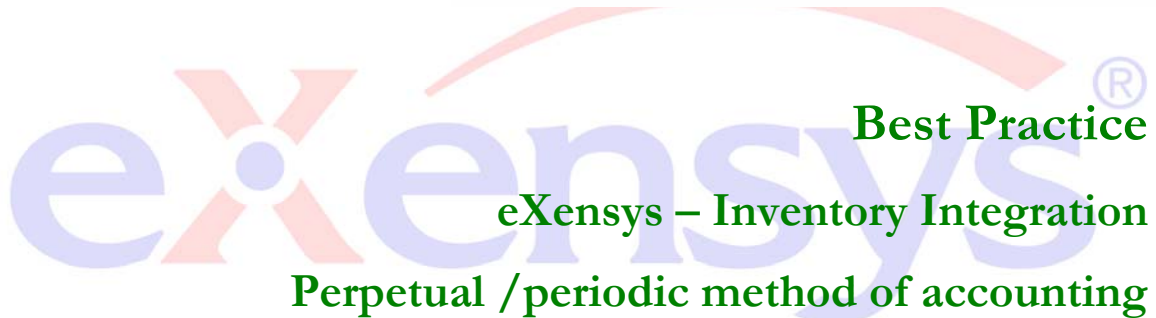


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Best Practice[®]
eXensys – Inventory Integration
Perpetual /periodic method of accounting
Business Performance Sustained

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Introduction:

Integration is the process of linking different process/applications within a single organization together in order to simplify and automate business processes to the greatest extent possible, while at the same time avoiding having to make sweeping changes to the existing applications or data structures. Integration is a major part of all ERP process.

Overview:

This document briefly explains the cross module integration events and the methodology. It also discusses the integration events under different methods of Inventory Accounting in Trading Business Cycle –

- i. Periodic / Purchase Based Inventory Accounting
- ii. Perpetual / Consumption Based Inventory Accounting

The basis in the integration methodology in Exensys is that, wherever finance postings are triggered from modules other than finance module, integration events are created to map accounts to such events. These events are depended on key elements of the module. Users are allowed to map GL accounts to such integration events depending on the accounting requirements.

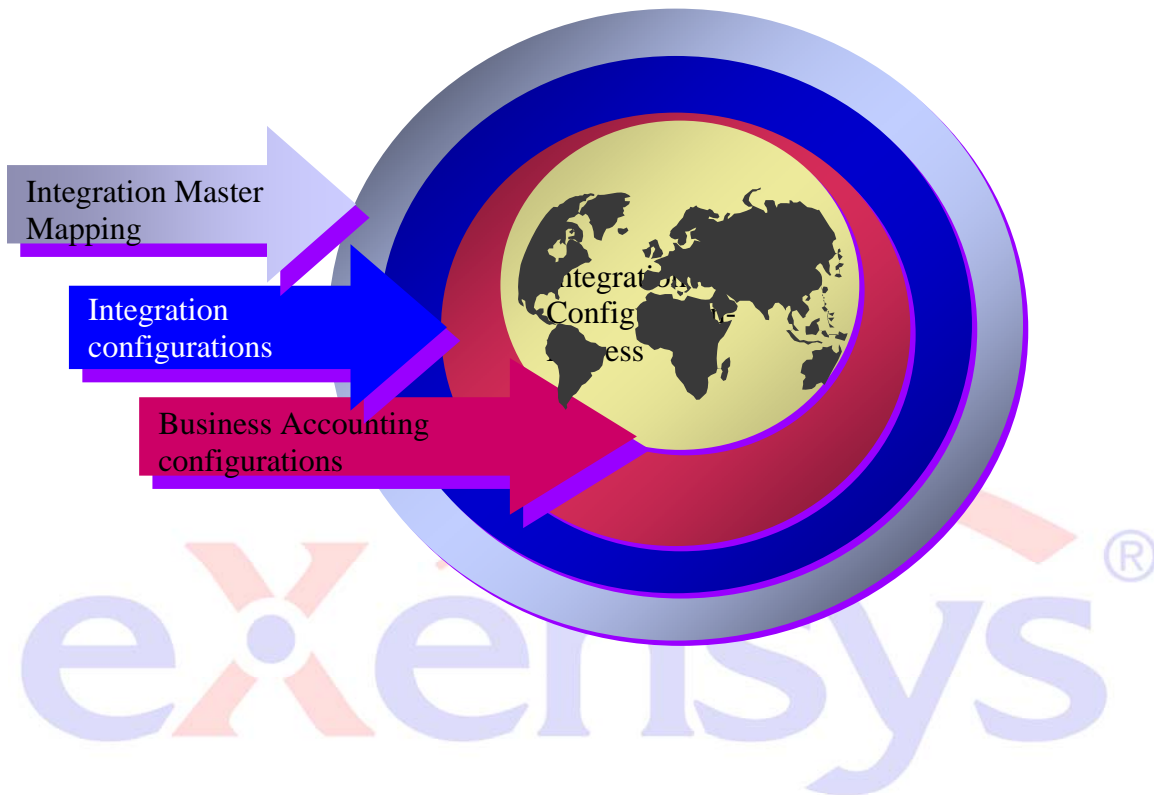
All Integration Mappings will be at Organization level. Users are provided with option to modify the integration accounts. If any of the Accounts mapped to integration events are modified, then they will not change the postings that have already happened. Only the new postings will be done to the Accounts according to the modified mapping.

For e.g. in HCM module a income head or a deduction head becomes an integration event. Similarly in Sales module a Product Group becomes an integration head.

In some areas options are given to the user to choose the type of integration events. For e.g., In sales module, integration events can be Product Group, Item Category, Division, Sales Area etc or combinations of these. Similarly in Procurement Module. However, in some areas the integration events are predefined by the system.

Below is the process of Exensys integration configuration

1 Integration Configuration Process



1.1 Business Accounting Configurator

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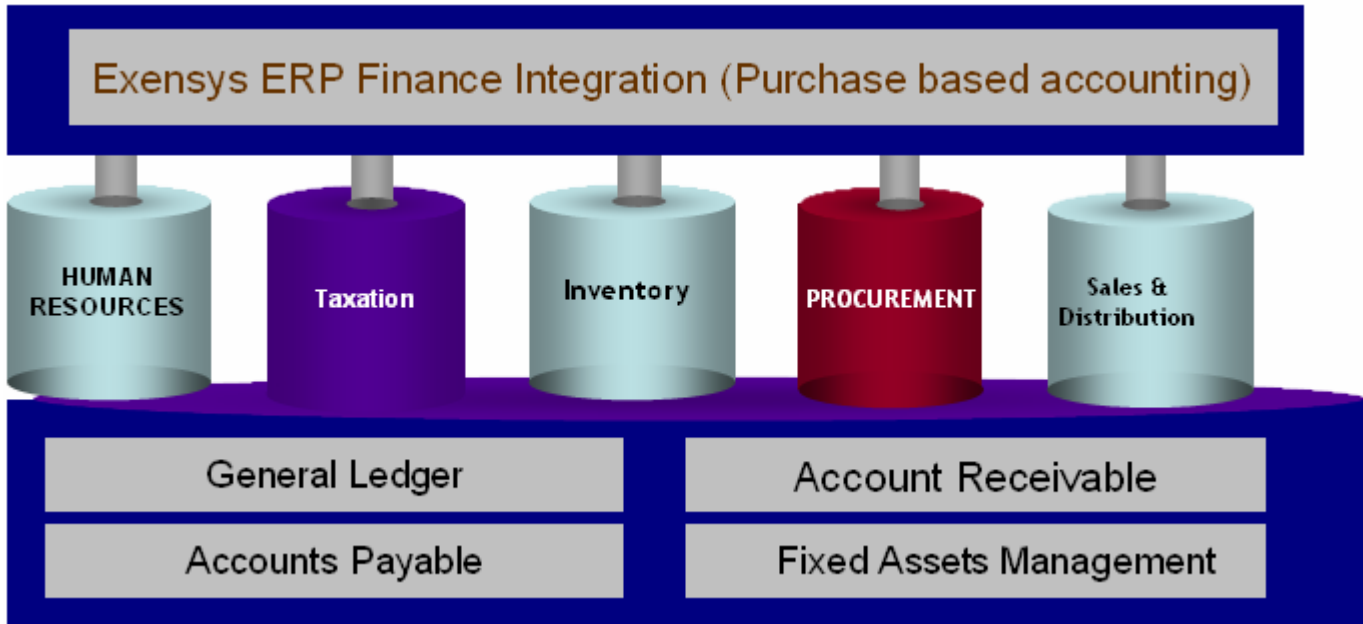
In Enterprise Settings – Configurators – Integration Configurator – Business Accounting Configurator provides for option to the users to select the method of Inventory Accounting (Perpetual or Periodic) for the Organization. Here the user can choose either of the options as the method of Inventory Accounting.

This Configuration is specific to the organization selected and is a one-time setting. If any entries are recorded in the organization then this setting cannot be changed

Purchase Based (Periodic) Accounting:-

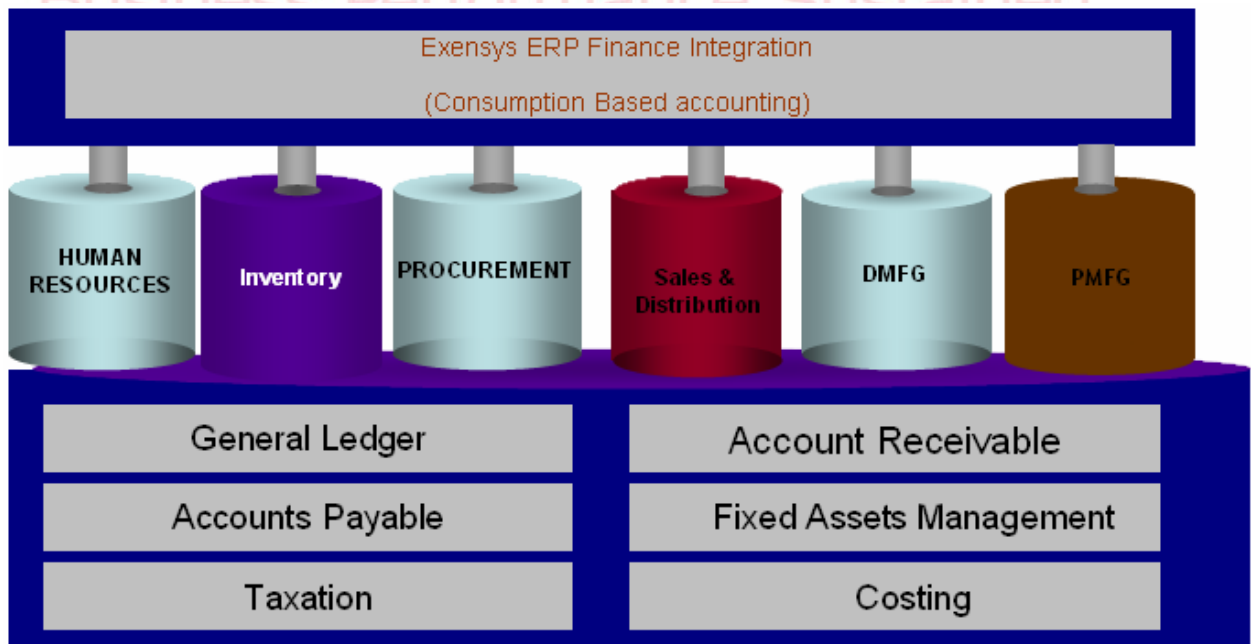
Periodic inventory is a system of inventory in which updates are made on a periodic basis. This differs from perpetual inventory systems, where updates are made continuously.

In Purchased based accounting finance module has been integrated with other modules has been shown in the below mentioned diagram.



Consumption Based (Perpetual) Accounting

Perpetual inventory or **continuous inventory** describe systems of inventory in which the inventory as recorded or displayed in the firm or organization's information system is updated on a continuous basis with real inventory in stock. In this case, book inventory would be the same as, or almost exactly the same as, the real inventory.



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1.2 Integration Configurator

In Enterprise Settings – Configurators – Integration Configurators – Integration Configurator provides option to the users to select the basis for Inventory Integration in Purchases, Sales and Inventory modules. Once mapped integration configuration cannot be edited if transaction is posted.

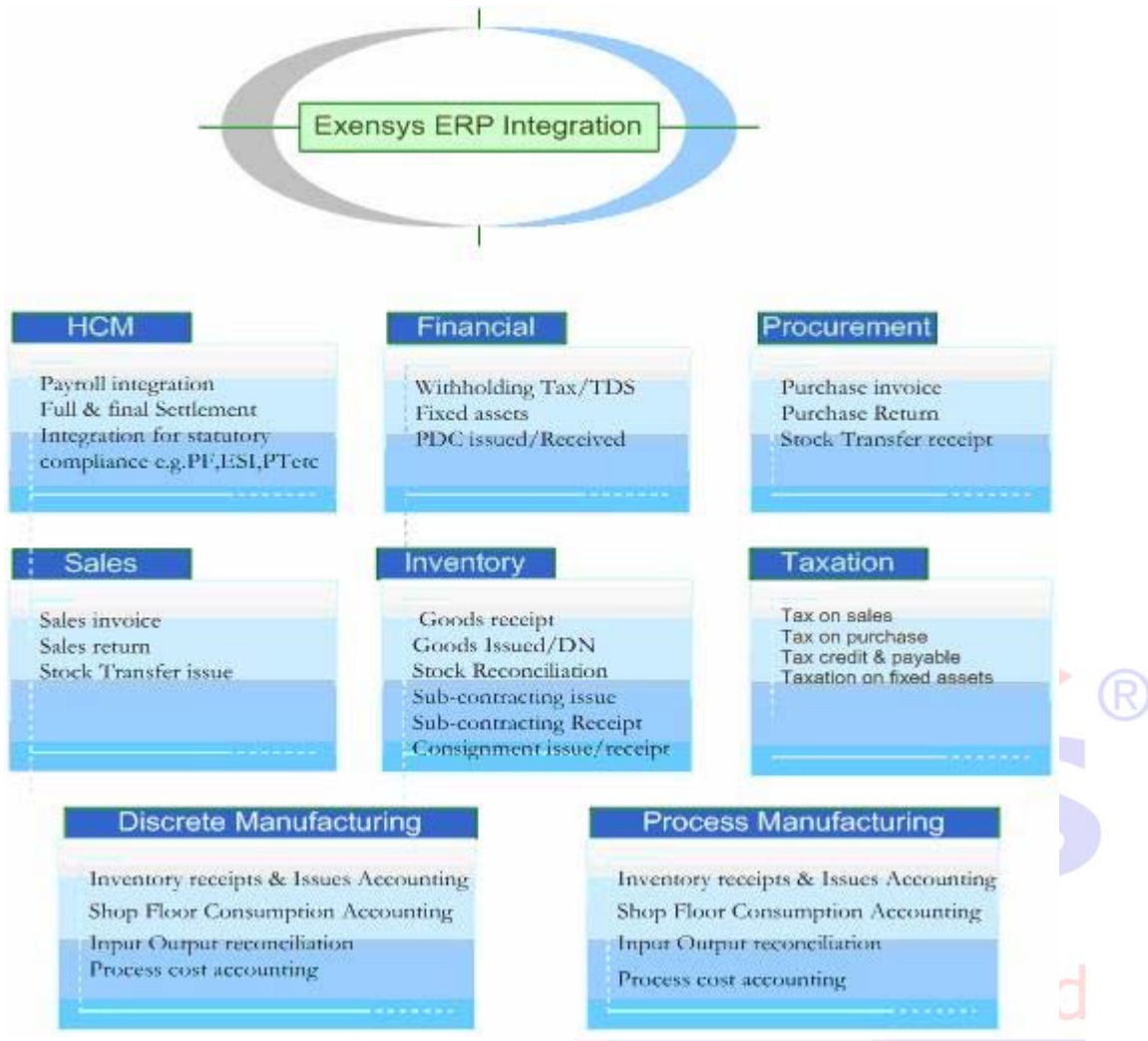
Event will display in integration master (where user can mapped GL account) based on integration configuration for inventory, Sales & Procurement, master

For e.g. user can choose a combination of Item Category and Product Group as the basis for Sales Module integration. With this configuration the system creates an integration event for combination of every Product Group and Item Category and finance postings can be achieved for sales based on the above.

1.3 Module Wise Events/Integration master

Enterprise Settings < Financial Management < Master < Integration Account
 In integration master the entire event for integration mapping will display, User can map any GL account through search picker grid. On mapping the GL account if any transaction is done than financial posting will effect to the integration map GL account

E.g. If Sales module integration configuration is done based on Product group than all the product group will display in integration master as an event where user can map any Income type GL account. If any sales is made for an item than financial posting will happen in GL account which are mapped in integration account to related product group



Integration difference between Purchase based (Periodic) & consumed Based (Perpetual) Accounting

3.3 Procurement

Procurement integration includes GRN, Cash Purchase, Purchase, Purchase return & stock transfer receipt & Vendor Control account integration/mapping with Vendors.

This list provides Integration events for Purchase module based on the Integration Configurator as explained above.

Purchase (Periodic) Based Accounting

1. Cash purchase (Default)
2. Purchase (configuration based)
3. Purchase Return (configuration based)
4. Stock Transfer (In) (configuration based)

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Consumption (Perpetual) Based Accounting

1. Cash purchase (Default)
2. Inventory (configuration based)

Sales & distribution

Sales integration includes DN, Cash sales, Sales invoice, Sales return & stock transfer Issue & Customer Control account integration/mapping with Customers.

This list provides Integration events for Sales module based on the Integration Configurator as above.

Sales (Periodic) Based Accounting

1. Cash sales (default)
2. Sales (configuration based)
3. Sales Return (configuration based)
4. Stock Transfer (out) (configuration based)

Consumption (Perpetual) Based Accounting

1. Cash sales (default)
2. Cost of Goods Sold (COGS)- (Default)
3. COGS (Sales Return)- (Default)
4. Sales (Configuration Based)
5. Sales Return (Configuration Based)
- 6.

Other Inventory, Production module Integration Events in case of Consumption based accounting

- A. Stock Reconciliation – Shortage / Excess
- B. Item Kitting – Assembling
- C. Item Kitting – Dis-Assembling
- D. Stores Issues – Delivery Note
- E. Stores Issue – Inter Department transfers
- F. Stores Issue – Production issues
- G. Stores Receipt – Inter Department transfers
- H. Stores Receipt – Production Receipts
- I. Consignment Out
- J. Sub Contract Issue
- K. Sub Contract Receipts
- L. Shop Floor Consumption Accounting

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Benefits:

- Flexibility to choose method of accounting
- No gaps between real inventory & book inventory
- Online inventory information
- User specific configuration option to maintain inventory accounting
- Online tracking of inventory at every stage (R/M,WIP,F/G)
- Online inventory helps to maintain better inventory ratio
- Minimize manual work for inventory calculation
- On line closing stock valuation
- Accounting of overhead in case of perpetual accounting for cost determination
- Real time information access among systems
- Streamlines business processes and helps raise organizational efficiency.
- Maintains information integrity across multiple modules

Conclusion:

Exensys financial integration provides to organization with the flexibility to choose the method of accounting perpetual or periodical to run the posting procedure. Management has the ultimate control over the timing and manner in which the General ledger gets updated.

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