

R11i Overview of Cost Management

Student Guide

Course Code	14911GC10
Edition	1.0
Month	November, 2000
Part Number	MO-13963

ORACLE®

Copyright © Oracle Corporation, 2000. All rights reserved.

This documentation contains proprietary information of Oracle Corporation. It is provided under a license agreement containing restrictions on use and disclosure and is also protected by copyright law. Reverse engineering of the software is prohibited. If this documentation is delivered to a U.S. Government Agency of the Department of Defense, then it is delivered with Restricted Rights and the following legend is applicable:

Restricted Rights Legend

Use, duplication or disclosure by the Government is subject to restrictions for commercial computer software and shall be deemed to be Restricted Rights software under Federal law, as set forth in subparagraph (c)(1)(ii) of DFARS 252.227-7013, Rights in Technical Data and Computer Software (October 1988).

This material or any portion of it may not be copied in any form or by any means without the express prior written permission of the Education Products group of Oracle Corporation. Any other copying is a violation of copyright law and may result in civil and/or criminal penalties.

If this documentation is delivered to a U.S. Government Agency not within the Department of Defense, then it is delivered with "Restricted Rights," as defined in FAR 52.227-14, Rights in Data-General, including Alternate III (June 1987).

The information in this document is subject to change without notice. If you find any problems in the documentation, please report them in writing to Worldwide Education Services, Oracle Corporation, 500 Oracle Parkway, Box SB-6, Redwood Shores, CA 94065. Oracle Corporation does not warrant that this document is error-free.

Oracle and all references to Oracle Products are trademarks or registered trademarks of Oracle Corporation.

All other products or company names are used for identification purposes only, and may be trademarks of their respective owners.

Author

Anisa King

Technical Contributors and Reviewers

Barry Kuhl, Tom Marik, Pam Freeman, John Paramore, Sid Ordog

This book was published using:

Oracle® Tutor™



Table of Contents

R11i Overview of Cost Management.....	1-1
Overview of Cost Management	1-2
Course Objectives	1-3
Agenda.....	1-4
Product Overview	1-5
Agenda.....	1-8
Role of Cost Management	1-9
Agenda.....	1-10
Product Costing	1-11
Product Costing Method: Average Costing	1-12
Product Costing Method: Periodic Costing	1-14
Product Costing Method: Periodic Average Costing	1-16
Product Costing Method: Periodic Incremental LIFO Costing.....	1-17
Product Costing Method: Standard Costing.....	1-18
Agenda.....	1-20
Inventory Control and Valuation	1-21
Agenda.....	1-23
Profit Analysis	1-24
Agenda.....	1-26
Management Reporting.....	1-27
Agenda.....	1-30
Budgeting and Planning.....	1-31
Agenda.....	1-35
Cost Management Business Flow	1-36
Agenda.....	1-40
Oracle Cost Management Integration	1-41
Review Question.....	1-46
Summary.....	1-48

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

- None

How This Course Is Organized

R11i Overview of Cost Management 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 <i>algorithm</i> 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 <code>SELECT</code> command to view information stored in the <code>LAST_NAME</code> column of the <code>EMP</code> 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.

R11i Overview of Cost Management

Chapter 1

Overview of Cost Management

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Course Objectives

After completing this course, you should be able to describe:

- Describe the role of cost management
- Costing setup and implementation
- Cost information
- Cost rollup
- Average costing
- Standard costing
- Analyzing inventory and WIP transactions
- Period close for inventory organizations
- Periodic costing

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Agenda

Agenda

- **Product Overview**
- **Role of Cost Management**
 - **Product Costing**
 - **Inventory Control and Valuation**
 - **Profit Analysis**
 - **Management Reporting**
 - **Budgeting and Planning**
- **Cost Management Business Flow**
- **Oracle Cost Management Integration**

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Product Overview

Product Overview

Oracle Cost Management helps you manage and control your business. This sophisticated tool is used for:

- Product costing
- Inventory valuation
- WIP valuation
- Cost simulation
- Margin analysis


Performance


Analysis


Audit control

Copyright © Oracle Corporation, 2000. All rights reserved. **ORACLE**

Aim

This course explains how to use Oracle Cost Management to meet your accounting needs.

Product Overview

Using Oracle Cost Management, you can:

- **Value inventory and work in process on a perpetual basis**
- **Choose a perpetual costing method, including standard costing or average costing, for each organization**
- **Simulate, analyze, and forecast product costs**
- **Easily update and manage item unit costs**
- **Flexibly define the inventory structure and cost controls that are important to your business**

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Product Overview

Using Oracle Cost Management, you can:

- View and report item costs, inventory and work in process values, accounting entries, and gross margins
- Close periods quickly and easily
- Automatically transfer inventory and work in process transactions to your general ledger
- Choose periodic costing methods, including periodic average costing and incremental LIFO costing

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Agenda

Agenda

- Product Overview
- **Role of Cost Management**
 - Product Costing
 - Inventory Control and Valuation
 - Profit Analysis
 - Management Reporting
 - Budgeting and Planning
- Cost Management Business Flow
- Oracle Cost Management Integration

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Role of Cost Management

You use cost management to implement operational control and analysis for an organization.

Control

- **Establish product costs**
- **Control and value inventory**
- **Formulate budgets and plans**

Analysis

- **Analyze profitability**
- **Generate management reports**
- **Forecast profitability**

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Agenda

Agenda

- Product Overview
- Role of Cost Management
 - **Product Costing**
 - Inventory Control and Valuation
 - Profit Analysis
 - Management Reporting
 - Budgeting and Planning
- Cost Management Business Flow
- Oracle Cost Management Integration

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Product Costing

Product Costing

- Cost management uses product costs to value inventory and determine profitability.
- Generally accepted methods for setting product costs are listed below.

Oracle Cost Management

Method	Support
Average Costing	Supported by Oracle Cost Management for all organizations.
Standard Costing	Supported by Oracle Cost Management for all organizations. Standard costs can be shared across inventory-only organizations.
FIFO (First In First Out) Costing	Not supported by Oracle Cost Management in this release.
Periodic Average Costing	Supported by Oracle Cost Management.
Incremental LIFO (Last In First Out) Costing	Supported by Oracle Cost Management.

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Product Costing Method: Average Costing

- **There are two types of average costing:**
 - **Moving-average**
 - **Periodic**
- **With the advent of computers, most cost accountants prefer the moving-average method.**

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Product Costing Method: Average Costing

Average Costing

- **Moving-average costing uses the transaction cost to derive item costs:**
 - As you receive items into inventory, you reweight the average unit cost with the transaction value.
 - In certain instances, you also reweight the average unit cost when you issue from inventory.
- **Average costing perpetually values inventory using a costing method based on actual costs, holding inventory at a weighted average cost.**
- **At any point in time, the average cost of an item is the cumulative value of all transactions divided by the cumulative transaction quantity for an item.**

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Product Costing Method: Periodic Costing

Periodic Costing

- **Periodic costing values inventory on a periodic basis. There are three principal objectives of periodic costing:**
 - **To capture actual acquisition costs based on supplier invoiced amounts plus other direct procurement charges required by national legislation or company policy**
 - **To capture actual transaction costs using fully absorbed resource and overhead rates**
 - **To average inventory costs over a prescribed period, rather than on a transactional basis**

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Product Costing Method: Periodic Costing

Periodic Costing

- **There are two types of periodic costing:**
 - **Periodic average costing**
 - **Periodic incremental LIFO costing**

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Product Costing Method: Periodic Average Costing

Product Costing Method: Periodic Average Costing

- Periodic average costing establishes costs on a per-item and per-period basis, using the derived cost and final balance as the beginning balance of the next period.
 - You can use periodic average costing to cost one or more organizations on a periodic basis. This cost is based on invoice price, when available.
 - You can match additional invoiced charges, such as freight, customs, or insurance, to the material receipts.
- For manufactured items, periodic average costing values inventory by including full absorption of resource and overhead costs.

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Product Costing Method: Periodic Incremental LIFO Costing

Product Costing Method: Periodic Incremental LIFO Costing

- Incremental LIFO costing values inventory by assuming that the most recently received item (last in) is the first to be used or sold (first out), but there is no necessary relationship to the physical movement of specific items.

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Product Costing Method: Standard Costing

- **Standard costing uses predefined costs that are fixed for a specified period of time.**
- **Use standard costing for performance measurement and control.**

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Product Costing Method: Standard Costing

- Define component costs (material costs) using the projected average acquisition costs and associated indirect costs (material overhead) over the specified period of time.
- Roll up assembly costs using bills of material and routings:
 - Use bills of material to determine the component cost of an assembly.
 - Use routings to apply both internal (resource) and external (outside processing) conversion costs as well as indirect costs (overhead) to assemblies.

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Agenda

Agenda

- Product Overview
- Role of Cost Management
 - Product Costing
 - **Inventory Control and Valuation**
 - Profit Analysis
 - Management Reporting
 - Budgeting and Planning
- Cost Management Business Flow
- Oracle Cost Management Integration

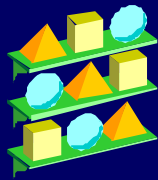
Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Inventory Control and Valuation

Financial Integrity of Inventory Balances

- You depend on cost management to generate information about the financial integrity of inventory balances reported by the organization.



Inventory



Control



Valuation

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Inventory Control and Valuation

Inventory Control

- You can use cost management to verify the accuracy of onhand balances by reviewing and auditing the physical inventory and cycle-count programs performed by materials management. You can also use cost management for reviewing policies and procedures related to accessing and acquiring inventory.

Inventory Valuation

- Inventory valuation reflects the result of inventory controls (onhand quantities), product costs (unit costs), and potentially the analysis of variances. **Not every company capitalizes its variances.**

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Agenda

Agenda

- Product Overview
- Role of Cost Management
 - Product Costing
 - Inventory Control and Valuation
 - **Profit Analysis**
 - Management Reporting
 - Budgeting and Planning
- Cost Management Business Flow
- Oracle Cost Management Integration

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Profit Analysis

Margin Analysis Reports

- You can use cost management to determine profitability by analyzing costs associated with revenue-generating activities.
- 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 costing method of the organization is independent of margin analysis reporting and does not affect the procedure to run margin analysis reports.

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Profit Analysis

Gross Margin Versus Gross Profit

- Generally, direct cost of goods sold is shipped inventory valued at one of the costing methods.

Gross Margin = Revenue – Direct Cost of Goods Sold

- Generally, other cost of sales includes manufacturing variances, freight and duty, royalty, warranty and other indirect costs.

Gross Profit = Gross Margin – Other Cost of Goods Sold



Analysis

ORACLE

Copyright © Oracle Corporation, 2000. All rights reserved.

Agenda

Agenda

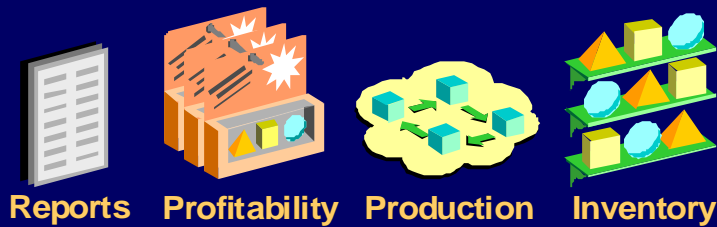
- Product Overview
- Role of Cost Management
 - Product Costing
 - Inventory Control and Valuation
 - Profit Analysis
 - **Management Reporting**
 - Budgeting and Planning
- Cost Management Business Flow
- Oracle Cost Management Integration

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Management Reporting

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



Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Management Reporting

Profitability Reporting

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

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Management Reporting

Operational Reporting

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

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Agenda

Agenda

- Product Overview
- Role of Cost Management
 - Product Costing
 - Inventory Control and Valuation
 - Profit Analysis
 - Management Reporting
 - **Budgeting and Planning**
- Cost Management Business Flow
- Oracle Cost Management Integration

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Budgeting and Planning

- You can use cost management to assist you in budgeting direct and indirect production costs, planning production levels, and forecasting profitability.



Reports



Budgeting



**Planning
production**



**Forecasting
profitability**

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Budgeting and Planning

Budgeting

- Departmental operating budgets
- Indirect production expenses
- Cash forecasting for inventory

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Budgeting and Planning

Planning Production

- Use revenue forecast to determine required production levels.
- Factor in desired inventory levels to modify production level.
- Determine standard resource and overhead rates using planned production levels.
- Set standard costs for the period.

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Budgeting and Planning

Forecasting Profitability

- Forecast cost of goods sold (multiply forecast unit sales of an item by the pending standard cost).
- Forecast gross margin (revenue forecast less the cost of goods sold forecast).
- Forecast variances and indirect production expenses (the difference between budgeted spending and planned production value).
- Forecast gross profit (forecast gross margin minus forecast variances and indirect production costs).

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Agenda

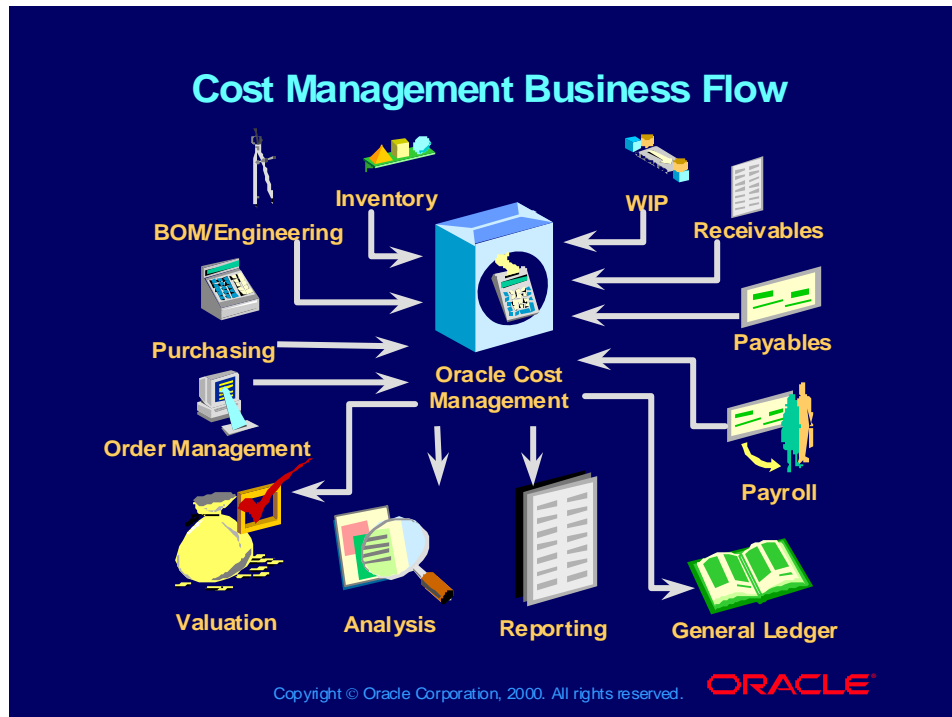
Agenda

- Product Overview
- Role of Cost Management
 - Product Costing
 - Inventory Control and Valuation
 - Profit Analysis
 - Management Reporting
 - Budgeting and Planning
- **Cost Management Business Flow**
- Oracle Cost Management Integration

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Cost Management Business Flow



Cost Management Business Flow

- In Oracle Order Management, you enter customer orders and shipments.
- In Oracle Receivables, you enter product sales information.
- In Oracle Purchasing, you open purchase orders, establish purchase order unit prices, receive material, and handle outside processing charges.
- In Oracle Bills of Material/Oracle Engineering, you create product structures, routings, resources, standard operations, and departments used in product costing.
- In Oracle Inventory, you define the organizational structure/cost environment where you process material transactions and maintain perpetual inventory values using either standard or average costing.
- In Oracle WIP, you enter WIP transactions and maintain perpetual WIP inventory values using either standard or average costing.
- In Accounts Payable, you pay actual invoice unit prices on purchase order fulfillment.
- In Payroll, you set up employees that work in your organization.
- In Oracle Cost Management, you cost products, value inventory in stores and in work-in-process, and run simulation reports to analyze costs and profits. You pass cost information to many applications and transfer accounting activity to your general ledger at any time.

Cost Management Business Flow

Application

- Order Management
- Receivables
- Purchasing
- Bills of Material/
Engineering

Information

- Orders and shipments
- Product sales
- Purchase orders,
prices, receipts, and
outside processing
- Product structures,
routings, resources,
standard operations,
and departments

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Cost Management Business Flow

Application

- Inventory
- WIP
- Accounts Payable
- Payroll

Information

- Organizational structure, cost environment, transactions, inventory valuation at standard or at average
- Transactions, WIP valuation at standard or at average
- Actual invoice unit prices on purchase order fulfillment
- Employees

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Cost Management Business Flow

Application

- Cost Management

Information

- Product costs
- Valuation of stores and of work-in-process
- Simulation reports to analyze costs and profits
- Cost information passed to many applications
- Accounting activity transferred to the general ledger at any time

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Agenda

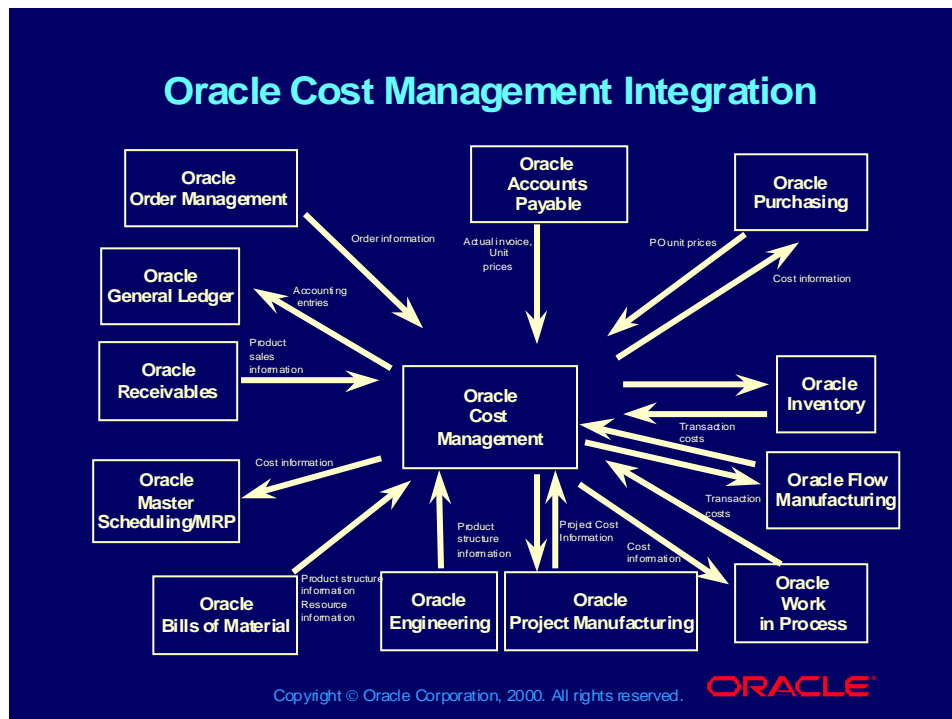
Agenda

- Product Overview
- Role of Cost Management
 - Product Costing
 - Inventory Control and Valuation
 - Profit Analysis
 - Management Reporting
 - Budgeting and Planning
- Cost Management Business Flow
- Oracle Cost Management Integration

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Oracle Cost Management Integration



Integrated Application Suite

- Together, all Oracle Manufacturing and Oracle Financials comprise an integrated suite of business applications that provide accurate financial analysis and reporting of cost transactions.
- Oracle Cost Management is a sophisticated product costing, inventory valuation, WIP valuation, and margin analysis tool that you can use to control, manage, and analyze the profitability of your business.
- Oracle Cost Management is fully integrated with other Oracle applications and provides a comprehensive cost accounting solution to your business needs.

Oracle Cost Management supports flexible inventory costing with advanced options. You can:

- Maintain perpetual inventory values using either standard or average costing.
- Maintain, edit, and change your costs at any time.
- Process material transactions or move inventory, and accounting entries are automatically created.
- Automatically interface inventory and WIP transactions with your general ledger.
- Transfer accounting activity to your general ledger at any time.

Oracle Cost Management Integration

Application

- Manufacturing and Financials
- Cost Management

Function

- Integrated suite of business applications
- Provide accurate financial analysis and reporting of cost transactions
- Product costing, inventory valuation, WIP valuation, margin analysis
- Use to control, manage, and analyze the profitability of your business

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Oracle Cost Management Integration

Application

- Cost Management

Function

- Perform flexible inventory costing
- Maintain perpetual inventory values at standard or average
- Maintain, edit, and change costs at any time
- Process material transactions or move inventory, and generate accounting entries automatically

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Oracle Cost Management Integration	
Application	Function
<ul style="list-style-type: none">• Cost Management	<ul style="list-style-type: none">• Automatically interface inventory and WIP transactions with the general ledger• Transfer accounting activity to the general ledger at any time• Supports costing for Oracle Flow Manufacturing at standard or average
<small>Copyright © Oracle Corporation, 2000. All rights reserved.</small> ORACLE	

Integrated Application Suite

- Oracle Cost Management supports costing for Oracle Flow Manufacturing in both standard and average costing organizations.

Oracle Cost Management Integration

Application	Function
<ul style="list-style-type: none">• Cost Management	<ul style="list-style-type: none">• Supports costing for Oracle Project Manufacturing• Cost all project related manufacturing transactions• Capture manufacturing costs by project or by project and task and transfer them to Oracle Projects

Copyright © Oracle Corporation, 2000. All rights reserved. **ORACLE**

Integrated Application Suite

- Oracle Cost Management supports costing for Oracle Project Manufacturing.
- You can cost all project related manufacturing transactions and then capture these costs and transfer them to Oracle Projects.
- You can associate items and manufacturing business processes with specific projects, and optionally tasks, to track quantity and cost information through these business processes.
- With project manufacturing costing, you can process and cost material and labor against a specific project or a group of projects for a specific customer.

Review Question

Review Question

Cost management uses product costs to value inventory and determine profitability. You depend on cost management to generate information about the financial integrity of inventory balances reported by the organization.

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

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Review Question

Review Question

Cost management uses product costs to value inventory and determine profitability. You depend on cost management to generate information about the financial integrity of inventory balances reported by the organization.

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

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE

Summary

Summary

In this course, you should have learned how to:

- **Describe the role of cost management**

Copyright © Oracle Corporation, 2000. All rights reserved.

ORACLE