



## Understanding Allocations

### Part 3: Advanced Variable Numerator Allocations

By Sarah Gavin

**WE1 Editor's Note:** An allocation in accounting is the process of distributing costs using a rational basis of allotment. In JD Edwards, there are three allocation methodologies to allow for distribution in several different ways to meet your needs. In this third and final article of the series, Sarah helps us understand and set up the third methodology, Variable Numerator Allocations which include Business Unit Overrides, Creating Source and Basis Versions, Creating the Allocation Specifications, and finally running the programs for the Computation of the Allocations. This series of articles is a goldmine of information!

### Introduction

This series of articles is intended for individuals who require a detailed understanding of the setup and processing of allocations in JD Edwards. The author assumes that you are comfortable navigating in JD Edwards and have a good understanding of General Accounting setup in JD Edwards.

At the end of this series, you will:

- Understand the purpose and use of the three allocation methodologies in JD Edwards.
- Know how to set up and run each methodology for your organization.
- Gain tips and tricks on the impact of choosing to use one, two, or all three types of allocation methodologies.

## Advanced Variable Numerator Allocations Overview

Advanced Variable Numerator Allocations includes all the functionality of the Variable Numerator Allocations from previous JD Edwards versions plus new functionality to:

- Do more complex allocations.
- Utilize destination business unit overrides with specific basis ratios.
- Use Data Selection to identify the source and basis for the allocation.

Advanced Variable Numerator Allocations uses the table F09123 to store allocation records. Data is taken from the Business Unit Master (F0006), Account Master (F0901), and the Account Balance (F0902) files. Advanced Variable Numerator allocations allow you to distribute amounts based on business unit category codes. This is useful if you are using measurement bases such as square feet, number of employees in a department, etc. These bases can change over time, therefore the allocation percentages change as these variables change. You can pull amounts from ranges of accounts and use that to have the program calculate the percentage allocation.

You can see how complex the allocations can become, especially if you use multi-tiered computations as well. The management and maintenance of allocation computations becomes very important. The diagram in Figure 1 shows an example.

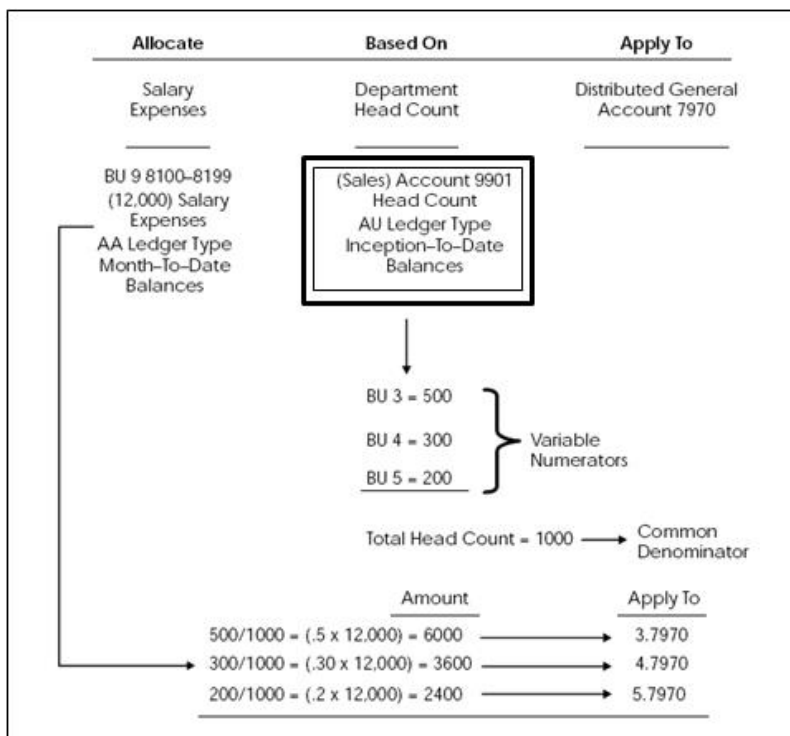


Figure 1: Example of allocation computations

In this example, salary expenses are allocated based on inception to date head count. The AU ledger keeps track of the head count balances in object account 9901. These accounts have been set up for the specific purpose of retaining this statistical information. Looking at the example above, the head count of each is divided by the sum of all and multiplied by the expenses.

Navigate to General Accounting > Periodic Processing > Allocations > Advanced Variable Numerator. Click on Advanced Variable Numerator Allocation Setup.



Fast Path for the allocation menu is G0923.

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