



Infor LN User Guide for Letters of Credit

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About this document

Assumed Knowledge

Familiarity with the business processes involved in handling letters of credit, and general knowledge of the LN functionality will help you understand this guide.

References

Use this guide as the primary reference for the letters of credit functionality. Use the current editions of these related references to research information that is not covered in this guide:

- *User Guide for Global Trade Compliance*
- *Infor LN Common User Guide for Authorizations and Security (U9890 US)*

How to read this document

This document is assembled from online Help topics.

Text in italics followed by a page number represents a hyperlink to another section in this document.

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Letter of credit

The letter of credit (L/C) functionality supports maintaining and processing letters of credit from both the seller's and the buyer's perspective.

You can use letters of credit for these types of items:

- **Product**
- **Purchased**
- **Manufactured**
- **Cost**
- **Service**

Export letter of credit procedure

As a seller, you can use the export letter of credit procedure to maintain these types of letters of credit:

- **Export Letter of Credit**
- **Domestic Sales Letter of Credit**

Letters of credit of these types must be linked to the sales orders, sales order lines, or contract deliverables for which the letters of credit provide payment.

Import letter of credit procedure

As a buyer, you can use the import letter of credit procedure to maintain these types of letters of credit:

- **Import Letter of Credit**
- **Domestic Purchase Letter of Credit**

Letters of credit of these types must be linked to purchase orders or purchase order lines.

Authorization

In LN, the letter of credit procedures include various steps. For each step that is completed, you can approve a letter of credit and set a specific status.

To complete a step by setting a status, and to approve a letter of credit up to a specific amount, a user requires authorization.

Letters of credit and order procedures

Letters of credit impact order processing for sales orders, purchase orders, and contract deliverables.

An order or order line linked to a letter of credit can only be approved or released to Warehousing if the linked letter of credit is approved and has the appropriate status.

A contract deliverable linked to a letter of credit can only be activated or released to Warehousing if the linked letter of credit is approved and has the appropriate status.

See *Export letter of credit procedure* (p. 12) and *Import letter of credit procedure* (p. 15).

Multicompany structures

For multilogistic and single financial company structures, you can link order lines from different logistic companies to a letter of credit.

Setup

To use the letters of credit functionality, you must:

- Activate the concept.
- Specify whether you use import, export, domestic purchase, or domestic sales letters of credit.
- Authorize the users involved in the letter of credit process.
- Specify document compliance failure reasons for the types of letters of credit used in your organization.
- Specify letter of credit blocking reasons for purchase orders, sales orders, and contract deliverables.

Chapter 2

Letter of Credit Setup

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Letter of credit setup

1. **Activate functionality**

To activate the letter of credit (L/C) functionality, select the **Global Trade Compliance** check box in the **Concepts (Logistics)** tab of the Implemented Software Components (tccom0100s000) session.

2. **Financial Global Trade Compliance Parameters (tcgtc9199m000)**

In the Financial Global Trade Compliance Parameters (tcgtc9199m000) session, specify:

a. **Trade types**

Select any of these check boxes to specify the trade type of the letters of credit to be used:

- **Export Letter of Credit**
- **Import Letter of Credit**
- **Domestic Sales Letter of Credit**
- **Domestic Purchase Letter of Credit**

b. **Number group**

In the **Number Group for Letters of Credit** field, specify the number group on which letter of credit numbers are based.

c. **Failure reasons**

For each letter of credit trade type, specify the reason why compliance checks resulted in a failure. Failure reasons are displayed in the Document Compliance Check Results (tcgtc1510m000) session.

d. **Series**

For each letter of credit trade type, specify the series used to generate letter of credit numbers.

3. **User authorizations**

In these sessions, specify the authorizations for the users who are to handle letters of credit:

- **Export User Authorizations (tcgtc0103m000)**
- **Import User Authorizations (tcgtc0103m100)**
- **Domestic Sales User Authorizations (tcgtc0103m200)**
- **Domestic Purchase User Authorizations (tcgtc0103m300)**

4. **Blocking reasons**

Specify letter of credit blocking reasons for:

- Sales orders in the **Pre-Defined Hold Reason - Letter of Credit Check** field of the Sales Order Parameters (tdsls0100s400) session. If blockings occur, the blocking reasons are displayed in the Blocked Sales Order (Lines) (tdsls4520m000) session.
- Purchase orders in the **Letter of Credit Hold Reason** field of the Purchase Order Parameters (tdpur0100m400) session. If blockings occur, the blocking reasons are displayed in the Purchase Order (Line) Blockings (tdpur4120m000) session.

Basic letter of credit procedure

There are different types of letters of credit and various scenarios in which letters of credit (L/C) are used. The basic letter of credit procedure:

Step 1: Purchase and sales agreement

The buyer and the seller draw up a purchase and sales agreement. The purchase and sales agreement between the buyer and the seller stipulates that payment is made through a letter of credit.

Step 2: Buyer applies for letter of credit

The buyer requests his bank to issue a letter of credit. The letter of credit must be in accordance with the purchase and sales agreement.

Step 3: Issue letter of credit

The issuing bank sends the letter of credit to the advising bank.

Step 4: Advise letter of credit

The advising bank verifies the authenticity of the letter of credit, and forwards the letter of credit to the seller.

The seller checks if:

- The letter of credit corresponds to the terms and conditions of the purchase and sale agreement.
- He can meet the requirements of the letter of credit within the specified period or by the specified date.
- He can produce the documents stipulated in the letter of credit. These documents include the invoice, transport documents such as the bill of lading, or quality certificates.

Step 5: Prepare shipment

After ensuring that the terms of the letter of credit can be met, the seller produces the goods and prepares shipment.

Step 6: Present documents

The seller prepares the documents that prove that the goods are ready for shipment and presents these documents to the advising bank. The advising bank sends the documents to the issuing bank.

Step 7: Payment

The issuing bank checks the documents and if approved, the issuing bank transfers the payment to the seller through the advising bank.

Step 8: Document transfer

The issuing bank hands over the documents to the buyer. The documents allow the buyer to clear the goods from the customs and take possession of the goods. The buyer pays the issuing bank.

Amendments

When the letter of credit is advised to the seller by the advising bank, the seller checks if the requirements of the letter of credit can be met. If the seller is unable to meet any term or condition of the letter of credit, or the letter of credit differs from the purchase and sale agreement, the seller must notify the importer and request an amendment to the letter of credit.

For example, the seller asks to extend the expiry date and the latest shipping date if they are unable to manufacture the merchandise in time. An importer can request an amendment to increase the value of the letter of credit to purchase a higher quantity of merchandise.

When all parties agree, the amendment is incorporated into the terms of the letter of credit and advised to the exporter through the advising bank. The seller starts shipment after the amendments have been agreed to.

Export letter of credit procedure

In LN, the export letter of credit procedure entails maintaining and processing letters of credit (L/C) from the seller's perspective.

These types of letters of credit are used:

- Export letters of credit - for international trade
- Domestic sales letters of credit - for trade within the same country

The following steps reflect the normal flow. However, if the letter of credit requires adjustment, at various stages in the procedure you may be required to change the data or to set the letter of credit to an earlier status. See *To change letter of credit data or status* (p. 21)

Step 1: Initial letter of credit

Based on the purchase and sales agreement between the buyer and the seller, the seller specifies the contents of the letter of credit that he will ask the buyer to issue at the buyer's bank. The initial status of the letter of credit is **Preliminary**.

Export letters of credit are maintained in the Export Letter of Credit (tcgtc0650m000) session, and domestic sales letters of credit in the Domestic Sales Letter of Credit (tcgtc0650m200) session.

Step 2: Link document to letter of credit

An authorized user links the relevant document to the letter of credit. This is to ensure that the document is processed in accordance with the terms of the letter of credit.

See *Link and unlink letters of credit* (p. 19).

Step 3: Approve letter of credit

After linking the document or documents to the letter of credit, an authorized user approves the letter of credit by selecting **Approve** on the appropriate menu of the Export Letter of Credit (tcgtc0650m000) or the Domestic Sales Letter of Credit (tcgtc0650m200) session.

Approving the letter of credit is mandatory. To continue the letter of credit procedure the user must approve the letter of credit.

If required, users can change approved letters of credit with specific statuses by selecting **Unapprove** on the appropriate menu.

See *To change letter of credit data or status* (p. 21).

Step 4: Set to Definitive

To continue the procedure, the user must set the status of the letter of credit to **Definitive**. This allows the linked documents to be approved, or, in case of contract deliverables, to be activated.

Document compliance checks are performed to verify if the document meet the requirements of the letter of credit. See *Compliance checks for documents linked to letters of credit* (p. 22).

Usually, at this point the seller asks the buyer to open a letter of credit at the buyer's bank as per the contents of the **Definitive** letter of credit.

Step 5: Set to Received

When the letter of credit is received from the buyer through the advising bank, the seller checks if:

- He can meet the requirements of the letter of credit (L/C).

- The L/C is in accordance with the sales and purchase agreement.

If yes, the user must set the status of the letter of credit to **Received**.

Step 6: Set to Returned

If the letter of credit (L/C) received from the buyer requires amendment, the user must:

1. Unapprove the letter of credit.
2. Modify the letter of credit.
3. Set the status to **Returned**.
4. Return the letter of credit to the buyer.

If amendments are not required, the user can accept the letter of credit.

Step 7: Set to Accepted

If acceptable, the user must set the status of the letter of credit to **Accepted**. This status allows the linked document to be released to Warehousing.

When the document is released to Warehousing and when the shipment related to the document is confirmed, document compliance checks are performed to verify if the document and the shipment meet the requirements of the letter of credit. See *Compliance checks for documents linked to letters of credit* (p. 22).

Step 8: Set to Sent

Set the status to **Sent** to indicate that the required documents are presented to the advising or confirming bank and that the goods are sent.

Step 9: Set to Paid

If the payment received against the sales invoices for the sales order lines linked to the letter of credit is equal to the maximum amount of the letter of credit, the status of the letter of credit is automatically set to **Paid**.

Users can also manually set the status to **Paid**.

Step 10: Set to Closed

After payment has been received, you can set the status to **Closed**.

Note

- The previous steps reflect the normal flow. However, if the letter of credit requires adjustment, at various stages in the procedure you may be required to change the data or to set the letter of credit to an earlier status. See *To change letter of credit data or status* (p. 21)
- Users can set the letter of credit to **Canceled** at any stage in the procedure.

Import letter of credit procedure

In LN, the import letter of credit (L/C) procedure entails maintaining and processing letters of credit from the buyer's perspective.

These types of letters of credit are used:

- Import letters of credit - for international trade
- Domestic purchase letters of credit - for trade within the same country

Step 1: Initial letter of credit

Based on the purchase and sales agreement, and the L/C requirements from the seller, the buyer draws up a draft letter of credit. The status of the initial letter of credit is **Preliminary**.

Import letters of credit are maintained in the Import Letter of Credit (tcgtc0650m100) session, and domestic purchase letters of credit in the Domestic Purchase Letter of Credit (tcgtc0650m300) session.

Step 2: Link document to letter of credit

When the letter of credit is satisfactory, an authorized user links the relevant document to the letter of credit. This is to ensure that the document is processed according to the terms of the letter of credit.

These documents are available for import or domestic purchase letters of credit:

- Purchase orders
- Purchase order lines

See *Link and unlink letters of credit (p. 19)*.

Step 3: Approve letter of credit

After linking the document or documents, the user approves the letter of credit by selecting **Approve** on the appropriate menu of the Import Letter of Credit (tcgtc0650m100) or the Domestic Purchase Letter of Credit (tcgtc0650m300) session.

Usually, at this stage the buyer uses the approved letter of credit to officially request his bank to open a letter of credit. Approved letters of credit cannot be changed, but if required, you can change an approved letter of credit by selecting **Unapprove** on the appropriate menu.

See *To change letter of credit data or status (p. 21)*.

Step 4: Set to Definitive

To continue the procedure, the user must set the status of the letter of credit to **Definitive**. This allows the linked documents to be approved.

Document compliance checks are performed to verify if the document and the receipt meet the requirements of the letter of credit. See *Compliance checks for documents linked to letters of credit (p. 22)*.

Step 5: Set to Requested

When the buyer has sent the request to open a letter of credit to the issuing bank, the user must set the status of the letter of credit to **Requested**.

Step 6: Set to Received

When the letter of credit is received from the issuing bank for final approval, the user must set the status of the letter of credit to **Received**.

Step 7: Set to Issued

When the issuing bank has issued the letter of credit to the advising bank, set the status of the letter of credit to **Issued**.

This status allows the linked document to be released to Warehousing.

When the document is released to Warehousing and when the receipt related to the document is confirmed, document compliance checks are performed to verify if the document and the receipt meet the requirements of the letter of credit. See *Compliance checks for documents linked to letters of credit* (p. 22).

Step 8: Set to Paid

If the payment made for the purchase order lines linked to the letter of credit is equal to the maximum amount of the letter of credit, the status of the letter of credit (L/C) is automatically set to **Paid**.

Users can also manually set the status to **Paid**.

Step 9: Set to Closed

After payment is made, the user can set the status to **Closed**.

Note

- The previous steps reflect the normal flow. However, if the letter of credit requires adjustment, at various stages in the procedure you may be required to change the data or to set the letter of credit to an earlier status. See *To change letter of credit data or status* (p. 21)
- Users can set the letter of credit to **Canceled** at any stage in the procedure.

Shipment periods and shipment days for letters of credit

Letters of credit (L/C) are specified in these sessions:

- Export Letter of Credit (tcgtc0650m000)
- Import Letter of Credit (tcgtc0650m100)
- Domestic Sales Letter of Credit (tcgtc0650m200)

- Domestic Purchase Letter of Credit (tcgtc0650m300)

In these sessions, the following fields are interdependent:

- **Latest Shipment Date**
- **Shipment Period From**
- **Shipment Period To**
- **Shipment Days**

If you specify a date in the **Latest Shipment Date** field and save the data, the **Shipment Days** field is read-only.

If you specify a shipment period in the **Shipment Period From** and **Shipment Period To** fields, the **Shipment Period To** value is updated in the **Latest Shipment Date** field. You cannot modify this value.

Letter of credit consumptions

A letter of credit (L/C) consumption is a part of the amount of a letter of credit that is reserved for a document or document line.

An initial consumption is made when a document or document line is linked to the letter of credit. The initial consumption amount is the ordered amount of the linked document or document line.

For export or domestic sales letters of credit, final consumptions are made when a shipment or shipment line related to a document linked to the letter of credit is confirmed. For import or domestic purchase letters of credit, this occurs when a receipt or receipt line related to a document linked to the letter of credit is confirmed.

Therefore, if a letter of credit is linked to various documents or document lines and some of these documents are related to confirmed shipment or receipt lines, both initial and final consumptions are present for the letter of credit.

Link and unlink letters of credit

If letter of credit (L/C) is the payment method to pay a document, you must link the letter of credit to the document.

Export and domestic sales letters of credit must be linked to the sales orders, sales order lines, or contract deliverables for which the letters of credit provide payment. Import and domestic purchase letters of credit must be linked to purchase orders or purchase order lines.

To link letters of credit to documents, you can select a letter of credit in the document session or select a document in the letter of credit session.

You can link a letter of credit to an order header or an order line. If you link a letter of credit to an order header, the order lines are also linked to the letter of credit.

If you link a letter of credit to an order line, the letter of credit is only applicable for the order line. For each order line, you can link a different letter of credit.

Criteria

To be linked to a document, a letter of credit must:

- Not yet be approved.
- Have the status set to **Preliminary** or **Definitive**.

To be linked to a letter of credit, a document must:

- Have the **Letter of Credit Required** check box selected.
- Not yet be approved.
- Have a positive ordered amount that does not exceed the maximum amount of the letter of credit.
- Have the same company as the letter of credit.
- **Order lines**
The warehouse must be specified. This is the warehouse in which the goods covered by the letter of credit are issued or received.

- **Purchase document**

A purchase document must:

- Have a planned receipt date not before the **Latest Shipment Date** or the **Shipment Period To** of the letter of credit.
- Have the same buy-from business partner as the one on the letter of credit.

- **Sales document and contract deliverable**

A sales document or contract deliverable must:

- Have a planned delivery date not later than the **Latest Shipment Date** or the **Shipment Period To** of the letter of credit.
- Have the same sold-to business partner as the one of the letter of credit.

Link document in letter of credit session

1. On the appropriate menu of the applicable letter of credit session, select **Link Document**.
2. In the Link Document (tcgtc2245s000) session:
 - Select the company of the document to be linked. This step is applicable in multicompany environments.
 - Select the required document type.
 - Click **Continue**.
 - Select the required document.

Note

If no documents are displayed after clicking **Continue**, none of the documents of the selected document type meet the criteria listed earlier in this topic.

Link letter of credit in document session

1. In the header or line section of the document session, select the **Letter of Credit Required** check box.
2. On the appropriate menu of the applicable document session, select **Link Letter of Credit**.
3. Select the required letter of credit. If no letter of credit is displayed, no letter of credit that matches the criteria of the order or order line is present.

Note

- If you select the **Letter of Credit Required** check box on the order header, this check box is also selected for the order lines that meet the criteria. Order lines for which no warehouse is specified, or with a negative order amount, are not linked to the letter of credit.
- If you add an order line to a sales order that is linked to a letter of credit, the order line is automatically linked to the letter of credit.

Unlink letters of credit

If required, you can unlink a letter of credit from a document. To do so, the letter of credit must be unapproved.

If a letter of credit is linked to the order header, you must unlink the letter of credit on the order header. Unlinking the letter of credit for individual order lines is not allowed.

If a letter of credit is linked to an order line, you must unlink the letter of credit for the order line.

Note

If you cancel a letter of credit, the letter of credit is unlinked from the document and the **Letter of Credit Required** check box is cleared for the document.

To change letter of credit data or status

You can change letters of credit (L/C) in different stages of the import or export letter of credit procedure. For various reasons, in addition to changing the data, you may also be required to change the status as an indicator that you move on to the next step or return to a previous step in the procedure.

Example

After the seller accepts the letter of credit, he finds out that the latest shipment date must be extended. For this purpose, the letter of credit must be unapproved and the shipment date must be adjusted. The new shipment date must be communicated to the buyer. Next, the user approves the letter of credit and resets the status from **Accepted** to **Returned**.

Note

- You can only change the most recent version of the letter of credit. The version number is displayed in the **Version** field of the applicable letter of credit session.
- To change letters of credit, you must have proper authorization. See *Letter of credit setup* (p. 9)

Preliminary, closed, and cancelled letters of credit

Letters of credit with status **Preliminary** can be changed at any time during the process.

You cannot change letters of credit with status **Closed** or **Canceled**.

Change letter of credit data

To change letters of credit with other statuses:

1. On the appropriate menu of the applicable letter of credit session, select **Unapprove** to undo the approval of the letter of credit.
2. Change the letter of credit data as required.
3. Approve the letter of credit.
4. If another status is required, on the appropriate menu, select the required status. The available statuses depend on the status of the letter of credit at the moment you change the letter of credit.

Change letter of credit to earlier status

To change letters of credit with statuses other than **Preliminary**, **Closed** or **Canceled** to a status applicable to an earlier step:

1. On the appropriate menu of the applicable letter of credit session, set the status to **Definitive**.
2. Return to the appropriate menu and select the required status.
The available statuses depend on the status of the letter of credit at the moment you change the letter of credit.

Change letter of credit to later status

To change letters of credit with statuses other than **Preliminary** or **Canceled** to a status applicable to a later step:

Select the required status. The available statuses depend on the status of the letter of credit at the moment you change the letter of credit.

Compliance checks for documents linked to letters of credit

During the sales order, contract deliverable, and purchase order procedure, changes can be made to the documents involved. To verify if the changes made to the documents conflict with the requirements of the linked letters of credit (L/C), LN performs document compliance checks.

During the following steps in the sales order, contract deliverable, and purchase order procedure, LN performs these document compliance checks:

- **Link document to letter of credit**

When the document is linked to a letter of credit, LN verifies if:

- The aggregated order amount does not exceed the amount of the letter of credit.
- The expiry date of the letter of credit (L/C) is after the order date of the linked sales order, sales order line, purchase order, or purchase order line.

- **Approve or activate document**

When the sales or purchase document is approved, or the contract deliverable is activated, LN verifies if the status of the linked letter of credit is set to **Definitive**.

- **Release to Warehousing**

When the document is released to Warehousing, LN verifies if the status of the letter of credit is:

- **Accepted** for export or domestic sales letters of credit.
- **Issued** for import or domestic purchase letters of credit.

- **Confirm shipment**

When the shipment related to the sales order is confirmed, LN verifies if:

- The shipped amount does not exceed the total amount of the letter of credit.
- The latest shipment date of the letter of credit is not before the planned delivery date of the linked document.

- **Confirm receipt**

When the receipt related to the purchase order is confirmed, LN verifies if the:

- Received amount does not exceed the total amount of the letter of credit.
- The latest shipment date of the letter of credit is not before the planned receipt date of the linked document.

The check results are displayed in the Document Compliance Check Results (tcgtc1510m000) session and the **Check Results** tab in the satellite section of the applicable letter of credit session.

Also, the **Document Compliance Status** is displayed for shipments, shipment lines, and contract deliverables in these sessions:

- Shipments (whinh4130m000)
- Shipment Lines (whinh4131m000)
- Contract Deliverables (tppdm7100m100)

Unsuccessful compliance checks result in blocking the purchase order lines, sales order lines for which the checks are performed. For contract deliverables, the outbound order lines are removed and the contract deliverable is set to status **Free**.

Blocked sales and purchase order lines are displayed in the Blocked Sales Order (Lines) (tdsls4520m000) and Purchase Order (Line) Blockings (tdpur4120m000) sessions.

Note

Blockings resulting from failed document compliance checks cannot be resolved in the Blocked Sales Order (Lines) (tdsls4520m000) and Purchase Order (Line) Blockings (tdpur4120m000) sessions.

Resolve compliance failures

If the compliance check results in a failure, you can:

- Correct the letter of credit or the document.
- Override the failure in the Override Compliance Check Results Workbench (tcgtc1610m100) session.

After the compliance failure is corrected, the sales and purchase order lines are unblocked in the Blocked Sales Order (Lines) (tdsls4520m000) and Purchase Order (Line) Blockings (tdpur4120m000) sessions.

Example

If you add an order line to a sales order that is linked to a letter of credit (L/C), LN links the order line to the L/C. If this causes the maximum amount of the letter of credit to be exceeded:

- A warning is displayed.
- The sales order line is blocked. This is displayed in the:
 - Blocked Sales Order (Lines) (tdsls4520m000) session.
 - **Check Results** tab of the letter of credit session.
- The compliance check result is **Failure**. This is displayed in the Document Compliance Check Results (tcgtc1510m000) session.

Appendix A

Glossary

A

advising bank

The bank that accepts a letter of credit (L/C) from the issuing bank. The advising bank verifies the authenticity of the letter of credit, and forwards the L/C to the seller. The advising bank does not take on any payment obligations. The advising bank is typically located in the seller's country and can be the seller's bank.

appropriate menu

Commands are distributed across the **Views**, **References**, and **Actions** menus, or displayed as buttons. In previous LN and Web UI releases, these commands are located in the *Specific* menu.

bill of lading

The legal document used by the carrier that states what is transported (nature, quantity, weights, and so on) to what address.

buy-from business partner

The business partner from whom you order goods or services; this usually represents a supplier's sales department. The definition includes the default price and discount agreements, purchase-order defaults, delivery terms, and the related ship-from and invoice-from business partner.

Synonym: supplier

company

A working environment in which you can carry out logistic or financial transactions. All the transaction data is stored in the company's database.

Depending on the type of data that the company controls, the company is:

- A logistic company.
- A financial company.
- A logistic and a financial company.

In a multicompany structure, some of the database tables can be unique for the company and the company can share other database tables with other companies.

confirming bank

The bank that adds its confirmation to a letter of credit (L/C) upon the issuing bank's authorization or request. According to current L/C rules, a confirming bank is irrevocably bound to honor or negotiate the L/C as of the time it adds its confirmation to the credit.

contract deliverable

A contract deliverable is a tangible or intangible item that is produced or purchased as a result of a contract.

document

A generic term for objects, such as orders or order lines. Also used to refer to printed matter, such as reports, shipping documents, order documents, or user documentation.

document compliance

The requirement for documents such as sales orders, purchase orders, or shipments to be compliant with the settings specified for the global trade compliance functionality, the letter of credit functionality, or both.

Parameter settings and settings for individual items, contract deliverables, sales orders, or purchase orders determine whether the document compliance includes letters of credit, global trade compliance, or both.

Document compliance checks are performed at various stages in the document handling processes.

financial company

A company that is used for posting financial data in Financials. You can link one or more enterprise units from multiple logistic companies to one financial company.

issuing bank

The bank that issues a letter of credit (L/C) and sends it to the advising bank on behalf of the buyer.

L/C

See: *letter of credit (L/C)* (p. 26)

letter of credit (L/C)

A financing agreement most commonly used for trade arrangements across international borders. An L/C is issued by a bank at the request of the customer, also referred to as importer or buyer. In the letter of credit the bank promises to pay the seller, also called exporter or beneficiary, for goods or services provided, if the exporter presents the required documents and meets the terms and conditions stipulated in the L/C.

Abbreviation: L/C

logistic company

An LN company used for logistic transactions, such as the production and transportation of goods. All the logistic data concerning the transactions is stored in the company's database.

number group

A group of first free number series that you can assign to a specific use.

For example, you can assign a number group to:

- Business partner codes
- Purchase contracts
- Sales orders
- Production orders
- Service orders
- Warehousing orders
- Freight orders

Within a number group you can define multiple series. Each series is identified by the series code. The series numbers that LN generates consist of the series code followed by the first free number in the series. Series codes of the same number group have the same length.

order date

The date on which the order is manually specified or is automatically generated.

planned delivery date

The date for which delivery of a shipment is planned.

planned receipt date

The date on which the goods are expected to arrive in the destination warehouse.

purchase order

An agreement that indicates which items are delivered by a buy-from business partner according to certain terms and conditions.

A purchase order contains:

- A header with general order data, buy-from business partner data, payment terms, and delivery terms
- One or more order lines with more detailed information about the actual items to be delivered

purchase order lines

The lines on purchase orders that record detailed information about, for example:

- The ordered items
- The price agreements
- The delivery dates
- Shipping
- Invoicing

You can have one or more lines on a purchase order.

sales order

An agreement that is used to sell items or services to a business partner according to certain terms and conditions. A sales order consists of a header and one or more order lines.

The general order data such as business partner data, payment terms, and delivery terms are stored in the header. The data about the actual items to be supplied, such as price agreements and delivery dates, is entered on the order lines.

sales order lines

A sales order contains items that are delivered to a customer, according to certain terms and conditions. The lines of a sale order are used to record the items ordered, as well as the associated price agreements and delivery dates.

series

A group of order numbers or document numbers starting with the same series code.

Series identify orders with certain characteristics. For example, all sales orders handled by the large accounts department start with LA (LA0000001, LA0000002, LA0000003, and so on).

sold-to business partner

The business partner who orders goods or services from your organization, who owns the configurations you maintain, or for whom you perform a project. Usually a customer's purchase department.

The agreement with the sold-to business partner can include:

- Default price and discount agreements
- Sales order defaults
- Delivery terms
- The related ship-to and invoice-to business partner

supplier

See: *buy-from business partner* (p. 25)

warehouse

A place for storing goods. For each warehouse, you can enter address data and data relating to its type.

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