

AP COGS Re-Class Using Subledger Accounting

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Introduction

- This presentations will describe a customization that is required to defer COGS when a customer approval is used.
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- The customization uses Subledger Accounting Journal Entries.
- This presentation describes the APIs that are available for Subledger Accounting Journal Entries.

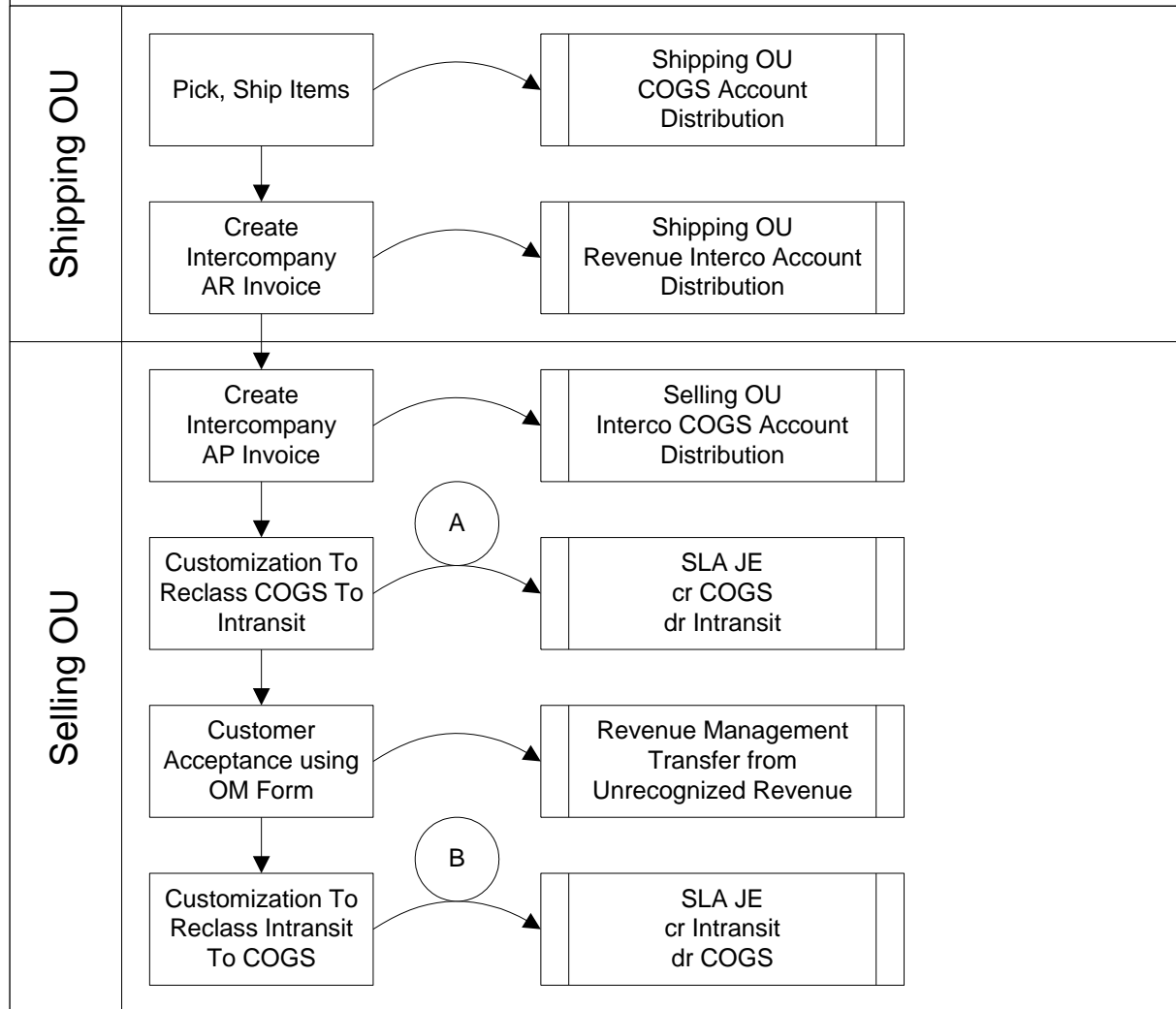
Functional User Requirement

- The current Oracle functionality for accounting for Intercompany COGS on the receiving orgs ledger violates basic accounting principles because of delays in recognizing revenue.
- The delay is a result of not invoicing the end customer invoices until acceptance or installation, this also results in a delay of recognizing revenue.
- Accounting principles stipulate that you are not able to recognize COGS without revenue and Oracle's current accounting codes the AP distribution directly to COGS.

Functional User Requirement

- In order to meet the accounting requirements we need to re-class/change the accounting to an in-transit (Balance Sheet Account) until the customer is invoiced when it is acceptable to recognize the COGS.

Intercompany COGS Deferral Flow



Customization Design

- Customization uses Subledger Accounting JE's to do the re-class.
- A custom table was track if a re-class has been performed so that it can be reversed once the customer has accepted the product.
- The customization was written in PL/SQL and is run as a concurrent program by the users.

Control of the Customization

- Customization is controlled by a Descriptive Flex Field on the Intercompany Transactions form. The prompt is 'Use Customization To Defer Selling OU's COGS', with a Y/N value.
- A second Descriptive Flex Field holds the Intransit Account to be used by the deferral customization.

SLA Journal Entries

- Subledger Accounting Journal Entries are done using the following APIs.

XLA_JOURNAL_ENTRIES_PUB_PKG.CREATE_JOURNAL_ENTRY_HEADER

XLA_JOURNAL_ENTRIES_PUB_PKG.CREATE_JOURNAL_ENTRY_LINE

XLA_JOURNAL_ENTRIES_PUB_PKG.COMPLETE_JOURNAL_ENTRY

- JE Header Description

Deferred COGS, Interco AP Invoice: 26952, SO: 213000079

- JE Line Description

Deferred COGS, Interco AP Invoice: 26952, Line: 1, SO: 213000079, Line: 1.1..1

- SubLedger Accounting JE's status will be 'Complete Final Accounting'

SLA Journal Entries (cont)

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Subledger Journal Entries | Accounting Events | Supporting Reference Balances

Headers | Lines
Subledger Journal Entries: Headers >

Warning
Low-level logging is currently enabled. Your application will not perform as well while low-level logging is on.

Subledger Journal Entry

Ledger: **Italy S.p.A**
Journal Entry Status: **Incomplete**
Balance Type: **Actual**
GL Date: **05-Aug-2009**

Category: **Other**
Completion Date:
Journal Entry Type: **Manual**
Description: **Deferred COGS, Interco AR Invoice: 26952, SO: 213000079**

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Lines

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Details	Number	Account	Accounting Class	Entered Currency	Entered DR	Entered CR	Accounted DR (EUR)	Accounted CR (EUR)	Supporting References
Show	1	213.0000.50001.000.1018.0000	Item Expense	EUR		14,151.00		14,151.00	⌵⌵
Show	2	213.0000.12042.000.0000.0000	Item Expense	EUR	14,151.00		14,151.00		⌵⌵
Show	3	213.0000.50001.000.1018.0000	Item Expense	EUR		874.50		874.50	⌵⌵
Show	4	213.0000.12042.000.0000.0000	Item Expense	EUR			874.50		⌵⌵

Accounted Amounts

Accounted DR (EUR) **15,025.50** Accounted CR (EUR) **15,025.50**

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Summary

- This customization used Subledger Accounting Journal Entries as opposed to General Ledger Level Journal Entries.
- This presentation described the APIs that are available for Subledger Accounting Journal Entries.

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- Additional reference papers can be found at:

<http://www.norcaloaug.org>

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