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## **Intercompany Accounting for Internal Order and Drop Shipment**

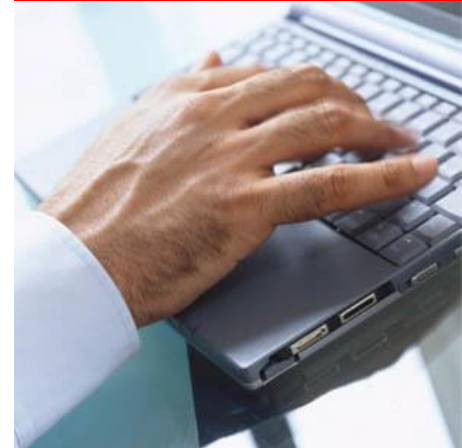
June 17 2014

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# Agenda

- Overview of Intercompany Transactions
  - What is Intercompany Transaction Flow
  - What is Transfer Price
- Internal Orders
  - What is Internal Order
  - Intercompany Setup for Internal Orders
  - Accounting Entries for Internal Orders
- Drop Shipment
  - What is Drop Shipment
  - Drop Shipment types
  - Intercompany Setups involved in Drop Shipment
  - Accounting Entries for Drop Shipment



# What is Intercompany Transaction Flow

- The **intercompany transaction flow** establishes the **physical flow** of goods and **financial flow** relationship **between two operating units**.
- It establishes the relationship between one operating unit (known as Start Operating Unit) and another operating unit (known as End Operating Unit) through Intercompany Invoices.
- The intercompany transaction flow can be used for **Internal Orders** as well as **Drop Shipment**

# What is Transfer Price

- Transfer Price as a concept refers to the price at which one division sells goods/services to another division.
- The Transfer Price is the selling price and the sending operating unit bills the receiving operating unit with that price.
- The 'Transfer Price' could either be a 'Static' Price or a 'Formula' based price which is governed by the profile INV:Advanced Pricing for Intercompany Invoice

# What is an Internal Order

- A request within your company for goods or services. An internal sales order originates as an internal requisition and becomes an internal sales order when the information is transferred from Purchasing to Order Entry.
- Refer to (Doc ID 744481.1) Internal Sales Order Cycle In Order Management, for the steps to perform the complete Internal Order cycle

# Setups Involved in Internal Order Accounting

- Intercompany Transaction Flows form
- Profile options
  - INV:Advanced Pricing for Intercompany Invoice
  - INV:Intercompany Invoice for Internal Orders
  - CST: Transfer Pricing Option
- Shipping Networks form

# Intercompany Transactions Flows

Intercompany Transaction Flows

Start	Operating Unit	End	Date Active	End	Advanced Accounting
Vision Operations	Singapore Distribution Center		00:00		<input type="checkbox"/>

**Intercompany Relations**

Flow Type  
Type: Shipping [  ]

Operating Unit  
Shipping: Vision Operations  
Selling: Singapore Distribution Center

AR Invoicing for Shipping

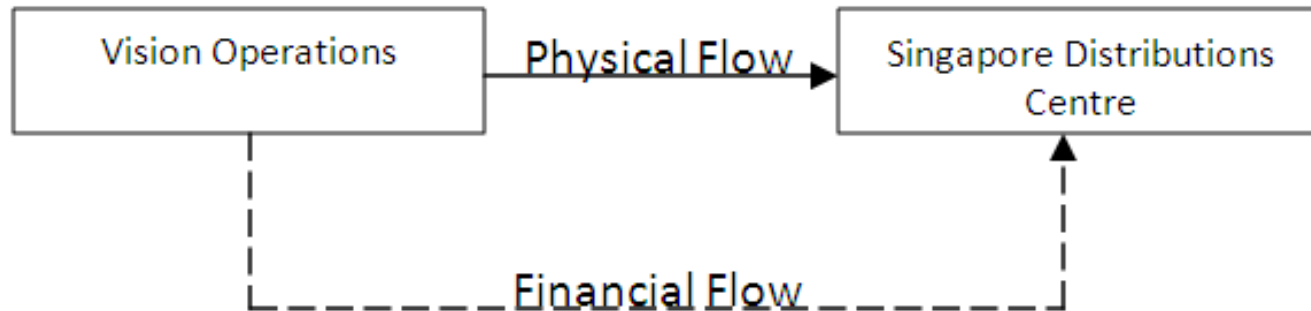
Customer: Vision  
Number: 1021  
Location: Singapore (OPS)  
Transaction Type: Invoice-Intercompany  
Intercompany COGS Account: 02-000-7220-0000-000  
Currency Code: [ ]

AP Invoicing for Selling

Supplier: Vision  
Site: NEW YORK  
Freight Account: 02-000-7220-0000-000  
Inventory Accrual Account: [ ]  
Expense Accrual Account: [ ]



# Internal Order



- You can only have two operating units for internal orders.
- Advanced accounting is not supported for internal orders.

## INV:Advanced Pricing for Intercompany Invoice

- If the profile is set to 'No' then the transfer price is picked up from the price list associated in 'Bill To' relationship in Internal Customer defined in the Intercompany Relations.
- If the profile is set to 'Yes' then the transfer price is 'Formula' Based price which is set up in Advance Pricing.
- The default value is No.
- This profile option is updateable only at site level

# INV:Intercompany Invoice for Internal Orders

- If the profile is set to 'No' then the intercompany Invoicing would not be enabled for Internal Orders
- If the profile is set to 'Yes' then the intercompany Invoicing would be enabled for Internal Orders
- The default value is No.
- This profile option is updateable only at site level.
  
- Based on this profile, the accounting of internal order transactions differ considerably which we will see in the coming slides

# CST: Transfer Pricing Option

- This profile option is used to enable transfer price functionality for intercompany accounting. Options are:
  - **No**: Transfer price costing is disabled. This is the default value.
  - **Yes, Price Not As Incoming Cost**: The incoming cost to the receiving organization is the shipping organization's inventory cost.
  - **Yes, Price As Incoming Cost**: The incoming cost to the receiving organization is based on the transfer price.
- This profile option is updateable only at site level

# Shipping Network

Shipping Network (M1)

From Organization: M1 Seattle Manufacturing

To Organization: D1 Singapore Distribution Center

Transfer Type: Intransit

FOB: Receipt

Receipt Routing: Standard

Internal Order Required  
 Elemental Visibility Enabled  
 Manual Receipt at Expense Destination

Inter-organization Transfer Charge

Type: None %

**Inter-organization Distance**

UOM: MI Value:

Transfer Credit	01.520.5290.0000.000
Purchase Price Variance	02-550-5210-0000-000
Receivable	01.000.1810.0000.000
Payable	02-000-2370-0000-000
Intransit Inventory	01.000.1460.0000.000
Profit In Inventory	

# FOB terms

- Receipt: The shipping organization owns the shipment until the destination organization receives it.
- Shipment: The destination organization owns the shipment when the from organization ships it (and while the shipment is in transit).

## Case 1: Costing Method - Standard, FOB: Receipt

- INV: Intercompany Invoice for Internal Orders is set to 'Yes'
- The shipping and Receiving Orgs have 'Standard Costing' method
- FOB is 'Receipt'
- Item and Subinventory are asset
- CST: Transfer Pricing Option profile is set to **'Yes, Price As Incoming Cost'**

Currency		Conversion			
From	To	Date	Type	USD To SGD	SGD To USD
USD	SGD	12-SEP-2011	Corporate	1.5	.6666666667
USD	SGD	11-SEP-2011	Corporate	1.5	.6666666667
USD	SGD	10-SEP-2011	Corporate	1.5	.6666666667

- Org\_id = 229 is D1 (Receiving OU) having Functional Currency 'SGD'
- Org\_id = 207 is M1 (Shipping OU) having Functional Currency 'USD'

Enter SQL Statement:

```
select organization_id, inventory_item_id, item_cost from cst_item_costs
where inventory_item_id = 782033
and organization_id in (207, 229);
```

Results: Script Output Explain DBMS Output OWA Output

	ORGANIZATION_ID	INVENTORY_ITEM_ID	ITEM_COST
1	207	782033	5
2	229	782033	6



# Mtl\_material\_transactions table data

- Org\_id = 229 is D1 (Receiving OU)
- Org\_id = 207 is M1 (Shipping OU)

```
select transaction_id, organization_id org_id, transaction_type_id txn_type_id,  
transaction_quantity txn_qty, transaction_date txn_date, actual_cost,  
transaction_cost txn_cost, currency_code, currency_conversion_rate cur_conv_rate,  
transfer_price from mtl_material_transactions where inventory_item_id = 782033  
and transaction_id in (46993256, 46965448);
```

Results Script Output Explain DBMS Output OWA Output

Results:

	TRANSACTION_ID	ORG_ID	TXN_TYPE_ID	TXN_QTY	TXN_DATE	ACTUAL_COST	TXN_COST	CURRENCY_CODE	CUR_CONV_RATE	TRANSFER_PRICE	
1	46965448	207	62	-7	09-SEP-11	5	5	SGD	1.5	17	Int Order Intr Ship
2	46993256	229	61	3	11-SEP-11	6	7.5	SGD	1.5	25.5	Int Req Intr Rcpt

# Accounting entries

## Standard Costing

Transaction	Sending Org	Receiving Org
Internal Order Shipment (FOB Receipt)	<b>Dr</b> Intransit @ <i>Std Cost</i> Inventory <b>Cr</b> Inventory	
Internal Order Receipt (FOB Receipt)	<b>Dr</b> Cost of Goods Sold (COGS) @ <i>Std Cost</i> <b>Cr</b> Intransit Inventory	<b>Dr</b> Inventory @ <i>Std</i> <i>Cost Receiving Org</i> <b>Cr</b> Accrual @ <i>Transfer</i> <i>Price</i> <b>Dr/Cr</b> PPV Account

# Mtl\_transaction\_accounts table data

```
select transaction_id, reference_account, organization_id org_id, primary_quantity txn_qty,
transaction_date txn_date, transaction_value txn_value, accounting_line_type acct_line_type,
base_transaction_value BTV, currency_code, currency_conversion_rate curr_con_rate
from mtl_transaction_accounts where inventory_item_id = 782033
and transaction_id in (46993256, 46965448);
```

Results
Script Output
Explain
DBMS Output
OWA Output

Results:

	TRANSACTION_ID	REFERENCE_ACCOUNT	ORG_ID	TXN_QTY	TXN_DATE	TXN_VALUE	ACCT_LINE_TYPE	BTV	CURRENCY_CODE	CURR_CON_RATE
1	46965448	13401	207	-7	09-SEP-11		1	-35		
2	46965448	13516	207	7	09-SEP-11		14	35		
3	46993256	13516	207	-3	11-SEP-11		14	-15		
4	46993256	16101	229	3	11-SEP-11	12	1	18 USD		1.5
5	46993256	16290	229	3	11-SEP-11	39	6	58.5 USD		1.5
6	46993256	12952	207	3	11-SEP-11		2	15		
7	46993256	16294	229	-3	11-SEP-11	-51	2	-76.5 USD		1.5

- 1 = Inventory Valuation (Subinv Account)
- 14 = Intransit Inventory (Shipping Networks)
- 2 = COGS Account (Item COGS Account)
- 2 = Accrual Account (Org Parameters)
- 6 = Purchase Price Variance (Shipping Networks)
  - Org\_id = 229 is D1 (Receiving OU)
  - Org\_id = 207 is M1 (Shipping OU)

# Note

- For Internal Order flows, the account is driven by the Inventory Cost of Goods Sold Account workflow. In default, the workflow process uses the item COGS account. The user can configure the process to use any other account.
- The intercompany COGS account defined in the Intercompany Relations form is only used in drop shipment and global procurement flows.

## Case 2: Costing Method - Standard, FOB: Shipment

- When the FOB is set to shipment, the COGS and Accrual get hit at the time of shipment itself since the ownership changes on shipping the item.

### Standard Costing

Transaction	Sending Org	Receiving Org
Internal Order Shipment (FOB Shipment)	<b>Dr</b> Cost of Goods Sold (COGS) @ <i>Std Cost</i> <b>Cr</b> Inventory	<b>Dr</b> Intransit Inventory @ <i>Std Cost Receiving Org</i> <b>Cr</b> Accrual @ <i>Transfer Price</i> <b>Dr/Cr</b> PPV Account
Internal Order Receipt (FOB Shipment)		<b>Dr</b> Inventory @ <i>Std Cost Receiving Org</i> <b>Cr</b> Intransit Inventory

# Case 3: Costing Method is Average, FOB: Shipment

## Average Costing

Transaction	Sending Org	Receiving Org
Internal Order Shipment (FOB Shipment)	<b>Dr</b> Cost of Goods Sold (COGS) @ <i>Current Avg Cost</i> <b>Cr</b> Inventory	<b>Dr</b> Intransit Inventory @ <i>Transfer Price</i> <b>Cr</b> Accrual
Internal Order Receipt (FOB Shipment)		<b>Dr</b> Inventory @ <i>Current Avg Cost</i> <b>Cr</b> Intransit Inventory

## Note

- In this scenario, we can see that the Intransit is debited at Transfer Price but credited at Current Average Cost. So the intransit does not get knocked off.
- However, the intransit account is forced to be the same as Inventory valuation account by cost element.
- So there is no net accounting effect of this transaction.
- There is a limitation if you just look at the intransit accounting line type alone. ER 3949210 (Scheduled for Future Release).

## Case 4: Costing Method - Standard, FOB: Receipt

- INV: Intercompany Invoice for Internal Orders is set to 'Yes'
- The shipping and Receiving Orgs have 'Standard Costing' method
- FOB is 'Receipt'
- Item and Subinventory are asset
- CST: Transfer Pricing Option profile is set to **'Yes, Price Not As Incoming Cost'**



## Standard Costing

Transaction	Sending Org	Receiving Org
Internal Order Shipment (FOB Receipt)	<b>Dr</b> Intransit @ <i>Std Cost</i> Inventory <b>Cr</b> Inventory	
Internal Order Receipt (FOB Receipt)	<b>Dr</b> Cost of Goods Sold (COGS) @ <i>Std Cost</i> <b>Cr</b> Intransit Inventory	<b>Dr</b> Inventory @ <i>Std Cost</i> Receiving Org <b>Cr</b> Accrual @ <i>Transfer Price</i> <b>Dr/Cr</b> Profit in Inventory ( <i>TP – Std Cost in Sending Org</i> ) <b>Dr/Cr</b> PPV Account @ ( <i>Std Cost in Sending org – Std Cost in Receiving Org</i> )

T

## Case 5: Costing Method is Average, FOB: Receipt

### Average Costing

Transaction	Sending Org	Receiving Org
Internal Order Shipment (FOB Receipt)	<b>Dr</b> Intransit @ <i>Current Avg Cost</i> Inventory <b>Cr</b> Inventory	
Internal Order Receipt (FOB Receipt)	<b>Dr</b> Cost of Goods Sold (COGS) @ <i>Current Avg Cost</i> <b>Cr</b> Intransit Inventory	<b>Dr</b> Inventory @ <i>cost to sending org</i> <b>Cr</b> Accrual @ <i>Transfer Price</i> <b>Dr/Cr</b> Profit in Inventory ( <i>TP – Cost</i> )

# Case 6: Costing Method is Average, FOB: Shipment

## Average Costing

Transaction	Sending Org	Receiving Org
Internal Order Shipment (FOB Shipment)	<b>Dr</b> Cost of Goods Sold (COGS) @ <i>Current Avg Cost</i> <b>Cr</b> Inventory	<b>Dr</b> Intransit Inventory @ <i>cost to sending org</i> <b>Cr</b> Accrual @ <i>Transfer Price</i> <b>Dr/Cr</b> Profit in Inventory ( <i>TP – Cost to sending org</i> )
Internal Order Receipt (FOB Shipment)		<b>Dr</b> Inventory @ <i>Current Avg Cost</i> <b>Cr</b> Intransit Inventory

# Note

- Same limitation mentioned in ER 3949210 is seen here also. So whenever the FOB is Shipment and the current average cost in inventory is different from the transfer price this situation arises
- Here we also see a Profit in Inventory account (accounting\_line\_type = 30 in MTA)
- This comes into picture when profile CST: Transfer Pricing Option: Yes, Price Not as Incoming Cost
- This account captures the difference between the Transfer Price (TP) and cost of sending org (COSO) and is required only if there is a need to track the intercompany profits

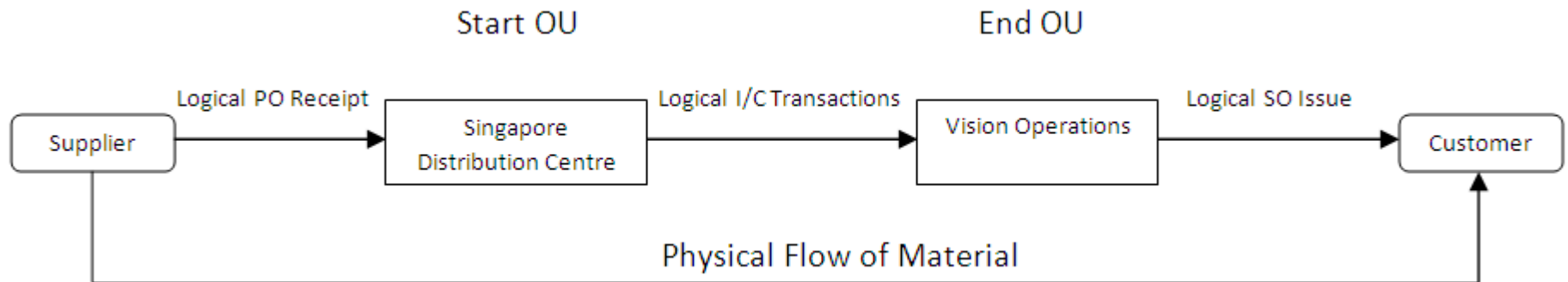
# What is Drop Shipment

- **Drop Shipment** is a business process where the sales order is placed in one operating unit and goods are directly shipped from a supplier or an internal organization belonging to another unit.
- Refer to (Doc ID 749139.1) Drop Ship Sales Order Cycle In Order Management, for the steps to perform the Drop Ship Sales Order Cycle
- When Drop Shipment is implemented using Intercompany relations (which was discussed during last session):
  - Start OU is Supplier facing
  - End OU is Customer facing
  - Intermediate OU's are Accounting OU's only

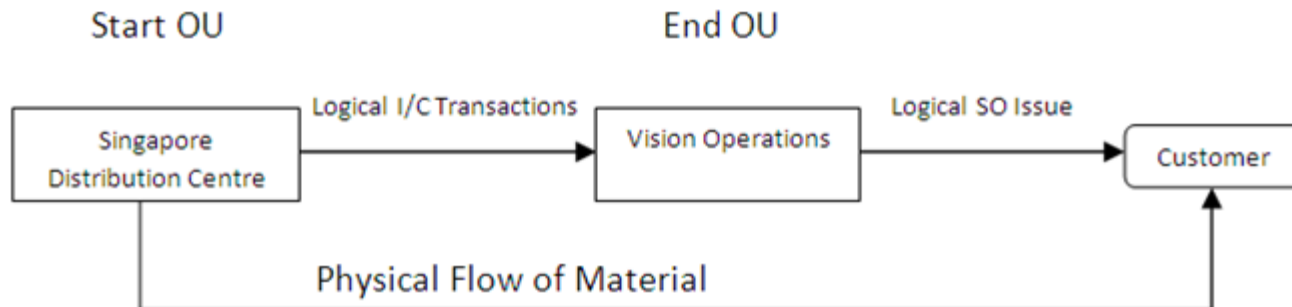
# Drop Shipment types

Drop Shipment flow is of **two types**

- **External Drop Shipment** flow (where supplier is external)
  - Source type is External in the Sales Order



- **Internal Drop Shipment** flow (where supplier is internal)
  - Source type is Internal in the Sales Order



# Intercompany Transactions Flows

Intercompany Transaction Flows

Operating Unit		Date Active		Advanced Accounting
Start	End	Start	End	[ ]
Singapore Distribution Center	Vision Operations	20:10:01		<input checked="" type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>

Nodes

Seq	From Operating Unit	Organization	To Operating Unit	Organization	Details Required
1	Singapore Distribution Center		Vision Operations	M1	<input type="checkbox"/>

# Intercompany Relations

**Intercompany Relations**

Flow Type

Type

Operating Unit

Shipping

Selling

AR Invoicing for Shipping

Customer

Number

Location

Transaction Type

Intercompany COGS Account

Currency Code

AP Invoicing for Selling

Supplier

Site

Freight Account

Inventory Accrual Account

Expense Accrual Account



## Note

- By enabling advanced accounting for an intercompany transaction flow, you would be able to define multiple nodes with Intercompany relations for each nodes and generate multiple intercompany invoices for these intermediate OU's
- Logical Intercompany Receipt and Issue transactions are created to facilitate accounting in intermediate OU's
- Similarly, Logical Receipt and Logical sales order issue transactions are created for those receipts and issues that are not accompanied with physical receipt and issue of goods

# Case 1: External Drop Shipment (Advanced Accounting checked)

ITF / ICR Setup: Shipment flow

Starting OU	Ending OU	Ending Organization	Type	Advanced Accounting
Singapore Distribution Center (SDC)	Vision Operations (VO)	M1 (Logical Org)	Shipping	Checked

Sales Orders (Vision Operations) - 66633, AT&T Universal Card

Order Information | Line Items

Default

Main | Pricing | Shipping | Addresses | Returns | Services | Others

Line	Ordered Item	Qty	Warehouse	Receiving Org	Source Type
1.1	test-ds	9		D1	External

## Case 1: External Drop Shipment (Advanced Accounting checked)

- In OU Vision Operations, Create a SO with Source as 'External' and Receiving Org as 'D1' and book it
- Run Workflow Background Engine
- In OU Singapore Distribution Center, run Requisition Import program to generate the Purchase Requisition
- Auto Create a PO and receive the PO in D1 org
  - Item 'test-ds' has a list price of 10 in organization items form
  - Item 'test-ds' has a price of 15 in Price List form
  - Item 'test-ds' has a unit cost of 7 in 'D1' org

# Transactions/ Accounting Generated when PO is Received

Organization	Accounting Entries			
D1  Start OU Supplier Facing	Event Type	Transaction Type	Accounting Entries	
			Dr.	Cr.
	At PO Receipt	Logical PO Receipt @ PO Price	Inv valuation	
				Clearing Account
		Logical Intercompany Sales Issue @ PO Price	Dr.	Cr.
			I/C COGS Account	
				Inv valuation
	Receive @ PO Price	Dr.	Cr.	
Clearing Account				
		Inv AP Accrual		
M1  End OU Customer Facing	Event Type	Transaction Type	Accounting Entries	
			Dr.	Cr.
	At PO Receipt	Logical Intercompany Shipment Receipt @ TP	Inv valuation	
				I/C Accrual
		Logical Sales Order Issue @ TP	Dr.	Cr.
			D COGS Account	
				Inv valuation

# Mtl\_material\_transactions table data

```
select transaction_id, organization_id org_id, transaction_type_id txn_type_id,  
transaction_quantity txn_qty, actual_cost, transaction_cost txn_cost,  
distribution_account_id dist_acct_id, parent_transaction_id parent_txn_id  
from mtl_material_transactions where trx_source_line_id = 399898;
```

	TRANSACTION_ID	ORG_ID	TXN_TYPE_ID	TXN_QTY	ACTUAL_COST	TXN_COST	DIST_ACCT_ID	PARENT_TXN_ID	
1	52146837	229	19	9	10	10	16101	52146837	Logical PO Receipt
2	52146838	229	11	-9	10	10	428058	52146837	Logical I/C SO Issue
3	52146839	207	10	9	15	15	12855	52146837	Logical I/C Ship Rcpt
4	52146840	207	30	-9	15	15	13735	52146837	Logical SO Issue

- Org\_id = 229 is D1 (Supplier facing OU)
- Org\_id = 207 is M1 (Customer facing OU)
- Txn\_type\_id = 19 is Logical PO Receipt
- Txn\_type\_id = 11 is Logical Intercompany Sales Issue
- Txn\_type\_id = 10 is Logical Intercompany Shipment Receipt
- Txn\_type\_id = 30 is Logical Sales Order Issue

# Mtl\_transaction\_accounts table data

```
select transaction_id, reference_account ref_account, organization_id org_id,  
transaction_source_type_id txn_source_type_id, primary_quantity txn_qty,  
base_transaction_value BTV, accounting_line_type acct_line_type  
from mtl_transaction_accounts where transaction_id in (select transaction_id  
from mtl_material_transactions where trx_source_line_id = 399898);
```

	TRANSACTION_ID	REF_ACCOUNT	ORG_ID	TXN_SOURCE_TYPE_ID	TXN_QTY	BTV	ACCT_LINE_TYPE
1	52146837	16101	229	1	9	90	1
2	52146837	16101	229	1	-9	-90	31
3	52146838	16101	229	13	-9	-90	1
4	52146838	428058	229	13	9	90	2
5	52146839	13401	207	13	9	135	1
6	52146839	12855	207	13	-9	-135	16
7	52146840	13401	207	2	-9	-135	1
8	52146840	291918	207	2	9	135	36

- Acct\_line\_type = 31 (Clearing Account)
- Acct\_line\_type = 2 (I/C COGS Account)
- Acct\_line\_type = 16 (I/C Accrual Account)
- Acct\_line\_type = 36 (DCOGS Account)
- Acct\_line\_type = 1 (Inventory Valuation Account)

## Case 2: Internal Drop Shipment (Advanced Accounting checked)

ITF / ICR Setup: Shipment flow

Starting OU	Ending OU	Ending Organization	Type	Advanced Accounting
Singapore Distribution Center (SDC)	Vision Operations (VO)	M1 (Logical Org)	Shipping	Checked

Sales Orders (Vision Operations) - 66634, AT&T Universal Card

Order Information | Line Items

Default

Main | Pricing | Shipping | Addresses | Returns | Services | Others

Line	Ordered Item	Qty	Warehouse	Receiving Org	Source Type
1.1	test-ds	2	D1		Internal

## Case 2: Internal Drop Shipment (Advanced Accounting checked)

- In OU Vision Operations, Create a SO with Source as 'Internal' and Warehouse as 'D1'
- Book the Order
- Launch Pick Release, Auto Create Delivery
- Ship confirm the line
  - Item 'test-ds' has a list price of 10 in organization items form
  - Item 'test-ds' has a price of 15 in Price List form
  - Item 'test-ds' has a unit cost of 7 in 'D1' org



# Transactions/ Accounting Generated when SO is Shipped

Organization	Accounting Entries		
D1	Event Type	Transaction Type	Accounting Entries
	At Ship Confirm	Logical Intercompany Sales order issue @ Cost	Dr.
			I/C COGS Account
		Cr.	
			Inv valuation
M1  End OU Customer Facing	Event Type	Transaction Type	Accounting Entries
	At Ship Confirm	Logical Intercompany Shipment Receipt @ TP	Dr.
			Inv valuation
			Cr.
			I/C Accrual Acc
	Logical Sales Order Issue @ TP	Dr.	
		D COGS Account	
			Cr.
			Inv valuation

- A Physical Sales Order Issue is also generated in the shipping org 'D1'
- However, there will be no accounting entries for it

# Mtl\_material\_transactions table data

```
select transaction_id, organization_id org_id, transaction_type_id txn_type_id,  
transaction_quantity txn_qty, actual_cost, transaction_cost txn_cost,  
distribution_account_id dist_acct_id, parent_transaction_id parent_txn_id  
from mtl_material_transactions where trx_source_line_id = 399918;
```

Results Script Output Explain DBMS Output OWA Output

results:

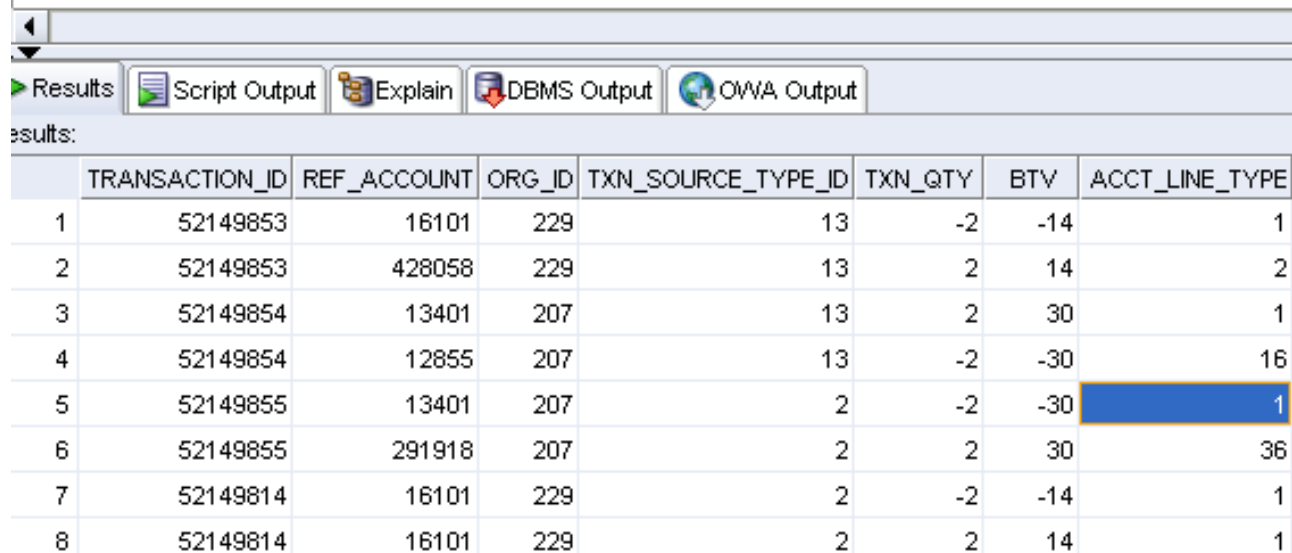
	TRANSACTION_ID	ORG_ID	TXN_TYPE_ID	TXN_QTY	ACTUAL_COST	TXN_COST	DIST_ACCT_ID	PARENT_TXN_ID
1	52149852	229	33	-2	7		16293	52149852
2	52149853	229	11	-2			428058	52149852
3	52149854	207	10	2	15	15	12855	52149852
4	52149855	207	30	-2	15	15	13735	52149852
5	52149814	229	52	-2	7			
6	52149815	229	52	2	7			

Logical I/C SO Issue  
Logical I/C Ship Rcpt  
Logical SO Issue

- Org\_id = 229 is D1 (Supplier facing OU)
- Org\_id = 207 is M1 (Customer facing OU)
- Txn\_type\_id = 33 is Sales Order Issue
- Txn\_type\_id = 11 is Logical Intercompany Sales Issue
- Txn\_type\_id = 10 is Logical Intercompany Shipment Receipt
- Txn\_type\_id = 30 is Logical Sales Order Issue
- Txn\_type\_id = 52 Sales Order Pick

# Mtl\_transaction\_accounts table data

```
select transaction_id, reference_account ref_account, organization_id org_id,  
transaction_source_type_id txn_source_type_id, primary_quantity txn_qty,  
base_transaction_value BTV, accounting_line_type acct_line_type  
from mtl_transaction_accounts where transaction_id in (select transaction_id  
from mtl_material_transactions where trx_source_line_id = 399918);
```



Results

	TRANSACTION_ID	REF_ACCOUNT	ORG_ID	TXN_SOURCE_TYPE_ID	TXN_QTY	BTV	ACCT_LINE_TYPE
1	52149853	16101	229	13	-2	-14	1
2	52149853	428058	229	13	2	14	2
3	52149854	13401	207	13	2	30	1
4	52149854	12855	207	13	-2	-30	16
5	52149855	13401	207	2	-2	-30	1
6	52149855	291918	207	2	2	30	36
7	52149814	16101	229	2	-2	-14	1
8	52149814	16101	229	2	2	14	1

- Acct\_line\_type = 2 (I/C COGS Account)
- Acct\_line\_type = 16 (I/C Accrual Account)
- Acct\_line\_type = 36 (DCOGS Account)
- Acct\_line\_type = 1 (Inventory Valuation Account)

# Intercompany Transaction Flows (without Advanced Accounting)

Operating Unit		Date Active		Advanced Accounting
Start	End	Start	End	
Singapore Distribution Center	Vision Operations	00:00	15-JAN-2012 20:10:00	<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>

Seq	From Operating Unit	Organization	To Operating Unit	Organization	Detail Requ
1	Singapore Distribution Center		Vision Operations		<input type="checkbox"/>

- When advanced accounting is unchecked, Organization need not be defined for the End OU since no logical transactions are generated

# External Drop Shipment Transactions/ Accounting

Organization	Accounting Entries				
D1  Start OU Supplier Facing	Event Type	Transaction Type	Accounting Entries		
			PO Receipt @ PO Price	Dr.	Cr.
				Inv valuation	Clearing Account
		Sales order issue @ PO Price	Dr.	Cr.	
			DCOGS Account	Inv valuation	
		Receive @ PO Price	Dr.	Cr.	
			Clearing Account	Inv AP Accrual	
M1	No transactions and no accounting				

# Internal Drop Shipment Transactions/ Accounting

Organization	Accounting Entries			
D1	Event Type	Transaction Type	Accounting Entries	
	At Ship Confirm	Sales order issue @ Cost	Dr.	Cr.
			DCOGS Account	
			Inv valuation	
M1	No trxn and no accounting			

## Some Additional Notes

- There are certain scenarios that are not supported
- Doc ID : 336129.1 gives the list of the scenarios that are not supported

## References

- Doc ID: 360106.1 White Paper: Transfer Price Accounting in Oracle SCM
- Doc ID: 336129.1 White Paper: Overview of Intercompany Invoicing
- Doc ID1469298.1 Intercompany Accounting For Internal Order And Drop Shipment
- Doc ID1584987.1 Intercompany Transfers/drop Ships/COGS And Transfer Pricing
- Doc ID 744481.1 Internal Sales Order Cycle In Order Management
- Doc ID 749139.1 Drop Ship Sales Order Cycle In Order Management
- Doc ID 1664917.1 IR-ISO and Drop Shipment Dataflow and Diagnostics



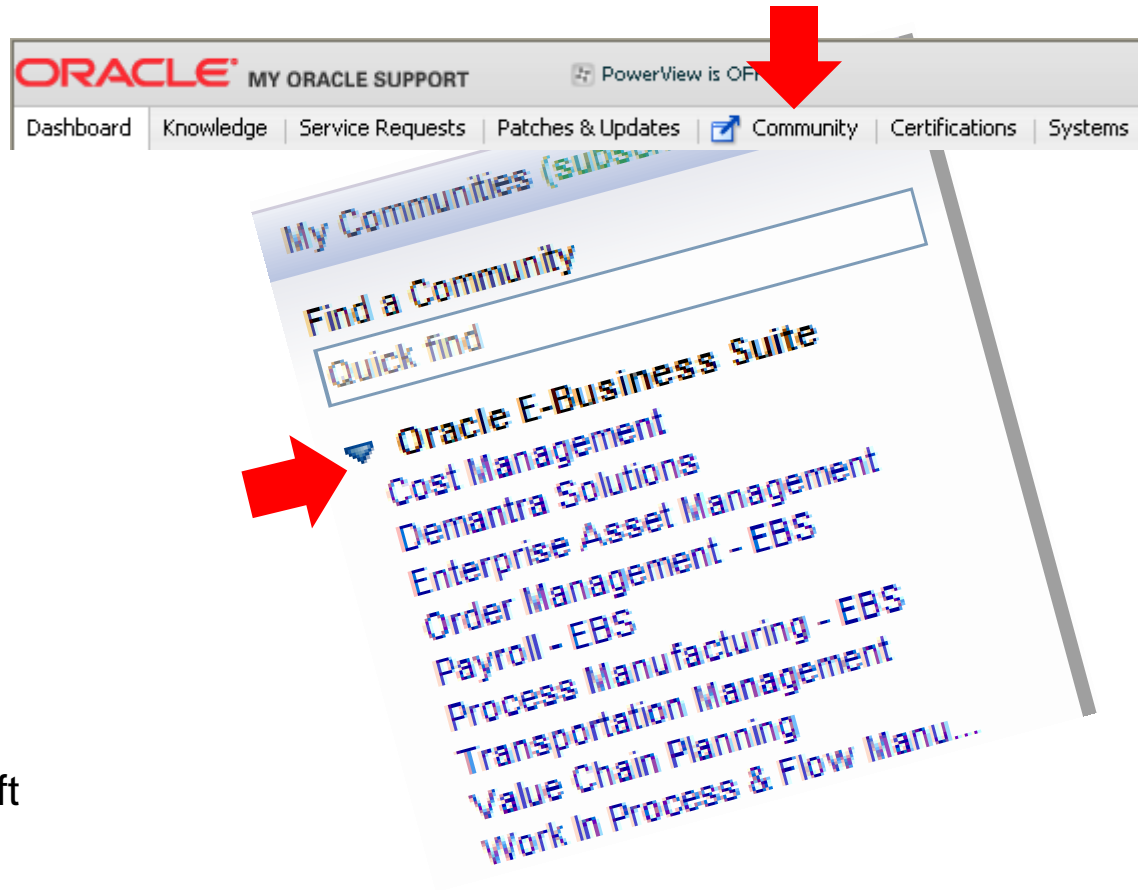
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