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On Distribution/Procurement

Exploring DMAAI 4332 - Cost of Sales

by Tim Scott

E1 W *Editor's Note: Distribution and Manufacturing Automatic Accounting Instructions (DMAAIs) offer a communication conduit between a company's financial team and those who make and ship the products. But DMAAIs are only beneficial if you know which ones to use and when to use them. In this article, Tim Scott provides insight into the little-known Procurement DMAAI 4332 (Cost of Sales). He'll take us on a tour of the tables associated with 4332 and describe the scenarios in which use of this DMAAI will be of most benefit to your organization, examples included.*

In this article, we are going to find out how beneficial the Distribution and Manufacturing Automatic Accounting Instructions (DMAAIs) are when us manufacturing and distribution folks need to communicate with the financial people. How beneficial are the DMAAIs? Very beneficial—they ensure that the journal entries from any distribution or manufacturing transaction affecting inventory levels or costs are posted to the correct accounts. This helps the accounting department not only know from a financial view how the company is doing, it also:

- minimizes manual journal entries
- shortens the time it takes to financially close a month, quarter, or year
- helps with financial reporting done in annual reports.

In this article, we are going to focus on a slightly obscure Procurement DMAAI 4332 (Cost of Sales).

Exploring 4332 DMAAI Table

Let's take a look at the DMAAI procurement list. Figure 1 is from EnterpriseOne® 9.0 standalone version (as are all the screen shots).



Exploring DMAAI 4332 - Cost of Sales

AAI Number	Description	Description - 2
4326	Weigh Tag Price Adjustments	
4330	Received /Vouchered	- OPV
4332	Cost of Sales	
4335	Standard Cost	- OPP

Figure 1: Partial list of Procurement DMAAIs

So DMAAI 4332 is “Cost of Sales”—what does that mean? Take a look at the note attached to 4332 (see Figure 2); this sheds a little light on what 4332’s purpose is (to see this, double click on the paper clip icon next to the 4332 row).

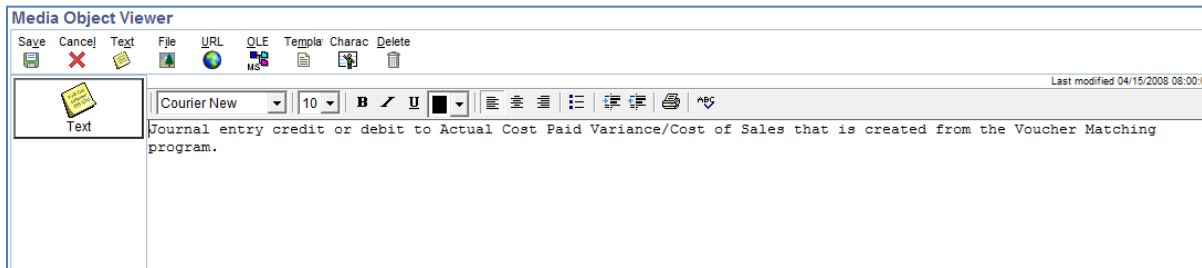


Figure 2: Attachment for DMAAI 4332

DMAAI 4332: Cost of Sales

(For the hyper efficient with slow suppliers and/or with exchange rate issues.)

Is your company hyper-efficient? Do you have fast-moving inventory? Are you living the just-in-time philosophy dream? Do you have suppliers slow on billing you? And the supplier changes the cost on you? If so, this DMAAI is for you. Let’s say you are a distributor of fast-moving products; in our example, it is spring and our company, the Bicycle Distribution Center, is in the foothills and the mountain bikes (item 210) are flying off the shelves. In fact, we are able to sell them to our customers that are retail stores as soon as we receive them. This is one place that DMAAI 4332 comes in handy. In our example, we enter a purchase order and receive it; then, before the supplier has a chance to send us the invoice, we ship out some of our product. And before the supplier sends us the invoice, we agree to a price increase. So when the invoice comes in from the supplier, they charge us more than what we received the purchase order for. A complex situation, right? I know it happens all the time...

For our second example, we will use a supplier in Canada, while we are in the United States. Now, between the time in which we received the product and vouchered it, the exchange rate changed—and the invoice has a higher dollar amount than the receipt. In this case, instead of the variance in the exchange rate hitting DMAAI 4340 (Exchange Rate/Variance), it will hit 4332 (this change started in Xe).

Let’s go to the screens. First, here is our purchase order for our first example (see Figure 3).

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