
DSM420A Formula Maintenance

Overview

The Deferred Revenue formula caters for the varying recognition rates over time relative to the invoice period or the school semester. Initially this is used for on line product subscriptions where 50% of the revenue needs to be recognised in the invoice period, eleven months nil then the remaining 50% evenly over the next 12 months.

The recognition formula in the subscription module calculates the deferred revenue as soon as the subscription turns into "gratis". This is needed as subscriptions are dealt with as part of specific Contracts therefore each subscription order should not defer/recognise revenue from that point.

All product/customer combinations are entered in the sequence of matching process. The formulas simply identify which invoices are eligible for deferment of revenue based upon all the matching criteria. The deferment term is also specified to determine the recognition rate over time.

The Formula Code needs to be created first.

Explanation

Deferred Revenue Formula Maintenance (DSM420) is used to define and manage the deferred revenue recognition formulas.

A Deferred revenue formula definition file (DSDRA00P) stores the product/customer definitions and links them to the deferred revenue formulas specified in the Deferred Revenue recognition file (DSDRC00P).

Deferred Revenue GL Account Maintenance (DSM422) is used to define the General Ledger accounts and Company to be used with each Formula definition.

Deferred Revenue Formula Code Maintenance (DSM424) is used to define and manage the deferred revenue formula codes.

A deferred revenue recognition file (DSDRC00P) stores multiple formulas. Each formula contains up to eight rates for nominated time duration's to be applied when calculating deferred revenue recognition.

Work with deferred revenue allows the user to defer, change, delete deferred invoices, display deferment and display order details. This menu option displays the document date the document type document number the process number, status of the order, total amount, deferred value, balance value and posted value. This uses the deferred revenue balance file (DSDRV00P).

The processing of the deferment can be handled either by the Batch deferment generation. This program processes only manually deferred invoices in the original manner. Whereas the Deferred revenue recognition uses the calculations using the formula based recognition.

The Deferred revenue report is then printed to list all the current period values to be posted.

The General Ledger Journals are then created. End of Day must be run to update the postings to the General Ledger.

Process flow:

The processing steps to generate the deferred revenue Invoice Based are as follows:

1. The setup of a Deferment Revenue starts off in the setup of the Subscription List. From the Subscription Management Module in the Distribution Module, and within the menu 'Subscription List', the main field that affects deferment revenue is the field 'Subscription Term type/length' and the 'Charge Method'.
2. The Customer orders must be created against the Subscription List.
3. The Product List must be created and the Product List type field indicates the Activity type and charge type to be used for PIA (Payment in Advance).
4. The rule on how the revenue should be recognised is set up in General Ledger under the option Deferred Revenue – Invoice Based –Definitions Maintenance, GL Account Maintenance, and Formula code Maintenance.
5. The next step would be to select the Subscriptions Order Release option, enter in the Sub List and Product List.
6. Then select Release Run Management. The status of the run is 'R' and to complete this select option 2 against the required run. This takes a few moments and the status changes to 'C'.
7. Finalize the order through Distribution processing for Pending = P, Batch printing = K, Picking slips = D, Document printing = A, Invoice dispatch = I, and Completed status =C.
8. The orders must be Status C before the deferred revenue can be generated.
9. Next select the Deferred Revenue Recognition (DSO423) from General Ledger module. This calculates the deferred revenue for the month.
10. Print the report by selecting option Deferred Revenue Report (DSR423) from the General Ledger module.
11. Select the option General Ledger journal creation (DSO425). This creates the journal for posting to the General Ledger.
12. Run the End of Day at the GL menu, to post the journals.

Examples

This section illustrates examples concerning:

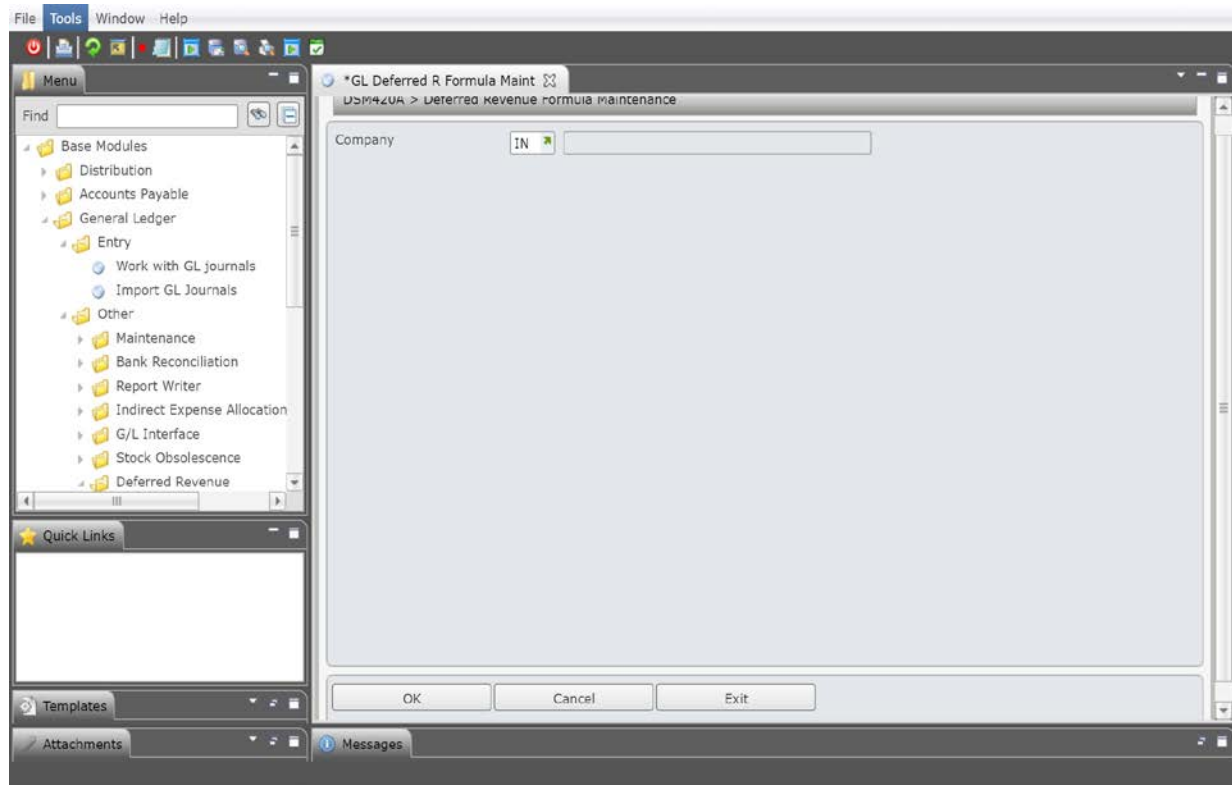
[Example 1: Add a Deferred Revenue Formula](#)

Example 1: Add a Deferred Revenue Formula

This example describes how to add a Deferred Revenue Formula.

1. Select menu option **GL Deferred R Formula Maint** from Base Modules>General Ledger>Other>Deferred Revenue>Maintenance> menu.

DSM420A Deferred Revenue Formula Maintenance main panel is displayed.

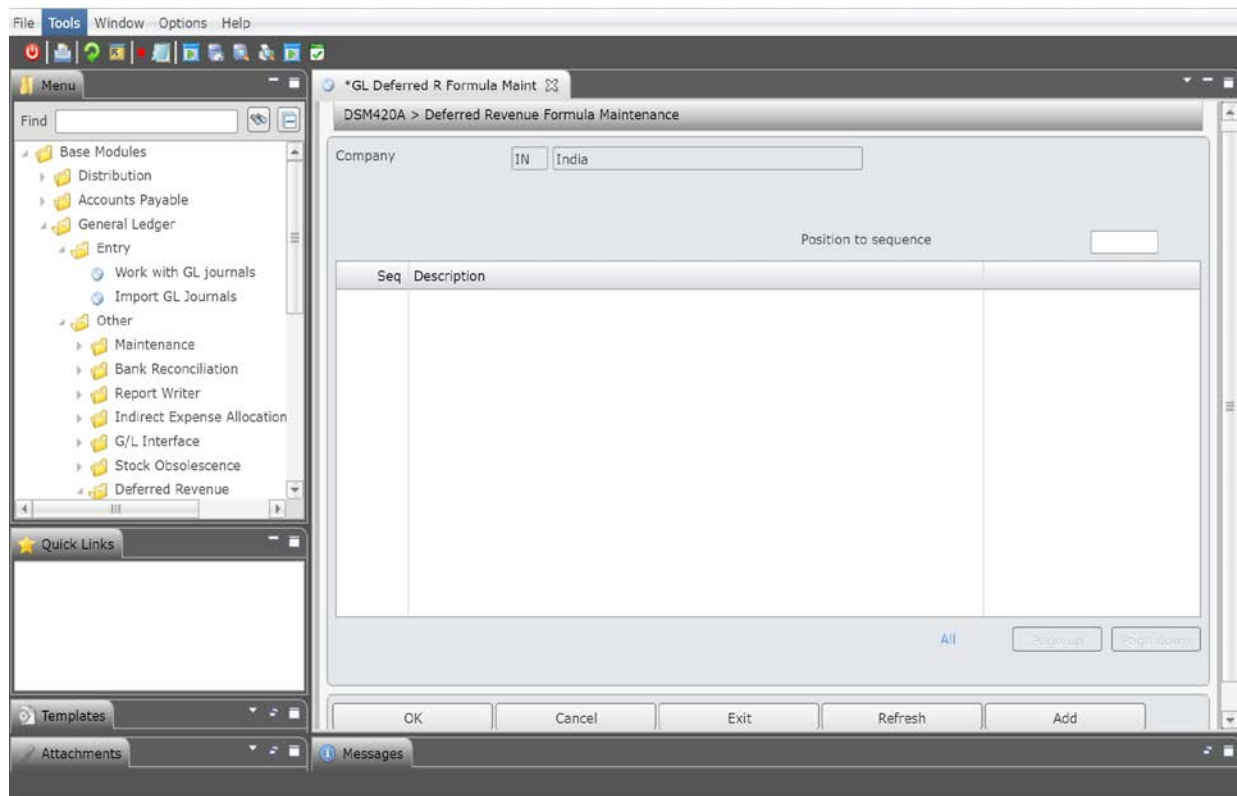


Relevant Fields

Company

The deferred revenue is formula is defined by company;
search and select the company for the formula.

2. Click **OK**.



Options

Copy

Access Deferred Revenue Formula Maintenance in copy mode to copy a deferred revenue formula.

Change

Access Deferred Revenue Formula Maintenance in change mode to change a deferred revenue formula.

Delete

Access Deferred Revenue Formula Maintenance in delete mode to delete a deferred revenue formula.

Display

Access Deferred Revenue Formula Maintenance in display mode to display a deferred revenue formula.

List

List allows you to view/maintain any of the selected criteria for the deferred revenue formula.

Functions

Add

Access Deferred Revenue Formula Maintenance in add mode to add a new deferred revenue formula.

3. Click **Add**.

DSM420B Deferred Revenue Formula Maintenance panel is displayed in add mode.

File Tools Window Help

Menu

Find

Base Modules

- Distribution
- Accounts Payable
- General Ledger
 - Entry
 - Work with GL journals
 - Import GL Journals
- Other
 - Maintenance
 - Bank Reconciliation
 - Report Writer
 - Indirect Expense Allocation
 - G/L Interface
 - Stock Obsolescence
 - Deferred Revenue

Quick Links

Templates

Attachments

*GL Deferred R Formula Maint

DSM420B > Deferred Revenue Formula Maintenance > * Add *

Company no IN India

Sequence number 20

Description Southern Education

Formula code PS

Start period (mm/yyyy) 0 0=Invoice period

Messages

Press Enter to confirm

Relevant Fields

Sequence
number

The sequence number is used to give this definition an order of priority against other deferred revenue formulas held on the system. The lower the number the higher the priority.

Description

A meaningful description for the formula being added.

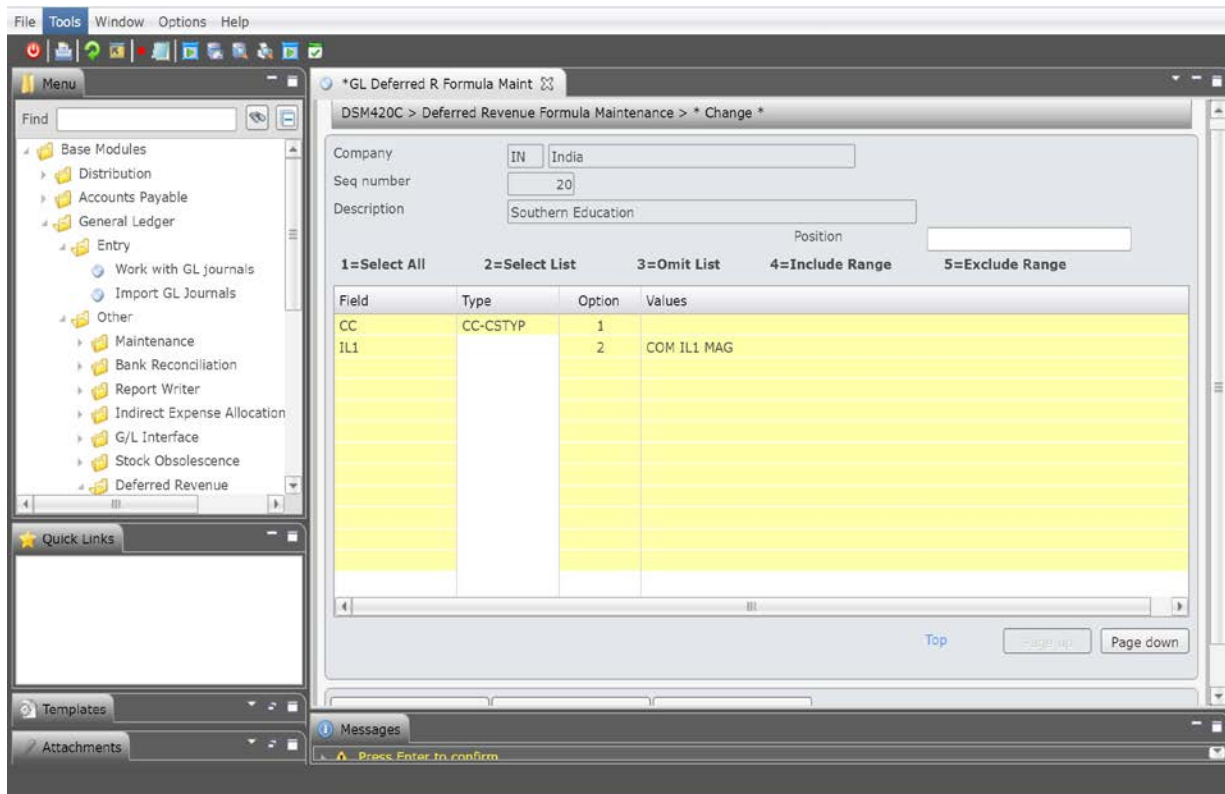
Formula code

This is the deferred revenue formula code which determines the months duration and percentage at which deferred revenue is calculated. Entry of the formula code is mandatory.

Start period

Indicate the period from which this formula is to take effect. Key '0' (Invoice period) to use the invoice period applicable to the formula code entered in the previous field.

4. Key in relevant fields and click **OK**.



5. Enter the selection criteria for the relevant fields for new deferred revenue formula and click **OK** to confirm. New Deferred Revenue Formula gets added.

Cross Reference

- DSM423 – Work with Deferred Revenue