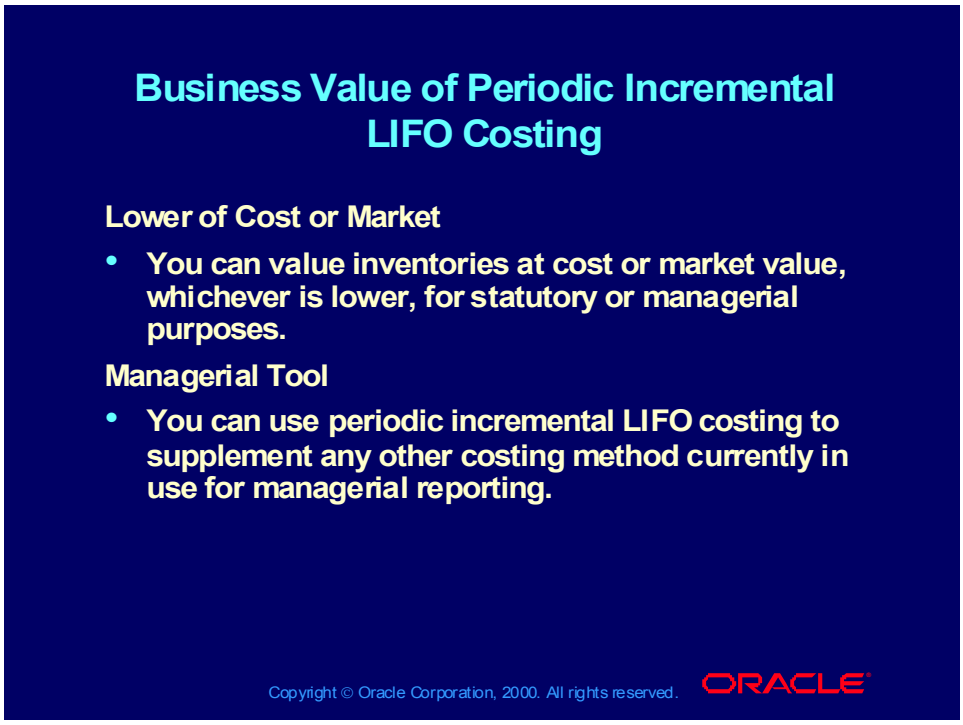

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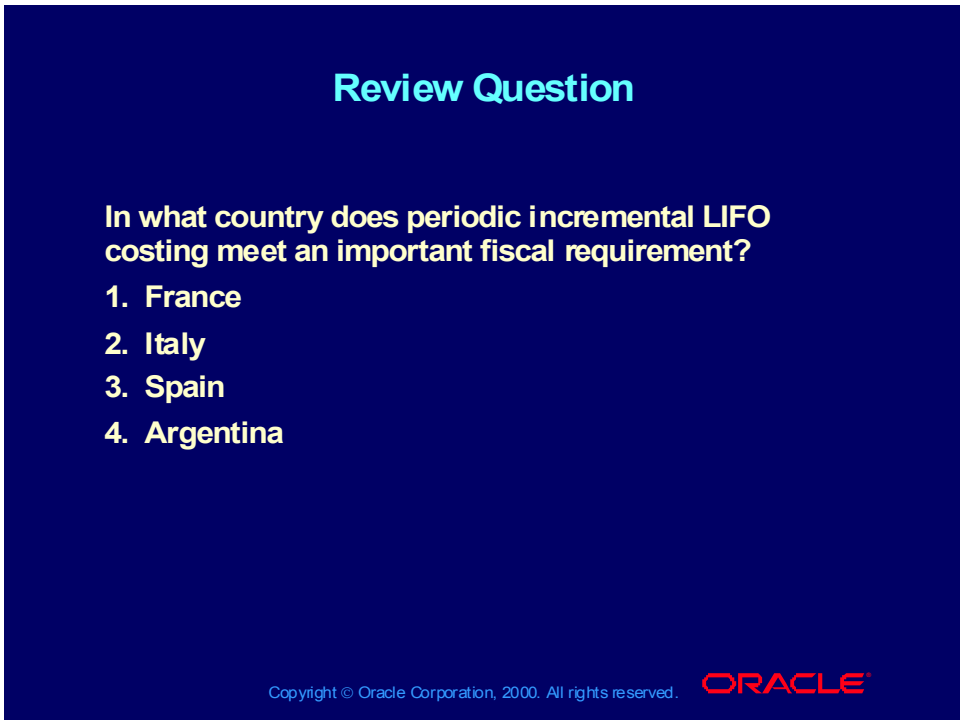

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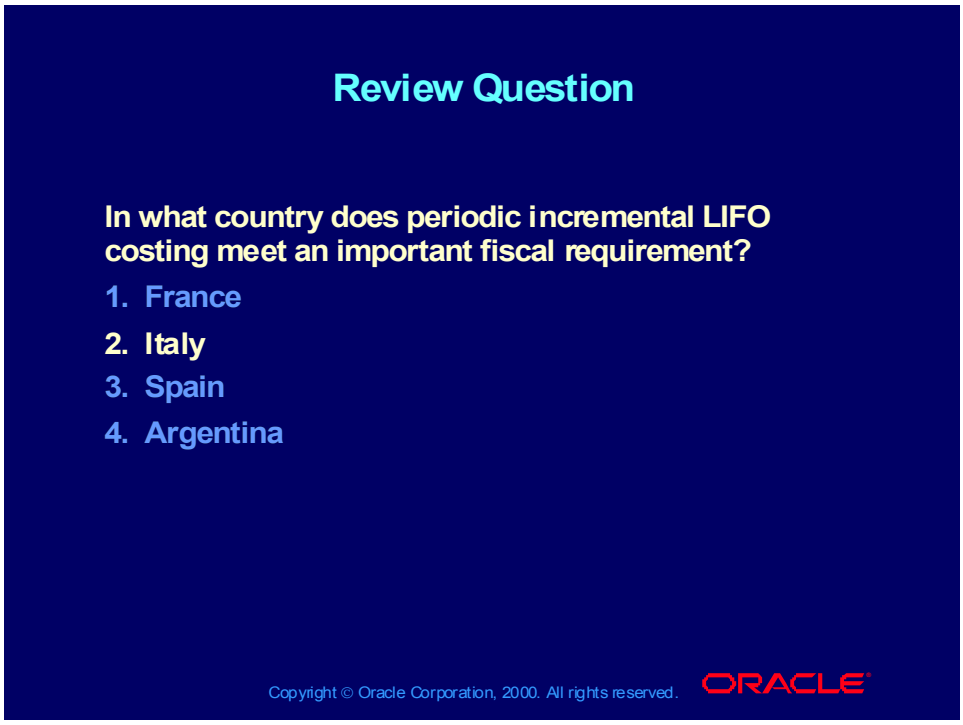

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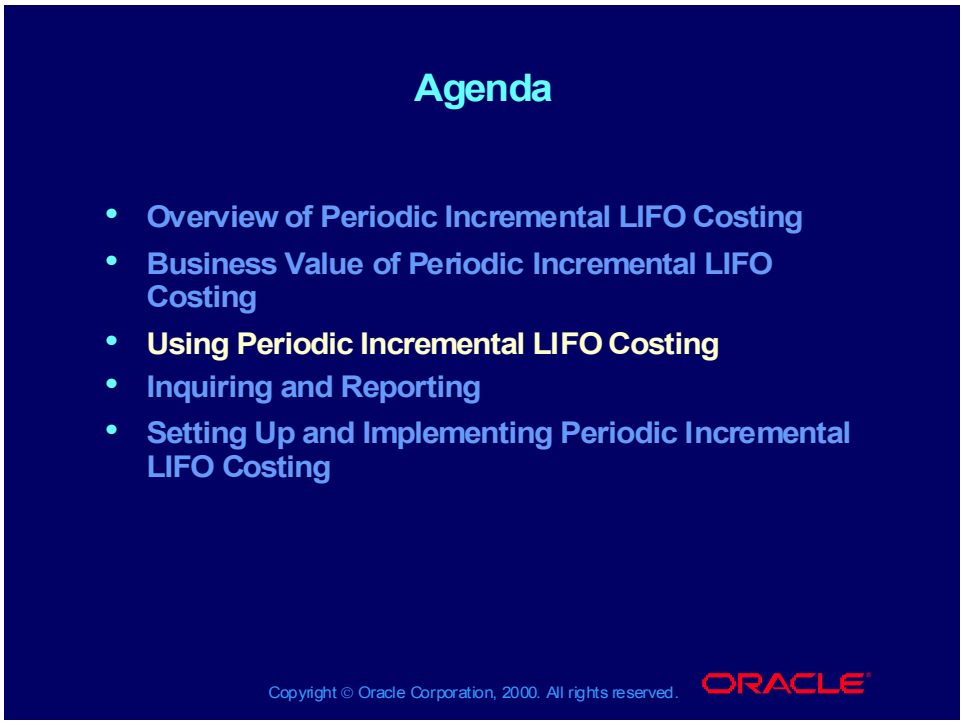

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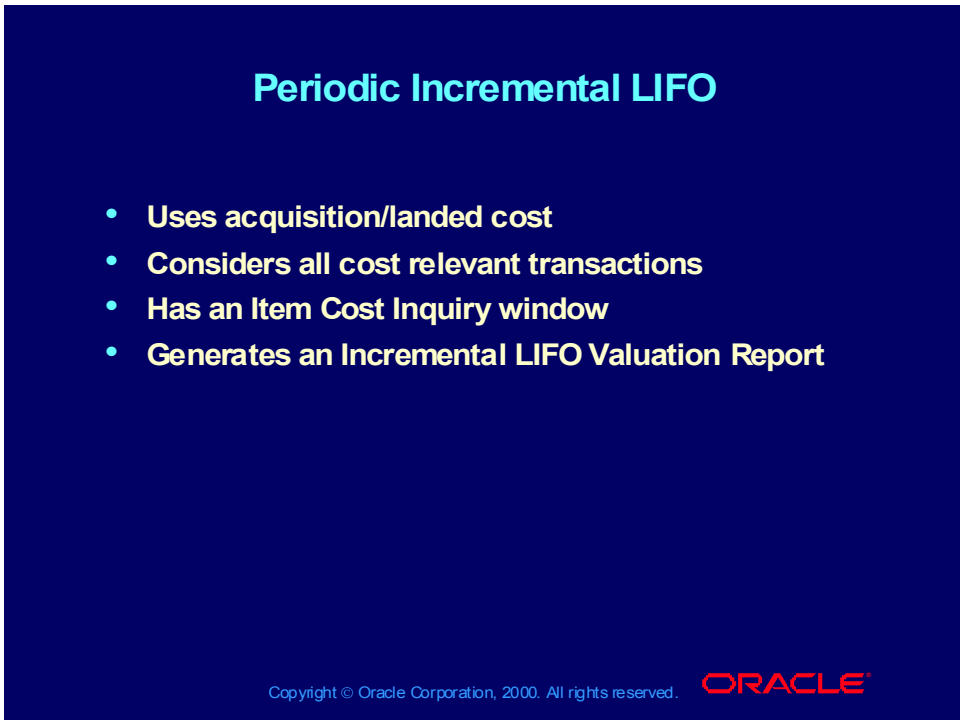

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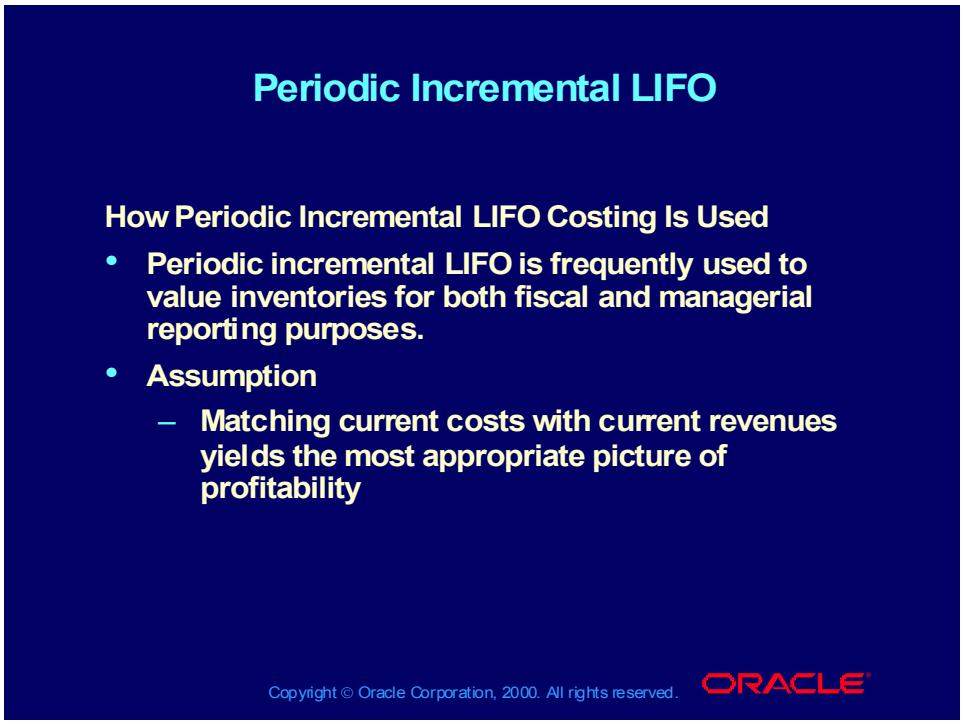

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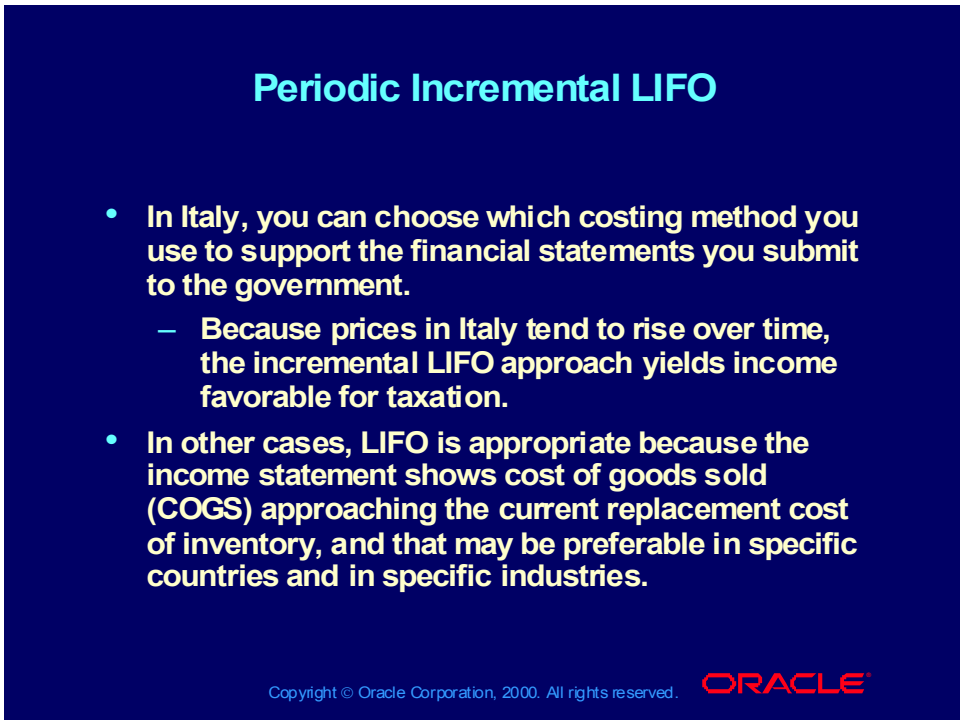

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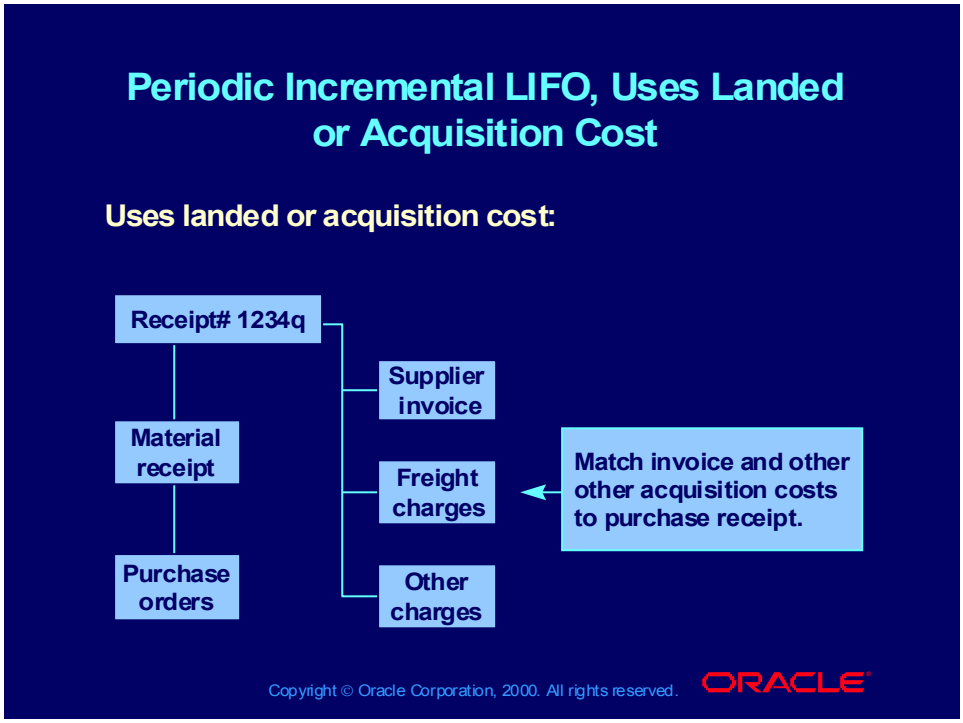
Periodic Incremental LIFO, Uses Landed or Acquisition Cost



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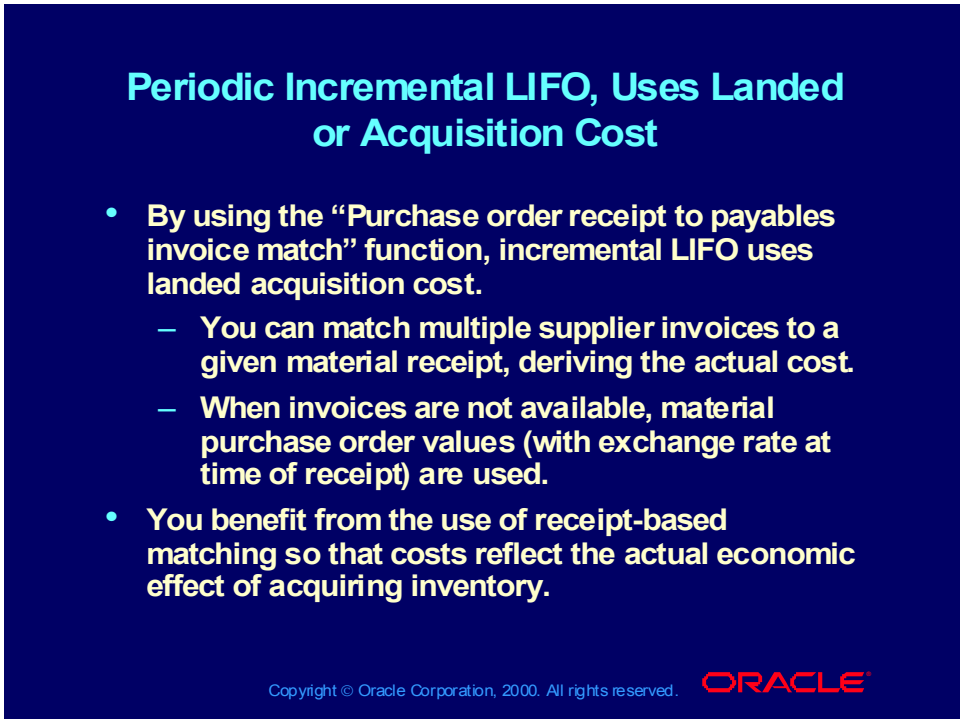

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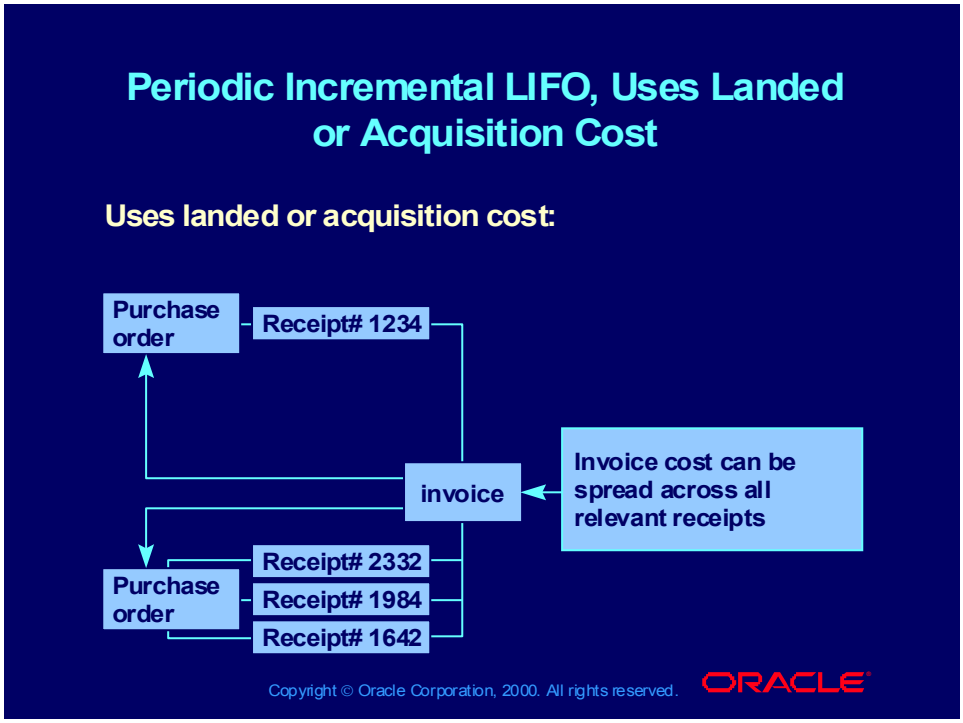
Periodic Incremental LIFO, Uses Landed or Acquisition Cost



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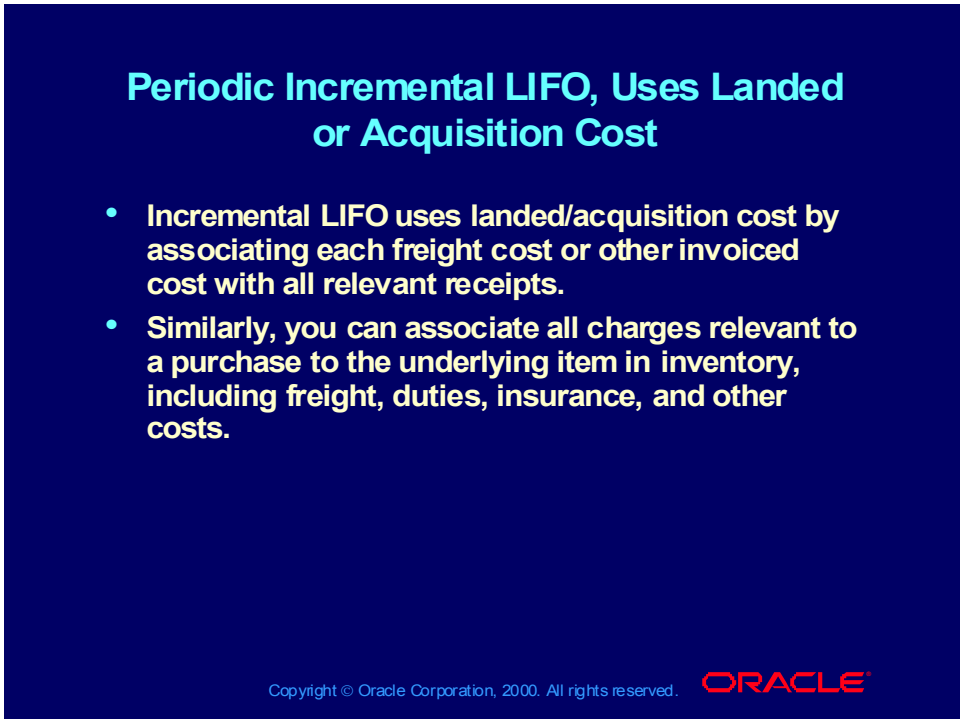

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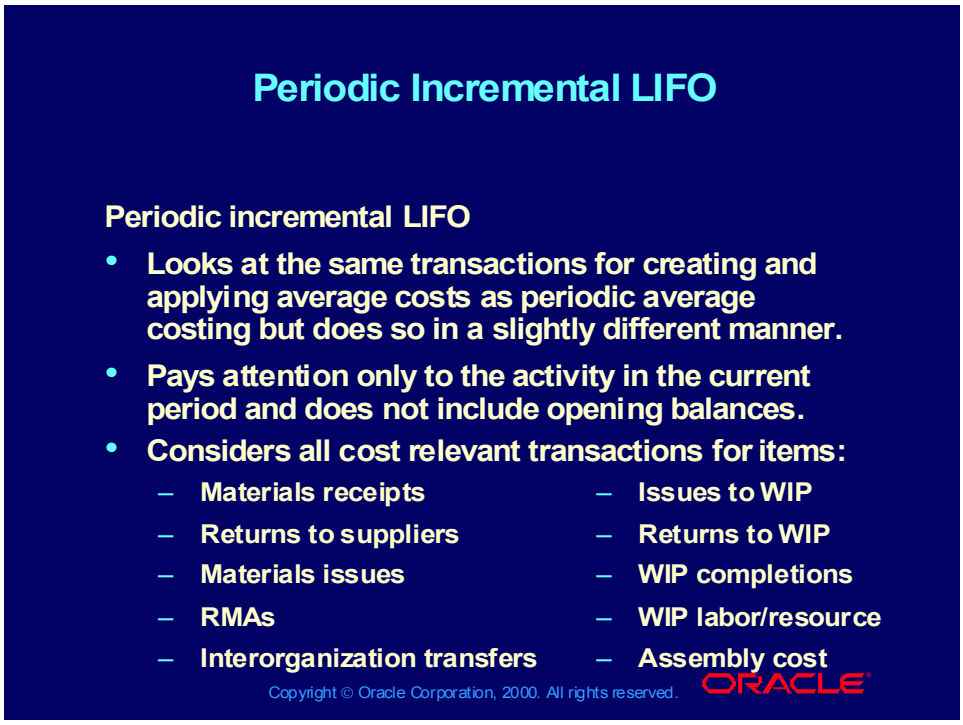

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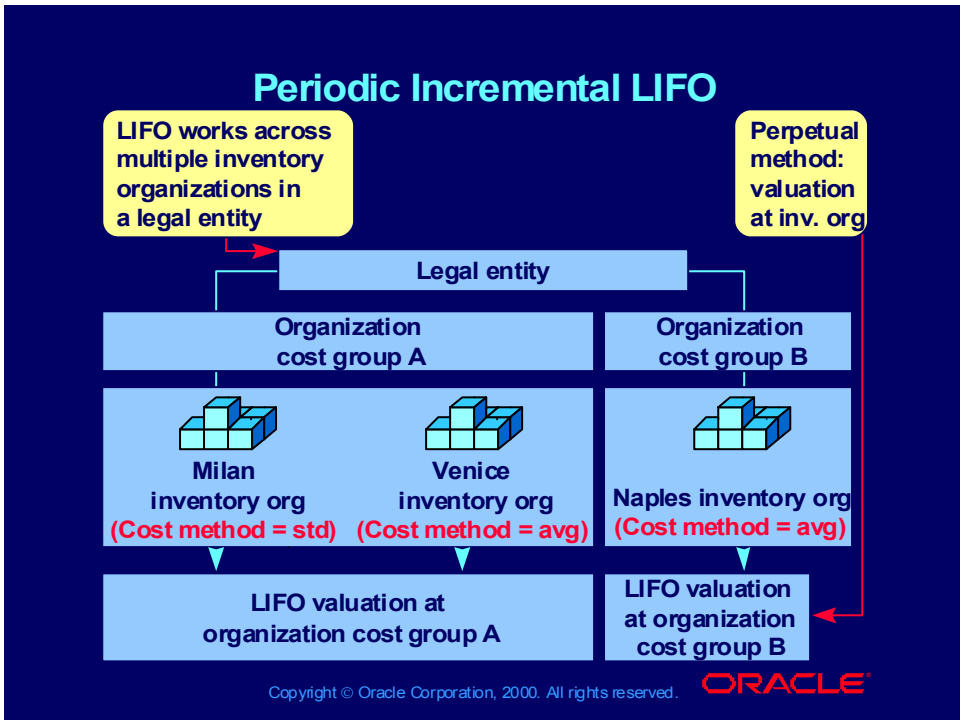
Periodic Incremental LIFO



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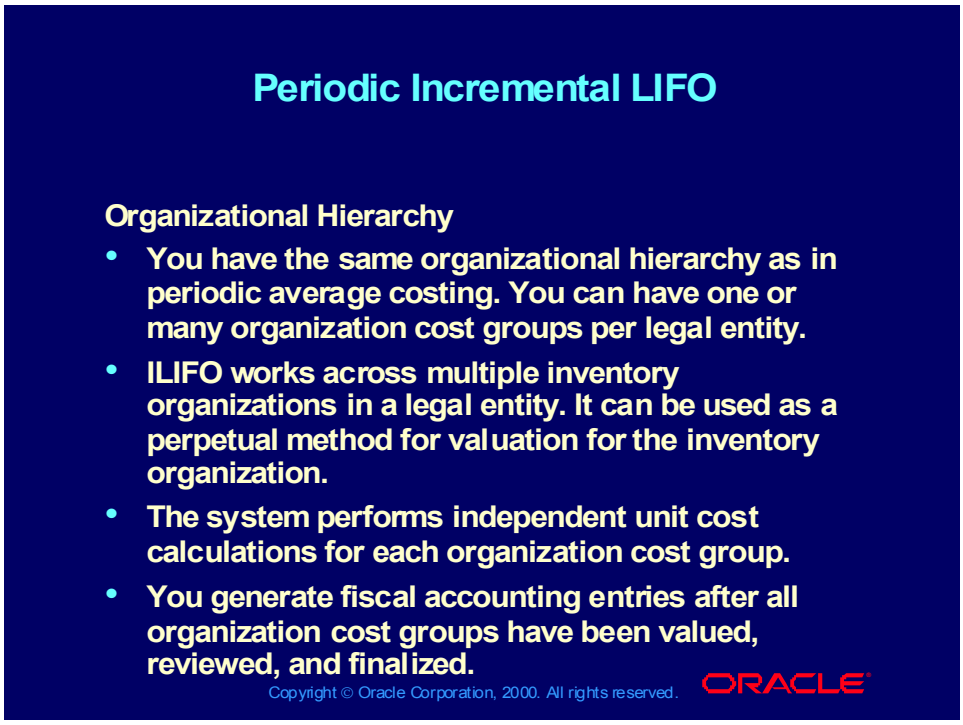

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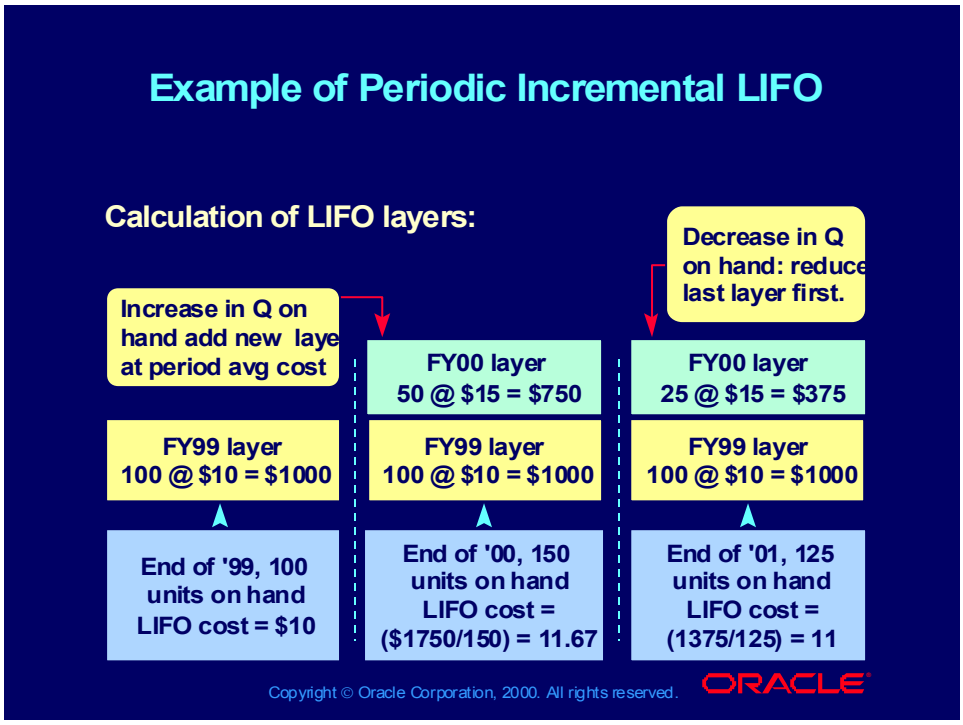
Example of Periodic Incremental LIFO



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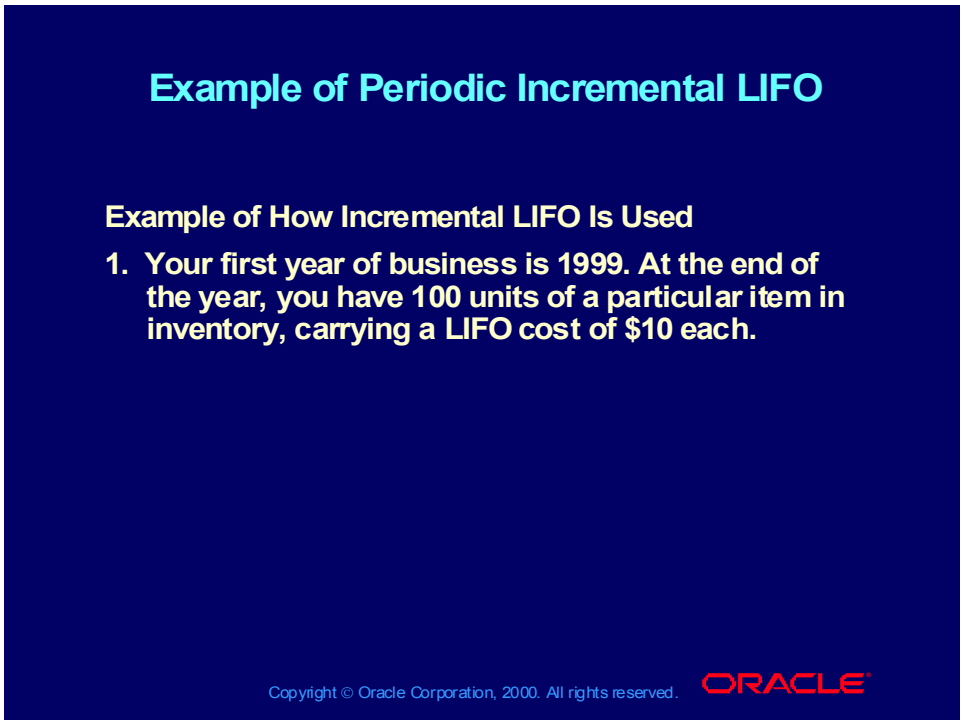

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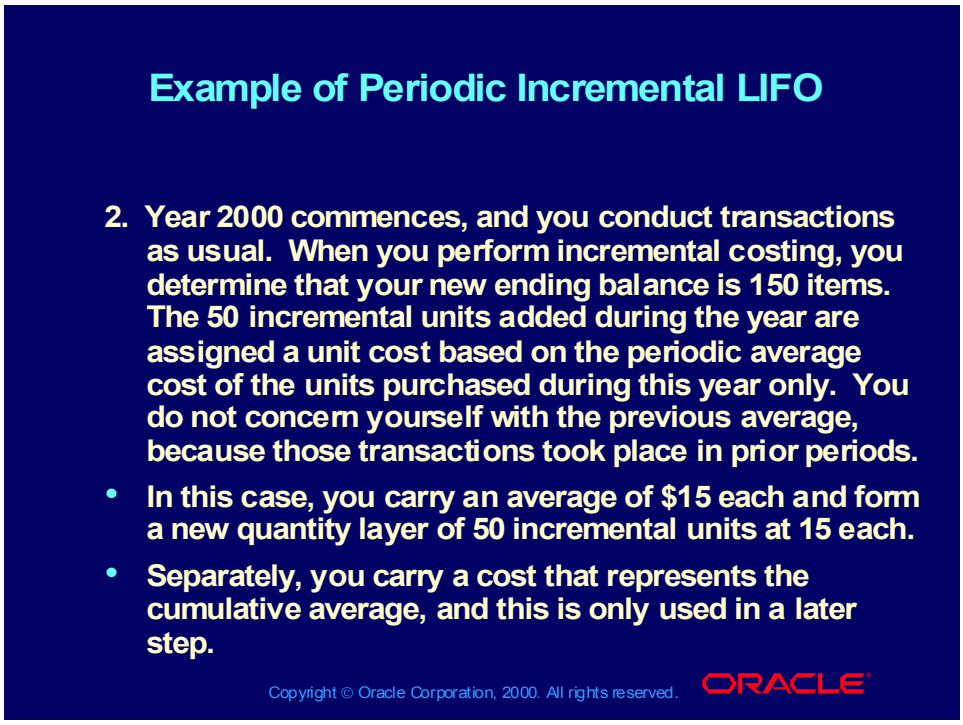

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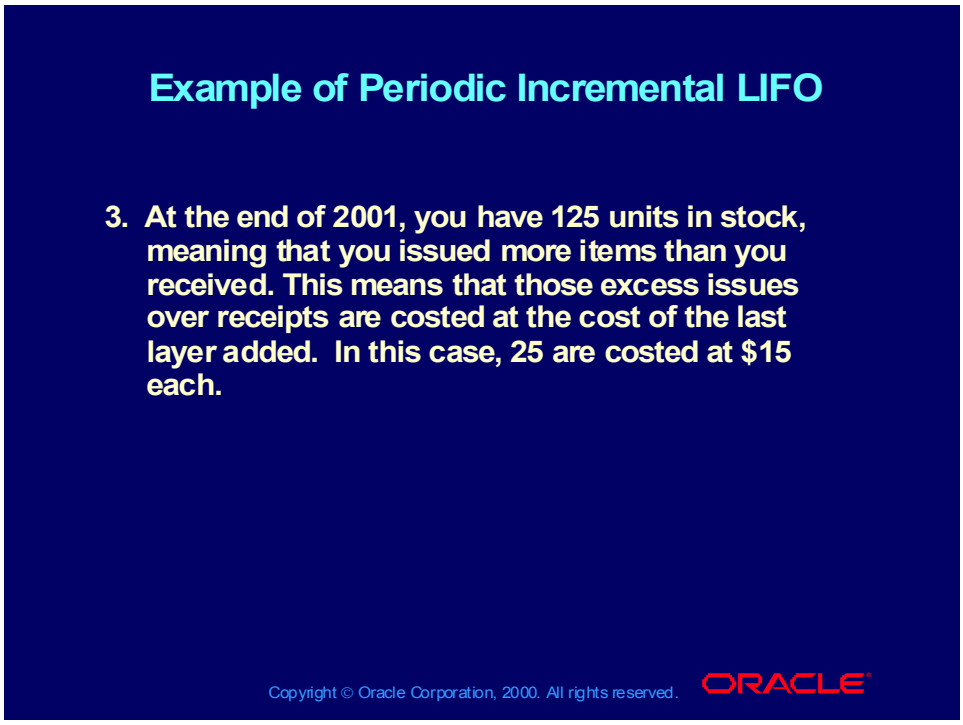

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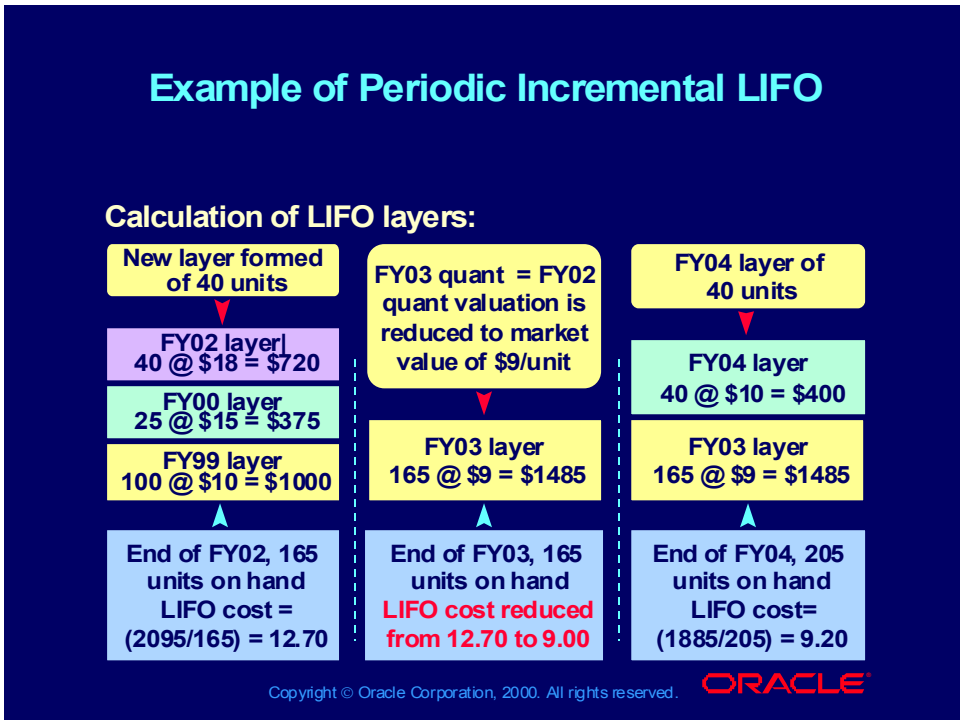

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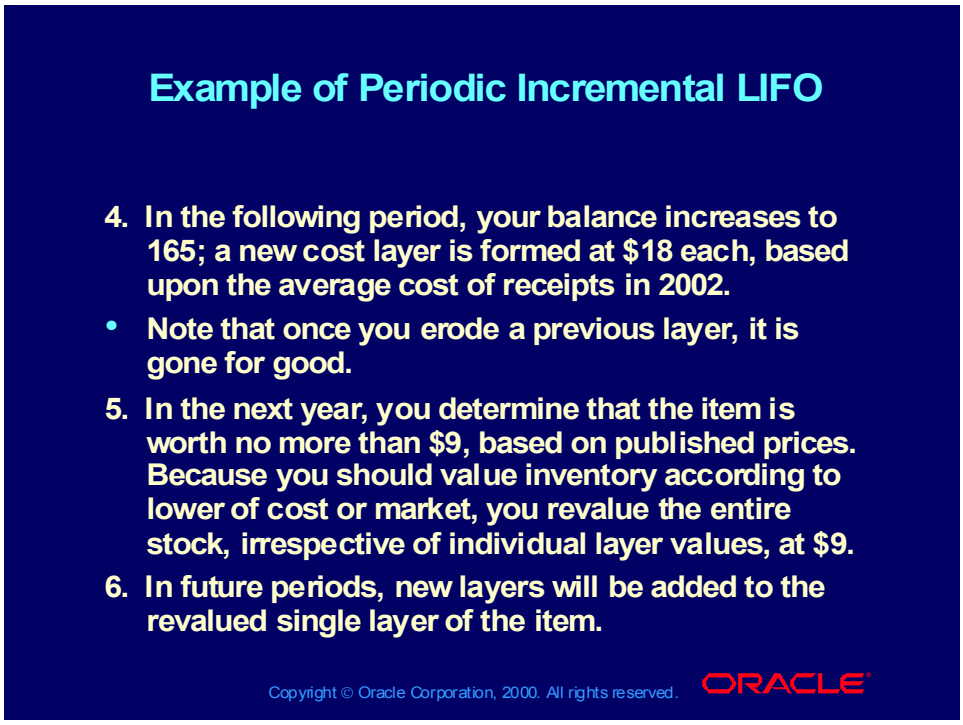

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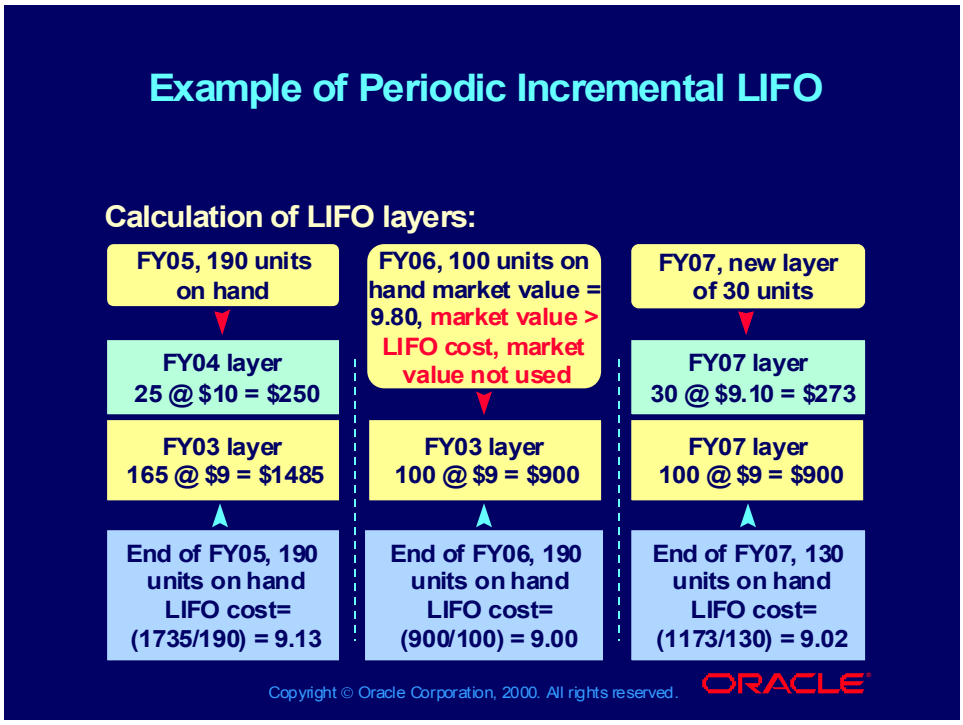

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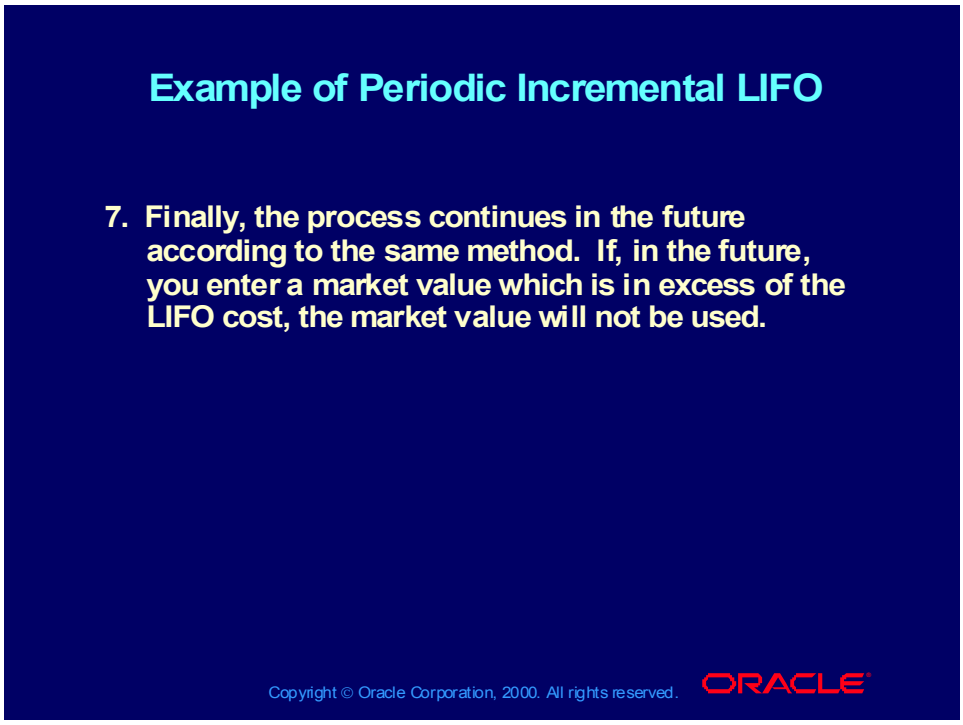

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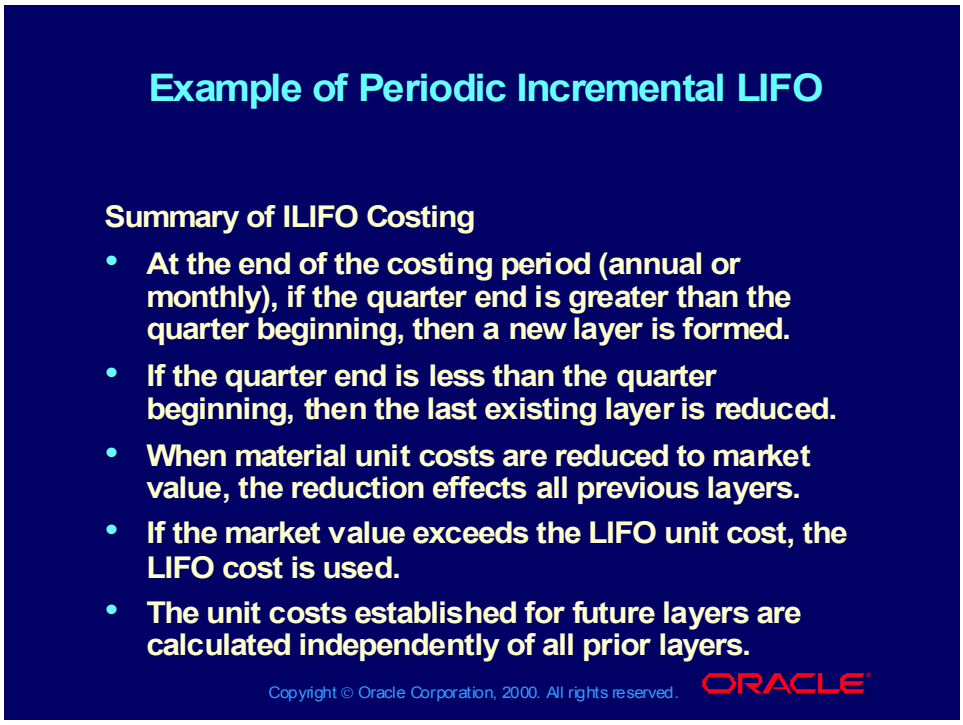

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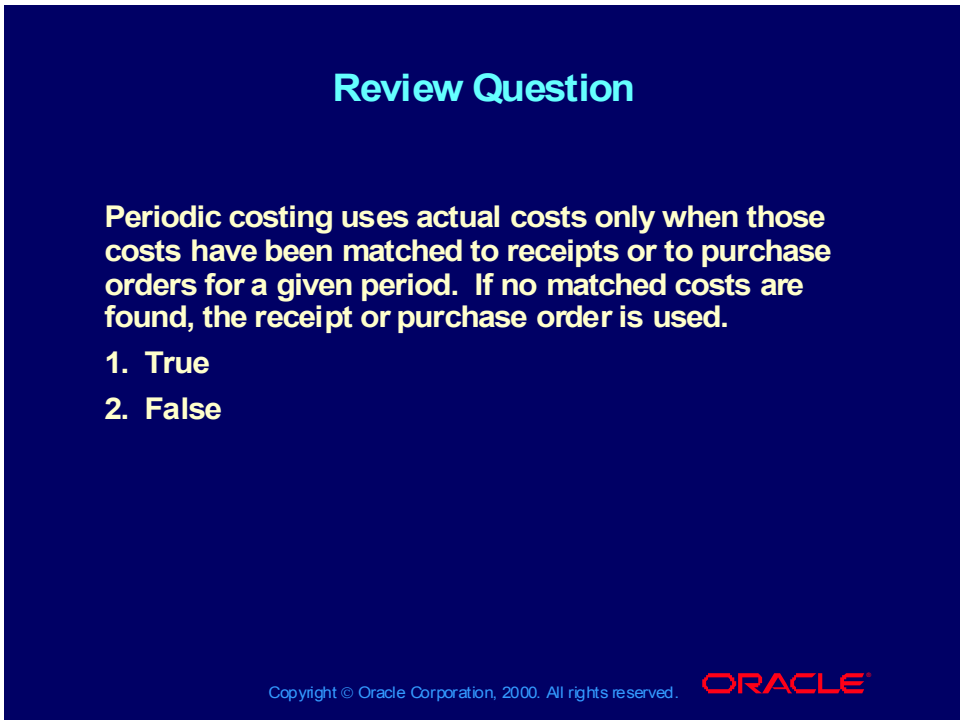

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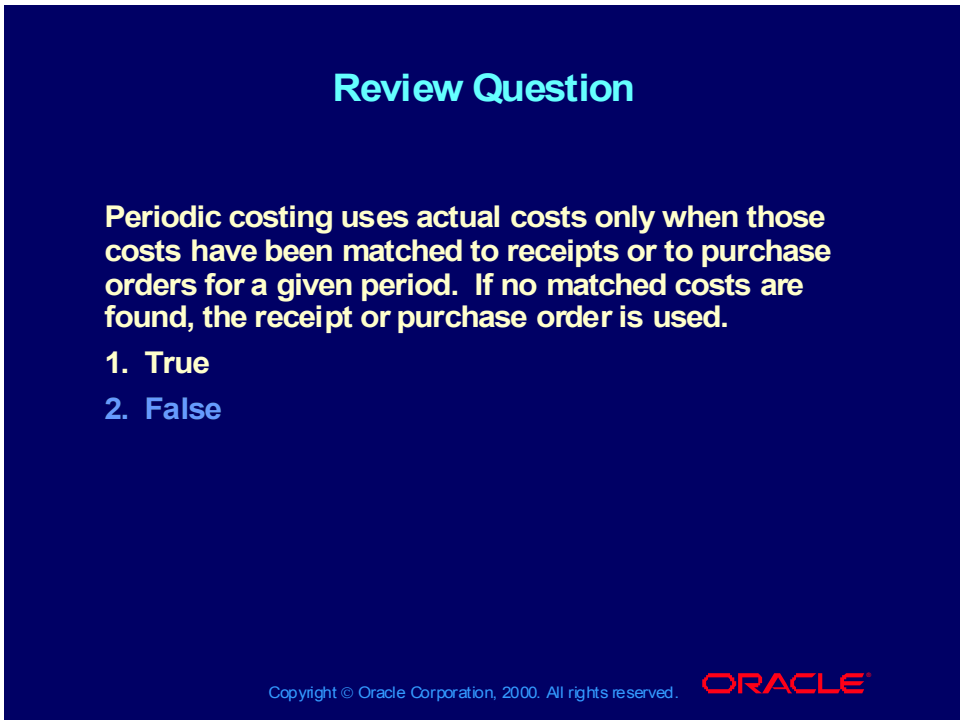

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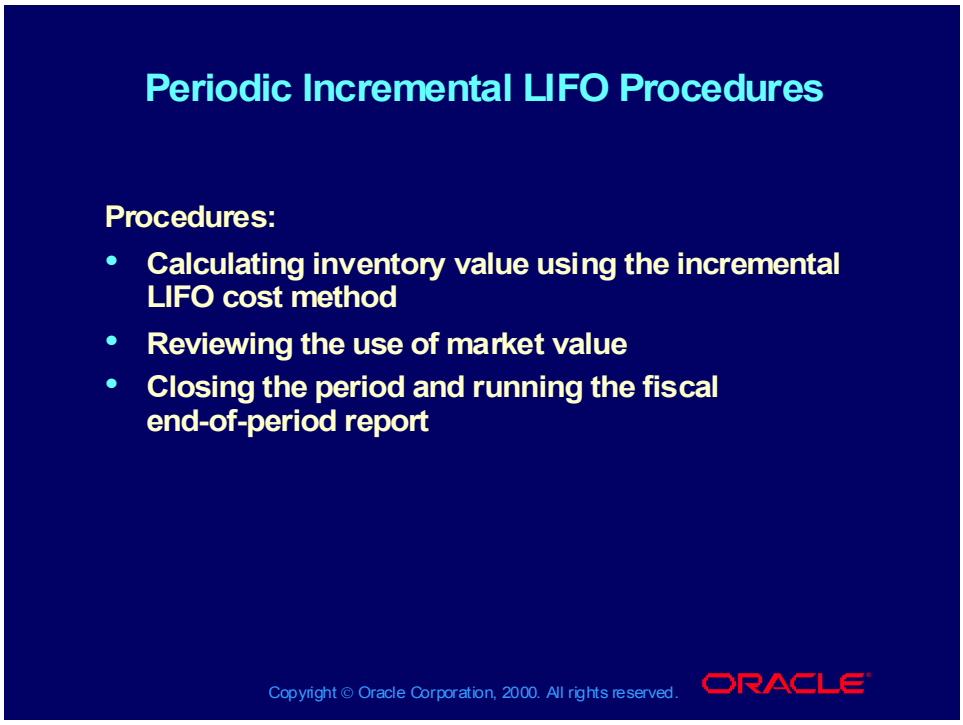

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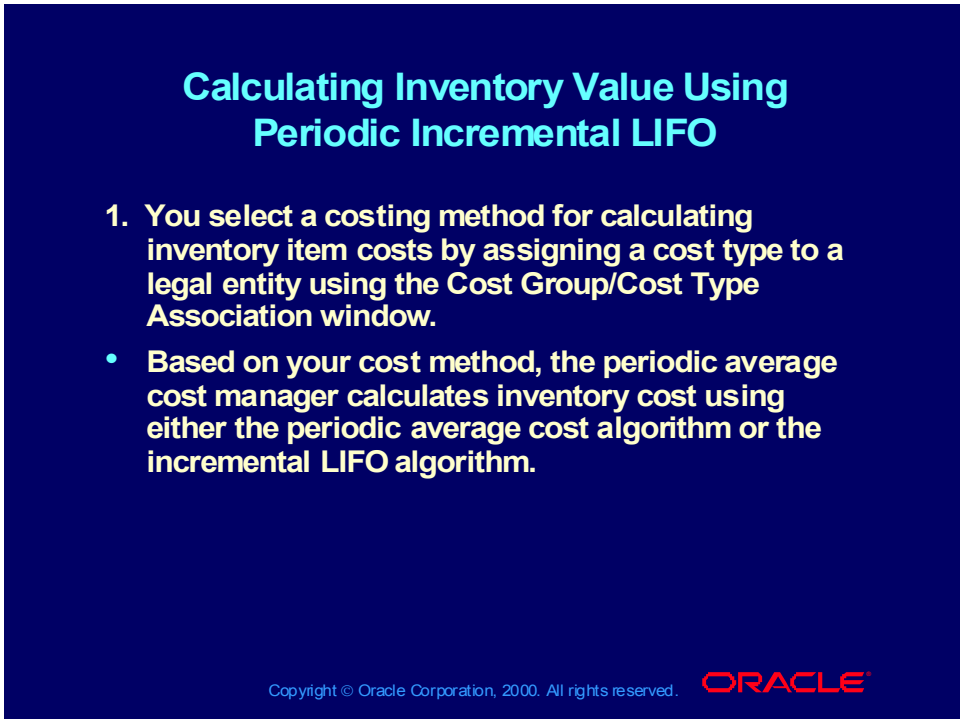
Calculating Inventory Value Using Periodic Incremental LIFO



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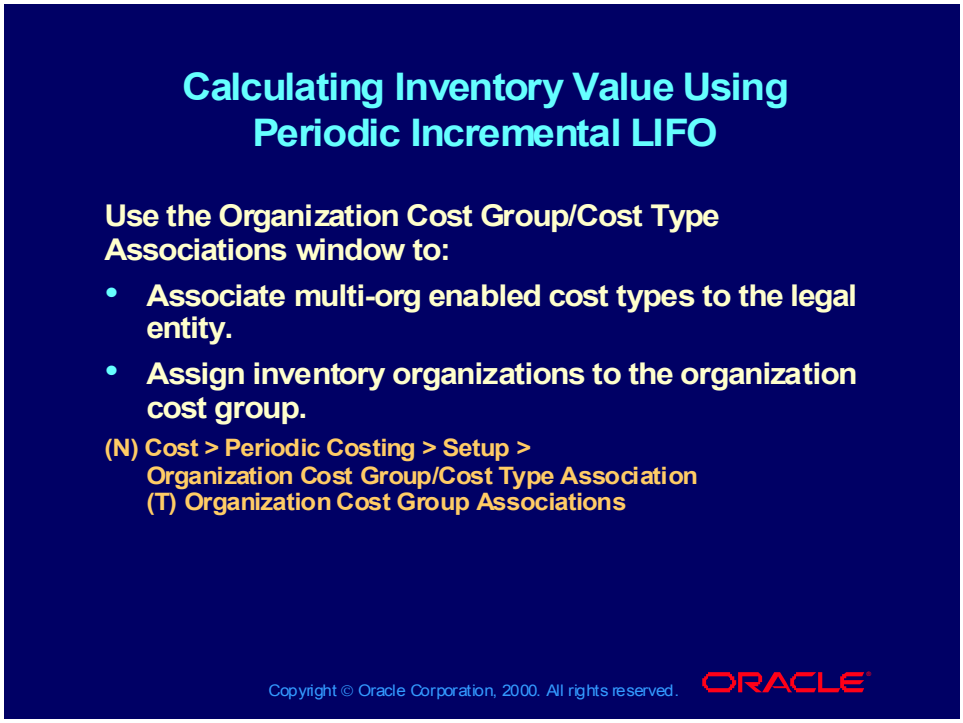
Calculating Inventory Value Using Periodic Incremental LIFO



Help: Oracle Manufacturing Applications > Oracle Cost Management > Periodic Costing > Periodic Cost Setup > Setup Steps > Step 3: Associating Organization with an Organization Cost Group

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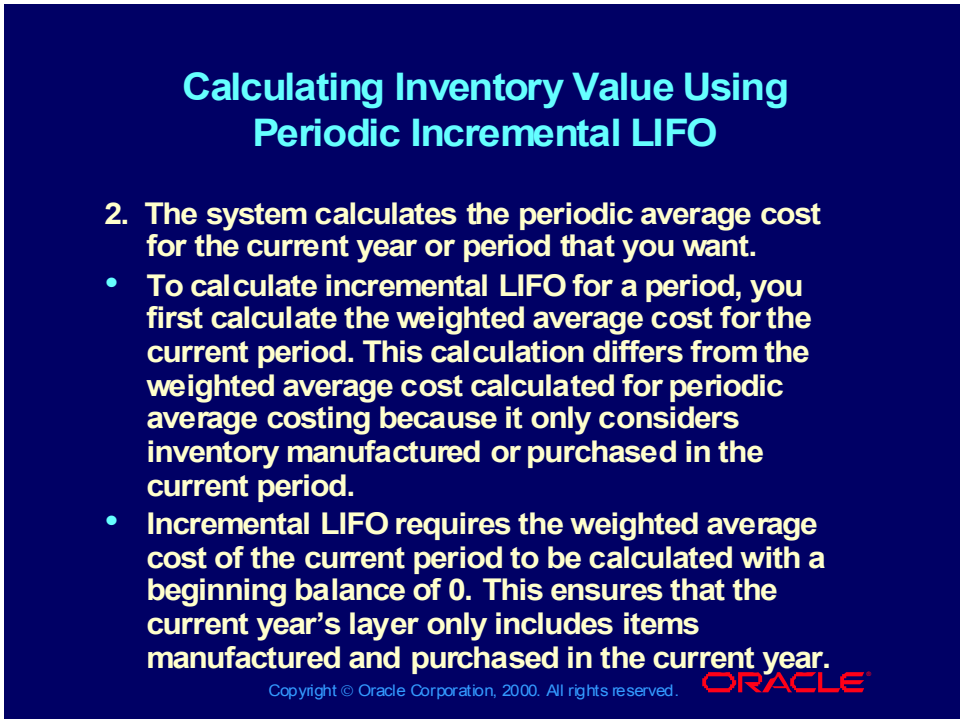

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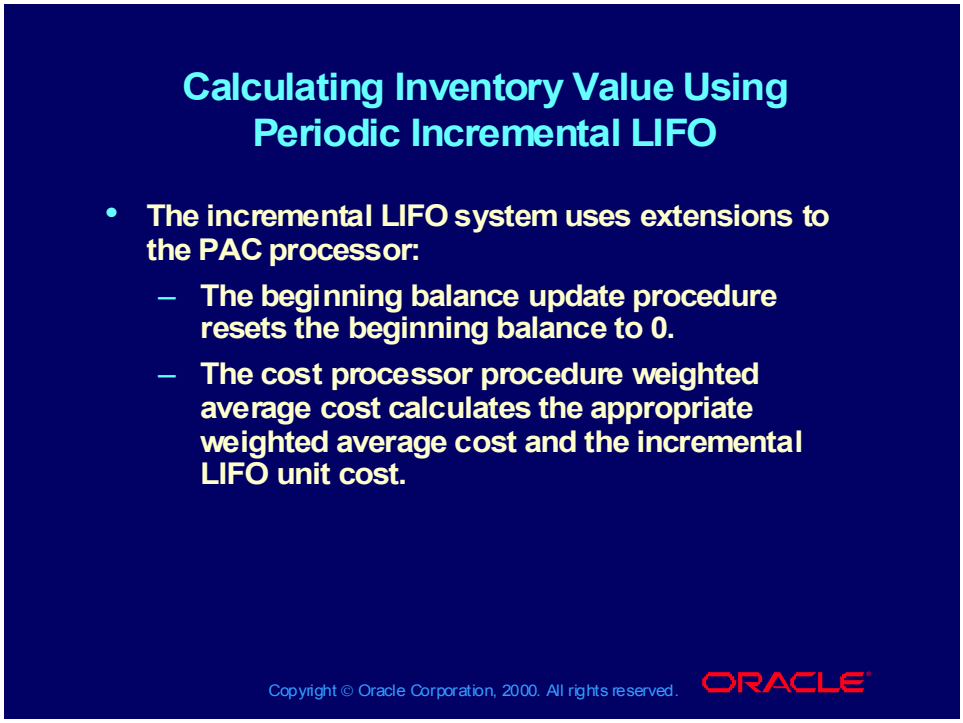

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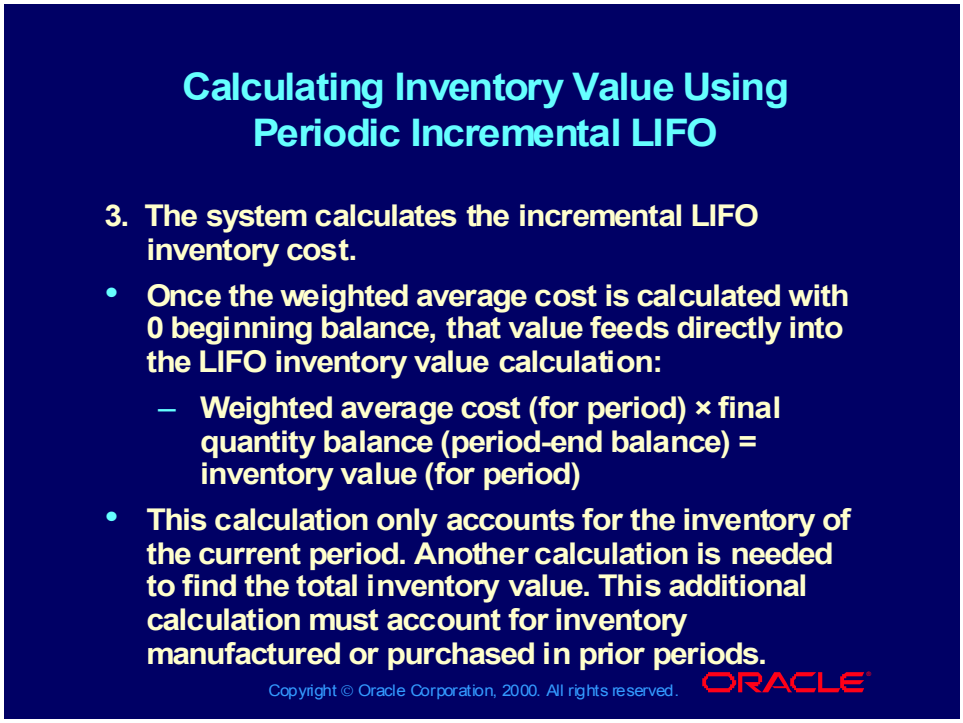

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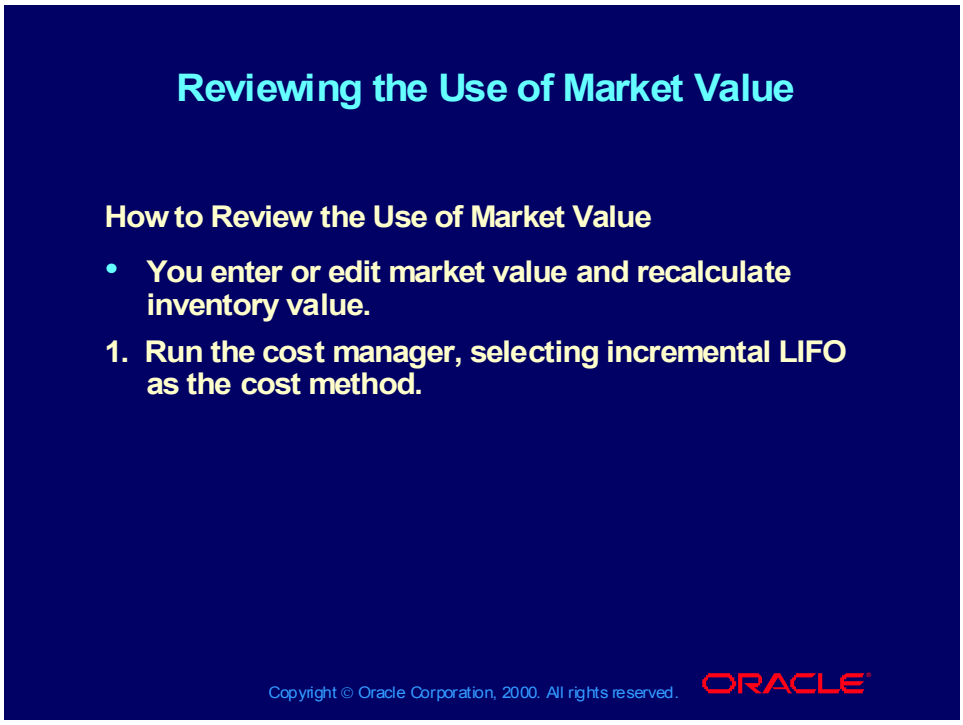

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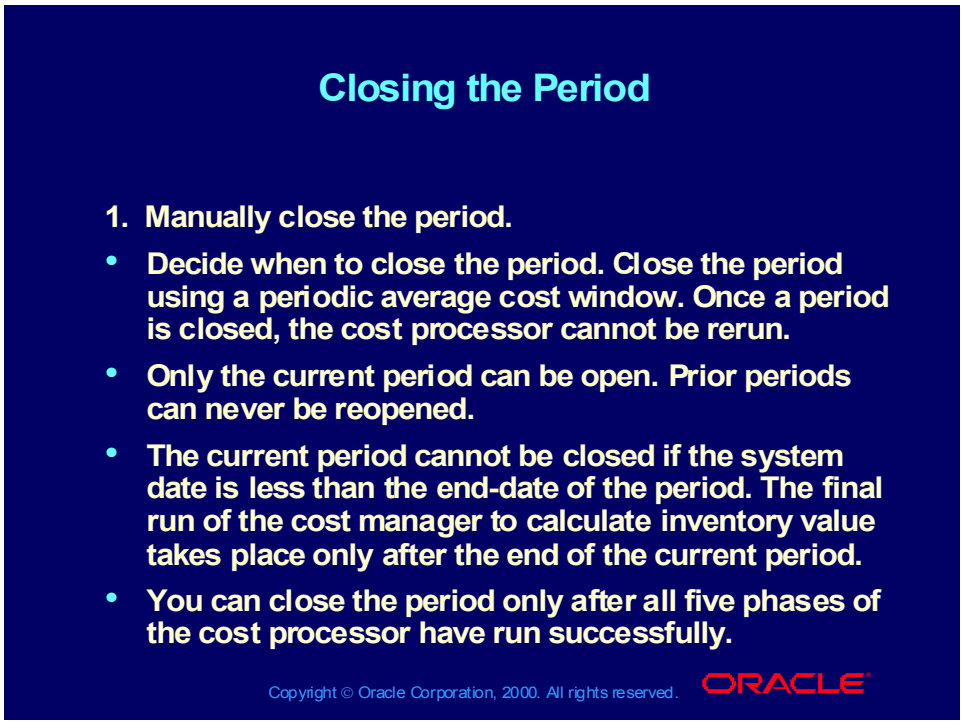

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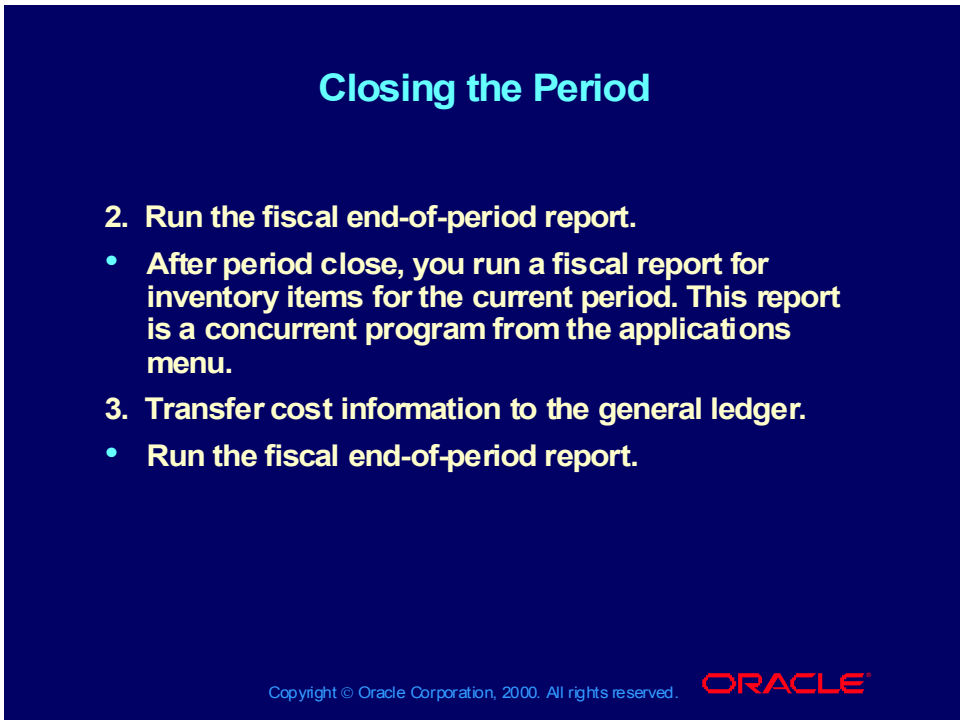

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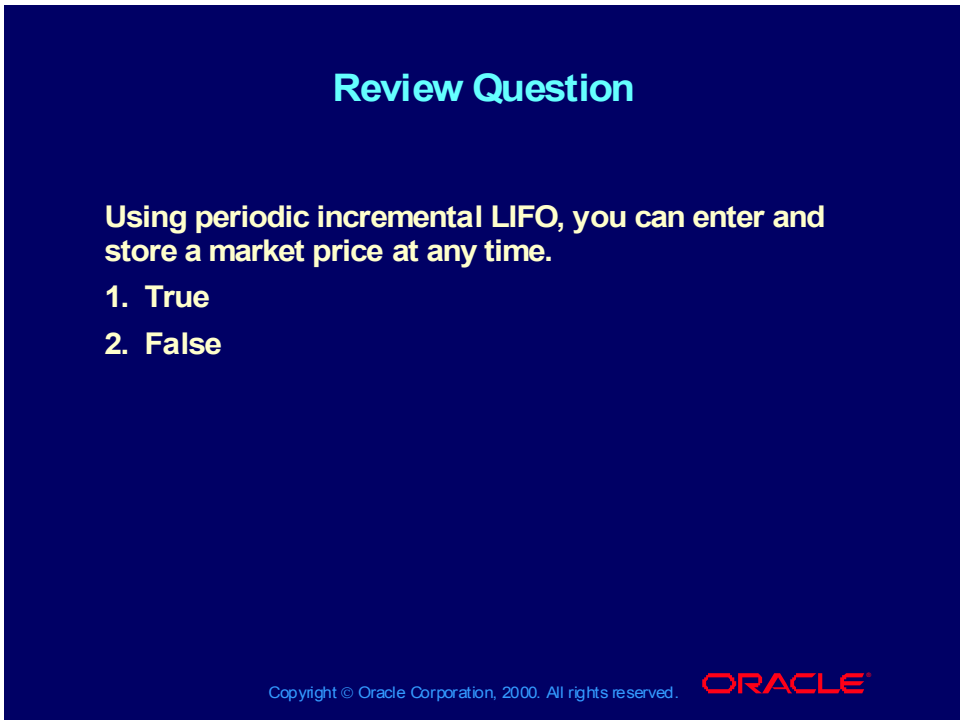

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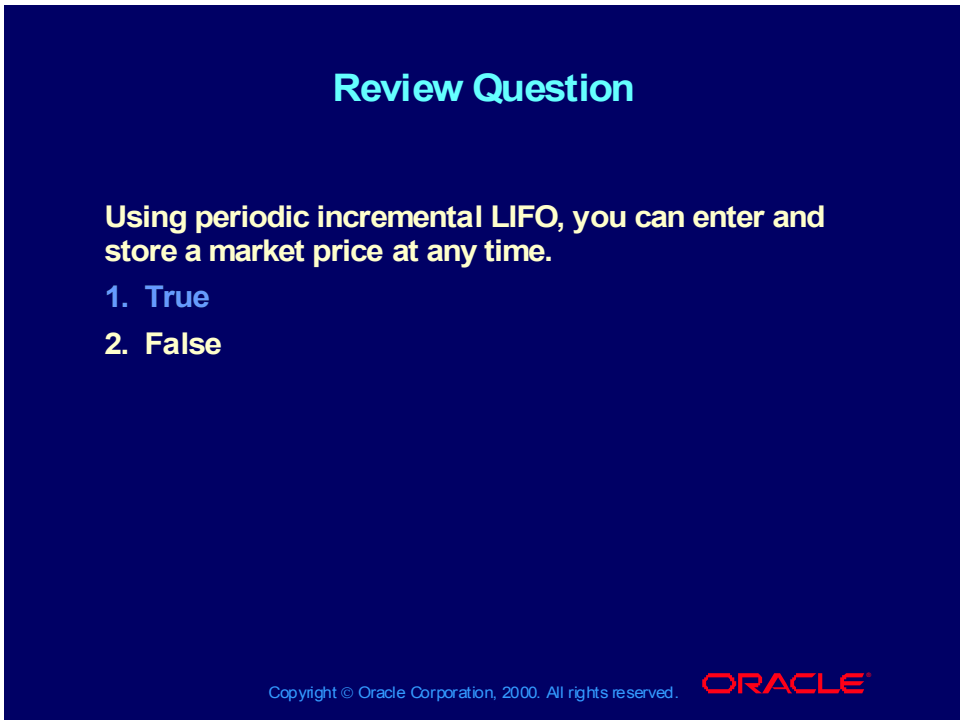

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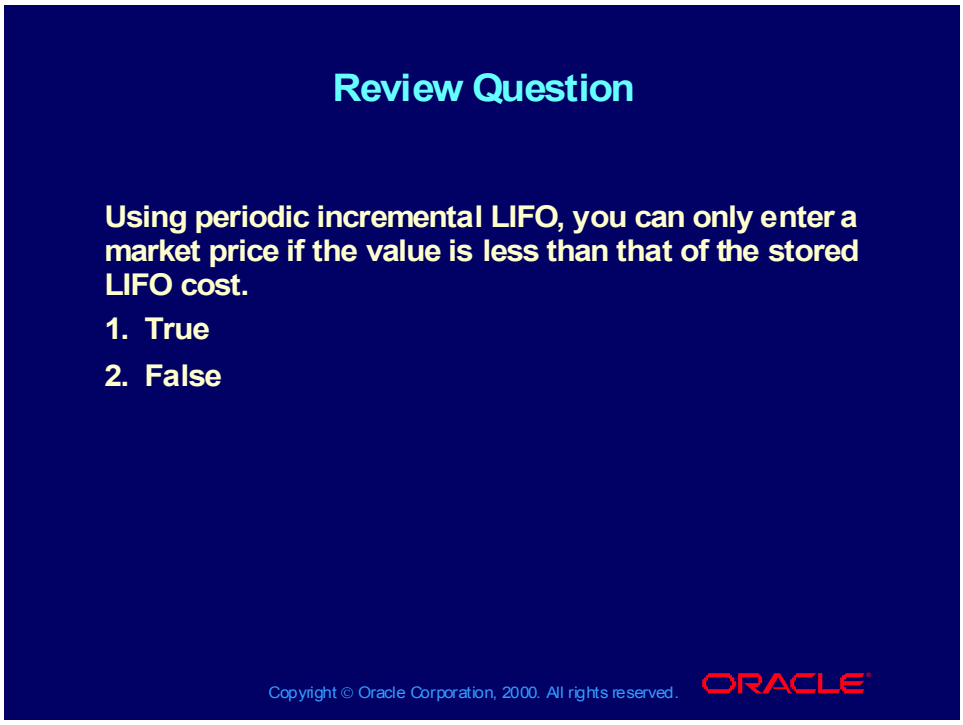

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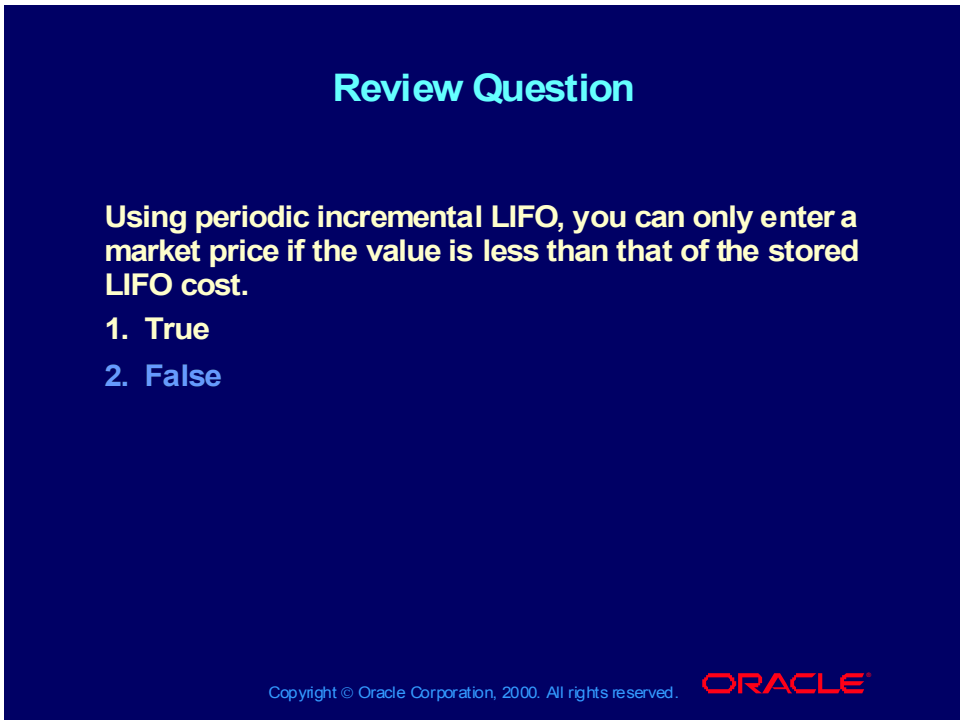

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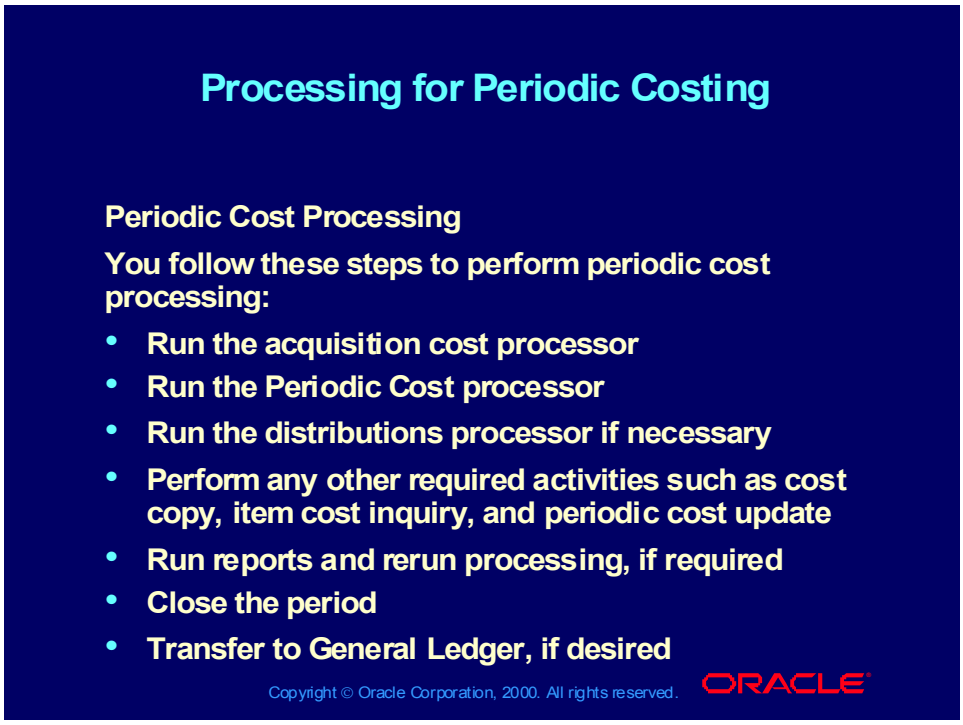

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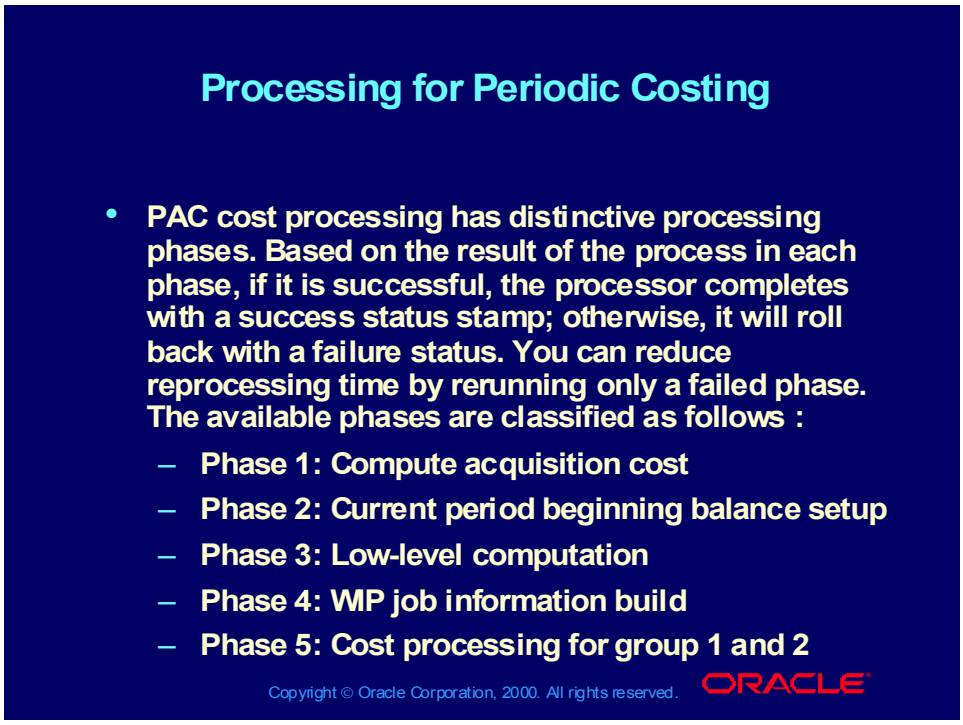

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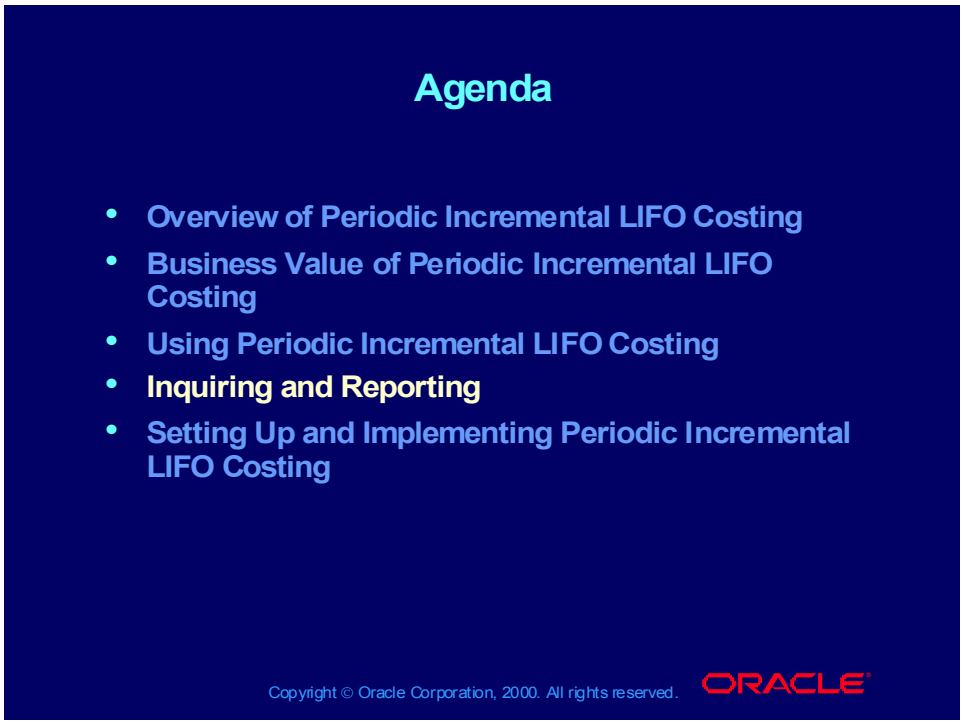

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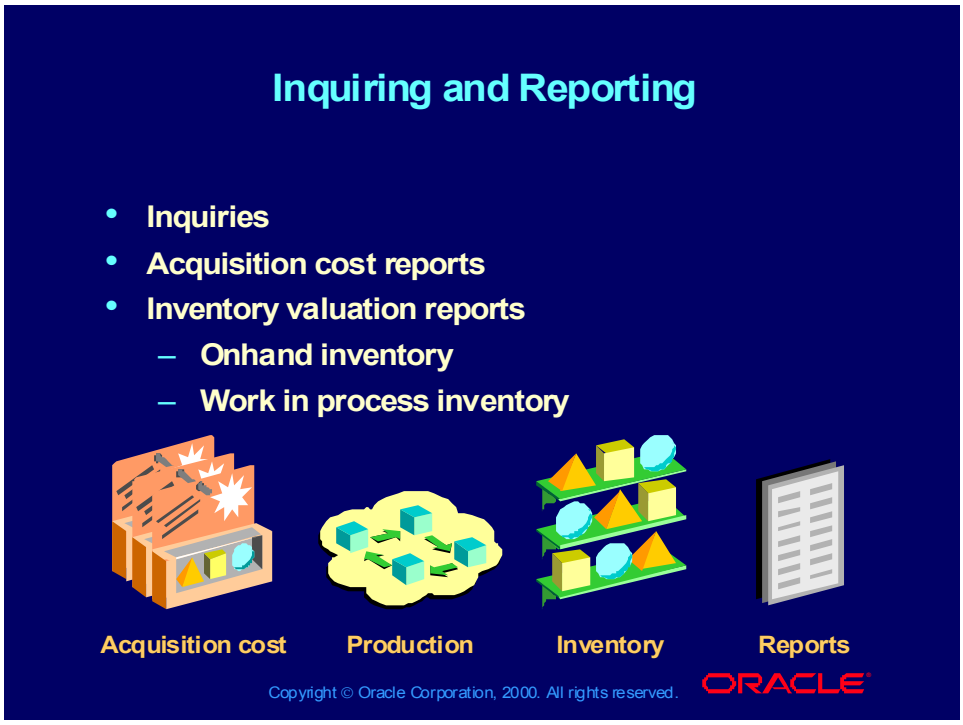

You can use cost management to prepare various management reports regarding profits and operations for an organization.

Profitability Reporting

- Gross margin
- Gross profit
- Product-line profitability
- Pricing reviews
- Variance analysis
  - Overhead absorption
  - Purchase price variance and invoice price variance
  - Scrap
  - Manufacturing variances

Operational Reporting

- Inventory balances
- Excess and obsolete inventory
- Comparisons of actual production to planned levels
- Input/output analysis

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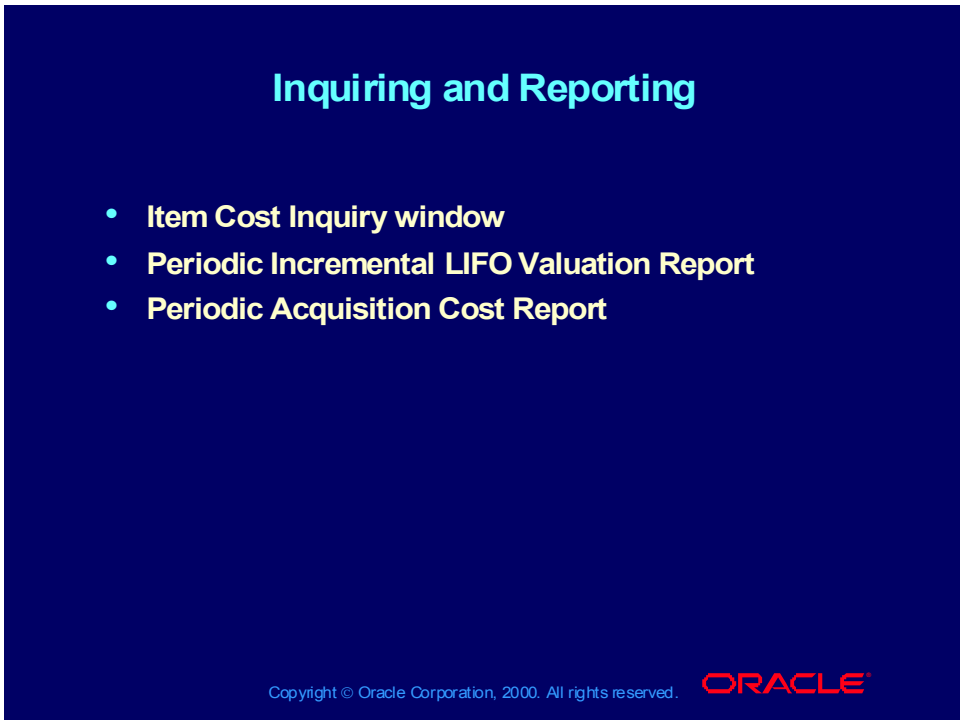

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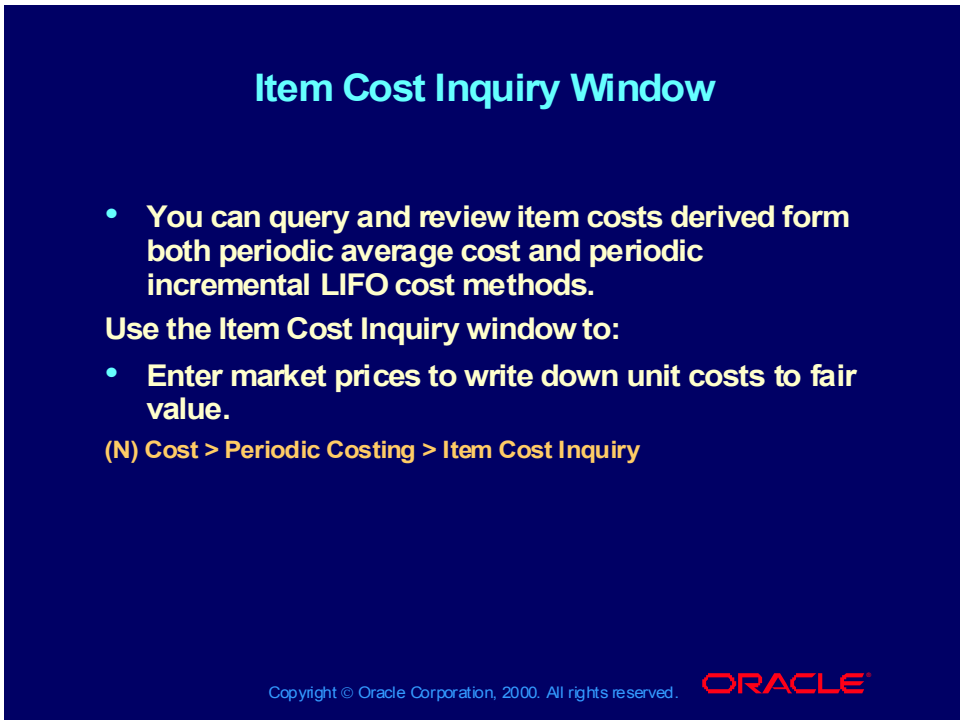

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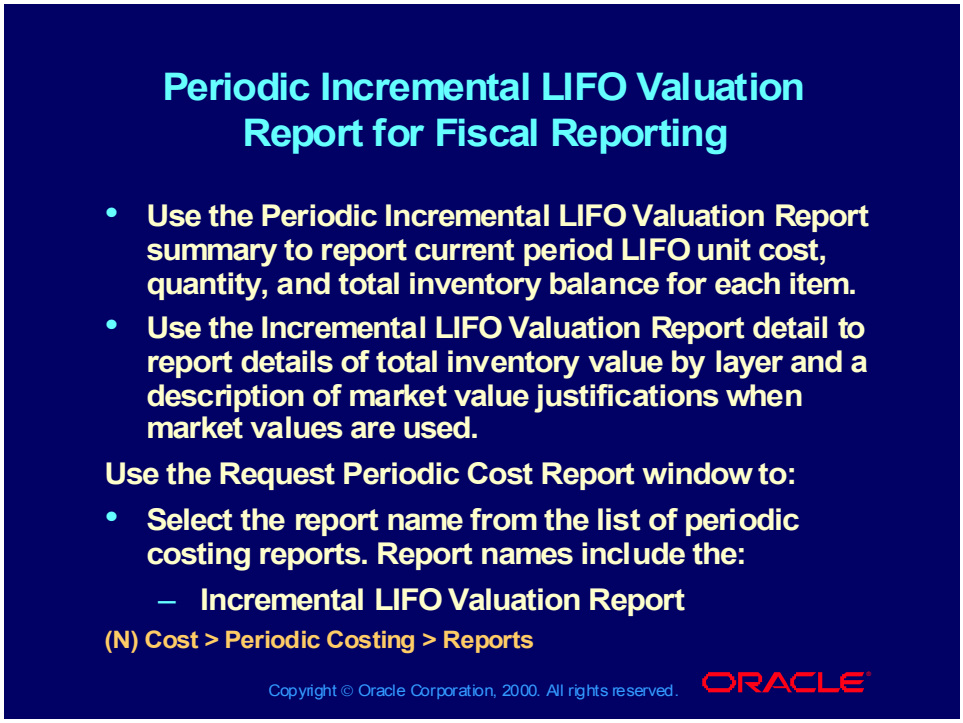
Periodic Incremental LIFO Valuation Report for Fiscal Reporting



Help: Oracle Manufacturing Applications > Oracle Cost Management > Periodic Costing > Reports > Incremental LIFO Valuation Report for Fiscal Reporting

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Periodic Acquisition Cost Report

Help: Oracle Manufacturing Applications > Oracle Cost Management > Periodic Costing > Reports > Periodic Acquisition Cost Report

Scenario

The likely scenario is that some purchase orders will invariably not be matched, because the invoice may be received too late. However, because you perform the acquisition costing after month-end close, you should have time to update most of the unmatched purchase orders.

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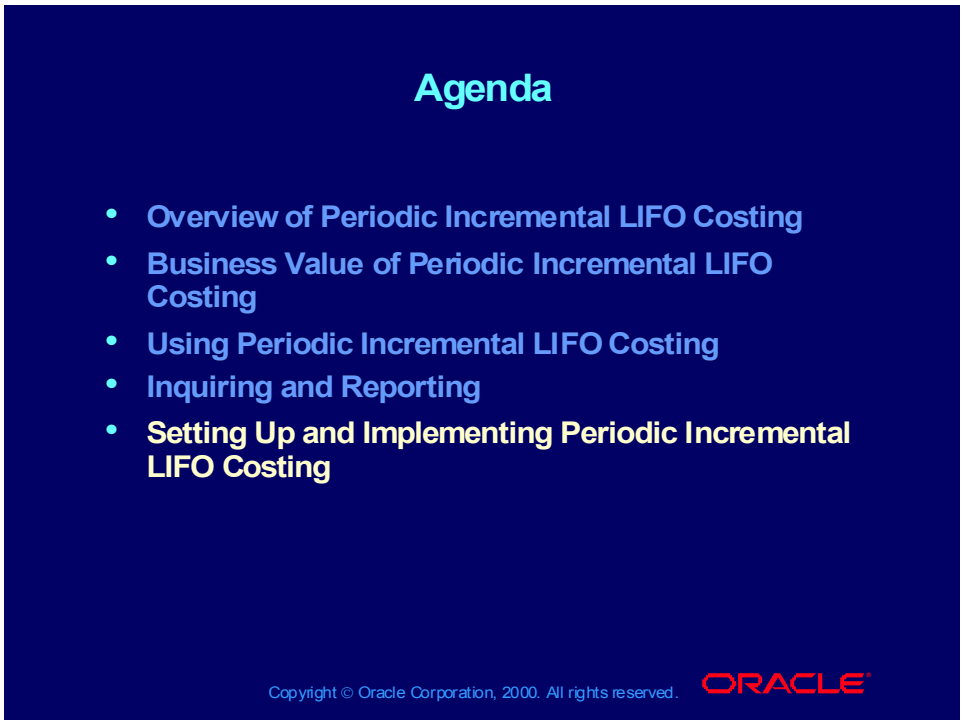

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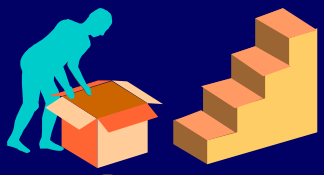
Implementation and Setup Considerations

You can setup periodic costing flexibly, using:

- An accounting calendar
- Organization cost groups



Processes and organized setup steps

Set up applications

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ORACLE

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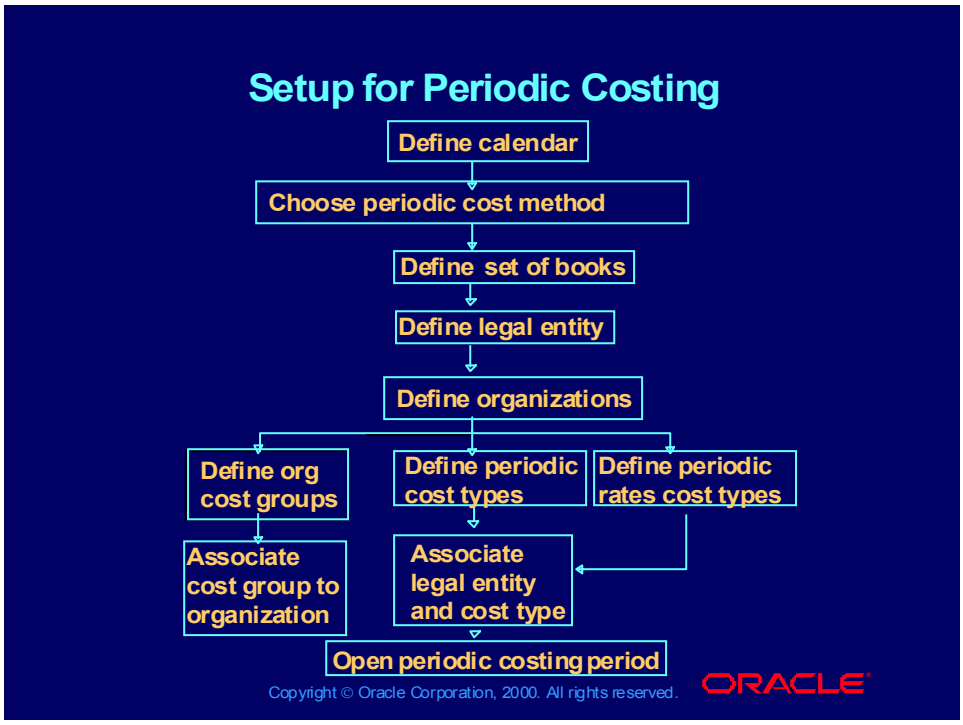
Setup for Periodic Costing



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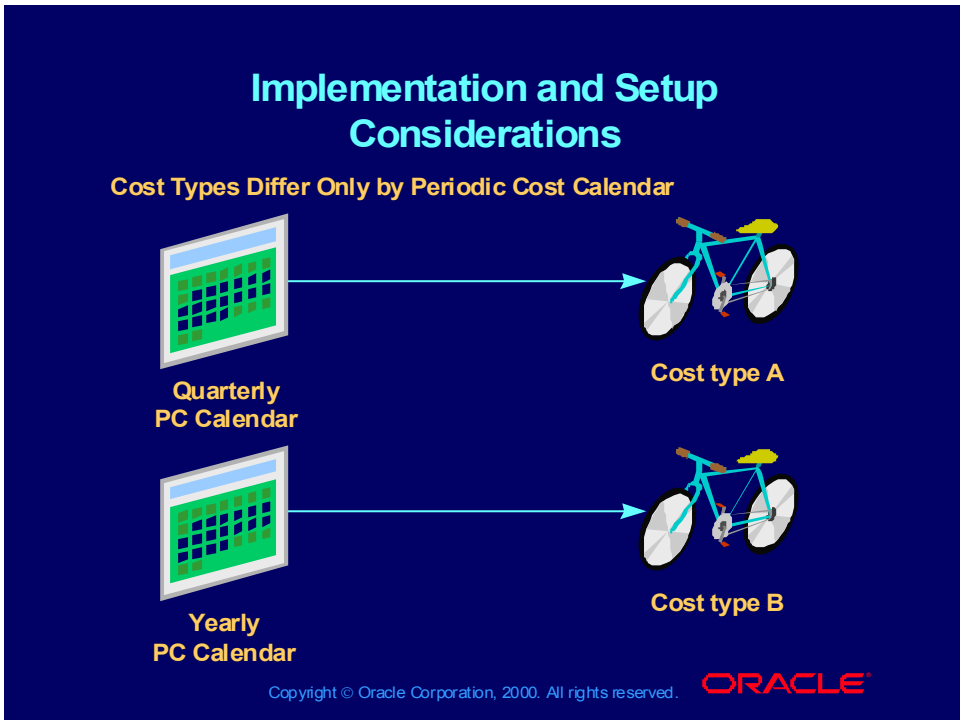

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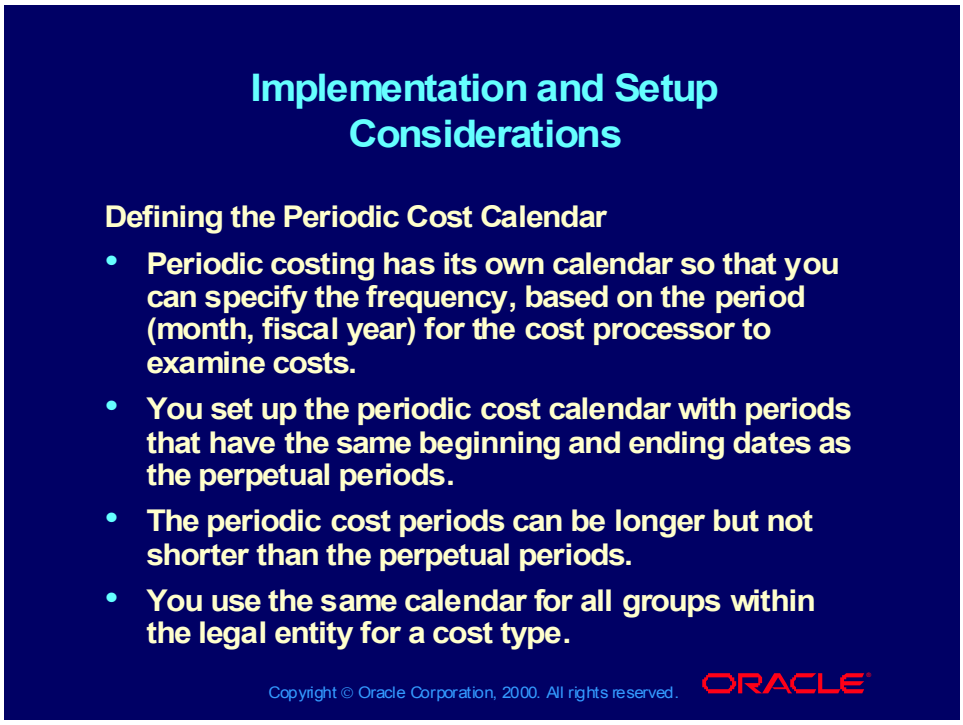

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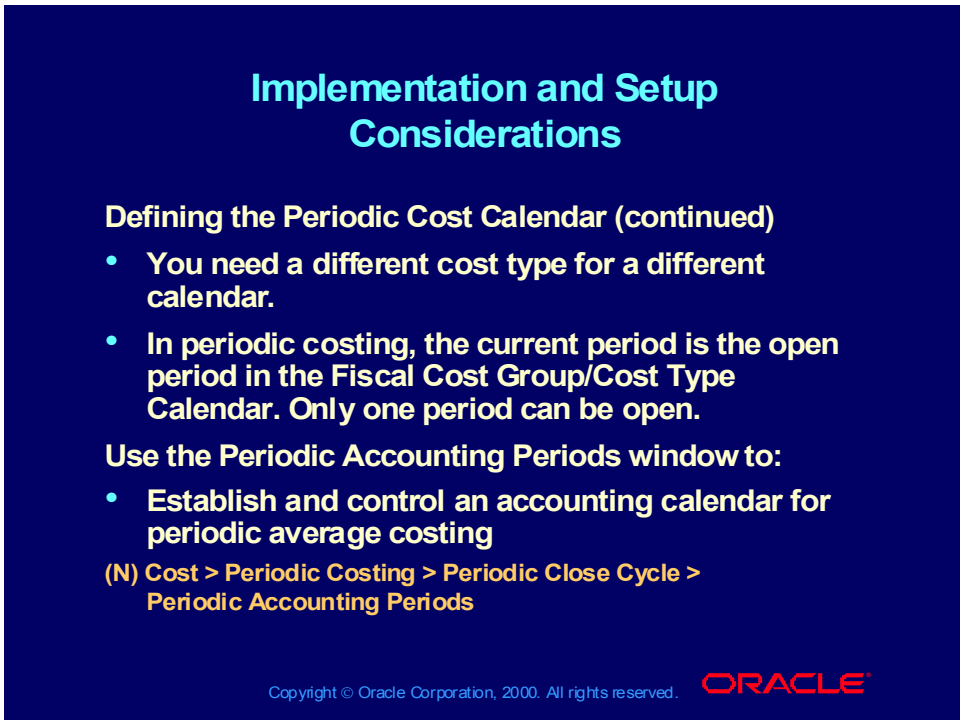

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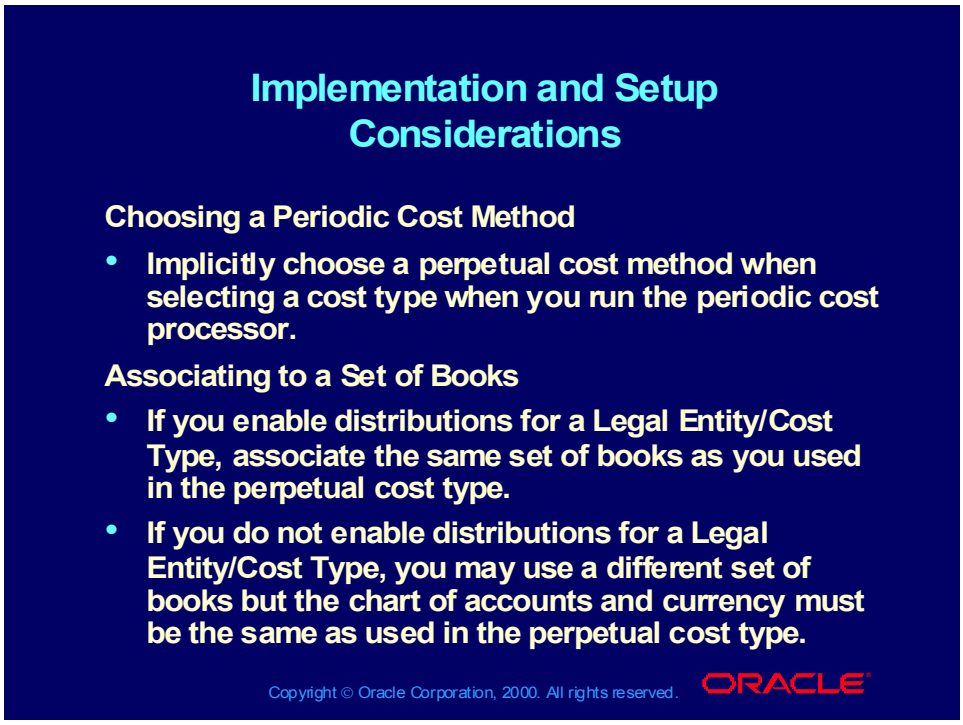

Help: Oracle Manufacturing Applications > Oracle Cost Management > Periodic Costing > Periodic Cost Setup

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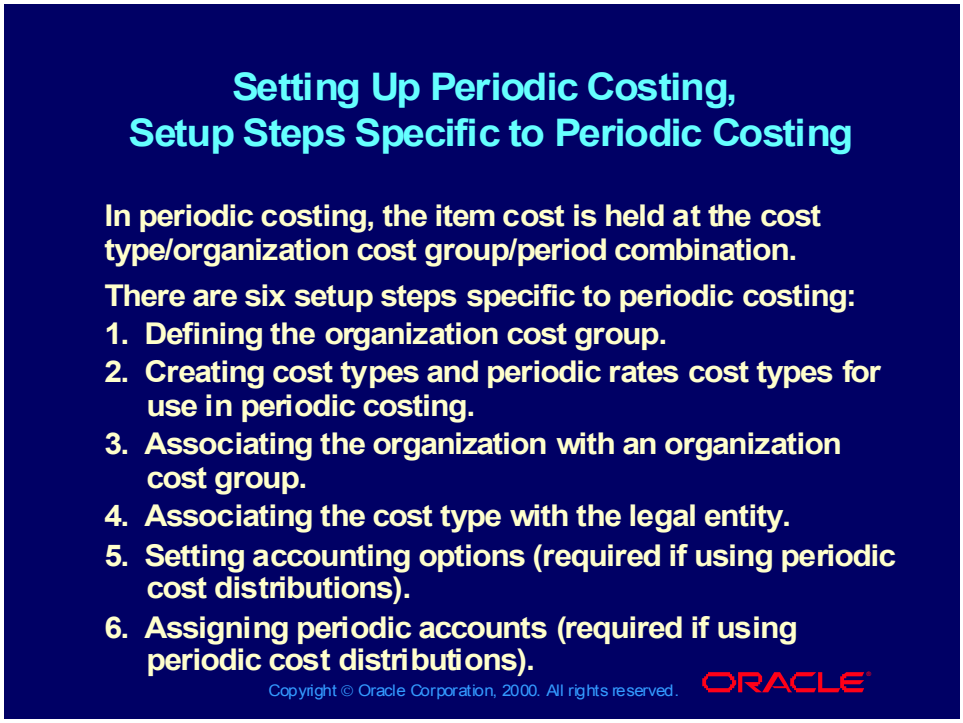

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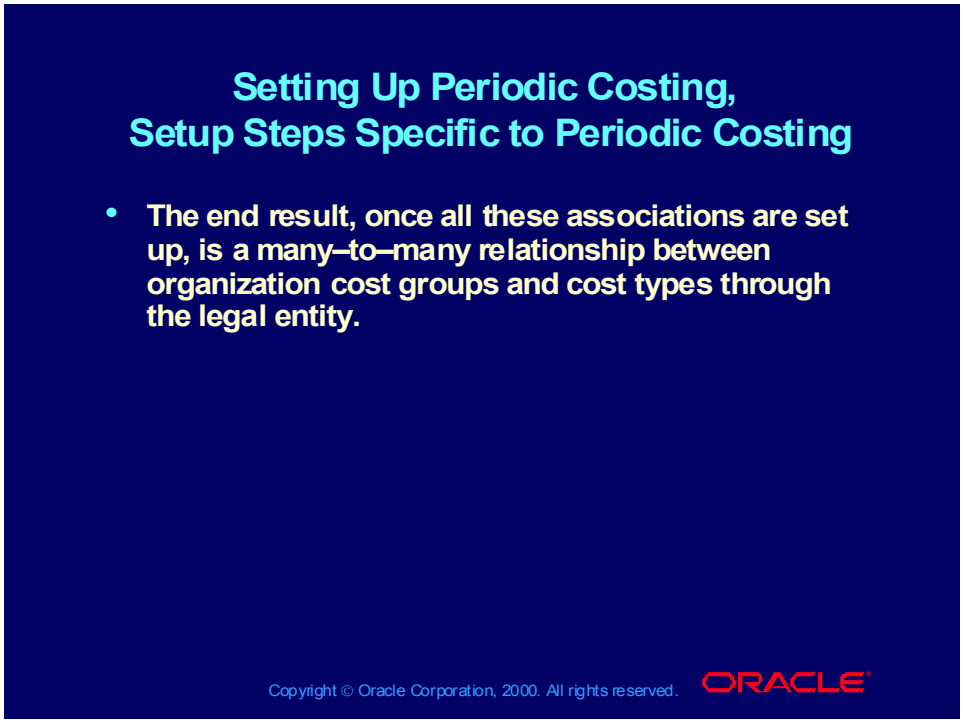

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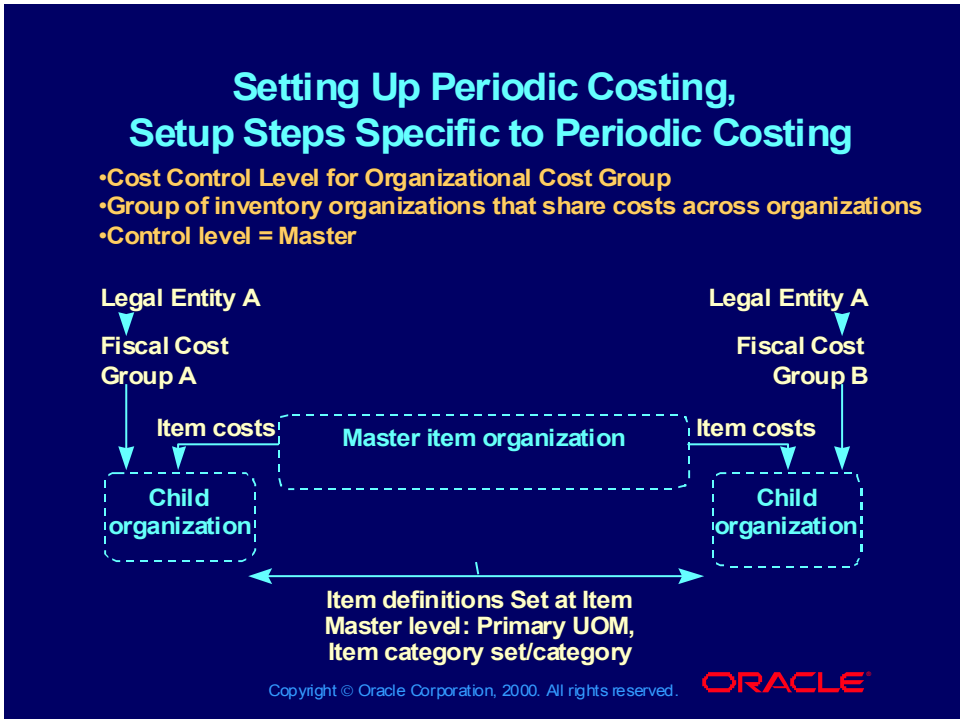
Setting Up Periodic Costing, Setup Steps Specific to Periodic Costing



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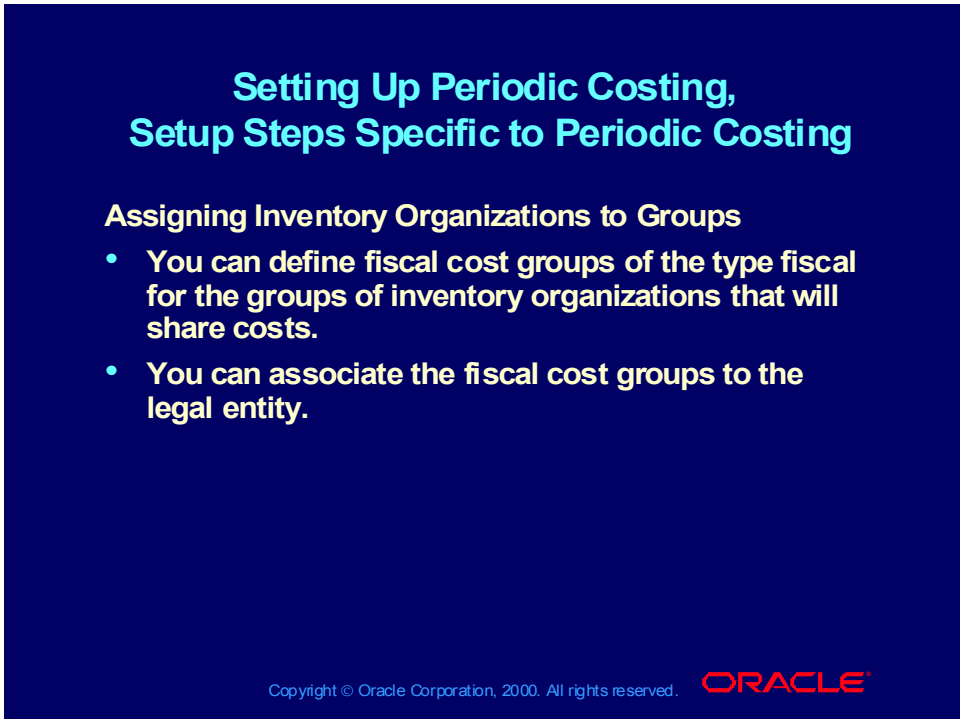

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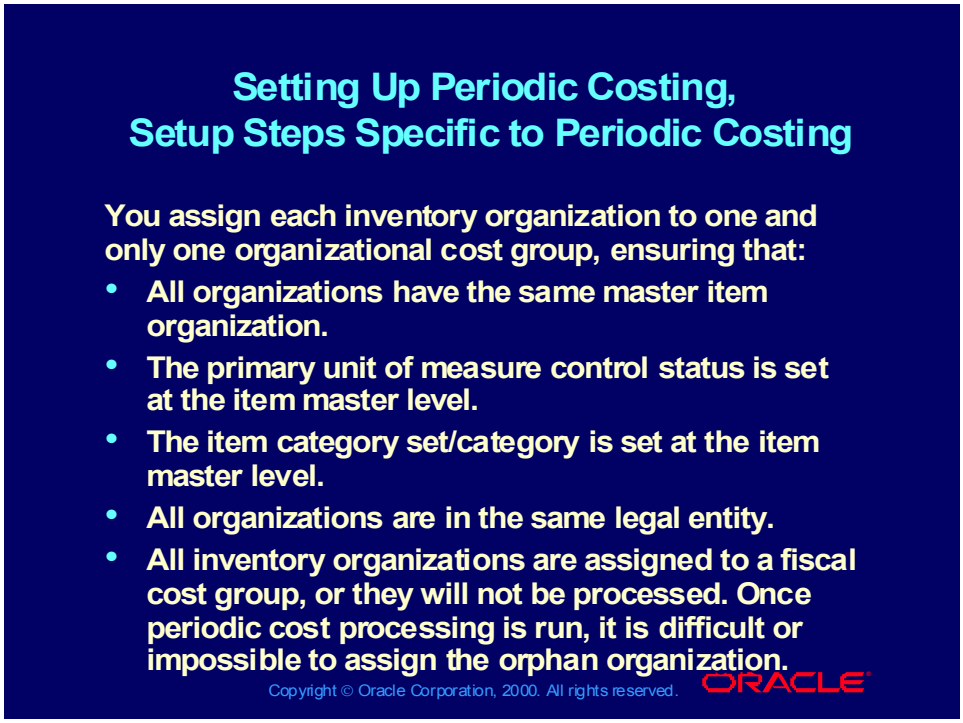

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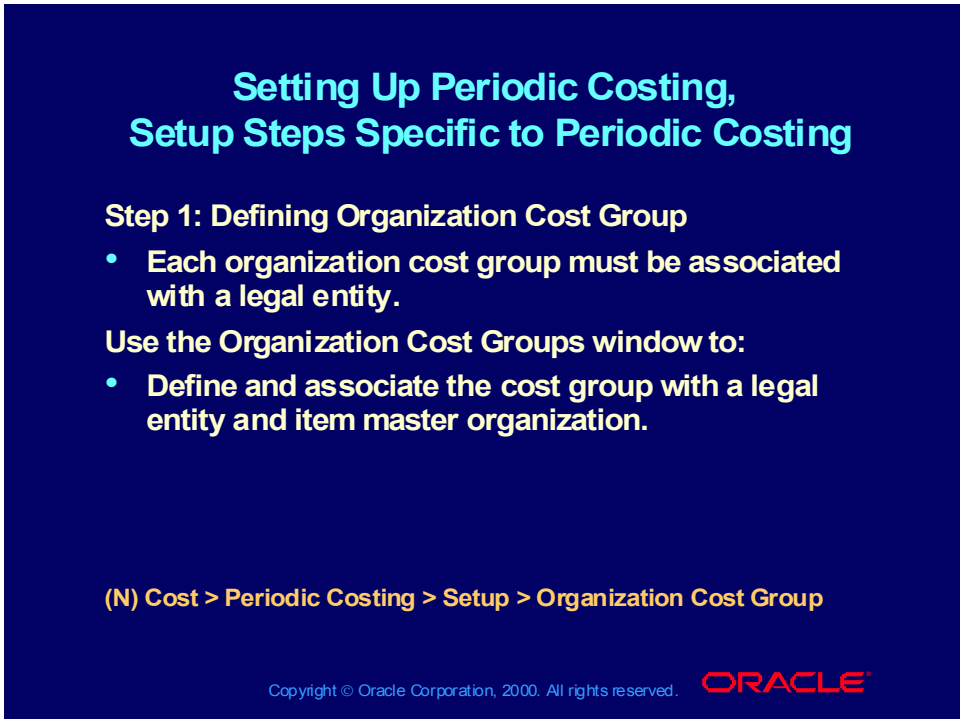

Help: Oracle Manufacturing Applications > Oracle Cost Management > Periodic Costing > Periodic Cost Setup > Setup Steps > Step 1: Defining Organization Cost Group

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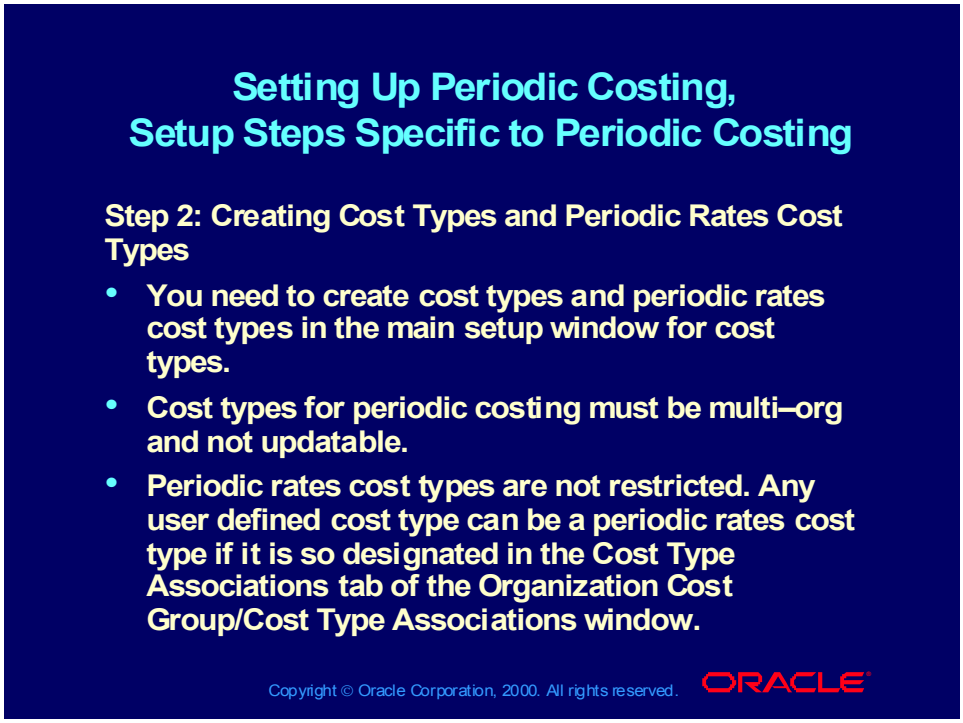

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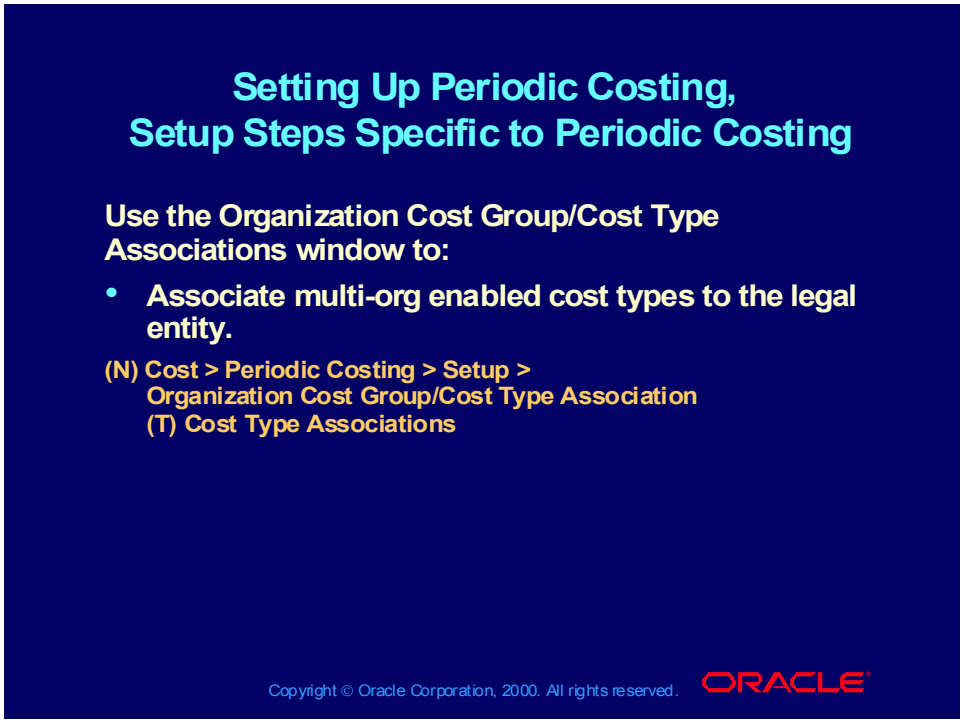

Help: Oracle Manufacturing Applications > Oracle Cost Management > Periodic Costing > Periodic Cost Setup > Setup Steps > Step 2: Creating Cost Types and Periodic Rates Cost Types

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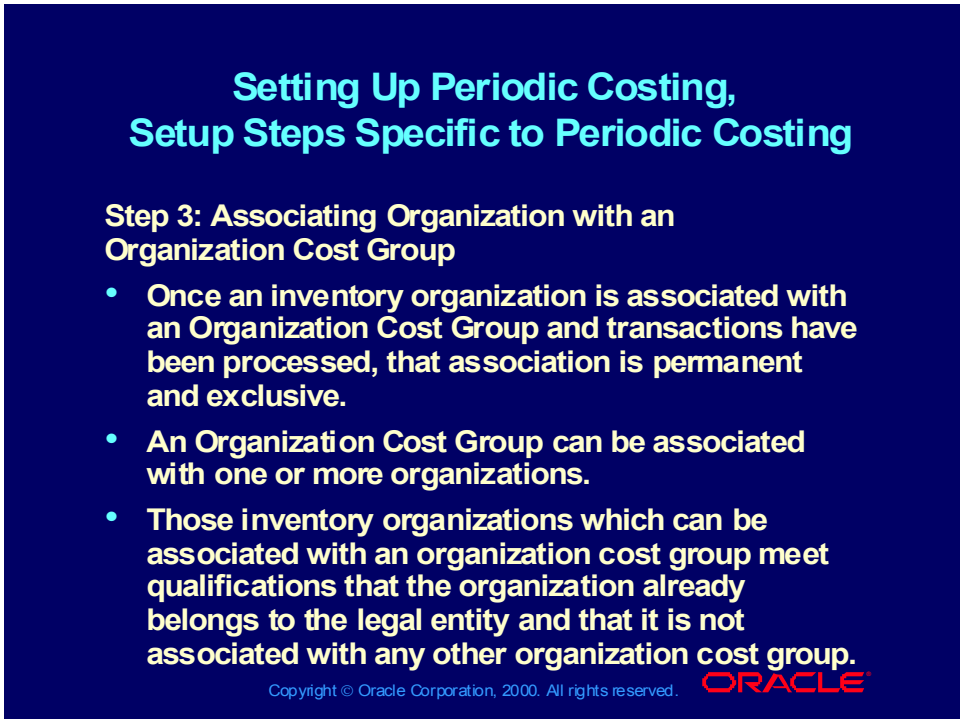

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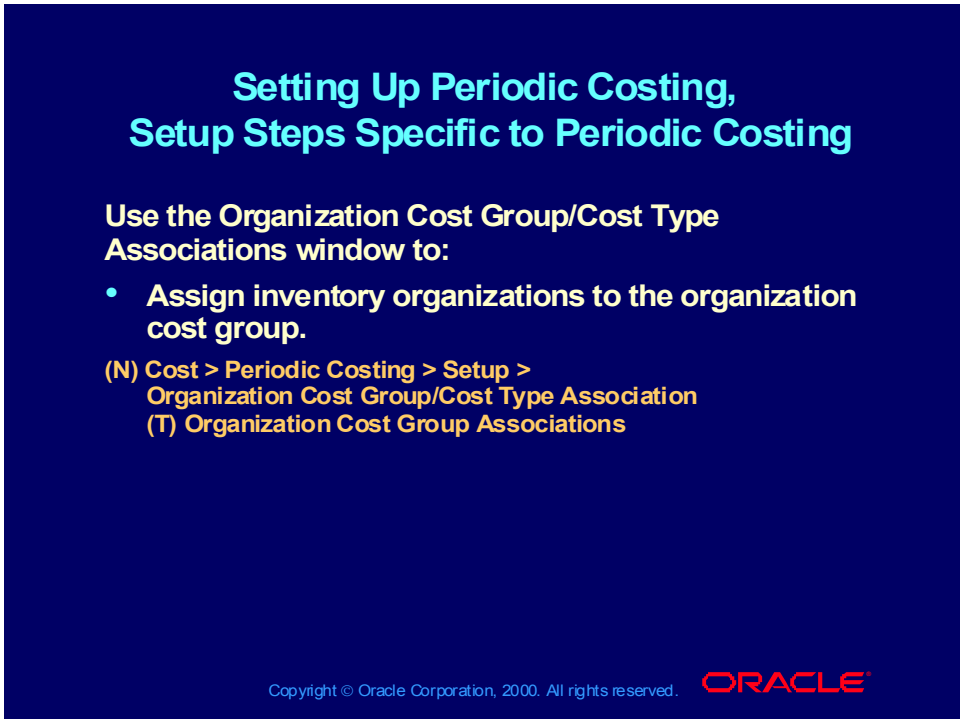

Help: Oracle Manufacturing Applications > Oracle Cost Management > Periodic Costing > Periodic Cost Setup > Setup Steps > Step 3: Associating Organization with an Organization Cost Group

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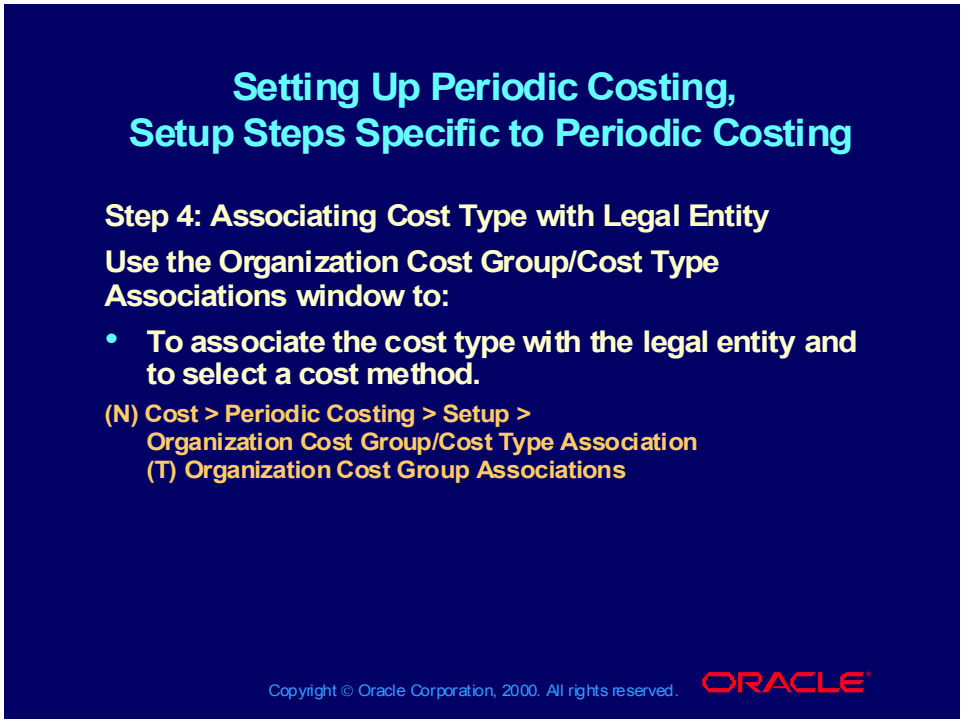

Help: Oracle Manufacturing Applications > Oracle Cost Management > Periodic Costing > Periodic Cost Setup > Setup Steps > Step 4: Associating Cost Type with Legal Entity

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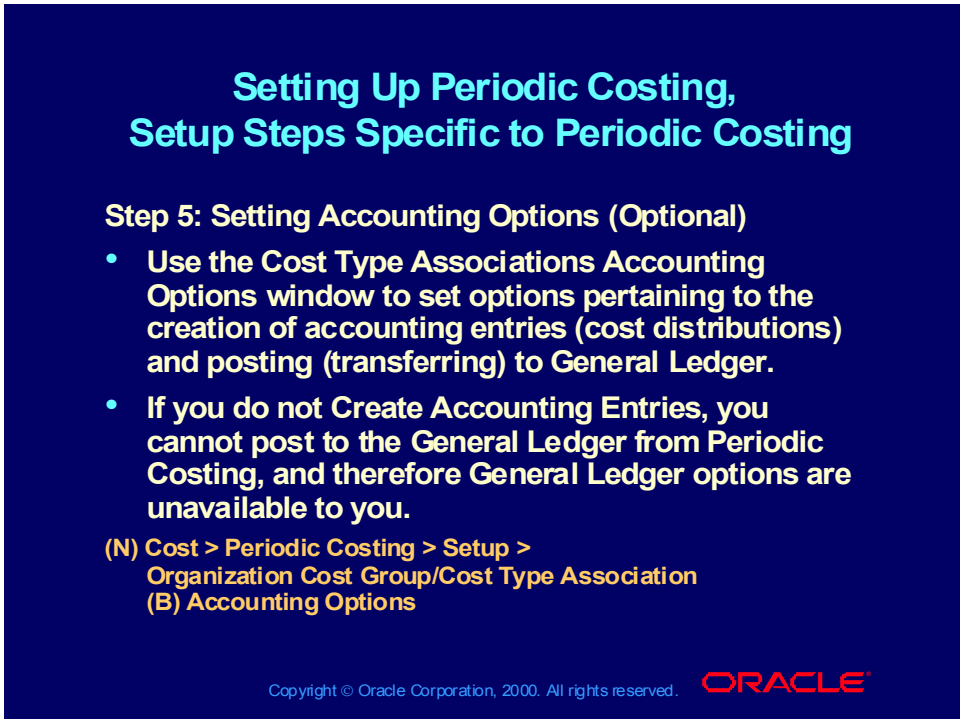

Help: Oracle Manufacturing Applications > Oracle Cost Management > Periodic Costing > Periodic Cost Setup > Setup Steps > Step 5: Setting Accounting Options (Optional)

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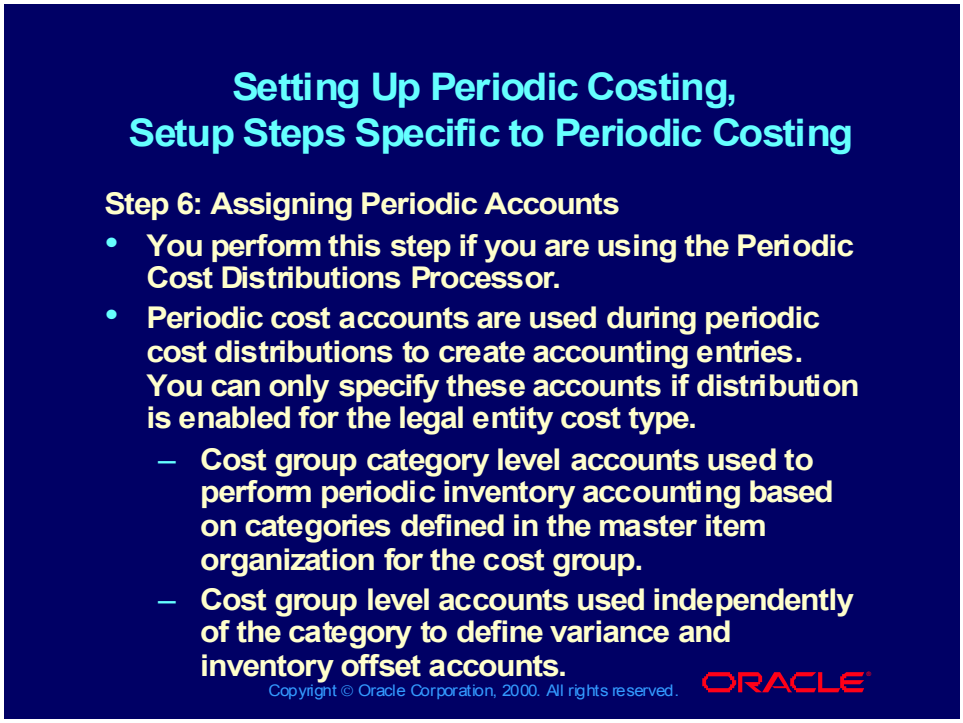

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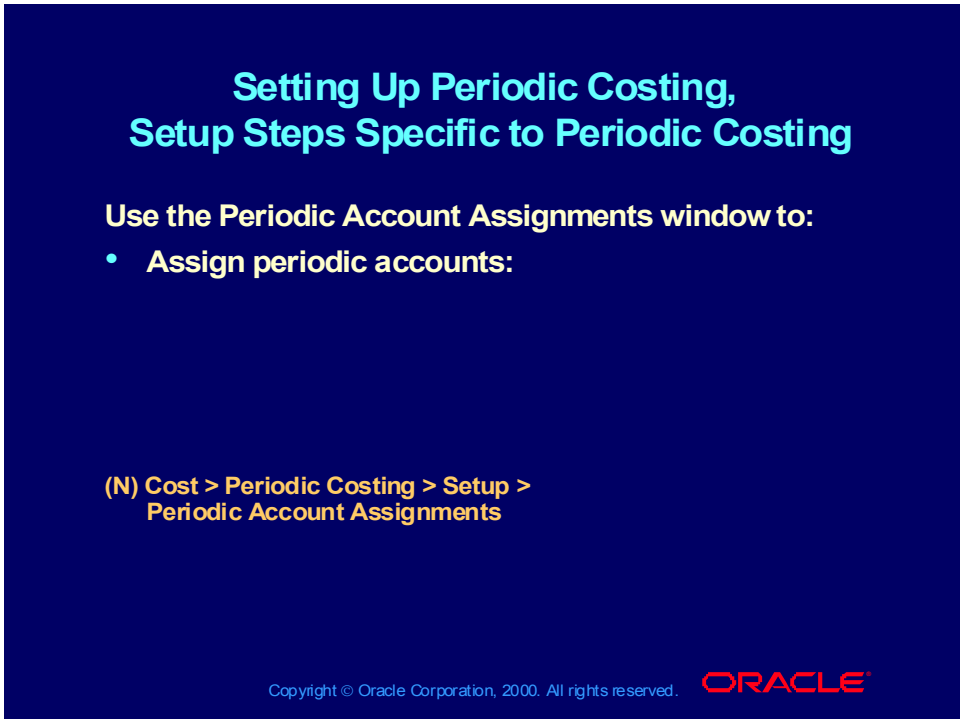
Setting Up Periodic Costing, Setup Steps Specific to Periodic Costing



Help: Oracle Manufacturing Applications > Oracle Cost Management > Periodic Costing > Periodic Cost Setup > Setup Steps > Step 6: Assigning Periodic Accounts

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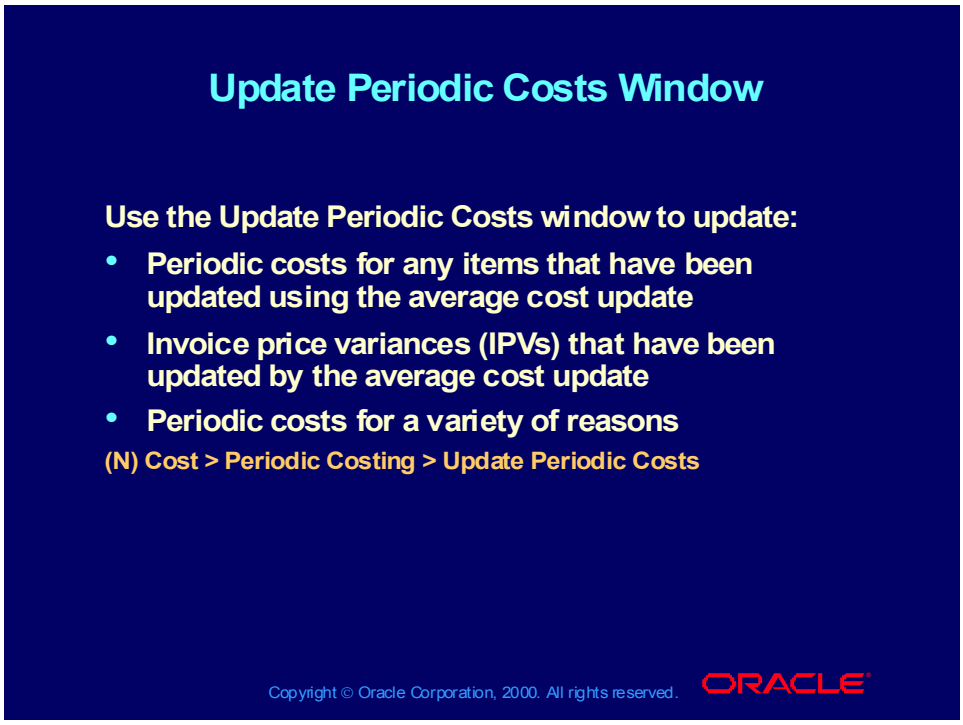
Update Periodic Costs Window



Help: Oracle Manufacturing Applications > Oracle Cost Management > Periodic Costing > Periodic Cost Processing > Updating Periodic Costs

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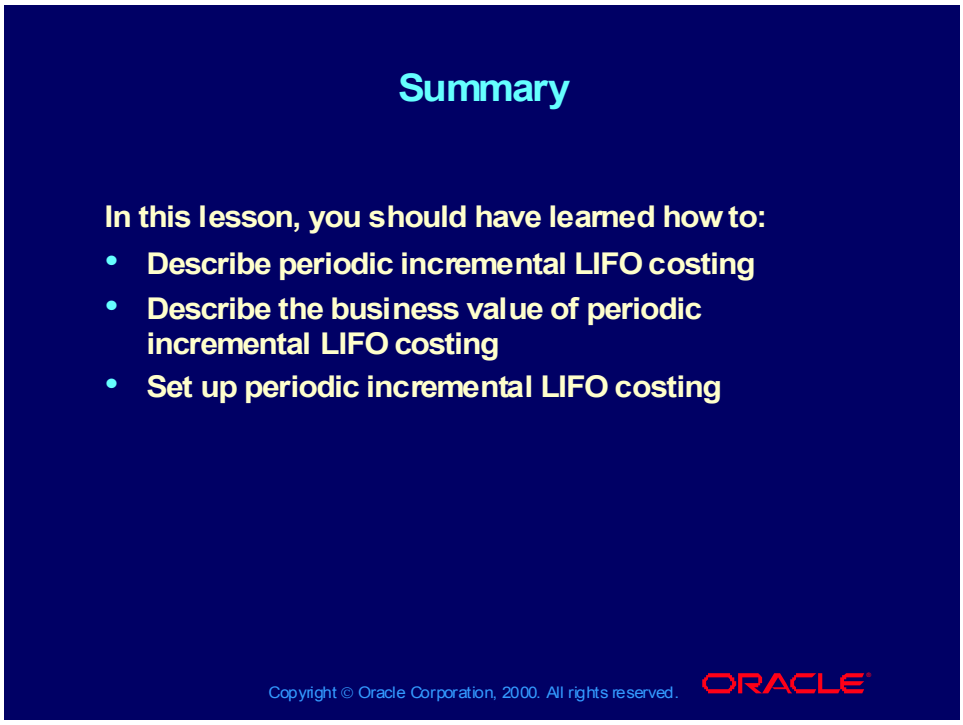

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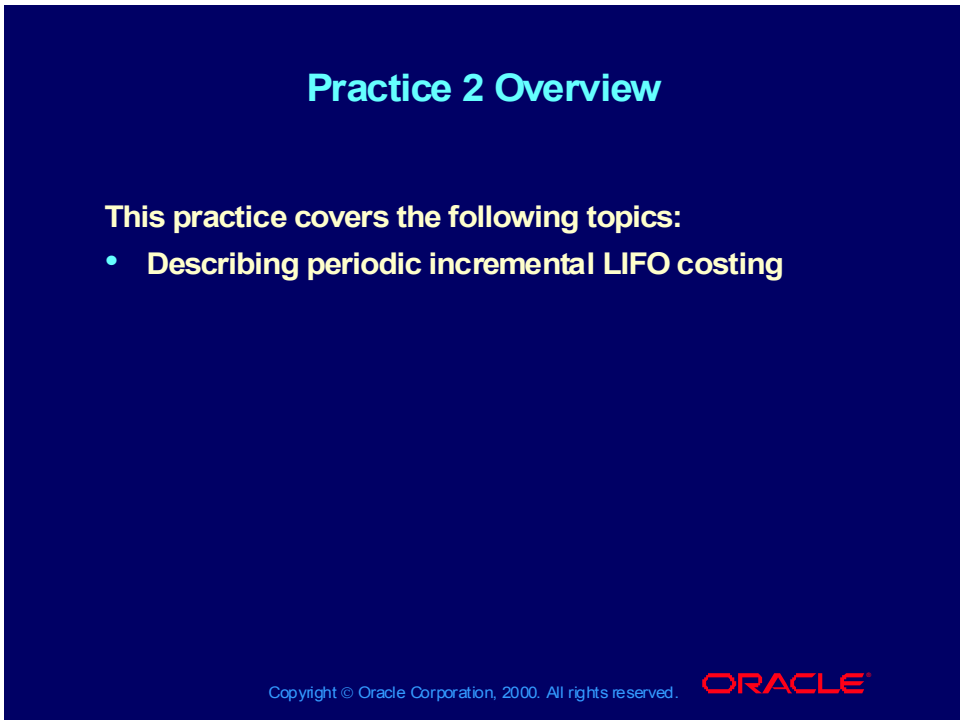

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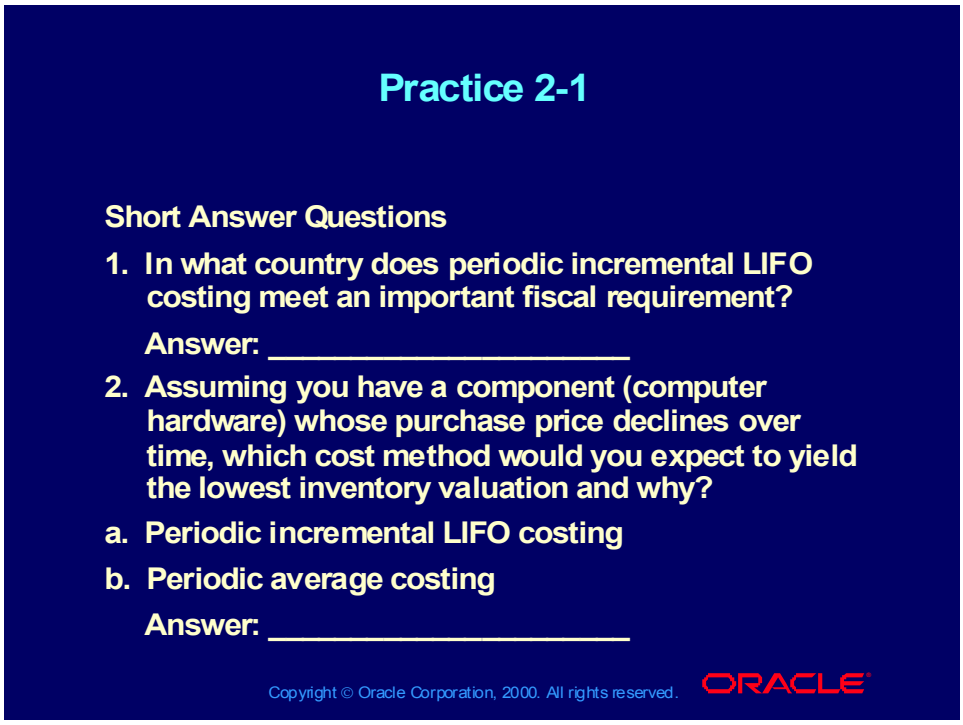

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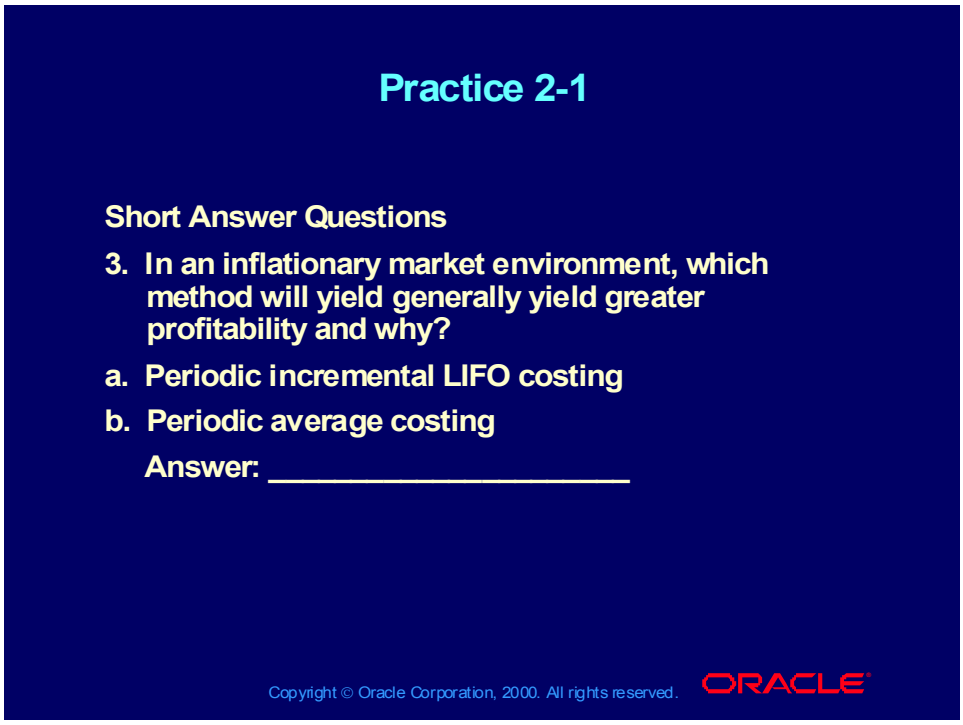

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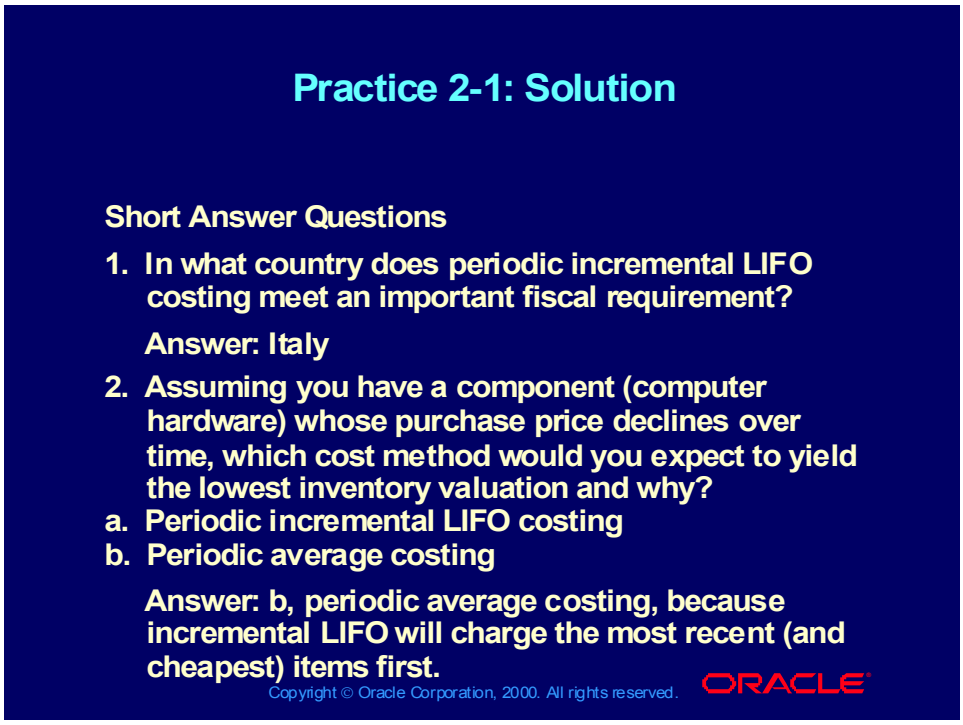

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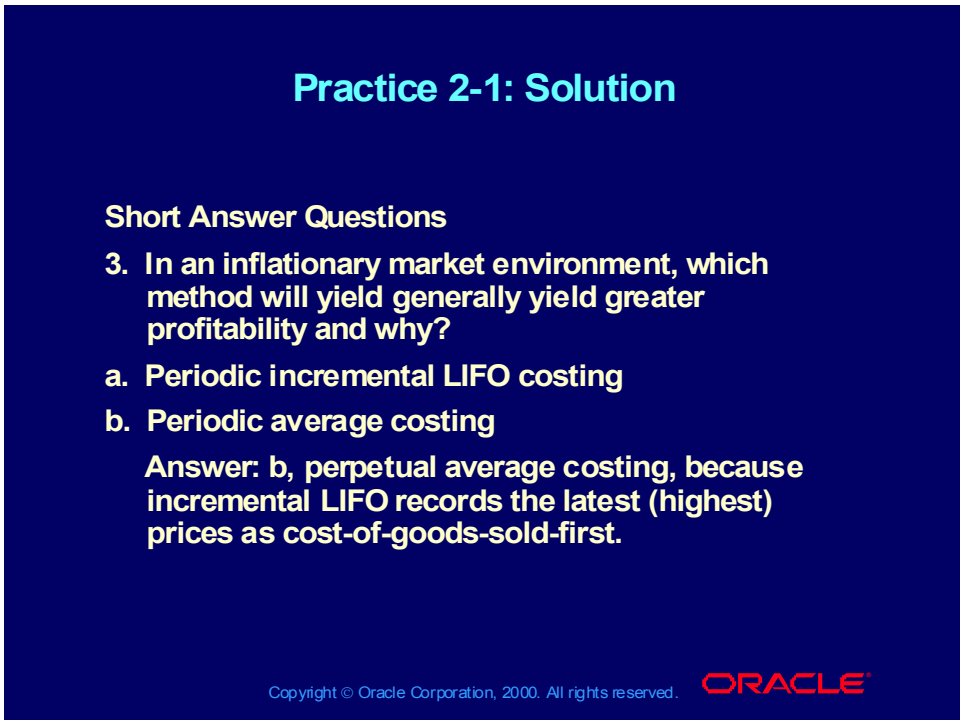

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