Infor LN Financials User Guide for Controlling

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About this document

This document describes the process to set up and use the Financial Budgeting System and Cost Accounting modules.

Assumed knowledge

Understanding this document is easier if you have some basic knowledge of the functionality of the various logistic LN packages and Financials.

Document summary

This document is a compilation of the help topics for the Cost Accounting and Financial Budgeting System modules that are listed under Infor LN, Financials, *Online Manual Topics*.

How to read this document

This document was assembled from online Help topics. As a result, references to other sections in the manual are presented as shown in the following example:

- For details, refer to *Setting up an integration mapping scheme*. To locate the referred section, please refer to the Table of Contents or use the Index at the end of the document.

Underlined terms indicate a link to a glossary definition. If you view this document online, clicking the underlined term takes you to the glossary definition at the end of the document.

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Chapter 1
Deviations

1

Deviations

The following deviations may occur between actual and budgeted amounts in the Cost Accounting and the Financial Budgeting System:

- Occupation deviation
- Consumption deviation
- Over-/undercoverage

Occupation deviation

Occupation deviation only applies to full-cost accounting systems.

- **Quantity Based**:

  ```
  allowed costs - (budgeted performance quantity * total effective
  rate/surcharge)
  ```

- **Amount Based**:

  ```
  allowed costs - (surcharge base amount * effective surcharge)
  ```

Consumption deviation

Actual costs - allowed costs

Over/under-coverage

Full cost accounting (set in the Cost Accounting Parameters (tfcat0100s000) session).

- **Quantity Based** reference unit:

```
(total budgeted cost surcharge rate - total effective rate/surcharge)
 * performance quantity
```

- **Amount Based** reference unit:

  ```
  (total budgeted surcharge - total effective surcharge) * surcharge
  base amount * 100
  ```

Variable (marginal) cost accounting

- **Quantity Based** reference unit:

  ```
  (variable budgeted cost rate/surcharge effective rate) * performance
   quantity
  ```

- **Amount Based** reference unit:

  ```
  (variable budgeted surcharge - effective surcharge) * surcharge base
   amount / 100
  ```

Allowed costs:

- **Quantity Based** reference units:

  ```
  (performance quantity * variable budget cost rate) + fixed budget
  amount
  ```

- **Amount Based** reference units:

  ```
  (surcharge base amount * variable budget cost rate) + fixed budget
  amount
  ```

Chapter 2
Cost Categories

2

Using cost categories

Create cost categories manually

To create cost categories manually:

1. Create cost categories in the Cost Categories (tfcat0102m000) session.
2. Define the ledger account(s) related to the cost category, in the Ledger Accounts by Cost Category (tfcat0103m000) session.

Create cost categories by importing ledger accounts

This method is based on the ledger accounts' sublevel and the parent-child structure.

To create cost categories by importing ledger accounts:

1. Start the Cost Categories (tfcat0102m000) session.
2. On the appropriate menu, click **Import Ledger Accounts** or click **Import Parent Ledger Accounts**.

All ledger accounts with sublevel zero will be imported and created as a cost category related to the ledger account.

Example of imported ledger accounts

Source		**Created cost categories**	
Account	**Sublevel**	**Cost Category**	**Account by Cost Category**

1000	1		
1001	0	1001	1001
2000	2		
2100	1		
2101	0	2101	2101
2102	0	2102	2102

Example of imported parent ledger accounts

Source		**Created cost categories**	
Account	**Sublevel**	**Cost Category**	**Account by Cost Category**
1000	-		
1001	10	1001	1001
2000	-	2000	2100
2100	20	2100	2101, 2102
2101	21		
2102	21		

Cost calculation of allocation relations

The following calculation example of allocation costs uses a budget year allocation relation. The same budget year allocation relation applies to budget period or actual allocation relations.

This data is defined:

Cost category	4711
Ledger account	5800, 5820

Single Dimension Budget per Year	
Year	2013
Budget	BUD
Dimension type	1
Dimension code	ABC
Reference unit	KWH

Ledger accounts	Total	Variable	Fixed
5820 (primary)	1,000	400	600
5830 (primary)	20,000	10,000	10,000

5800 (sec. debit)	10,000	4,000	6,000
5810 (sec. credit)	5,000	2,500	2,500

Performance quantity	100.0

Allocation relation

Relation	Budget year
Year	2013
Budget	BUD

	Source	Destination
Dimension Type	1	1
Dimension	ABC	ABC
Reference Unit	KWH	KWH
Ledger Account	5900	5020

Allocation Type	Quantity
Quantity	10.1
Valuated Portion	variable
Cost Category	4711/No cost category

Calculation

With cost category 4711, the allocation costs are calculated by adding the amounts of ledger accounts 5800 and 5820. This is because they are present within the entered cost category:

```
(4,000 + 400) / 100.0 * 10.0 = 440.00
```

Without cost category 4711, the amounts of L/A 5800, 5820 and 5830 will be taken into account. Secondary credit ledger accounts are always skipped. Finally, the calculated sum is divided by the total performance quantity, and then multiplied by the quantity:

```
(4,000 + 400 + 10,000) / 100.0 * 10.0 = 1,440.00
```

Chapter 3
Allocations

3

Allocation relations

You can maintain allocation relations between dimensions, carry out allocation procedures according to relations, and integrate the resulting amounts into budgets or actual analyses.

Cost allocation structures that use the same set of destination dimensions often occur multiple times. Therefore, you can define allocation rule sets to collect rules of different types for the automatic generation of allocation relations.

You can create an allocation net based on:

- Allocation keys, as described in *Allocation keys setup (p. 15)*.
- Default allocation relations, as described in *Default allocation relations setup (p. 16)*.
- Consumption rules, as described in *Consumption allocation relations setup (p. 16)*.

An allocation key is a scheme to create allocation relations automatically if the source of the allocation relations is known.

Default allocation relations serve as a template for allocation relations with repeating occurrences regarding source and destination dimensions.

Consumption rules are used to generate outgoing allocation relations from a retrograde source according to the roles that you define.

Allocation keys setup

To automatically create outgoing percentage allocation relations of the same type, you can define an allocation key for the chosen allocation rule set and generate the respective allocation relations accordingly. If the allocation structure occurs multiple times for different source dimensions, use an allocation key to define percentage allocation relations to a group of destination dimensions.

To set up allocation keys, take the following steps:

1. In the Allocation Key Names (tfcat4105m000) session, create the allocation key names.

2. In the Allocation Keys (tfcat4502m000) session, set up multiple allocation keys for allocation rule sets. You can insert cost categories that you create in Step 3. In that case, choose distinct value portions.
3. In the Cost Categories (tfcat0102m000) session, create the required cost categories.
4. In the Ledger Accounts by Cost Category (tfcat0103m000) session, link ledger accounts to the defined cost categories. Use the cost categories in the default allocation relations.
5. Run the Generate Allocation Relations with Allocation Key (tfcat4202s000) session to generate the allocation relations for each allocation key in turn.

Default allocation relations setup

You can use default allocation relations as the template for allocation relations that have a repeating occurrence with regard to source and destination dimensions, which is applicable in different allocation models (budget year, budget period, or actual model).

Default allocation relations can be qualitative (for example, the assignment of a building using square meters as the cost driver) or quantitative. The quantitative allocation relations are used to assign the costs of an activity to the final cost objects using the number of setups per cost object.

To set up default allocation relations, take the following steps:

1. In the Allocation Rule Sets (tfcat4101m000) session, create an allocation rule set.
2. In the Default Allocation Relations (tfcat4503m000) session, create default allocation relations for source/destination combinations.
3. In the Cost Categories (tfcat0102m000) session, create the required cost categories.
4. In the Ledger Accounts by Cost Category (tfcat0103m000) session, link ledger accounts to the defined cost categories. Use the cost categories in the default allocation relations.
5. In the Copy Default Allocation Relations into Allocation Relations (tfcat4203m000) session, copy the default allocation relations into the allocation relations.
6. In the Copy Allocation Relations into Default Allocation Relations (tfcat4206s000) session, copy the allocation relations into the default allocation relations (optional).
7. In the Print Default Allocation Relations (tfcat4403m000) session, display a report for your default allocation relations (optional).

Consumption allocation relations setup

If the allocation net is consumption oriented, you can create allocation relations according to consumption rules. Outgoing budget and actual allocation relations from a retrograde source can be generated following user provided rules.

The aim is to have quantities on the allocation relations in tight relation to the performance quantity on the destination, which enables you to backflush resource and process requirements from the source dimension to the destination dimension by means of the retrograde calculation.

To set up the consumption rules allocation relations, take the following steps:

1. In the Allocation Rule Sets (tfcat4101m000) session, create an allocation rule set.
2. In the Consumption Rules (tfcat4504m000) session, define the rules for source/destination combinations.
3. In the Budgets (tffbs0503m000) session, create a single dimension budget.
4. In the Budgets per Year (tffbs0505m000) session, insert your budget in the current year.
5. In the Flexible Budget by Year (tffbs1510m000) session, enter dimensions and reference units (with the appropriate ledger accounts) for your budget.
6. In the Performance Budget by Year (tffbs1120m000) session, define a performance budget per year and a performance quantity or surcharge base amount per year for your budget.
7. In the Generate Allocation Relations with Allocation Key (tfcat4202s000) session, create allocation relations.
8. In the Allocation Relations (tfcat4500m000) session, check the created allocation relations (optional).
9. Run the Retrograde Calculation (tfcat4213m000) session to perform the retrograde calculation for your budget.
10. Run the Integrate and/or Post Cost Allocation Results (tfcat4211m000) session, to integrate the results of the retrogade calculation into the budget.

Appendix A
Glossary

A

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.

reference unit

A performance measure of a cost center and a calculation base to determine rates and surcharges.

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