

Adaxia



How To – Standard Costing

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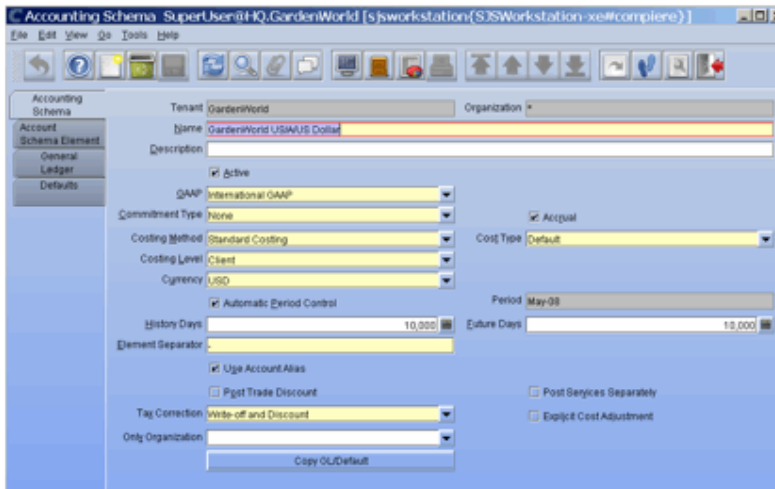
Standard Costing in ADempiere, a Worked Example

The following is a worked example of using Standard Costing in ADempiere to manage a fast moving inventory of memory modules where the cost of the modules changes frequently, the selling price of the modules is determined by the market and is not set as a consequence of the value ascribed to any particular merchants inventory.

Because inventory quantities are small and inventory turn is very large, there is a high probability of goods being shipped out to customers before the vendor invoice (with possibly a new cost for those goods) is processed into the accounts system. This out-of-order processing gives rise to the probability that items sold will be costed at the wrong price because the new price will not be available until the vendor invoice is processed. Because small inventory quantities are held there is a risk of 'negative' stock due to the out-of-order processing with really distorted inventory values arising as a result.

Using Standard Cost provides a degree of certainty of the value that will be ascribed to an item of inventory regardless of order of processing. The following example using the ADempiere ERP&CRM system will hopefully highlight the methods involved.

In ADempire define the costing method for the system.



This means that all debits and credits to the inventory account will use the standard costing record value rather than some other value that may be being recorded such as average PO or average invoice.

1.1 Costing Set Up

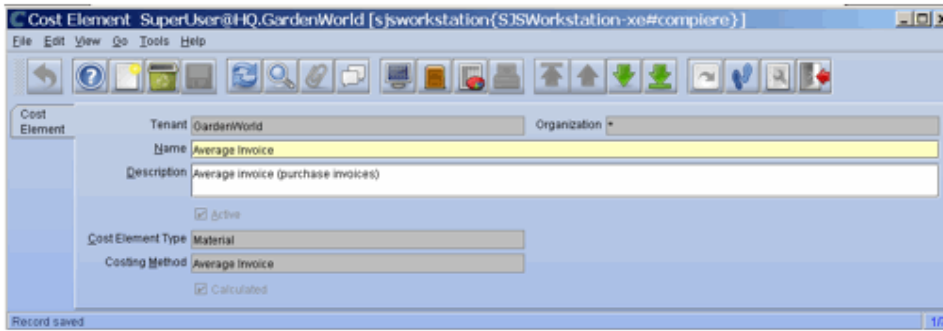
Define costing information to be maintained for each product in addition to the standard cost.

The extra data is for information only and is not used to calculate inventory value or cost of sales.

Grid View

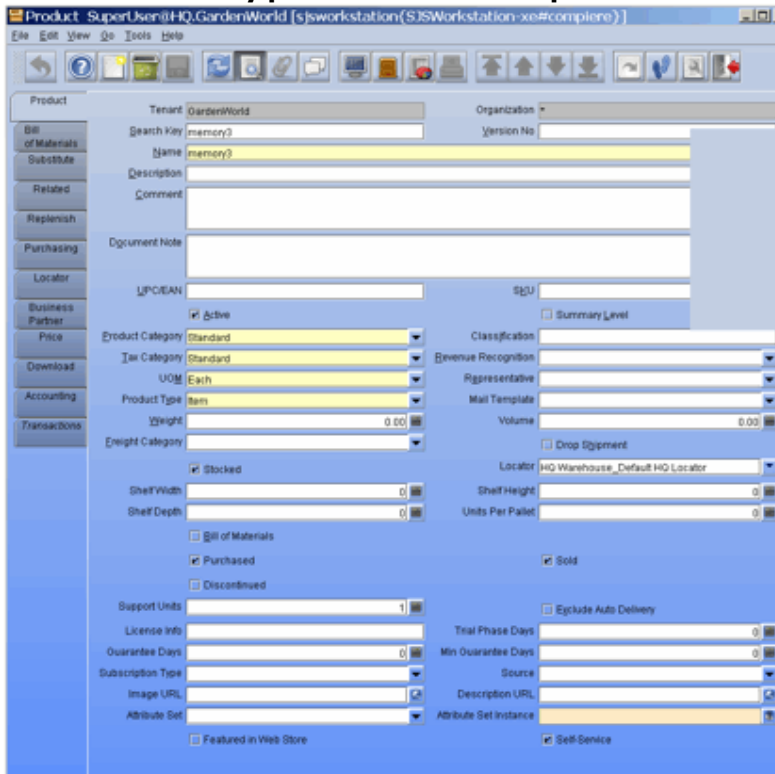
Cost Element	Tenant	Organization	Name	Description	Active	Cost Element Type	Costing Method	Calculated
1	GardenWorld	*	Average Invoice	Average invoice (purchase invoices)	<input checked="" type="checkbox"/>	Material	Average Invoice	<input checked="" type="checkbox"/>
2	GardenWorld	*	Average PO	Average purchase order price	<input checked="" type="checkbox"/>	Material	Average PO	<input checked="" type="checkbox"/>
3	GardenWorld	*	Fifo	First in / first out cost	<input checked="" type="checkbox"/>	Material	Fifo	<input checked="" type="checkbox"/>
4	GardenWorld	*	Freight	Create additional Material Cost Elements fo...	<input type="checkbox"/>	Material		<input type="checkbox"/>
5	GardenWorld	*	Last PO Price	Most recent Purchase Order Cost	<input checked="" type="checkbox"/>	Material	Last PO Price	<input checked="" type="checkbox"/>
6	GardenWorld	*	Resource		<input type="checkbox"/>	Resource		<input type="checkbox"/>
7	GardenWorld	*	Standard Costing	Standard Cost - user defined	<input checked="" type="checkbox"/>	Material	Standard Costing	<input type="checkbox"/>

Single record view of a single record.



1.2 Add an Example Product

Add a new memory product for the example



1.3 Set the default supplier information

The screenshot shows the 'Product' form in the Adaxa software. The form is titled 'Product SuperUser@HQ.GardenWorld [sjsworkstation(SJSWorkstation-xe#complete)]'. The main form area contains the following fields and values:

- Tenant: GardenWorld
- Product: memory3
- Vendor: Memory Supplier
- Quality Rating: 0
- Organization: (dropdown menu)
- UPCEAN: (text field)
- Currency: USD
- List Price: 70.00
- PQ Price: 50.00
- Last PO Price: 0.00
- UOM: Each
- Minimum Order Qty: 0
- Promised Delivery Time: 0
- Cost per Order: 0.00
- Partner Product ID: memory3 xyz-abc
- Manufacturer: BM
- Discontinued:
- Price effective: (text field)
- Royalty Amount: 0.00
- Last Invoice Price: 0.00
- Order Pack Qty: 0
- Actual Delivery Time: 0
- Partner Category: (text field)

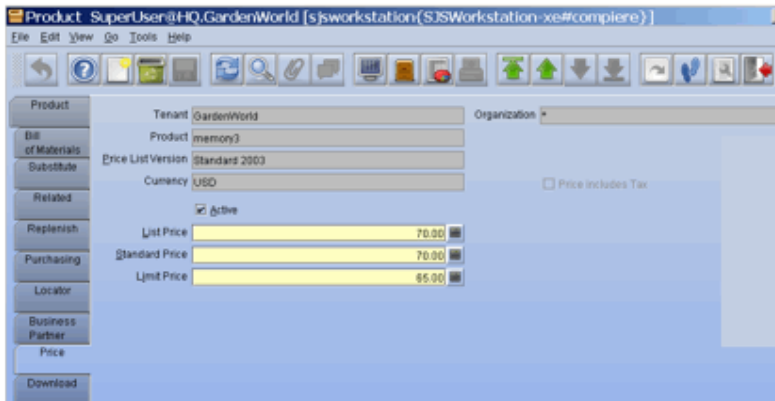
Add the suppliers part number etc to the record to be used on Purchase Orders if needed.

1.4 Add the product to a purchase price list:

The screenshot shows the 'Product' form in the Adaxa software, specifically the 'Price' section. The form is titled 'Product SuperUser@HQ.GardenWorld [sjsworkstation(SJSWorkstation-xe#complete)]'. The main form area contains the following fields and values:

- Tenant: GardenWorld
- Product: memory3
- Price List Version: Purchase 2003
- Currency: USD
- Price includes Tax:
- Active:
- List Price: 50.00
- Standard Price: 50.00
- Unit Price: 50.00

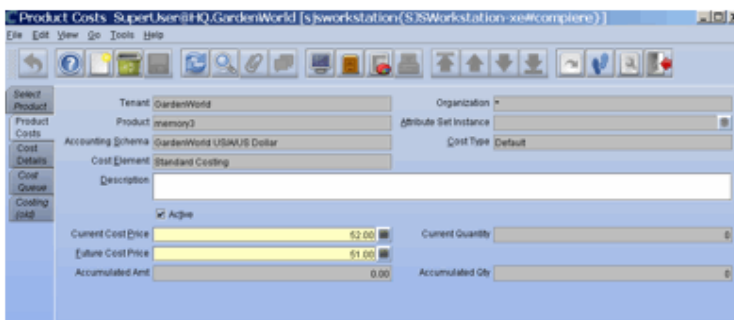
1.5 And to a sales price list



1.6 Define the standard cost for the product

– this will be used to cost all inventory transactions for this product until such time as a new cost is defined.

If new cost information has become available it can be stored in the 'future cost' field until the decision is made to run the process that sets the standard cost = to the future cost (alternatively the standard cost can be picked up from a price list or manually entered)



Here the current cost has been set to \$52.00 and the future cost to \$51.00 (because (say) a price reduction has been advised to us or the AUD has firmed) Note that we have set the price as \$50.00 on the purchase price list because this is what we want on the Purchase Order.

2 Acquiring Product from Suppliers

2.1 Create a Purchase Order.

Note that there are three order lines. Line 1 is ordered for delivery on 7 May, line 2 for 14 May, line 3 for 21 May (at a slightly higher cost). The View that the print format uses does not have promise date in it so we will need to add it (a couple of lines of sql)

Compiere [®]				
3600 Bride Parkway Suite 101 Redwood City, CA 94065				
Memory Supplier		Date Promised	: 05/01/2008	
		Customer No	: memorysupplier	
Albert		Representative	GardenAdmin BP	
somewhere, OR				
Purchase Order Document No 800009 - 05/01/2008				
Qty	UoM	Description	Unit Price	Line Net
100	Ea	memory3	50.00	5,000.00
100	Ea	memory3	50.00	5,000.00
100	Ea	memory3	51.50	5,150.00
		Standard	15,150.00	0.00
Sum £				15,150.00
USD	15,150.00	Immediate		

2.1.1 Create Material Receipt Header

This is to receive the first shipment. The only thing entered is the supplier code, the rest defaults.

2.1.1.1 Add the receiving lines by picking up the details from the Order

Click on Create Lines From button <see next page>

And select the first item on the list

The receipt line is added

More information can be added if needed.

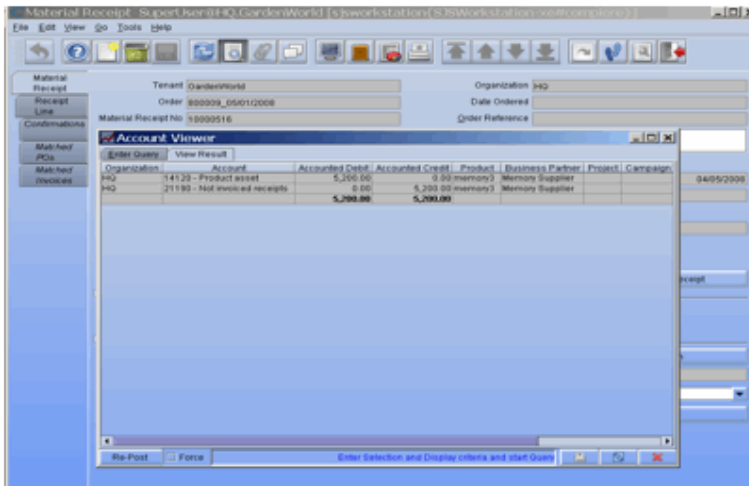
Click the Complete button to process and increment inventory.

The created document (if you choose to print it) looks like:

Qty	UoM	Description	Locator	Backordered
100	Ea	memory3	Default HQ Locator	0

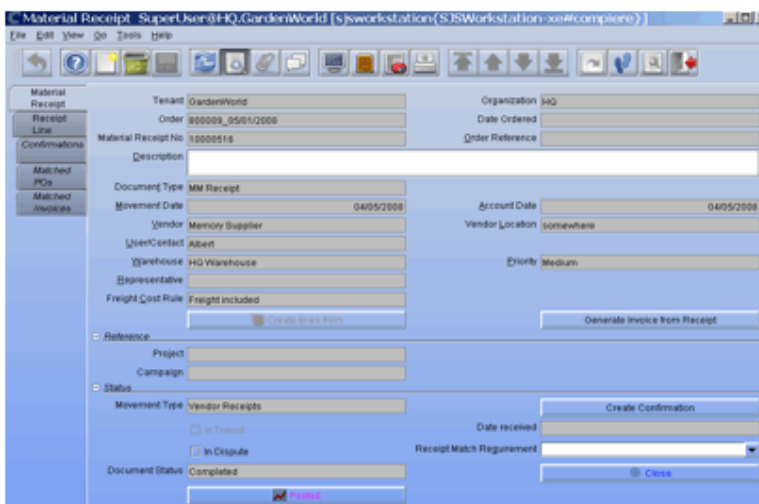
The General Ledger Posting is as follows:

<see next page>



2.2 Create Vendor Invoice Record

Now close the Account Viewer form and click on the "Generate Invoice from Receipt Button":



Follow the forms guidance, enter the invoice number and price list

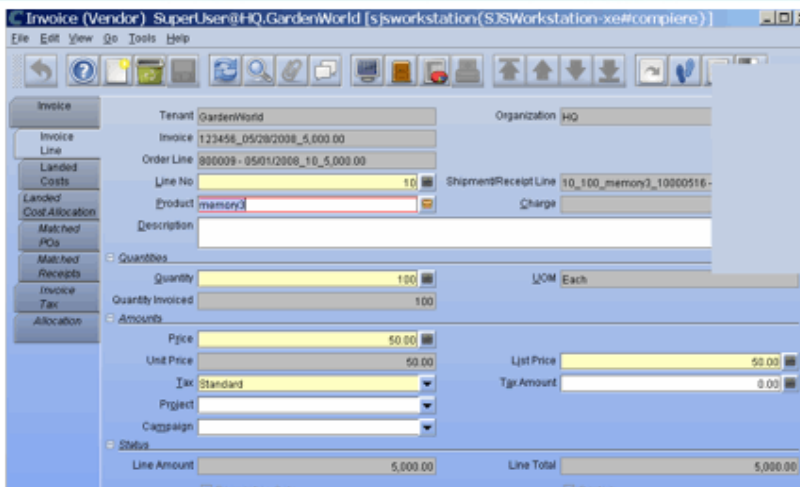
Price List: Purchase
 Invoice Document No: 123456

And the vendor Invoice is created in draft ready for checking and completing

Tenant: GardenWorld
 Organization: HQ
 Order: 809009_05/01/2008
 Date Ordered:
 Vendor Invoice No: 123456
 Order Reference:
 Description:
 Target Doc Type: AP Invoice
 Date Invoiced: 28/05/2008
 Account Date:
 Vendor: Memory Supplier
 Vendor Location: somewhere
 Vendor Contact: Albert
 Price List: Purchase
 Currency: USD
 Representative: GardenAdmin
 Payment Term: Immediate
 SubTotal: 5,000.00
 Grand Total: 5,000.00
 Document Status: Drafted
 Document Type: ** New **

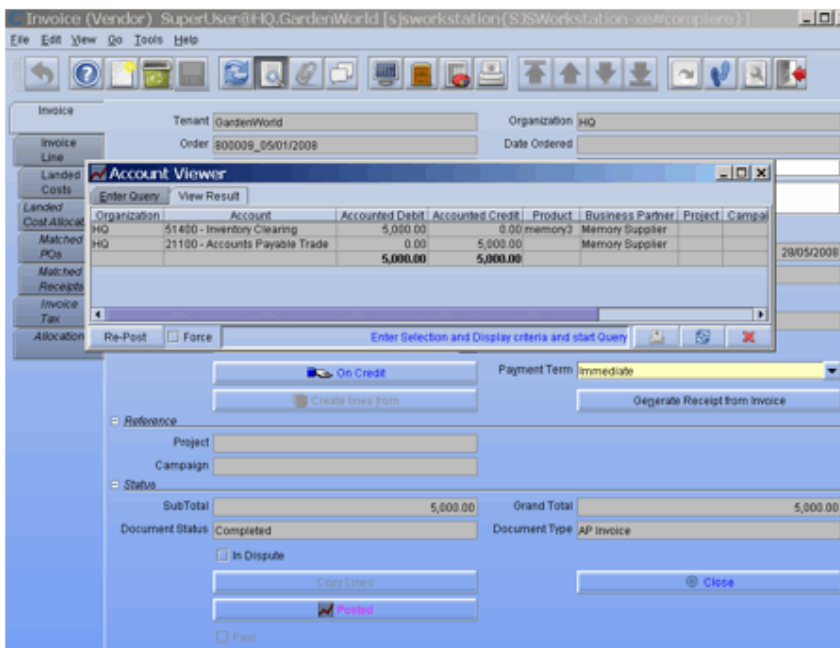
2.2.1 The Vendor Invoice Line

The Invoice line shows the product received and its cost based on the price list. If the price on the invoice is different it can be changed (subject to security rules) and if an extra line for (say) freight is required to balance to the actual suppliers invoice then it can be added also.



The invoice can now be Completed and Posted as follows.

The Vendor Invoice Posting

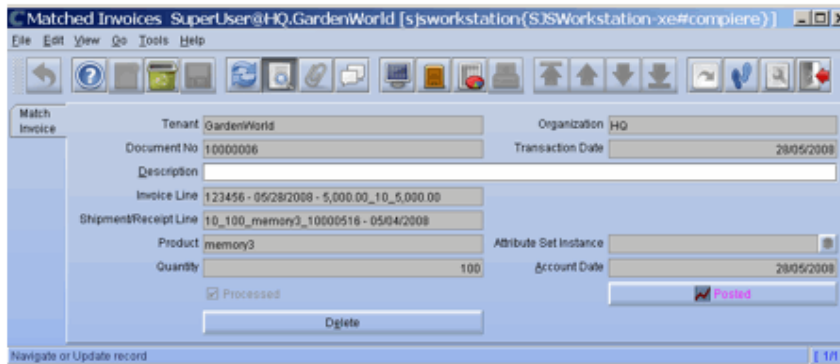


2.3 Invoice and Material Receipt Matching

The System will now do the accounting entries associated with matching the Material Receipt and the Invoice. (This is the standard "Goods Received but not invoiced" and "Goods Invoiced but not Received" type process).

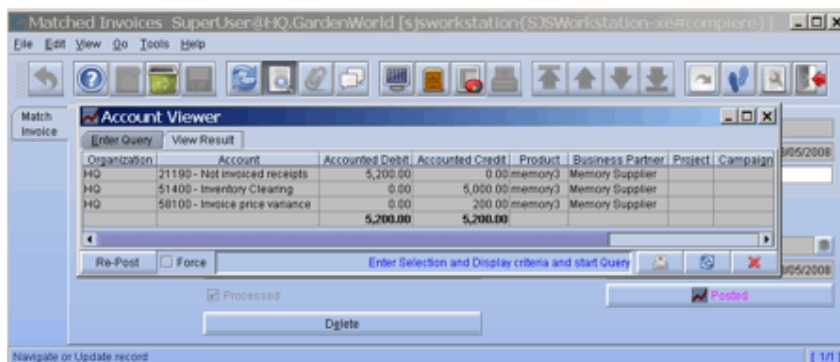
2.3.1 Matched Invoice Record

A matching record is created which shows which material receipt relates to which invoice.



2.3.2 Matched Invoice Posting

The posting of the document shows the following



This indicates that the price on the invoice was \$200 less than the standard cost of the product (100 x \$52). The difference is put to the P&L account called Invoice Price Variance as a gain. If a Freight bill arrived (which might be the cause of the difference because it was allowed in the standard cost then this would be debited to Invoice Price Variance account to reduce the apparent gain (or optionally to a freight inwards account).

3 Sales Transactions

3.1 Sales Order

Process a sale of 20 Units of Memory3 to Adaxa

3.1.1 Sales Order Document

Compiere 3800 Bride Parkway Suite 101 Redwood City, CA95065		Order 60001 - 05/09/2008 Customer No : Adaxa Representative GardenAdmin EP			
adaxa here, OR					
Invoice Document No 100004 - 05/09/2008					
Qty	UoM	Description	List Price	Unit Price	Line Net
20	Ea	memory3	70.00	70.00	1,400.00
		Standard		1,400.00	0.00
Sum £					1,400.00
USD 1,400.00 Immediate Document Type Note for general and promotional text.					

3.2 Sales Invoice

This creates a Sales Invoice as follows:

Compiere
 3600 Bride Parkway
 Suite 101
 Redwood City, CA 94065

adaxa
 here, OR

Order 60001 - 05/09/2008
 Customer No : Adaxa
 Representative GardenAdmin BP

Invoice Document No 100004 - 05/09/2008

Qty	UoM	Description	List Price	Unit Price	Line Net
20	Ea	memory3	70.00	70.00	1,400.00
		Standard		1,400.00	0.00
Sum £					1,400.00

USD 1,400.00 Immediate
 Document Type Note for general and promotional text.

3.3 Material Shipment

It also creates a Material Shipment

Compiere
 3600 Bride Parkway
 Suite 101
 Redwood City, CA 94065

adaxa
 here, OR

Order 60001 - 05/09/2008
 Customer No : Adaxa
 Warehouse : HQ Warehouse

Delivery Note Document No 600005 - 05/09/2008



600005

Qty	UoM	Description	Locator	Backordered
20	Ea	memory3	Default HQ Locator	0

And the completed Material Shipment decrements inventory qty and debits cost of sales at Standard Cost.

3.3.1 Material Shipment Posting

The screenshot displays the Adaxa software interface for a shipment. The main window is titled "Shipment (Customer) SuperUser@HQ.GardenWorld [S:\workstation\SISWorkstation-wo@con.piers]". The interface includes a menu bar (File, Edit, View, Go, Tools, Help) and a toolbar with various icons. The main form contains the following fields:

- Tenant: GardenWorld
- Organization: jaq
- Order: 80031_05092008
- Date Ordered: 09/05/2008
- Shipment No: 800305
- Order Reference:
- Description:

An "Account Viewer" window is open, showing a table with the following data:

Organization	Account	Accounted Debit	Accounted Credit	Product	Business Partner	Project	Campaign	Account Date
HQ	51100 - Product CoGs	1,040.00	0.00	memory3	adaxa			09/05/2008
HQ	14120 - Product asset	0.00	1,040.00	memory3	adaxa			09/05/2008
		1,040.00	1,040.00					

Below the table, there are buttons for "Re-Post" and "Force", and a text field for "Enter Selection and Display criteria and start Query". The main form also includes sections for "Shipping Method" (Pickup), "Freight Cost Rule" (Freight included), "Reference" (Project, Campaign), and "Status" (Movement Type: Customer Shipment, Date received, Document Status: Completed, In Transit, In Dispute). Buttons for "Create Confirmation", "Close", and "Print" are visible at the bottom right.

4 Product Costing Records

4.1 Costing Windows

The Costing Records show the following

The screenshot shows the 'Product Costs' window for user 'SuperUser@HQ.GardenWorld'. The 'Cost Details' section is expanded, showing the following data:

Tenant	GardenWorld	Organization	HQ
Accounting Schema	GardenWorld US/AUS Dollar	Cost Element	
Product	memory2	Attribute Get Instance	
Price	50.00	Quantity	100
Amount	5,000.00	Delta Quantity	
Delta Amount			
Description			
Order Line	800609 - 05/01/2008_10_5,000.00		
Shipment/Receipt Line			
Phys Inventory Line			
Production Line			

At the bottom right, there is a checkbox for 'Sales Transaction' which is currently unchecked.

The order of 100 units at \$50.00

The screenshot shows the 'Product Costs' window for user 'SuperUser@HQ.GardenWorld'. The 'Cost Details' section is expanded, showing the following data:

Tenant	GardenWorld	Organization	HQ
Accounting Schema	GardenWorld US/AUS Dollar	Cost Element	
Product	memory2	Attribute Get Instance	
Price	50.00	Quantity	100
Amount	5,000.00	Delta Quantity	
Delta Amount			
Description			
Order Line			
Invoice Line	123456 - 05/28/2008 - 5,000.00_10_5,000.00		
Shipment/Receipt Line			
Phys Inventory Line			
Production Line			

At the bottom right, there is a checkbox for 'Sales Transaction' which is currently unchecked.

The Purchase Invoice Line of 100 units at \$50.00

The Customer Shipment of 20 units at \$52 standard cost

Product Costs SuperUser@HQ.GardenWorld [sjsworkstation(SJSWorkstation-xe#complete)]

File Edit View Go Tools Help

Select Product: Tenant: GardenWorld Organization: HQ

Product Costs: Accounting Schema: GardenWorld USA/US Dollar Cost Element:

Cost Details: Product: memory3 Attribute Set Instance:

Price: -52.00 Quantity: -20

Cost Queue: Amount: 1,040.00

Costing (old): Delta Quantity: Delta Amount:

Description:

Order Line:

Shipment/Receipt Line: 10_20_memory3_690095 - 05/09/2008 Invoice Line:

Phys Inventory Line: Move Line:

Production Line: Project Issue:

Sales Transaction

Or in spreadsheet view:

Select Product	Cost Element	Current Cost Price	Accumulated	Current Qty	Costing Method	Description	Active	Future Cost Price	Percent
1	Standard Costing	52.00	100	80	Standard Costing		<input checked="" type="checkbox"/>	\$1.00	
2	Fifo	50.00	100	80	Fifo		<input checked="" type="checkbox"/>	0.00	0.0
3	Last PO Price	50.00	100	80	Last PO Price		<input checked="" type="checkbox"/>	0.00	0.0
4	Average Invoice	50.00	100	80	Average Invoice		<input checked="" type="checkbox"/>	0.00	0.0
5	Average PO	50.00	100	80	Average PO		<input checked="" type="checkbox"/>	0.00	0.0

4.1.1 Cost Details supporting the Costing Records

The Cost Details supporting the Costing Records is shown in the next tab.

Select Product	Alt.	Price	Quantity	Product	Amount	Order Line	Invoice Line	Shipments/Receipt Line
1		50.00	100	memory3	5,000.00	000009 - 05/01/2008_10_5,000		
2		50.00	100	memory3	5,000.00		123456 - 05/28/2008 - 5,000.00_10_5,000	
3		-52.00	-20	memory3	1,040.00			10_20_memory3_8000

4.2 Accounting Transactions Generated To Date

The accounting transactions in the Inventory GL Account Show:

Complete Accounting Fact Details Page 1 of 1

Parameter: Accounting Scheme = GardenWorld US/AU/S Dollar
 Organization = HQ-HQ
 Account Date = 09/05/2008 - 29/09/2008
 Product = memory3

Account	Account Date	Product	Business Partner	Qty	Accounted	Description
14120-Product Asset	05/04/2008	memory3	Memory Supplier	100	5,200.00	10000516 #10
14120-Product Asset	05/09/2008	memory3	adaxa	-20	-1,040.00	600005 #10
14120-Product Asset Σ				80.00	-4,160.00	
21190-Not Invoiced receipts	05/04/2008	memory3	Memory Supplier	-100	-5,200.00	10000516 #10
21190-Not Invoiced receipts	05/28/2008	memory3	Memory Supplier	100	5,200.00	10000006
21190-Not Invoiced receipts Σ				0.00	0.00	
41000-Trade Revenue	05/09/2008	memory3	adaxa	-20	-1,400.00	100004 #10
41000-Trade Revenue Σ				-20.00	-1,400.00	
51100-Product Cost	05/09/2008	memory3	adaxa	20	1,040.00	600005 #10
51100-Product Cost Σ				20.00	1,040.00	
51400-Inventory Clearing	05/28/2008	memory3	Memory Supplier	100	5,000.00	123456 #10
51400-Inventory Clearing	05/28/2008	memory3	Memory Supplier	-100	-5,000.00	10000006
51400-Inventory Clearing Σ				0.00	0.00	
58100-Invoice price variance	05/28/2008	memory3	Memory Supplier	100	-200.00	10000006
58100-Invoice price variance Σ				100.00	-200.00	
58200-Purchase price variance	05/04/2008	memory3	Memory Supplier	100	-200.00	10000004
58200-Purchase price variance Σ				100.00	-200.00	
58200-Purchase price variance Offset	05/04/2008	memory3	Memory Supplier	-100	200.00	10000004
58200-Purchase price variance Offset				-100.00	200.00	
Σ				180.00	3,600.00	

Note that it does not balance to zero because I selected for only the product memory3 so the Creditors control and debtors control transactions which do not include the product code in the line are excluded.

You can see that we have an inventory value of \$4160.00 being 80 at \$52.00.

4.3 Inventory Valuation Report

The Inventory Valuation Report shows

Complete		Inventory Valuation Report						Page 1 of 1	
Parameter:									
Warehouse	=	HQ Warehouse							
Currency	=	USD							
Price List Version	=	Purch-USD-2003							
Valuation Date	=	29/05/2008							
Cost Element	=	Standard Costing							
Product	=	memory3							
Product	On Hand Qty	StdCost	StdCost Val	Price List Version	Limit \$	Std \$	List \$		
memory3	80	52.00	4,160.00	Purch-USD-2003	40.00	60.00	63.00		
memory3 I	80.00		4,160.00						
I	80.00		4,160.00						

In this report, the on hand qty and std cost/value compared to the selected price list of Purch-USD-2003 which stores the Limit price (not relevant in PO situation), the Standard Price – the price we expect to pay, and the List Price – if the supplier has a List or RRP price.

The same report can be printed comparing the values to other price lists (eg sales price lists). In the sales price list the Limit Price is price below which a user without extra authority can not sell below.

Complete		Inventory Valuation Report						Page 1 of 1	
Parameter:									
Warehouse	=	HQ Warehouse							
Currency	=	USD							
Price List Version	=	Sale-USD-2003							
Valuation Date	=	31/05/2008							
Cost Element	=	Average Invoice							
Product	=	memory3							
Product	On Hand Qty	Currency	StdCost	StdCost Val	Price List Version	Limit \$	Std \$	List \$	
memory3	80	USD	52.00	4,160.00	Sale-USD-2003	65.00	70.00	80.00	
memory3 I	80.00			4,160.00					
I	80.00			4,160.00					

Similarly the report can be selected in Other Currencies (such as EUR in the case below). The currency conversion rate set in the system for the relevant date is used for the conversion.

Complete		Inventory Valuation Report						Page 1 of 1	
Parameter:									
Warehouse	=	HQ Warehouse							
Currency	=	EUR							
Price List Version	=	Sale-USD-2003							
Valuation Date	=	29/05/2008							
Cost Element	=	Average Invoice							
Product	=	memory3							
Product	On Hand Qty	Currency	StdCost	StdCost Val	Price List Version	Limit \$	Std \$	List \$	
memory3	80	EUR	37.14	2,971.20	Sale-USD-2003	46.43	50.00	57.14	
memory3 I	80.00			2,971.20					
I	80.00			2,971.20					

5 Additional Purchases and Sales

Assume we now buy and sell some more inventory.

We receive a further 100 units from our initial order as at 14 May but the price has changed for some reason.

5.1 Material Receipt

The screenshot shows the SAP Material Receipt form for tenant GardenWorld. The form includes fields for Tenant, Order, Material Receipt No, Description, Document Type, Movement Date, Vendor, Used Contact, Warehouse, and Priority. An Account Viewer window is open, displaying a table with columns: Accounted Debit, Accounted Credit, Quantity, Product, Business Partner, Project, Campaign, Account Date, Period, and UG. The table shows two rows of data for 'memory3' from 'Memory Supplier' on 14/05/2009.

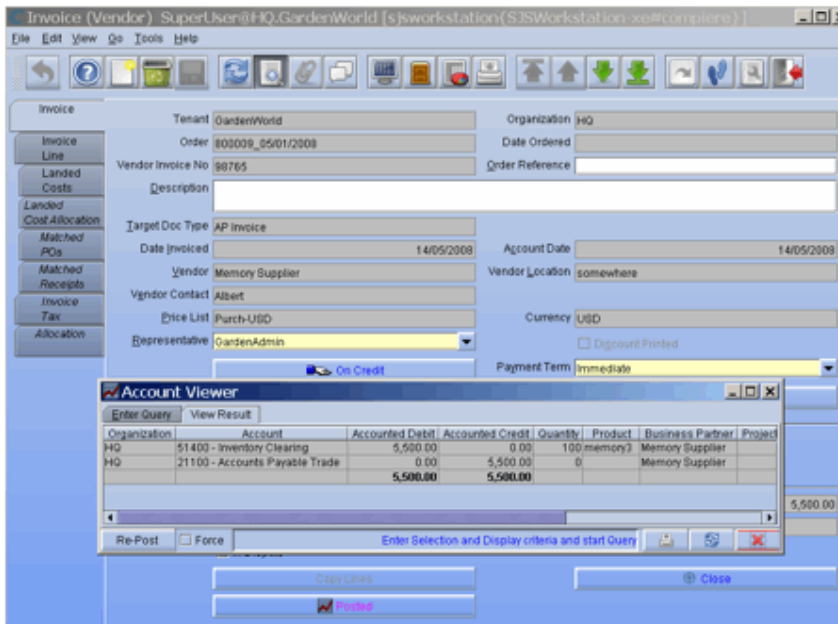
Accounted Debit	Accounted Credit	Quantity	Product	Business Partner	Project	Campaign	Account Date	Period	UG
5,200.00	0.00	100	memory3	Memory Supplier			14/05/2009	May-09	Eact
0.00	5,200.00	-100	memory3	Memory Supplier			14/05/2009	May-09	Eact
5,200.00	5,200.00								

Additional form details: Order 800009_050102009, Material Receipt No 18000517, Document Type MM Receipt, Movement Date 14/05/2009, Vendor Memory Supplier, Used Contact Albert, Warehouse HQ Warehouse, Priority Medium, Date received, Receipt Match Requirement, Document Status Completed.

5.2 Vendor Invoice

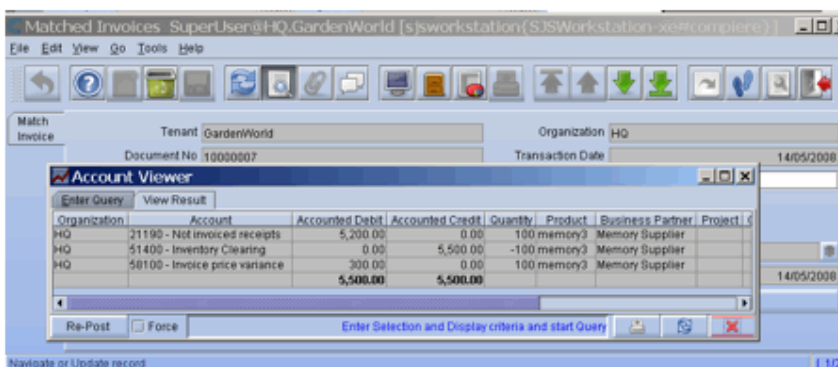
The Invoice is received and entered.

For some reason the price has gone to USD55.00 and the price increase is authorised.



5.3 Invoice / Receipt Matching

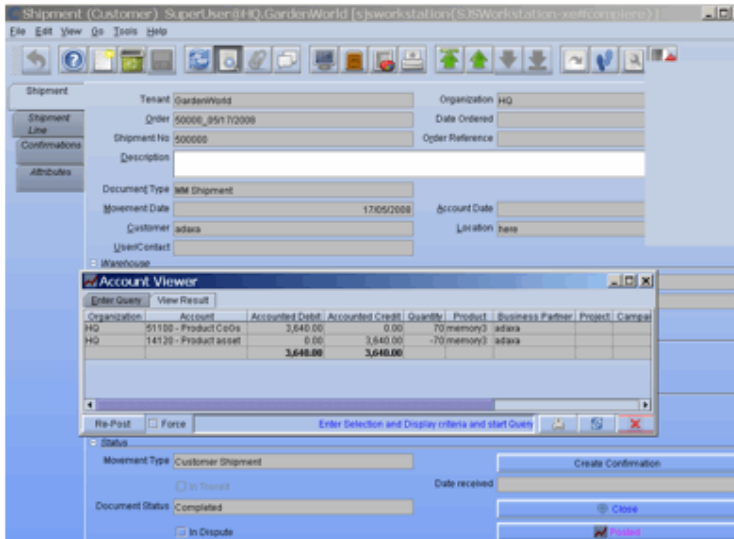
The Receipt Matching takes place



And there is a \$300 debit to Invoice Price Variance because the purchase price was greater than the current Standard Cost for the product. This represents a loss since the standard cost is the cost we should have bought them for.

5.4 Sales Order

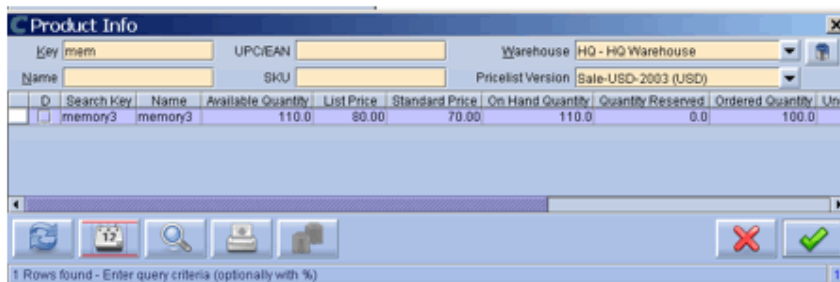
We then sell a further 70 units at USD80.00



6 Product Information

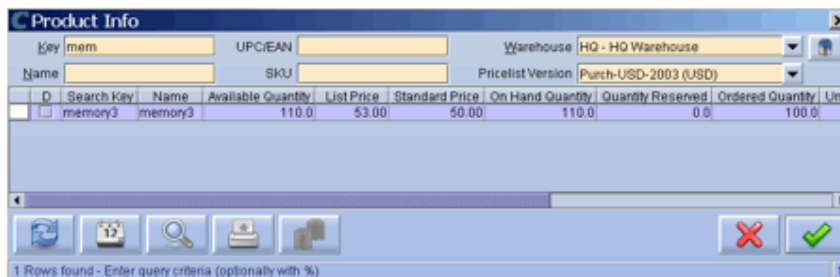
6.1 The Product Info Window

The **quick >View >Info > Product** now lets us see a quick view of the quantity of stock on hand, reserved and available for sale in each of our warehouses and the prices applicable on each of our price lists.



D	Search Key	Name	Available Quantity	List Price	Standard Price	On Hand Quantity	Quantity Reserved	Ordered Quantity	Unc
<input type="checkbox"/>	memory3	memory3	110.0	80.00	70.00	110.0	0.0	100.0	

This is the same information with the Purchase price list selected (there is no limit on the number of price lists)



D	Search Key	Name	Available Quantity	List Price	Standard Price	On Hand Quantity	Quantity Reserved	Ordered Quantity	Unc
<input type="checkbox"/>	memory3	memory3	110.0	53.00	50.00	110.0	0.0	100.0	

The same window also displays a quick history of recent purchase and sale transactions and their prices.

6.1.1 Price History

Business Partner	Unit Price	Quantity Invoiced	Discount %	Document No	Date Invoiced	Organization
adaxa	80.0	-70.0	0.00	Invoice 100006	29/05/2008	HQ
adaxa	80.0	70.0	0.00	Invoice 100005	29/05/2008	HQ
Memory Supplier	50.0	100.0	0.00	Vendor Invoice 123456	28/05/2008	HQ
adaxa	80.0	70.0	0.00	Invoice 100007	17/05/2008	HQ
Memory Supplier	55.0	100.0	-10.00	Vendor Invoice 98765	14/05/2008	HQ
adaxa	70.0	20.0	0.00	Invoice 100004	09/05/2008	HQ

6.1.2 Reserved Inventory

And also shows a list of any orders for which there is reserved stock (None shown here)

Business Partner	Unit Price	Quantity Reserved	Discount %	Document No	Date Ordered	Warehouse
------------------	------------	-------------------	------------	-------------	--------------	-----------

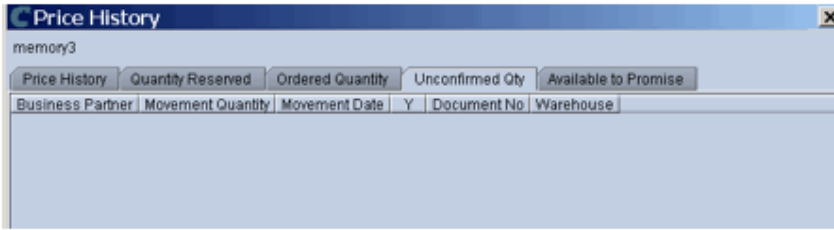
6.1.3 On Order from Vendor

Displays any items that are still on a Purchase Order and undelivered

Business Partner	Unit Price	Ordered Quantity	Discount %	Document No	Date Ordered	Warehouse
Memory Supplier	51.50	100.0	-3.00	Purchase Order 800009	01/05/2008	HQ Warehouse

6.1.4 Awaiting a QA Process

Displays any goods that have been received but not yet passed the incoming QA process



6.1.5 Available to Promise

Displays what is available to promise and when (although there is a small bug as it is displaying the PO date not the promised date from the order line – we have to fix this)

Date	On Hand Quantity	Business Partner	Ordered Quantity	Quantity Reserved	Locator	Attribute Set Instance	Document No	Warehouse
01/05/2008	210.0	Memory Supplier	100.0	100.0	0.0 Default HQ Locator		Purchase Order 000009	HQ Warehouse

7 Current Accounting Position

7.1 General ledger Listing

Looking now at the Accounting transactions related to this product we see the following:

Complete		Accounting Fact Details				Page 1 of 2
Parameter: Accounting Scheme	=	GardenWorld US/AUS Dollar				
Organization	=	HQ-HQ				
Account Date	>=	01/05/2008 - 03/05/2008				
Product	=	memory3				
Account	Account Date	Product	Business Partner	Qty	Accounted	Description
14120-Product asset	05/04/2008	memory3	Memory Supplier	100	5,200.00	10000516 #10
14120-Product asset	05/09/2008	memory3	adaxa	-20	-1,040.00	600005 #10
14120-Product asset	05/14/2008	memory3	Memory Supplier	100	5,200.00	10000517 #10
14120-Product asset	05/17/2008	memory3	adaxa	-70	-3,640.00	500000 #10
14120-Product asset Σ				110.00	5,720.00	
21190-Not invoiced receipts	05/04/2008	memory3	Memory Supplier	-100	-5,200.00	10000516 #10
21190-Not invoiced receipts	05/14/2008	memory3	Memory Supplier	100	5,200.00	10000007
21190-Not invoiced receipts	05/14/2008	memory3	Memory Supplier	-100	-5,200.00	10000517 #10
21190-Not invoiced receipts	05/28/2008	memory3	Memory Supplier	100	5,200.00	10000006
21190-Not invoiced receipts Σ				0.00	0.00	
41000-Trade Revenue	05/09/2008	memory3	adaxa	-20	-1,400.00	100004 #10
41000-Trade Revenue	05/17/2008	memory3	adaxa	-70	-5,600.00	100007 #10
41000-Trade Revenue	05/29/2008	memory3	adaxa	-70	-5,600.00	100005 #10 ((100006 <-))
41000-Trade Revenue	05/29/2008	memory3	adaxa	70	5,600.00	100005 #10 ((1->100005))
41000-Trade Revenue Σ				-90.00	-7,000.00	
51100-Product CoGs	05/09/2008	memory3	adaxa	20	1,040.00	600005 #10
51100-Product CoGs	05/17/2008	memory3	adaxa	70	3,640.00	500000 #10
51100-Product CoGs Σ				90.00	4,680.00	
51400-Inventory Clearing	05/14/2008	memory3	Memory Supplier	100	5,500.00	98765 #10
51400-Inventory Clearing	05/14/2008	memory3	Memory Supplier	-100	-5,500.00	10000007
Complete		SuperUser@HQ-GardenWorld [j:\work\trials\515\Workstation\afactcoms.rpt]				May 25, 2008 5:43:48 PM EST

Complete		Accounting Fact Details				Page 2 of 2
Account	Account Date	Product	Business Partner	Qty	Accounted	Description
51900-Inventory Clearing	05/28/2008	memory3	Memory Supplier	-100	-5,000.00	10000006
51400-Inventory Clearing	05/28/2008	memory3	Memory Supplier	100	5,000.00	123456 #10
51400-Inventory Clearing Σ				0.00	0.00	
58100-Invoice price variance	05/14/2008	memory3	Memory Supplier	100	300.00	10000007
58100-Invoice price variance	05/28/2008	memory3	Memory Supplier	100	-200.00	10000006
58100-Invoice price variance Σ				200.00	100.00	
58200-Purchase price variance	05/04/2008	memory3	Memory Supplier	100	-200.00	10000004
58200-Purchase price variance	05/14/2008	memory3	Memory Supplier	100	-200.00	10000005
58200-Purchase price variance Σ				200.00	-400.00	
58300-Purchase price variance Offset	05/04/2008	memory3	Memory Supplier	-100	200.00	10000004
58300-Purchase price variance Offset	05/14/2008	memory3	Memory Supplier	-100	200.00	10000005
58300-Purchase price variance Offset				-200.00	400.00	
Sum Σ				310.00	3,500.00	

7.1.1 Current Stock Position in Accounts

As can be seen there is now stock of 110 @ \$52.00 = 5720.

(You will notice in account 41000 that an invoice was created and reversed because it was on the wrong date).

Price Change Handling

8 Product Price Change

Assume that we are advised by our supplier that the price of memory3 has dropped to \$45.00

8.1.1 Inventory Valuation Rules

Under our accounting standards we are obliged when reporting to value inventory at the lower of cost, market or realisable values. So, under the accounting rules we should value all memory3 at \$45.00 regardless of when we bought it. This makes sense since in a well informed market our customers will be expecting to see a selling price that is relevant to the new cost of \$45.00.

8.2 Before Recording Changed Value

- Ensure all documents are completed and posted.
- Run an inventory valuation report.

Product	On Hand Qty	Currency	StdCost	StdCost Val	Price List Version	Limit \$	Std \$	List \$
memory3	110	USD	52.00	5,720.00	Purch-USD-2003	40.00	50.00	53.00
memory3 Σ	110.00			5,720.00				
Σ	110.00			5,720.00				

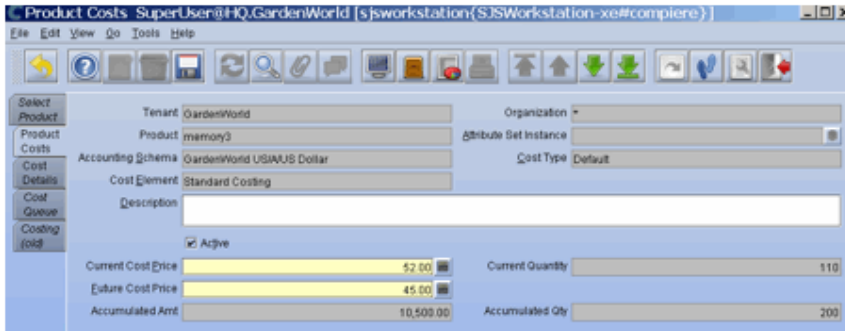
8.3 Recording the Changed Inventory Value in the Accounts

We can enter the change in a number of ways.

We could:

- overwrite the value in the cost record.
- set all the new standard costs in the "future cost" as below.

8.3.1 Future Cost set in Standard Costing Record

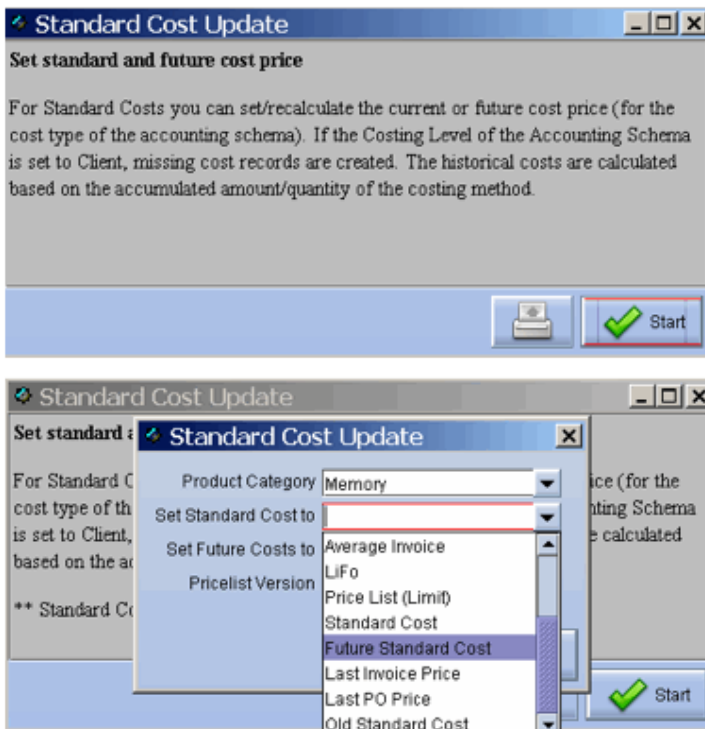


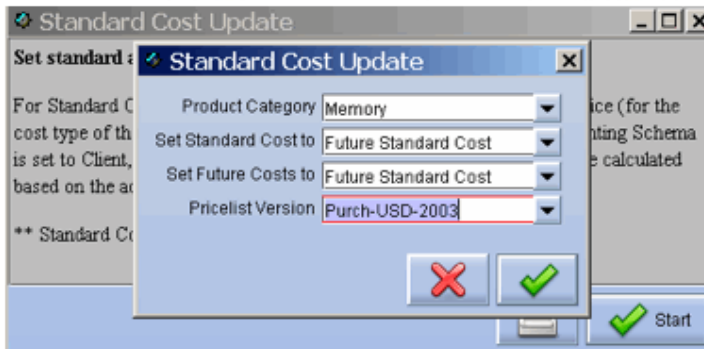
8.3.2 Importing Standard Costs

We could also gather all the information in a spreadsheet and import into a price list then run the process to update standard costs from the price list.

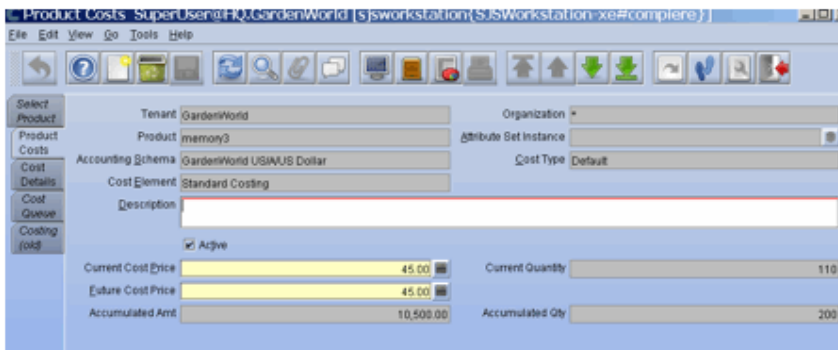
8.4 Example: Updating from the "Future Cost"

8.4.1 Run the ADempiere Standard Cost Type Update Process





And the new standard cost is set.



8.5 Recording the Inventory Value Change by Journal

We now need to **process a journal** to reduce the inventory value by

$$110 \times (45-52) = (770)$$

This can be done by entering a single journal

- Debit cost of sales 770.00
- Credit inventory (770.00)

Or optionally a journal line can be created for each product if product is made a component of the account code. Journals with many lines are quite easy to import. If a journal line per product is entered then the value of inventory per product can be maintained in the general ledger. For most organisations this is overkill but it can be done if required.

The following example is "by product"

8.5.1 The Journal Header

GL Journal SuperUser@HQ.GardenWorld [sjsworkstation(SJSWorkstation-xe#complete)]

File Edit View Go Tools Help

Journal

Tenant: GardenWorld Organization: HQ

Accounting Schema: GardenWorld USA/US Dollar

Document No: 1000

Description: Stock Revaluation

PostingType: Actual

Document Type: GL Journal GL Category: Default System

Document Date: 17/05/2008 Account Date: 17/05/2008

Period: May-08 Currency: USD

Status

Control Amount: 0.00

Total Debit: 0.00 Total Credit: 0.00

Document Status: Drafted

Approved

Complete

8.5.2 The Journal Line

GL Journal SuperUser@HQ.GardenWorld [sjsworkstation(SJSWorkstation-xe#complete)]

File Edit View Go Tools Help

Journal

Tenant: GardenWorld Organization: HQ

Journal: 1000

Line No: 10

Description: adjust inventory value at 17 May 2007 to new Std Cost

Combination

Parameter

Alias: Organization: HQ-HQ Account: 51300-Cost Adjustments

Product: memory3 Business Partner:

Project: Campaign:

Alias	Combination	Description	Organization	Account	Product	Business Partner	Project

Navigation or Update record

Accounting Schema: (101-GardenWorld USA/US Dollar)

GL Journal SuperUser@HQ.GardenWorld [sjsworkstation(SJSWorkstation-xe#complete)]

File Edit View Go Tools Help

Journal

Tenant: GardenWorld Organization: HQ

Journal: 1000

Line No: 10

Description: adjust inventory value at 17 May 2007 to new Std Cost

Active Generated

Currency: USD

Reference

Account Alias:

Combination: HQ-51300-memory3-...

Amounts

Source Debit: 770.00 Source Credit: 0.00

Accounted Debit: 770.00 Accounted Credit: 0.00

Quantities

UOM: Each Quantity: 0.00

8.5.3 Journal Line Report

Report

Complete Journal Line Page 1 of 1

Parameter: JournalLine = 1000000

Line No	Combination	Acct Debit	Acct Credit	Account Date	Description
10	HQ-14120-memory3- - -	0.00	770.00	05/17/2008	adjust inventory value at 17 May 2007 to new Std Cost
10	HQ-51300-memory3- - -	770.00	0.00	05/17/2008	adjust inventory value at 17 May 2007 to new Std Cost
Σ		770.00	770.00		

8.5.4 Journal Posted

Account Viewer

Enter Query View Result

Organization	Account	Accounted Debit	Accounted Credit	Product	Business Partner	Project	Campaign	At
HQ	14120 - Product asset	0.00	770.00	memory3				
HQ	51300 - Cost Adjustments	770.00	0.00	memory3				
		770.00	770.00					

8.5.5 New Inventory Value – Ledger Report

The inventory value in the GL is now decremented to the new std cost.

Complete Accounting Fact Details Page 1 of 1

Parameter: Accounting Schema = GardenWorld US/AU/US Dollar

Account Date >= 01/05/2008 - 31/05/2008

Account Key >= 14 - 142

Product = memory3

Account	Account Date	Product	Business Partner	Qty	Accounted	Description	Table
14120-Product asset	05/04/2008	manco2	Memory Supplier	100	5,200.00	10000515 #10	M_InOut - ShipmentReceipt
14120-Product asset	05/09/2008	manco2	adaxa	-20	-1,040.00	800005 #10	M_InOut - ShipmentReceipt
14120-Product asset	05/14/2008	manco2	Memory Supplier	100	5,200.00	10000517 #10	M_InOut - ShipmentReceipt
14120-Product asset	05/17/2008	manco2		0	-770.00	1000 #10 (adjust inventory value at 17 May 2007 to new Std Cost)	GL_Journal - Journal
14120-Product asset	05/17/2008	manco2	adaxa	-70	-3,840.00	500000 #10	M_InOut - ShipmentReceipt
14120-Product asset Σ					110.00	4,950.00	
Sum Σ					110.00	4,950.00	

8.5.6 Inventory Valuation Report Agrees

The ledger is consistent with the inventory valuation report from the inventory tables.

Complete Inventory Valuation Report Page 1 of 1

Parameter:

Warehouse = HQ Warehouse

Currency = USD

Price List Version = Purch-USD-2003

Valuation Date = 24/05/2008

Cost Element = Standard Costing

Product = memory3

Product	On Hand Qty	Currency	StdCost	StdCost Val	Price List Version	Limit \$	Std \$	List \$
manco2	110	USD	45.00	4,950.00	Purch-USD-2003	40.00	50.00	53.00
memory3 Σ		110.00		4,950.00				
Σ		110.00		4,950.00				

9 Customer Transaction Queries

9.1.1 Customer Query Window

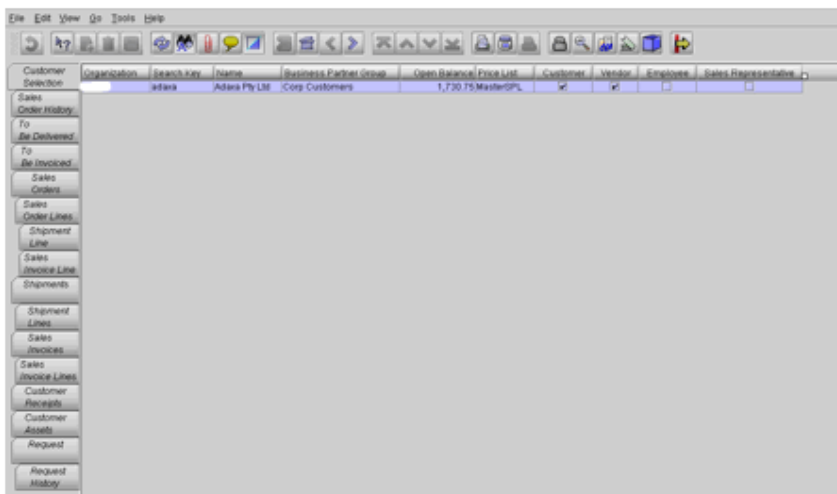
[Note: The following screen shots are from a live system which is used to sell mobile phone services. It is an older version of the software and the account is a real account for Adaxa at that shop. Some transactions are test transactions entered by Adaxa in its own account].

A Window allows selection of a customer by wildcard from a list. In the screenshot below, Adaxa has been selected.

The various tabs on the left hand side show the information able to be displayed in this window.

The window is not standard ADempiere but has been created using ADempiere's data dictionary and has NOT required any code changes to create.

9.1.1.1 The Customer



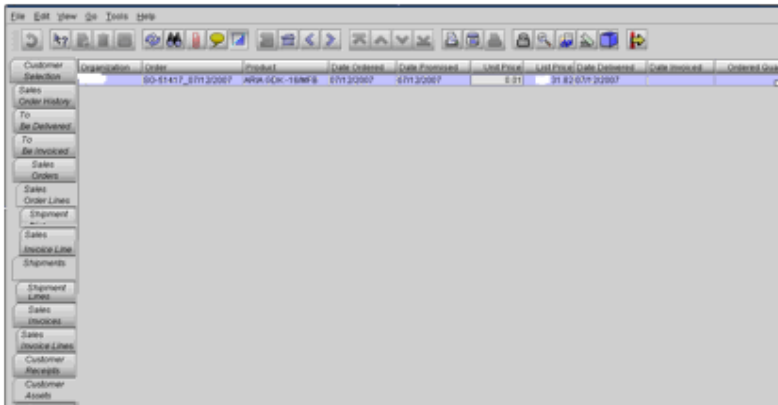
9.1.1.2 Sales Orders

Selecting the tab "Sales History" lists all **sales orders** to this customer with most recent first.

Organization	Document No	Document Date	Document Status	Date Ordered	Date Promised	Currency	Project	Total Lines	Order Tax	Grand Total
Adaxa	SO-55815	2005/2008	Voided	2005/2008	2005/2008	AUD		0.00	0.00	0.00
Adaxa	SO-54342	25/3/2008	Voided	25/3/2008	25/3/2008	AUD		0.00	0.00	0.00
Adaxa	SO-52933	06/3/2008	Voided	06/3/2008	06/3/2008	AUD		0.00	0.00	0.00
Adaxa	SO-51417	07/3/2007	Voided	07/3/2007	07/3/2007	AUD		0.00	0.00	0.00
Adaxa	SO-51419	07/3/2007	Voided	07/3/2007	07/3/2007	AUD		0.00	0.00	0.00

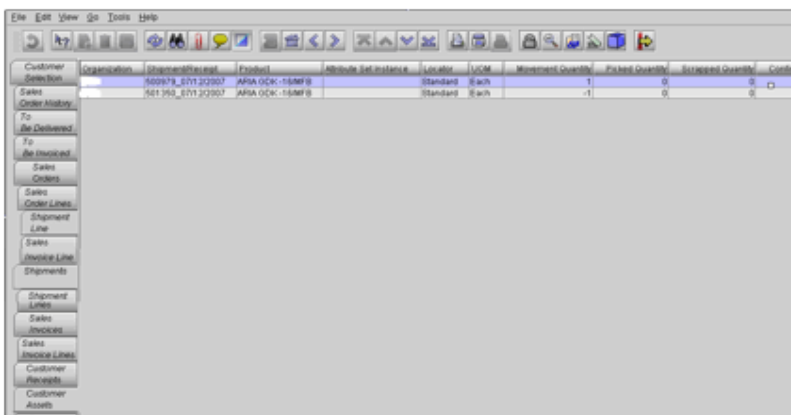
9.1.1.3 Sales Order Lines

The next tab shows the **sales order lines** from the selected order (it could also just have displayed just the order lines by order or by product).



9.1.1.4 Shipments for these Order Lines

The next tab shows the **shipments** associated with the order line. Each document can be zoomed to from the displayed line.



9.1.1.5 All Shipments of the Customer

This tab shows all **shipments** (not just the ones related to a previously selected Sales Order as above)

Customer Selection	Organization	Document No	Order	Shipment Type	Document Status	Ship Date	Warehouse	In Dispute	In Transit	No. Packed
Sales	503683	SO-54342_25032008		Customer Shipment	Reversed		Spire 436 St Kilda Rd	<input type="checkbox"/>	<input type="checkbox"/>	
Order History	503684	SO-54342_25032008		Customer Shipment	Reversed		Spire 436 St Kilda Rd	<input type="checkbox"/>	<input type="checkbox"/>	
To	502186	SO-52933_06022008		Customer Shipment	Reversed		Spire 436 St Kilda Rd	<input type="checkbox"/>	<input type="checkbox"/>	
Be Delivered	502185	SO-52933_06022008		Customer Shipment	Reversed		Spire 436 St Kilda Rd	<input type="checkbox"/>	<input type="checkbox"/>	
To	500879	SO-51417_07012007		Customer Shipment	Reversed		Spire 436 St Kilda Rd	<input type="checkbox"/>	<input type="checkbox"/>	
Be Invoiced	501350	SO-51417_07012007		Customer Shipment	Reversed		Spire 436 St Kilda Rd	<input type="checkbox"/>	<input type="checkbox"/>	

9.1.1.6 Shipment Lines of the Selected Order

This tab shows the **shipment lines** for the selected shipment. Each document can be zoomed to from the displayed line.

Customer Selection	Organization	Sales Order Line	Product	Absolute Qty Instance	Location	UoM	Picked Quantity	Escaped Quantity	Qty
Sales	SO-54342 - 25032008_10_0.00		Fleet Select \$40 Plan 24 Months	123123123	Standard	Each			0

9.1.1.7 Invoices to this Customer

This tab shows **invoices** raised to the Customer

Customer Selection	Organization	Document No	Order	Date Invoiced	Document Type	Document Status	In Dispute	Fact	Currency	Total Lines	Imply
Sales	106291	SO-54342_25032008		25032008	** New **	Voided	<input type="checkbox"/>	<input checked="" type="checkbox"/>	AUD	0.00	0
Order History	103685	SO-52933_06022008		06022008	AR Invoice Indirect	Reversed	<input type="checkbox"/>	<input checked="" type="checkbox"/>	AUD	0.00	0
To	103686	SO-52933_06022008		06022008	AR Invoice Indirect	Reversed	<input type="checkbox"/>	<input checked="" type="checkbox"/>	AUD	0.00	0
Be Delivered	101500	SO-51417_07012007		07012007	AR Invoice Indirect	Reversed	<input type="checkbox"/>	<input checked="" type="checkbox"/>	AUD	0.01	0
To	102717	SO-51417_07012007		07012007	AR Invoice Indirect	Reversed	<input type="checkbox"/>	<input checked="" type="checkbox"/>	AUD	-0.01	0
Be Invoiced	900028			30092007	AR Invoice	Completed	<input type="checkbox"/>	<input checked="" type="checkbox"/>	AUD	29.00	0
	900020			30092007	AR Invoice	Completed	<input type="checkbox"/>	<input checked="" type="checkbox"/>	AUD	29.00	0

9.1.1.8 Invoice Lines

This tab shows **invoice lines** for the selected invoice above. Each document can be zoomed to from the displayed line.

Customer Selection	Organization	Invoice	Product	Quantity Invoiced	Unit Price	Line Amount	List Price	Unit Price
Sales Order History	9000029_3509/2007	529.93	OPENING BALANCE 1 OCT 2007	1	29.90	29.00	0.00	0.90

9.1.1.9 Assets of this Customer

This tab shows the **Asset** record created when a product from a Product Category which has an asset group association was shipped (basically anything with a serial number or a warranty period or a downloadable piece of software etc). This spreadsheet view shows all assets of the customer

Customer Selection	Organization	Asset Group	Name	Description	Product	Attribute (set to)
Sales Order History		Mobile Plan Assets	Adaxa Pty Ltd - Fleet Select \$40 Plan 24 Mo.	Service Plan - Fleet Select \$40 Plan 24 Mo.	Fleet Select \$40 Plan 24 Months	1,231,212,23
		Fixed Phone Assets	Adaxa Pty Ltd - ARIA OCK - 16MFB	(501250 #10--)	ARIA OCK - 16MFB	

This form view shows the details in a more readable format. There are many more fields of information in the record and many have been 'undisplayed' in this system.

File Edit View Go Tools Help

Organization

Asset Group Fixed Phone Assets

Name Adaxa Pty Ltd - ARIA ODK - 16MFB

Description (501350 #10+)

Product ARIA ODK-16MFB Attribute Set Instance

Lot No Serial No

Quantity 1

In Service Date 07/12/2007 Warranty Date 07/12/2007

Customer Selection
Sales Order History
To Be Delivered
To Be Invoiced
Sales Orders
Sales Order Lines
Shipment Line
Sales Invoice Line
Shipments
Shipment Lines
Sales Invoices
Sales Invoice Lines
Customer Receipts
Customer Assets

10 Adaxa's Offices and Contacts

Information of a general nature about Adaxa and its services can be found at www.adaxa.com or obtained by sending an email to info@adaxa.com with a description of the information that you would like to receive. If you are an existing client and wish to initiate a request for software support please send an email to helpdesk@adaxa.com with as much detail as possible about the nature of your support request.

For all other information please contact the Adaxa office nearest to you.

Australia

Address: 10 Kylie Place, Melbourne, Victoria, 3192, Australia

Contacts: Office

- 1300 990 120 (Within Australia)
- +613 9510 4788 (Outside of Australia)

New Zealand

Address: 73 Boston Road, Mt Eden, Auckland, 1023, New Zealand

Contacts: Office

- 0800 232 922 (Within New Zealand)
- +649 9744 600 (Outside of New Zealand)

United States of America

Address: 4400 NE 77th Ave, Suite 275, Vancouver, WA 98662, USA

Contacts: Office

- +1 760 576 5115