



Infor Dynamic Enterprise Performance Management Financial Consolidation User Guide

Release 11.2.x

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Publication Information

Release: Infor Dynamic Enterprise Performance Management (d/EPM) 11.2.x

Publication Date: September 19, 2017

Document code: depm_11.2.x_depmfcug__en-us

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About this guide

This guide describes the main processes and procedures used to set up and administer Infor Financial Consolidation (Financial Consolidation). It applies to both the Windows stand-alone client and the Web client of the Infor Dynamic Enterprise Performance Management (Infor d/EPM) suite.

Intended audience

This guide is intended for experienced users of Infor d/EPM, or for users working under the supervision of an experienced user.

Organization

This table describes the sections of this guide:

Section	Description
Overview	Gives a brief overview of the Financial Consolidation application
Setting up organizational structures	Describes the consolidation structure, upon which the consolidated financial statements are created
Implementing the accounting standard	Describes how to set up a functional group chart of accounts
Managing schedules	Describes how to set up and manage schedules
Currency translation	Describes how to set up and maintain currencies and rate types
Carry forward	Describes the functionality that transfers values from one period to another
Cash flow	Describes how to calculate, configure, and publish cash flows
Standards requirements package	Provides information on standard templates for financial compliance
Consolidation of debts	Describes the process for consolidation of debts
Consolidation of expenditures and revenue	Describes the process for consolidation of expenditures and revenue
Transactions	Describes how analysis of transactions can provide you with better information from the intercompany reconciliation
Participation changes module	Describes how to better document purchases or sales of a subsidiary

Section	Description
Minorities	Describes how to calculate minorities and transfer them between the P&L and the balance sheet
Consolidation of equity	Describes the process for consolidation of equity
Multi-level consolidation	Describes the process for multi-level consolidation
Deconsolidation	Describes the process for deconsolidation
Importing journals	Describes how to consistently import journals into Financial Consolidation
Setting up document attachments	Describes how to attach documents to journals and participation changes in Financial Consolidation

Prerequisites

The information and procedures within this guide are based on the sample data of the fictitious company Genesis UK, which is installed with Infor d/EPM. You must have access to the sample data model provided with the installation, and to these applications:

- On the web client, Infor Dynamic Enterprise Performance Management.
- On the Windows stand-alone client:
 - Infor Dynamic Enterprise Performance Management:
 - Financial Consolidation
 - Infor BI, including:
 - Designer
 - Repository Administration
 - OLAP Administration

Related documents

You can find the documents in the documentation section on the Infor Xtreme Support portal.

Administrators

Refer to these guides:

- *Infor Dynamic Enterprise Performance Management Platform Support Guide*
- *Infor Dynamic Enterprise Performance Management Release Notes*
- *Infor Dynamic Enterprise Performance Management Installation Guide*
- *Infor Dynamic Enterprise Performance Management Administration Guide*
- *Infor Dynamic Enterprise Performance Management Configuration Guide for Infor ION*

- *Infor Dynamic Enterprise Performance Management (Single Tenant) Integration Guide for Infor CloudSuite Financials & Supply Management (Multi-tenant)*
- *Infor Dynamic Enterprise Performance Management Integration Guide for Infor CloudSuite Financials & Supply Management: Single Tenant or On-premises*
- *Infor Dynamic Enterprise Performance Management Integration Guide for PM Source Views*
- *Infor Dynamic Enterprise Performance Management Table-based Integration Guide*

See the *Infor BI Hardware Recommendations Guide* for hardware recommendations and sizing considerations.

See the *Infor BI Installation Guide* for details on installing Infor BI.

Users

Refer to these guides:

- *Infor Dynamic Enterprise Performance Management Budgeting & Planning User Guide*
- *Infor Dynamic Enterprise Performance Management Financial Consolidation User Guide*
- *Infor Dynamic Enterprise Performance Management Workforce Planning User Guide*

Contacting Infor

If you have questions about Infor products, go to the Infor Xtreme Support portal.

If we update this document after the product release, we will post the new version on this website. We recommend that you check this website periodically for updated documentation.

If you have comments about Infor documentation, contact documentation@infor.com.

Overview

1

You use Financial Consolidation to create consolidated group financial statements for internal and external audiences. Financial Consolidation can be used independently, or it can be integrated with Budgeting & Planning. Financial Consolidation adheres to reporting standards that include IFRS and US-GAAP, and can also assist you with SOX compliance.

You can work with these different versions of Financial Consolidation which have different user interfaces:

- The Infor d/EPM web application: Click the **Home** icon and select **d/EPM Applications > Financial Consolidation**
- The Financial Consolidation full Windows client: Select **Infor Dynamic Performance Management > Financial Consolidation**.

All consolidation projects have a consolidation structure, upon which the consolidated financial statements are created. The consolidation structure can change over time. The consolidation structure in Infor Financial Consolidation depends on these dimensions:

- Company
- Group

A company is a legal entity. Commonly, this is an association, corporation, partnership, proprietorship, trust, or individual that has legal standing in the eyes of law. It has legal capacity to enter into agreements or contracts, assume obligations, incur and pay debts, sue and be sued in its own right, and to be held responsible for its actions.

A group is a collection of parent and subsidiary corporations that function as a single economic entity through a common source of control. Each group must have a top holding company that controls the group.

A company becomes a member of a group when it is controlled directly or indirectly by a holding company. Control means that a holding company can influence the business of the subsidiary and is involved in the decision making process. Usually, control is achieved through ownership but it can also be achieved through special contracts, which can lead to a majority of votes.

Configuring the consolidation structure

To configure the consolidation structure, you must maintain several dimensions and parameters.

Companies dimension

You must define all legal entities in Designer. Only the ID, description, and used languages are maintained in the Companies dimension.

Select **Designer > Business Model > Organization > Companies**.

The Companies dimension is usually a flat list. After you create a database, Group Companies is the top element, which then contains all legal entities. This list shows an example:

- Group Companies
 - RU0001
 - RU0002
 - RU0003

Groups dimension

You must define all legal entities in Designer. Only the ID, description, and used languages are maintained in the Groups dimension.

Select **Designer > Business Model > Organization > Groups**.

The Groups dimension is always a flat list.

Maintaining company parameters

You must define these parameters to ensure automatic currency translation into group currencies:

- Currency of the company
- Currency translation method
- Scaling factor: This function can help you to enter data from companies that use a hyperinflationary currency. For example, a scaling factor of 1000 means that 1000 denotes 1 million.

Select **Financial Consolidation > Settings > General Parameters > Company**.

These additional parameters are optional:

- Tax Rate: You can use this to calculate deferred taxes. However, the calculation is not standard and must be configured individually.
- Segment1: This parameter setting simplifies posting journals because it represents a standard element for the company, so the journal editor will suggest it for segments if a journal is posted with Segment 1 information.
- Segment2: This parameter setting simplifies posting journals because it represents a standard element for the company, so the journal editor will suggest it for segments if a journal is posted with Segment 2 information.
- Segment3: This parameter setting simplifies posting journals because it represents a standard element for the company, so the journal editor will suggest it for segments if a journal is posted with Segment 3 information.

Maintaining group parameters

You must define these parameters for each active group:

- Parent or holding company
This is the top element of the group
- Group currency
- Scaling factor
The default setting is 1

Select **Financial Consolidation > Settings > Consolidation Parameters > Group**.

These parameters are optional:

- Tax Rate: This can be used to calculate deferred taxes. However, the calculation is not standard and must be configured individually.
- Subgroup company: This company receives the data of the subgroup which is later consolidated in a parent group. This parameter must be filled if the **Use subgroup consolidation** check-box is selected.

Assigning ownership and control of companies

You can maintain the percentages for ownership and control of companies in the Ownership and Control (Companies) table.

Select the required **Year**, **Period**, and **Scenario**.

Which companies are displayed depends on the selection in **Parent Company** and **Subsidiary**.

Select **Financial Consolidation > Settings > Consolidation Parameters > Ownership and Control (Companies)**.

The white columns represent the direct percentages for ownership or control. The grey columns show the total percentage for ownership or control. A parent company can have participations or control through an intermediary company that is held by the parent company.

The total ownership or control must be 0% - 100%. We recommend that you select just one parent company and all subsidiaries at the same time. After you have assigned ownership and control to the first parent company, then it can be switched to the next one.

Assigning ownership and control of groups

You can maintain the percentages for ownership and control of the group in the Ownership and Control (Group) table.

The table shows the percentages in relation to a group and is required for the consolidation. All percentages relevant to the group must be shown here.

Select the required **Year, Period, Scenario, Group**. The Parent Company is populated from the Group.

Select **Financial Consolidation > Settings > Consolidation Parameters > Ownership and Control (Group)**.

Instead of re-entering the data manually, you can use the Copy Ownership Values functions and select one or more of these options:

- Copy ownership percentages: This function copies the value from the Assigning ownership and control of companies table to the Assigning ownership and control of groups table.
- Confirm ownership percentages.
- Calculate consolidation methods.
- Calculate intercompany consolidation methods.

Only the companies that are assigned to the selected group are copied. Which companies are relevant for the group depends on the parent company which you specified in the group parameters. All relations that are held directly or through intermediary companies are then included in the group.

If there is only one group and the parent company is the top parent, then there is no difference between the Assigning ownership and control of companies table and the Assigning ownership and control of groups table. If there are several groups, then two groups can be the same, but all the others are different to the Assigning ownership and control of groups table.

Defining consolidation methods

Depending on the percentages entered in the control column in the Ownership and Control (Group) table, the consolidation methods are defined. In general these rules are used:

- Control 50.1% - 100 % (Full): The full balance sheet and P&L are transferred to the group.
- Control 50% (Proportional): The balance sheet and P&L proportionate to the percentage are transferred to the group.
- Control 20% - 49.9% (At Equity): Not recognized in the transfer. However, all adjustments on the investment account must be done.
- Control below 20% (None): Not recognized in the transfer.

Select **Financial Consolidation > Settings > Consolidation Parameters > Consolidation Methods**.

Differentiating between control and ownership

When you transfer data from the company cube to the group cube, the ownership is irrelevant except if the company has the 'Proportional' consolidation method. Then the values of the balance sheet and the P&L are transferred with the percentage of the ownership. The ownership can in theory be anything, but the control must be 50% so the company is recognized as proportional. Possible cases are 25% of ownership but 50% percent must be entered for control. All values transferred to the group are calculated with 25%.

The ownership is also relevant for the calculation of minorities. For example, if the ownership is 75%, then a 25% minority will be calculated. However, the remaining 75% of the capital is eliminated against the participation of the parent.

The ownership is relevant for the proper calculation of At Equity companies. The percentage is used to recognize all effects, such as P&L result or depreciation of hidden reserves that impact the value of the participation account.

See "Consolidation of equity" on page 101.

In summary, ownership is important for these purposes:

- 1 The proper calculation of minorities for companies with the 'full' consolidation method
- 2 The proper recognition of the share of balance sheet and P&L that is transferred to the group for companies with the 'proportional' consolidation method
- 3 The proper presentation of the participation account for companies with the 'at equity' consolidation method

The control is important for the definition of the consolidation method. To identify a consolidation method, the percentages must be used in a particular way.

See "Defining consolidation methods" on page 18 for information.

Recognizing divisions or profit centers

A legal entity can belong entirely to a certain division or profit center. This can be recognized in the Company dimension because it is possible to create parent elements for the legal entities. This is only applicable if the structure is static and a company cannot move from one division or profit center to another. The relevant division or profit center must own 100% of the company.

Because the structure of groups is usually dynamic, divisions or profit centers must not be maintained in the Company dimension, but instead in one of the Segment dimensions. Therefore, each company can have a relation to any division or profit center. If a company has only one division or profit center or one main division or profit center, then you can use the Company settings to assign a default division or profit center to the company.

Select **Financial Consolidation > Settings > General Parameters > Company**.

This assignment helps you to post a journal. When you select a company, the division or profit center is automatically selected in the Segment dimension. You can also use the assignment data imports.

Consolidated results on each segment level

A key requirement can be to present consolidated results on each segment level, such as department, profit center, division, or cost center. To achieve consolidated results on each segment level, you must

Setting up organizational structures

create elimination elements, which you can then use for eliminations in the expenditure/revenue or debts consolidation.

This example shows the use of elimination elements.

01	Europe
S10	Middle Europe
SUS10	Austria
1001	Modling
SUS10_ELIM	Elim Austria
SUS20	Hungary
3501	Budapest
3551	Sopron
3552	Gyor
SUS20_ELIM	Elim Hungary
SUS30	Germany
4107	Dusseldorf
4108	Hamburg
4109	Berlin
4106	Koln
SUS30_ELIM	Elim Germany
S10_ELIM	Elim Middle Europe

For example, if profit center Düsseldorf has a revenue of 100 against profit center Hamburg, as well as a revenue of 50 against Gyor, then the regular rule would eliminate 150 on the element Düsseldorf. After the elimination however, the parent Germany would not be correctly shown. For the parent, it is necessary to eliminate only 100 because this relation is within that hierarchy.

To achieve this, the elimination does not happen directly on the element, but on the elimination elements instead. The logic checks which two hierarchies the two partners are in. If the partners are directly below the same parent (Düsseldorf and Hamburg), then the elimination element for that hierarchy is used, which is Elim Germany. In the case of Düsseldorf and Gyor, the two elements are in different hierarchies. Therefore, neither Elim Hungary nor Elim Germany can be used. The logic checks in which higher level the results of Düsseldorf and Gyor are added together. In the example, this would be Middle Europe and therefore the elimination element for that level has to be used, which is, Elim Middle Europe.

All adjustments on group level must use the elimination element. This applies to automatic and manual adjustments.

The creation of the elimination elements can be done automatically with a script in Designer.

Application Engine rules for the automatic expenditure/revenue and debts consolidation are available in certain projects.

At the center of every consolidation is a functional Group Chart of Accounts, based upon which imports are defined, consolidation rules set up, and intercompany reconciliations performed. Changes in the structure of the Group Chart of Accounts can have a huge impact on the entire consolidation process.

Key components

The Group Chart of Accounts must consist of a minimum of these elements:

- A detailed structure of the P&L and a clearly defined top element
- A detailed structure of the asset side and a clearly defined top element
- A detailed structure of the equity and liabilities side and a clearly defined top element
- An element in equity that receives the total value of the P&L
- An account for the currency translation difference of the balance sheet
- An account for the currency translation difference of the P&L

Depending on what you want to do in Financial Consolidation, the Group Chart of Accounts might also contain these elements:

- An element for cash flow
- A top element for transactions
- A top element for comments

Attributes of the account dimension

The Accounts dimension has several different attributes that must to be maintained for the consolidation to function properly.

Select **Designer > Business Model > Accounts > Accounts**.

This table shows the available attributes.

Attribute	Description
Description	<p>Each element must have an ID and a description. Although a missing description does not affect functionality, reports would only show the number ID which would make them difficult to read.</p>
Translation into other languages	<p>If more than one language is used in the group, then each description must be translated into the respective language.</p>
Method	<p>The Method attribute describes how an account is calculated from the functional currency into the group currency. These are the pre-configured Method options contained in the demo model:</p> <ul style="list-style-type: none"> • F: Closing rate • A: Average rate • WA: Weighted average rate • N: No translation • H: Historical rate • HS: Historical rate schedules • HI: Historical rate intercompany • HA: Historical rate using the average rate for changes in the period • HD: Historical rate schedule and intercompany <p>There are nine different method attributes. This is because the method to translate the functional value into the group currency could change over time. Each method attribute represents an individual currency conversion method that can be selected. These attributes enable an account to be calculated using different rate types in different periods, years, or scenarios.</p> <p>For example, if only two attributes are used, then only two currency conversion methods are relevant. You must specify at least one method.</p> <p>Note: Because the currency translation applies to base elements, then only base elements require maintenance. Parent elements do not require any of these attributes.</p>
Position type	<p>The position type defines what type of account an element is. These are the pre-configured Position types contained in the demo model:</p> <ul style="list-style-type: none"> • A: Assets • L: Equity and liabilities • R: Revenue • E: Expenditure <p>The position type indicates to the system whether a debit or a credit has a positive or negative affect in OLAP. For example, a debit for an element with position type A is positive, but an element with position type L is negative.</p>

Attribute	Description
	<p>Note: This attribute is relevant for base and parent elements.</p>
Schedule detail	<p>If an account belongs to a Schedule, then it must be assigned in this attribute. The selection depends on which schedules are used. These are the pre-configured selections contained in the demo model:</p> <ul style="list-style-type: none"> • A: Assets and depreciation • B: Receivables • C: Payables • D: Accruals • E: Equity • A1: Asset gross value • A2: Depreciation <p>A1 and A2 should not be used, although they are available as they represent sub-schedules in the demo model. Only main schedules should be assigned to an account.</p> <p>Note: Base and parent elements must be maintained.</p>
IC	<p>You must set this attribute to Y for all accounts that could have values which are related to intercompanies. This enables you to enter data and post journals with intercompany information.</p> <p>Note: This attribute is relevant only for base elements.</p>
Consolidation import	<p>If you check this attribute, then the account is open to receive values through the standard consolidation import.</p> <p>Note: This attribute is relevant only for base elements.</p>
Entry	<p>If you check this attribute, then the account is available in the respective data entry reports.</p> <p>Note: This attribute is relevant for base and parent elements.</p>
Company journals	<p>If you check this attribute, then the account is available in the editor for company journals.</p> <p>Note: This attribute is relevant for base and parent elements.</p>
Group journals	<p>If you check this attribute, then the account is available in the editor for group journals.</p> <p>Note: This attribute is relevant only for base elements.</p>
Company reports	<p>If you check this attribute, then the account is available in the respective company reports.</p> <p>Note: This attribute is relevant for base and parent elements.</p>

Attribute	Description
Group reports	<p>If you check this attribute, then the account is available in the respective group reports.</p> <p>Note: This attribute is relevant for base and parent elements.</p>
Segment	<p>There are three segment attributes. Set each segment to Y for each individual account that uses them.</p> <p>Note: This attribute is relevant for base and parent elements.</p>
Consolidation rule	<p>If an account is relevant for an automatic consolidation, then it must be assigned to an area of consolidation. These areas can be assigned:</p> <ul style="list-style-type: none"> • Cons. Capital • Cons. Debt • Cons. Expenditures/Revenue • Cons. Other <p>This assignment to an area makes the account available for further specifications in the consolidation settings in Designer. Therefore, with this attribute, the account is only made available for the respective consolidation area. What is done with the account and how it is used is not decided here.</p> <p>Note: This attribute is relevant only for base elements.</p>
Schedule-detail parameter	<p>Used in the automatic capital consolidation when posting a difference between participation and capital.</p>
Account parameter	<p>Currently not in use in the Account dimension. However, you can use it in customized consolidation rules to ask for a contra account in an automatically created journal.</p>
Minorities	<p>This attribute is used to assign minority accounts to suitable equity accounts. The share that belongs to third parties is then be posted in the automatic minority rule from the equity account to the minority account.</p> <p>Note: This attribute is relevant only for base elements.</p>
Subgroup mapping	<p>This attribute must be used if the Copy Subgroup Data function is used. The function transfers data of a group to a special company which represents the whole group. Usually, this is done with a sub group that also belongs to a parent group. The company to which the values are transferred is part of the parent group. If different accounts are used for the parent group, then the accounts must be mapped here. The accounts available are all from the account dimension, and therefore, no account which is outside the system can be assigned.</p>

Attribute	Description
Equity	All equity accounts that must be shown in the menu participation change must be flagged here. Note: This attribute is relevant only for base elements.
Reserves	All reserves accounts that must be shown in the menu participation change must be flagged here. Note: This attribute is relevant only for base elements.
Child order position	The child order position is responsible for the sequence of the accounts within the structure. The ordering is done separately for each hierarchy level within the chart of accounts. First, the top accounts are ordered, followed by the next lower level. Therefore, the higher level always comes first in the hierarchy. Note: This attribute is relevant for base and parent elements.

Setting up the P&L structure and an individual account

You can decide the structure of the P&L, dependent on the GAAP in which you have to present your consolidated financial statements.

Select **Designer > Business Model > Accounts > Accounts**.

Ensure that you correctly set these attributes in the Accounts dimension:

- **Method:** The currency translation type which is usually used for a P&L account is either A for average rate or WA for weighted average rate if the calculation should be more exact. However, WA can be used only if a monthly consolidation is done.
- **Position type:** The position type is either E for expenditures accounts or R for revenue accounts. Expenditures are negative, while revenues are positive.
- **Schedule detail:** Usually a P&L account is not assigned to a schedule. Therefore, this attribute can remain empty.
- **Entry:** All accounts must be flagged, except for those such as minorities, which have adjustments only on the group level.
- **Company journals:** All base accounts must be flagged, except for those such as minorities, which have adjustments only on the group level.
- **Group journals:** All base accounts must be flagged.
- **Company reports:** All base accounts must be flagged, except for those such as minorities, which have adjustments only on the group level.
- **Group reports:** All base accounts must be flagged.
- **Segment:** It is common to show P&L results broken down by segments. Each segment that is in use must be set to Y.

- Consolidation rule: Usually, the Cons. Expenditures/Revenue area is relevant for all accounts. Additionally, the Cons. Other area is used for the P&L account that received the profit from the sale of an inventory.

Setting up the balance sheet structure and an individual account

You can decide the structure of the balance sheet, dependent on the GAAP in which you have to present your consolidated financial statements.

Select **Designer > Business Model > Accounts > Accounts**.

Ensure that you correctly set these attributes in the Accounts dimension:

- Method: The currency translation type which is usually used for a balance sheet account is F. The exceptions to this are equity accounts, the participation account, and sometimes fixed assets. These accounts use the rate H or a detail version of H such as HI, HS, HD, or HA. Which type of historical rate is used depends on how exact the calculation into group currency should be. However, the more exact the results are then leads to more effort to enter the correct rates.
- Position type: The position type is either A for all accounts on the asset side of the balance sheet, or L for those on the equity and liability side. All accounts are positive.
- Schedule detail: Balance sheet accounts are usually shown in a schedule. Depending on which schedules are available, the accounts must be assigned to one of them if a more detailed analysis through the schedule is required. However, the field is not mandatory and can remain empty for certain accounts.
- Entry: All accounts must be flagged, except for those such as minorities, which have adjustments only on the group level.
- Company journals: All base accounts must be flagged, except for those such as minorities, which have adjustments only on the group level.
- Group journals: All base accounts must be flagged.
- Company reports: All base accounts must be flagged, except for those such as minorities, which have adjustments only on the group level.
- Group reports: All base accounts must be flagged.
- Segment: It is common to show balance sheet values broken down by segments. Each segment that is in use must be set to Y.
- Consolidation rule: Usually, the Cons. Debts area is relevant for intercompany receivables and payables, and Cons. Capital for the participation account and equity accounts. Additionally, the Cons. Other area is used for intercompany inventories.

Sign conventions used in the chart of accounts

The sign convention of the accounts depends on the definition of the position type. These common sign conventions are used:

- A: Assets (positive)
- L: Equity and liabilities (positive)
- E: Expenditures (negative)
- R: Revenue (positive)

Reversing the sign convention used in the chart of accounts

If you want to reverse the sign convention, you can do this in the `bin` folder:

```
C:\Program Files (x86)\Infor\BI\PM\Consolidation\bin
```

- 1 Search for the `Mis.Applications.Consolidation.ConfigTool` file and double-click to open it.
- 2 Specify your credentials and click **OK** to open the Project Settings dialog box.
- 3 Navigate to the check boxes for **Reverse sign for (x) accounts** and check the boxes according to which signs you want to reverse.
Expenditures is pre-checked by default.
- 4 Click **OK**.

Adjusting the weight parameter

If E and R are shown within the P&L structure with the same sign, then you must adjust the weighting within the account dimension to present the correct results. The weighting describes how a child element is recognized in the parent element. Usually, these elements are used:

- 1: The value is transferred unchanged to the parent element
- 0: The value is not transferred to the parent element
- -1: The sign of the value is changed, then transferred to the parent element

You can find the Weight parameter on the right-hand side of each dimension in Designer.

If you create a new element, then the standard weight is 1. However, if E and R accounts have the same sign one of them must have a weighting of -1. Otherwise, the P&L will not show the correct result. The weight has to change for parent elements that have children which are both E and R. For example, a parent of only E elements does not need to be changed except when you want all base elements to be positive, but the parent negative.

A change of the sign in the balance sheet, for example, showing the asset side positive but the equity and liability side negative, would also affect some automatic hypercube rules. However, no adjustment of the weighting would be necessary.

You can adjust the weight parameter using these rules in Designer.

Select **Designer > System > Rules**, then search for these rules:

1 Finance1 FXCalc Balance in the TFINANC cube:

```
[DLCURR: '%Group Currency', DDATA: 'Translation Adjustment', DACOUNT: '%Sum Assets']-  
[DLCURR: '%Group Currency', DDATA: 'Translation Adjustment', DACOUNT: '%Sum Liabilities']+([DLCURR: 'LC', DDATA: 'Balance Sheet', DACOUNT: '%FXDiff Balance']/DB('TRATES', !DYEAR, !DPERIOD, !DVERSIO, '%Group Currency', 'F', DB('TCOMPPA', !DYEAR, !DPERIOD, !DVERSIO, !DCOMPC, 'Currency')) *DB('TRATES', !DYEAR, !DPERIOD, !DVERSIO, '%Group Currency', 'units', DB('TCOMPPA', !DYEAR, !DPERIOD, !DVERSIO, !DCOMPC, 'Currency'))))
```

You must change the minus (-) to plus (+).

2 Detail1 Transfer OB 3 in the TDETAIC cube:

```
[DLCURR: '%Group Currency', DDATA: 'Histroical Translation', DACOUNT: '%Sum Assets']-  
[DLCURR: '%Group Currency', DDATA: 'Historical Translation', DACOUNT: '%Sum Liabilities']
```

You must change the minus (-) to plus (+).

3 Segment1 Calc of FX Balance in the TSEGMC cube:

```
[DLCURR: '%Group Currency', DDATA: 'Translation Adjustment', DSTAGE: 'Segment', DACOUNT: '%Sum Assets']-[DLCURR: '%Group Currency', DDATA: 'Translation Adjustment', DSTAGE: 'Segment', DACOUNT: '%Sum Liabilities']] + ([DLCURR: 'LC', DDATA: 'Balance Sheet', DSTAGE: 'Segment', DPRSEGM: 'External', DSSEGM: '-', DSRSEGM: '-', DTSEGM: '-', DTRSEGM: '-', DACOUNT: '%FXDiff Balance']/DB('TRATES', !DYEAR, !DPERIOD, !DVERSIO, '%Group Currency', 'F', DB('TCOMPPA', !DYEAR, !DPERIOD, !DVERSIO, !DCOMPC, 'Currency')) *DB('TRATES', !DYEAR, !DPERIOD, !DVERSIO, '%Group Currency', 'units', DB('TCOMPPA', !DYEAR, !DPERIOD, !DVERSIO, !DCOMPC, 'Currency')))
```

You must change the minus (-) to plus (+).

A schedule is a breakdown of an account into the individual movements for a certain period, such as opening balance, increase, decrease, or revaluation. For example, in the TDETAIC cube you will find the individual YTD movements that add up to the closing balance in the TFINANC cube.

A schedule always consists of accounts that belong to the same balance sheet group, such as accruals and movements.

There is a general differentiation between aging and development schedules. Aging schedules show the maturity structure of an account, whereas development schedules show the development from the opening balance to the closing balance. For a development schedule it is always necessary to have these entries:

- A closing balance
- An opening balance
- A currency translation difference

An aging schedule requires at least a total element and one base element.

Note: An account can be assigned to only one schedule.

Setting up a schedule

To set up a schedule, you must maintain these components in Designer.

- Accounts dimension
- Detail Settings dimension
- Details dimension
- Assignment of Details to Schedules table

Details dimension

The Details dimension defines the structure of the movements. For a schedule to show proper results, it needs at least a total element that consists of several base elements. The total element is usually called the closing balance. In the dimension, it is possible to create parallel structures so that a schedule for equity has different movements to that for fixed assets.

As mentioned before, there can be either aging or development schedules. So, in the case of a development schedule, a total element must be defined to represent the closing balance, in addition to a base element for the opening balance and one for the currency translation difference. All other base elements can be individually called and named.

Select **Designer > Business Model > Accounts > Details**.

For each base element that is created, these settings must be defined:

- Name
- Rate or rate type: This setting defines with which rate type the element is calculated into the group currency. These are the standard options:
 - F: YTD closing rate
 - A: YTD average rate
 - WA: Weighted average rate
 - !: Looks up the rate type setting in the account dimension and uses the same rate that is used to calculate the total amount of the account.
- Basis: Defines from which period the rate is taken from. These are the options:
 - B (base period): Can be defined in each period in the period dimension and is usually period 12 of the last year.
 - C (current period): The rate of the current period is used.
- Opening balance detail: Defines to which element the movement is transferred to in the next period if the Carry Forward Journals function in consolidation is used. In a development schedule, this would usually be the element called opening balance whereas, for an aging schedule, the movement stays the same.

There are several elements in this dimension which must not be deleted. These elements are:

- 60: Main total element of the dimension. All elements must be below that element which are relevant for the consolidation.
- 98: Element where the historical rate for the whole account is saved to.
- 99: Help element to save the historical rate.
- "-": Dummy element. This is not currently used.

Detail settings dimension

The Detail settings dimension defines the ID of a schedule. Usually the ID is one or two characters, for example, E for the equity schedule. For each ID, these attributes must be defined:

- Name.
- Closing balance: Double-click this attribute to select the total element from the Details dimension.
- To_DNR: Another name for opening balance. Similar to the closing balance, you can select the appropriate base element from the Details dimension. This attribute requires maintenance only for development schedules and base elements.
- Change in Consolidation Area: This can be omitted.
- Translation Difference: Select the appropriate translation difference from the Details dimension. Similar to the opening balance, it is only relevant for development schedules.
- Basis of Calculation: This attribute is only relevant for development schedules and it is usually the same as the closing balance.
- System Account: This attribute is usually the same as the closing balance and must be maintained for each schedule.

Schedules with one or more closing balances

A schedule can consist of one or several closing balances. If a schedule has just one closing balance, then it is enough to create a new ID and assign all the information to the individual attributes.

See "Detail settings dimension" on page 30.

A typical example is the schedule for accruals. Its hierarchy is shown in this table:

50	Closing balance accruals	A	C
51	Opening balance	I	B
52	Provision	A	C
53	Utilizations	A	C
54	Other movements	A	C
55	Mergers/splits	A	C
56	Change in scope of consolidation	A	C
57	Currency Translation Differences	A	C
58	Exchange difference	A	C

An example of a schedule with several closing balances is schedule for fixed assets. In some GAAPs, it is common to show only one account for each fixed asset category (for example property, plant and equipment) in the balance sheet.

30	Closing balance assets		
10	Closing balance (gross value)	F	C
11	Opening balance	I	B
12	Increases	WA	C
13	Disposals	A	C

14	Revaluations	A	C
15	Other movements	A	C
16	Change in scope of consolidation	A	C
17	Input exchange differences	A	C
18	Exchange difference		
20	Closing balance depreciation	A	C
21	Opening balance depreciation	I	B
22	Increases depreciation	A	C
23	Decreases depreciation	A	C
24	Revaluations depreciation	A	C
25	Currency translation differences depreciation		

As shown in the Details dimension of the sample data, there is a total closing balance for assets (30) which represents the book value shown in the balance sheet if just one account is used for each fixed asset category. This total consists of the closing balances for the gross value (10) and the depreciation (20). Each of these two closing balances show movements starting with an opening balance.

Because this schedule requires more than one closing balance, it must be maintained as followed in the Detail settings dimension.

Id	Name	Closing Balance	TO_DNR	Translation Difference	Basis of Calculation	System Account
A	Assets & Depreciations	30				30
- A1	Assets gross value	10	11	18	10	10
- A2	Depreciation	20	21	25	20	20

For each individual closing balance an ID has to be created. The closing balance for the book value is assigned to the main ID which is the parent of the other two IDs or sub-schedules. Because the main ID does not have any movements except for the closing balance, only the Closing Balance and System Account settings must be defined. All attributes of the sub-schedules must be defined.

Therefore, if a schedule consists of several closing balances with one closing balance being the absolute total, then a parent schedule (ID) and sub-schedules must to be created. The number of sub-schedules depends on the reporting requirements and can be more than two in theory. In practice the maximum is usually two.

Assigning individual movements

The setup of closing and opening balance, as well as translation differences, is required for the automatic calculation of certain processes in consolidation, such as currency translation or carry forward. However,

each movement regardless whether it is defined as opening balance or something else, must also be assigned to a schedule in the Assignment of Schedule Details to Schedules table.

Select **Designer > Business Model > Accounts > Assignment of Schedule Details to Schedules**.

The table has these columns:

- Schedule
- Schedule Detail
- Available in View
- Value

Schedule

You select the schedule from the **Schedule** column. If a schedule has more than one closing balance, then you must select the main schedule. For a fixed asset movement, for example A, because A1 and A2 are sub-schedules and will not be selected.

Schedule detail

In Schedule Detail, select the movement that you want to assign to the schedule.

Available in view

In the **Available in View** column, you can select the area of the consolidation in which the movement can be seen or is available. These views are available:

- (A) Data Input Reports
- (B) Company Transactions
- (C) Company Reports
- (D) Group Transactions
- (E) Group Reports

You must select all views to make a movement to be available in all areas of consolidation. This cannot be done in the dialog box. You must create a separate line in the table for each view you want to include.

Usually, all base elements of a certain schedule are assigned to all views. The only exceptions are for the Currency Translation Difference and Opening Balance elements.

Note: Currency Translation Difference elements cannot be values in local currency. Therefore, they cannot be assigned to Data Input Reports or Company Transactions views. Similarly, Opening Balance elements cannot be assigned to Company Transactions or Group Transactions views, because they are defined through the Carry Forward and cannot be manually adjusted.

Closing balance elements are usually assigned to Data Input reports, Company reports, and Group reports. For the correct presentation they must be visible in the reports, but not in the journal editors for company or group.

Value

These are the settings for the **Value** column:

- 1: Enables the combination of Schedule, Schedule Detail, and View
- 0: Disables this combination

Assigning accounts to a schedule

You can assign accounts to a schedule using the Schedule Detail attribute of the Accounts dimension. Similar to the assignment of movements, you must select the main schedule if the schedule has several closing balances.

Additional settings

In addition to the set up in the dimensions and table, you must also define these schedule parameters in the Consolidation Settings under System Accounts.

Select **Designer > Business Model > Application > Consolidation Settings**.

For the proper carry forward of P&L items to the retained earnings in the equity schedule, you must maintain the table of elements for Opening Balances. The table contains these elements:

- Retained Earnings - Profit
- Retained Earnings - Loss
- Carry Forward Companies
- Carry Forward Consolidation
- Carry Forward Minorities
- Carry Forward Currency Translation Differences
- Carry Forward Currency Translation Differences - Minorities

Note: You must ensure that you select the opening balance of the equity schedule for each element.

Presentation in the consolidation

Based on the setup described in this guide, several reports in consolidation are automatically created:

- Data Entry report: From the Data Entry report, you can drill down to the Data Entry Detail report.
- Company reports: From the Company level, you can select the required schedule from the **Schedule** field.
- Group reports: From the Group level, you can select the required schedule from the **Schedule** field.

OLAP rules for calculating schedules in the standard

Hypercube rules are in general responsible for automatic online calculations in OLAP. Therefore, it is also important for the currency translation in the TDETAIC cube where all schedule information is stored to. You can configure these rules in the OLAP Rule Configuration table.

Select **Designer > Application > Rules Editor**.

Several variables are used which are necessary to enable you to use different elements, as shown in the demo model, and to integrate the individual structures of the respective client model. The variables in the Rules Editor enable calculation for these standard schedules:

- A: Assets & Depreciation (presentation of fixed assets) which is broken down into these sub-schedules:
 - A1: Assets Gross Value
 - A2: Accumulated Depreciation and Amortization
- B: Receivables
- C: Payables
- D: Accruals
- E: Equity

Maintaining variables

You can maintain the variables which are used in the hypercube rules using the OLAP Rule Configuration table in Designer. All variables are stored and can be adjusted there. The variables are based on SQL-queries and are responsible for multiplying individual rules in OLAP, depending how many elements the variable contains.

Calculating the currency translation difference

A, D, and E are development schedules and require a more sophisticated currency translation logic because the individual movements are usually calculated differently to the closing balance, which leads to a currency translation difference. Each movement can have a different parametrization for the currency calculation. For example, if the opening balance of the fixed assets gross value schedule is 200 in USD, and during the year there was an increase of 300 USD and a decrease of 150 USD, then this is the calculation for individual movements and the closing balance in EUR:

- Opening balance uses the rate of the account from the base period (I,B), which is 1.25
- Increase and decrease are calculated using the YTD average rate (A,C), which is 1.33
- Closing balance uses the closing rate of the period, which is 1.41

This leads to these EUR values:

- Opening balance: $200/1.25 = 160$

- Increase: $300/1.33 = 225.56$
- Decrease: $-150/1.33 = -112.78$
- Closing balance: $350/1.41 = 248.23$

The individual movements lead to a closing balance of 272.78 which is different to the actual calculated closing balance. Therefore, a currency translation difference must to be calculated to bridge the gap between the individual movements and the closing balance in EUR group currency. To show the proper currency translation difference, each movement is compared with the value that would have been if it were calculated using the rate of the closing balance. This is the formula:

```
Value in local currency/rate of the closing balance - value calculated  
in group currency.
```

This leads to:

- Opening balance: $200/1.41 - 160 = -18.16$.
- Increase: $300/1.41 - 225.56 = -12.79$.
- Decrease: $-150/1.41 - -112.78 = 6.4$.

The individual results lead to a value of -24.55, which matches the difference between the actual closing balance and the sum of the individual movements. The value of -24.55 is written automatically to the currency translation difference element for the fixed assets gross value schedule.

Using variables to calculate the currency translation difference

You can use these variables to calculate the proper currency translation differences:

- %Group Currency: Creates an extra rule in OLAP for each group currency (EUR, USD, and so on)
- %DIFF_DNR1_E: Shows the element for the currency translation difference element in the equity schedule
- %DIFF_BAS1_E: Shows the closing balance for the equity schedule
- %DIFF_DNR1_A1: Shows the element for the currency translation difference element in the gross fixed assets schedule
- %DIFF_BAS1_A1: Shows the closing balance for the gross fixed assets schedule
- %DIFF_DNR1_A2: Shows the element for the currency translation difference element in the accumulated depreciation and amortization schedule
- %DIFF_BAS1_A2: Shows the closing balance for the accumulated depreciation and amortization schedule
- %DIFF_DNR1_D: Shows the element for the currency translation difference element in the accruals schedule
- %DIFF_BAS1_D: Shows the closing balance for the accruals schedule

Although the variable for the group currency is always sufficient, the variables for the currency translation difference element and the closing balance will not work if different IDs are used for the schedules (for example, using H for equity instead of E), or additional schedules are necessary that are development

schedules. Aging schedules usually do not require a currency translation difference because all elements are usually calculated with the same rate as the closing balance.

Adjusting the calculation

If an additional development schedule is required or a different ID is used, then you must create two new SQL queries in the OLAP Rule Configuration table.

- 1 Select **Designer > Application > Rules Editor**.
- 2 Copy the SQL logic from DIFF_BAS1_E and DIFF_DNR1_E and paste it to the clipboard.
- 3 On a new row, click the first column to open the row for editing, then paste the SQL logic for DIFF_BAS1_E into the row.
- 4 Add a new suffix to the ID in the third column (_E - _H).
- 5 Repeat for DIFF_DNR1_E.
- 6 Assign the new SQL queries to variables that can be used in hypercube rules.
- 7 Navigate to the **Designer > System > Rules**.
- 8 Right-click the gray area and select **Create rule** or **Create accelerator** from the menu.
If the gray area is not visible, then filter the result of the table using detail1 to show only the rules for the TDETAIC cube.
- 9 Select **TDETAIC - Adjusted Schedules** and click **OK**.

- 10 Copy the logic for the new rule from Detail1 Transfer FX DiffE and for the new accelerator from Detail1 Transfer FX Diff Accelerator E

For example, if you use H as the new ID for a schedule for the rule, then it will be:

- **Target:** [DLCURR: '%Group Currency', DDATA: 'Balance Sheet', DDETAIL: '%DIFF_DNR1_H']
- **Rule:** [DLCURR: '%Group Currency', DDATA: 'Translation Adjustment', DDETAIL: '%DIFF_BAS1_H'] * (-1)

For the new accelerator, it will be:

- **Source:** [TDETAIC: '%Group Currency', DDATA: 'Translation Adjustment', DDETAIL: '%DIFF_BAS1_H']
- **Target:** [TDETAIC: '%Group Currency', DDATA: 'Balance Sheet', DDETAIL: '%DIFF_DNR1_H']

Note: The name of the new rule or accelerator must begin with Detail1, so that it can be filtered for TDETAIC cubes. You need to adjust this manually.

- 11 In the rules table, add the prefix Detail1 to the ID of the new rule and accelerator.
- 12 Adjust the **Order** column to group the new rule or accelerator together with existing entries responsible for the transfer to the currency translation difference.

Note: The order position is important for hypercube rules.

- 13 Return to **Designer > Application > Rules Editor**.
- 14 Click the dotted (...) icon next to the new rule to open the Rule Parameters Editor and assign DIFF_BAS1_H and DIFF_DNR1_H to the rule.

Consolidation functions related to schedules

Infor Financial Consolidation provides these functions that are directly related to schedules:

- Copy schedule data: Enables you to copy data from the TDETAIC cube to the TFINANC cube.
- Carry forward schedules: Enables you to transfer the closing balance of a development schedule to the opening balance in the next period.

Copying schedule data

You can use the Copy Schedule Data function to copy data from the TDETAIC to the TFINANC cube. This means the closing balances of the individual schedules are copied. Only main schedules are available in the selection. So, in the case of a schedule with multiple closing balances, only the top schedule is selectable and the top closing balance is transferred because it represents the book value which is necessary to view in the TFINANC cube.

- 1 Open Financial Consolidation.
- 2 Select **Data** from the ribbon, then select **Copy Schedule Data** from the menu.
- 3 Specify the **Year**, **Period**, and **Scenario** from the menus.
- 4 Specify the **Company** (or companies) from which you want to copy the data.
You have the option to select multiple companies.
- 5 Specify the **Consolidation Stage** (or stages) from which you want to copy the data.
- 6 Specify the **Schedule** (or schedules) from which you want to copy the data.
If you select only one schedule, you still have the option to specify multiple accounts.
- 7 Specify the **Account** (or accounts) from which you want to copy the data.
- 8 Click **OK**.

Note: Usually this functionality is not used because the data entry reports are configured for simultaneous write back to TDETAIC and TFINANC.

Carrying schedules forward

You can use the Carry Forward Schedules function to transfer the closing balances of the development schedules to the opening balance in the next period. This function only impacts the TDETAIC cube.

- 1 Select **Data** from the ribbon, then select **Carry Forward Schedules** from the menu.
- 2 In the **Source** section, specify the **Year**, **Period**, and **Scenario** from the menus.
- 3 Specify the **Company** (or companies) from which you want to copy the data.
You have the option to select multiple companies.
- 4 Specify the **Schedule** (or schedules) from which you want to copy the data.
- 5 In the **Target** section, specify the **Year**, **Period**, and **Scenario** from the menus.

6 Click **OK**.

Infor Financial Consolidation contains online currency translation that covers several aspects which are necessary and relevant to conduct a legal financial consolidation. These are:

- Different accounts are calculated with different rate types.
- Calculation of opening balances based on a base period.
- Rate types can differ between periods or scenarios.
- Calculation of a currency translation difference which arises from the use of different rate types in financial statements.
- Calculation of movements for certain accounts that require a more detail analysis for say note disclosure such as fixed assets, where both the closing values for cost and depreciation would normally need to be analyzed by reference to movements such as increases and disposals.
- Change of a functional currency.
- Change of a group currency.

Currency rate types

These rate types are provided to calculate functional into group values for foreign exchange companies:

- F: Closing Rate
- A: Average Rate
- WA: Weighted Average Rate
- N: No translation. Usually used for measure accounts
- Historical Rate:
 - H: General historical rate
 - HA: General historical rate with using the average rate for changes in the period
 - HI: Historical rate intercompany
 - HS: Historical rate schedule
 - HD: Historical rate schedule and intercompany

Select **Financial Consolidation > Settings > General Parameters > Exchange Rates**.

Everything related to historical rates is shown and maintained in the Historical Exchange Rates section.

Select **Financial Consolidation > Settings > General Parameters > Historical Exchange Rates**.

The WA rate is derived from A and requires no extra presentation in the tool.

Adding new currency rate types

You can add currency rate types to reflect for example, discontinued operations, where the closing rate for an asset is not adequate. For example, if you need the rate of the day for a certain company or asset after the decision has been made to sell the company, segment, or asset.

Select **Designer > Business Model > Other > Exchange Rates**.

Defining the rate type for an account

You can define the rate type you want to use in Designer.

Select **Designer > Business Model > Accounts > Accounts**.

You must define a rate in one of the method attributes for each base account. Usually Method 1 is used.

Setting the base period for an account

Base year and period enable the system to determine the last period of the prior year, so the opening balance of an account can be calculated with a certain rate of that period. In a typical consolidation model with twelve periods, the base period will be 12 and base year -1 (to indicate the prior year).

Select **Designer > Business Model > Time > Periods**.

In the demo system, all values have a base period of 12 and a base year of -1.

Closing rate

The closing rate (F) is the YTD closing rate of a certain period. In general, consolidated financial statements are based on the YTD closing rate. For that reason, most of the balance sheet accounts use this rate. Exceptions are usually equity, participations in related companies, and the P&L.

Select **Designer > Business Model > Other > Exchange Rates**.

Average rate

The average rate (A) is the YTD average rate of a certain period. Usually the P&L uses this rate.

Select **Designer > Business Model > Other > Exchange Rates**.

Weighted average rate

A special form of the average rate, this method calculates only the changes of an account between two periods within a year with the YTD average rate. The amount that already existed in the previous period is calculated using the weighted average rate of that period.

In period 01, the value in local currency for a USD company is 2,400. The YTD average rate is 1.2 to EUR. In period 02, the value in local currency has changed to 2,700. The YTD average rate is 1.3.

The values for period 01 and period 02 using the YTD average rate would be:

```
Period 01: 2,400/1.2 = 2,000
Period 02: 2,700/1.3 = 2,076.92
```

Meanwhile, the values for period 01 and period 02 using the weighted average rate are:

```
Period 01: 2,400/1.2 = 2,000
Period 02: (2,700 - 2,400)/1.3 + 2,400/1.2 = 2,230.77
```

Period 01 will always show the same result for weighted average and YTD average. However, beginning with period 02 there will be differences because only the change is calculated using the YTD average rate.

The weighted average rate however, can only be used when financial statements are prepared every month.

Note: You must not change the structure in the Periods dimension below the Total YTD element. Otherwise, the calculation for weighted average will not work.

Select **Designer > Business Model > Time > Periods**.

No value in local currency with value in group currency

It is possible that even if the value in local currency is zero, there is still a value calculated in group currency. This can happen when an amount is completely reversed in the next period. However, as the reversal happens in a different month the reversal is calculated using the YTD average rate of that period.

```
Period 01: 2,400/1.2 = 2,000
Period 02: (0 - 2400)/1.3 + 2400/1.2
```

This gives a group currency value of -153.85 in Period 02.

Historical rate types

Equity, participations in related companies, and sometimes fixed assets must be translated from the functional into the group currency based on historical translation rates. These historical translation rates or historical rates are rates that were valid at the time as the value of a certain account was generated.

Select **Financial Consolidation > Settings > General Parameters > Historical Exchange Rates**.

Historical rate

Historical rate (H) is focused on the closing balance of an account. That means the proper historical rate is determined based on the closing balance of the current and the previous period. The rates are calculated automatically.

Select **Financial Consolidation > Settings > General Parameters > Historical Exchange Rates**, then click **Automatic**.

For this to work, you must select a calculation basis. To achieve proper results, the calculation basis must always be the last consolidated period. In case of a monthly consolidation, it is therefore last month, for a quarterly consolidation last quarter and for an annual consolidation period 12 of last year.

Only the Select calculation base section is relevant for the historical rate.

Select the **Year, Period, Scenario, and Company**.

General calculation

For all accounts, except the account for retained earnings, the automatic uses the rates of the base period for the value that already existed for that period and calculates all differences in local currency between the current and the base period with the current closing rate.

In the base period 12.2013 the value of the account share capital for a British subsidiary was in local currency 1,000 GBP. The used rate was 0.6 which results into a value 1.666,67 EUR.

In period 01.2014 was a capital increase of 500. The closing rate of 01.2014 was 0.5. To determine the proper value in EUR, this calculation is used by the automatic:

$$1000/0.6 = 1,666.67$$

$$500/0.5 = 1,000$$

$$\text{Value in EUR: } 1,666.67 + 1,000 = 2,666.67$$

$$\text{Weighted average historical rate: } 1,500/2,666.67 = 0.562499$$

The automatic function of consolidation calculates a new historical rate of 0.562499 which is used in the online currency translation to get from 1,500 GBP to 2,666.67 EUR.

Special calculation

For retained earnings the automatic takes into consideration that the previous year profit or loss is added to the previous year retained earnings. The previous year profit or loss must be calculated into group currency using the same rate that was used in the previous period to determine the group value of the P&L result.

In the base period 12.2013 the value of the retained earnings account for a British subsidiary was in local currency 1,000 GBP. The used rate was 0.6 which results into a value of 1.666,67 EUR. The profit of the period was 500 GBP. The overall rate that was used for the P&L was 0.65 leading to a value of 769.23 EUR. To determine the proper rate for retained earnings, this calculation is used by the automatic:

$$\text{Sum Local Value} / \text{Sum Group Value} = \text{Rate for retained earnings for current year}$$

Description	Local Value	Group Value
Previous year retained earnings	1,000.00	1,666.67
Previous year profit	500.00	769.23
Sum	1,500.00	2,435.90

$$1,500 / 2,435.90 = 0.615789$$

In addition to the recognition of the last year's profit, the automatic also includes increases or decreases to the account during the current period. The calculation is in these steps:

- 1 Current local value - (Previous year sum of retained earnings + profit/loss local value) = Current period change.
The closing rate of the period is used for the current period change.
- 2 (Previous year sum of retained earnings + previous year profit local value) + Current period change local value / (Previous year sum of retained earnings group value + previous year profit group value) + Current period change group value

So, if the retained earnings are in period 01.2014 1,200 GBP and the closing rate of the period is 0.7, then the result would be:

$$1,200 - 1,500 = -300$$

$$-300 / 0.7 = -428.57$$

Description	Local Value	Group Value
Previous year retained earnings	1,000.00	1,666.67
Previous year profit	500.00	769.23

Currency translation

Description	Local Value	Group Value
Current period change	-300.00	-428.57
Sum	1,200.00	2,007.33

Sum Local Value/Sum Group Value = Rate for retained earnings for current year

$$1,200/2,007.33 = 0.59781$$

Note: This calculation is only used if the calculation basis is period 12 previous year. Within the year, retained earnings are calculated the same way as all the other accounts using the historical rate.

Historical rate average

Historical rate average (HA) rate is identical to the historical rate (H) with the exception that the automatic does not use the closing rate to calculate changes but the average rate itself. Everything else is identical.

Historical rate intercompany

Historical rate intercompany (HI) is similar to the historical rate (H) rate type. The only addition is the recognition of the individual intercompanies meaning that an account does not have one but several historical rates for each intercompany relation with local value. The calculation is identical to H and is usually used for participations in related companies.

Historical rate schedule

Historical rate schedule (HS), is a more accurate form of historical rates. You must enter rates for each relevant movement for the period.

The total historical rate for the closing balance is calculated based on the individual movement calculation.

To automatically calculate certain movements, select **Financial Consolidation > Settings > General Parameters > Historical Exchange Rates**, then click **Automatic**.

Only the Company field is relevant for the historical rate schedule. Otherwise, you must make all other changes in the Adopt schedule details section.

You can select one of these rates for an individual movement:

- F: Closing rate

- A: Average rate
- N: No translation. Not in use.
- WA: Weighted average rate

In addition to the rate, you must select one of these calculation periods:

- Current period: Uses the rate of the current period.
- Base period: Uses the rate that is available in the defined base period which is set in Designer. The defined base period is usually period 12 of the previous year.

The movement opening balance is just set with the base period. The selection base period automatically looks up the total historical rate that was calculated in the base period for an account and writes it to the movement opening balance. For all the other movements that are relevant either the closing, the average, or the weighted average rate is used in combination with the current period.

All rates entered by the automatic can still be changed manually, especially in cases where a certain daily rate must be used.

The automatic helps to define the rates for all movements at one time. It is also possible to define only one movement.

Historical rate schedule and intercompany

Historical rate schedule and intercompany (HD), is a more accurate form of historical rates schedule. You must enter rates for each relevant movement and intercompany for the period. Usually this method is used for participations in related companies.

The total historical rate for the closing balance is calculated based on the individual movement and intercompany.

To automatically calculate certain movements, select **Financial Consolidation > Settings > General Parameters > Historical Exchange Rates**, then click **Automatic**.

Using different rate types across periods or scenarios

Because of changes in the accounting policy, it is possible that the use of a certain rate is not permitted or no longer provides the correct results.

Financial Consolidation enables you to change the exchange rate over time by defining different currency translation methods.

Select **Designer > Business Model > Accounts > Accounts**.

You must define the rates in the **Method** columns. You can define up to 9 methods, but the usual is a maximum of 3. If the method is empty, then it cannot be used.

Another possibility of having different currency translation methods is in the de-consolidation of an entity. You might want to enter rates for certain assets which are different to the closing rate. A newly created rate type can be then defined in one of the methods.

Select **Designer > Business Model > Other > Exchange Rates**.

In consolidation, the valid method for a certain period and scenario can be defined in the company settings. Each company can have a different currency translation method.

Frequently, different currency translation methods are used between scenarios. For example, for the actuals historical rates are used for the equity, whereas for budget data, closing rates only are used.

Currency translation difference

For each foreign exchange company, a currency translation difference is calculated. The difference derives from the use of different currency rate types for different accounts.

The calculation of the currency translation difference is based on the closing rate, where the entire balance sheet is created on the assumption that the underlying rate is the YTD closing rate. However, individual accounts require a better and fairer presentation of a different rate, such as the YTD average or historical rate. Each calculated actual group value is compared with a group currency value that was calculated using the YTD closing rate. If there is a difference, then a translation adjustment is calculated for each account. The total sum of all translation adjustments is recognized in a designated translation difference account.

Detail reports for the value of each account can be found in **Financial Consolidation > Reports > Company Reports > Calculation of Company in Group Currency**.

Financial Consolidation uses two accounts for showing the translation difference. One account shows the difference deriving from the P&L, while the other shows the difference coming from the balance sheet. Together, the two accounts represent the total currency translation difference of a particular period.

Accounts and schedules

Some accounts require detailed analysis for say note disclosure such as fixed assets, where both the closing values for cost and depreciation would normally need to be analyzed by reference to movements such as increases and disposals. As another example, debtors might be analyzed by maturity.

The system stores company level account balances in the TFINANC cube and any associated detail in the TDETAIC cube. The two cubes are similar, except that the TDETAIC also has the DDETAIL dimension to specify the schedule detail required.

To facilitate this analysis, you can flag an account as requiring analysis using a specified schedule.

You can specify the schedule in **Designer > Business Model > Accounts > Accounts**.

Additionally, you can set these options with the filter:

- A: Assets & Depreciations
- B: Receivables
- C: Payables
- D: Accruals
- E: Equity.
- A1: Assets Gross Value
- A2: Depreciation

Currency calculation of the schedule detail

Financial Consolidation differentiates between the currency calculation of the YTD closing value and the individual movement during a certain period.

Each individual movement within a schedule gets a certain currency translation assigned which consists of the currency exchange rate and the basis. The basis describes whether the currency exchange rate is taken from the current period or a previous period.

Select **Designer > Business Model > Accounts > Details**.

In the **Rate** and **Basis** columns, you can define what you want to use for each translation:

- Rate: Indicates the exchange rate to be used with these options:
 - F: Closing
 - A: Average
 - WA: Weighted average rate
 - !: Use the currency setting of the account
- Basis: Indicates the reference period with these options:
 - C: Current period
 - B: Base period (closing or historical rate)

Usually for the opening balance the ! rate is used and has basis B for base period. For movements such as increase, decrease, or depreciation A or WA is usually used with the basis C for current period.

For example, if an account has the currency setting of F for YTD closing rate. The local value is 1,500 with an exchange rate of 1.5. The calculated group is therefore 1,000.

This what is shown in the TFINANC cube. However, the TDETAIC cube does not only show the closing value but also the movement during the year including the opening balance. For example, if the account shows an opening balance of 1,000, an increase of 700 and a depreciation of 200 in local currency, then the opening balance is calculated with the rate of the base period. The rate was 1.2. The YTD average rate of the current year is 1.4.

Currency translation

Description	Local Value	Group Value
Opening balance	1,000.00	833.33
Increase	700.00	500.00
Depreciation	-200.00	-142.86
Closing balance	1,500.00	1,190.47

The calculated group value is different as the value shown for closing value. That is because the individual movements have to be calculated differently as the closing balance. To get to the correct value for the closing balance, you must include a currency translation difference.

Description	Local Value	Group Value
Closing balance before currency adjustment	1,500.00	1,190.47
Currency translation difference	0.00	190.47
Closing balance after currency adjustment	1,500.00	1,000.00

Weighted average rate to calculate a movement

Movements can be calculated using the average rate or closing rate, or the rate defined for the account by using the element !. However, one legal requirement is that the value of certain movements are identical to certain accounts in the P&L. One example is the depreciation of fixed assets.

If the P&L is calculated with the YTD average rate, then the movement depreciation will show the same if it is also calculated with YTD average. However, if the P&L is translated using the weighted average rate, then the P&L account and the movement will not match. To enable consolidation to do this the currency type, WA must be used in the Rate attribute.

In period 01 the depreciation is 200. In period 02 the depreciation increases to 300. The YTD average rate is 1.2 in period 01 and 1.3 in period 02. Using the weighted average rate the depreciation will be calculated as:

Description	Local Value	Group Value
Depreciation in Period 01	200.00	166.67
Depreciation in Period 02	300.00	243.59

$$\text{Period 02: } (300 - 200) / 1.3 + 200 / 1.2 = 243.59$$

The requirement is to show the exact same values in local as in group currency for the movement depreciation. However, the calculation of the closing balance remains the same, meaning a change of the currency translation difference which is done automatically. This would lead to this presentation for period 01 and 02.

Assuming an opening balance of 1,000, an increase of 500 in Period 01 and 700 in Period 02, and a depreciation as described before. The opening balance rate is 1.2. The increase is calculated using the YTD average of 1.2 for 01 and 1.3 for 02 and the depreciation is the weighted average rate. The closing rate for period 01 is 1.3, and for period 02 it is 1.4.

Period 01

Description	Local Value	Group Value	Rates Used
Opening balance	1,000.00	833.33	1.2
Increase	500.00	416.67	1.2
Depreciation	-200.00	-166.67	1.2
Currency adjustment	0.00	-83.33	
Closing balance	1,300.00	1,000.00	1.3

Period 02

Description	Local Value	Group Value	Rates Used
Opening balance	1,000.00	833.33	1.2
Increase	700.00	538.46	1.3
Depreciation	-300.00	-243.59	1.23WA
Currency adjustment	0.00	-128.20	
Closing balance	1,400.00	1,000.00	1.4

Changing the functional currency

One of the settings for the company parameters is the currency. The definition of the currency is required for each year, period, and scenario. Because the currency is a parameter that can change over time, it enables Financial Consolidation to deal with a change of the functional currency which is common in the EURO zone.

Select **Financial Consolidation > Settings > General Parameters > Company**.

Additionally, you can set the appropriate rate between the old and the new currency in Currency Change (Company).

Note: The rate translates all carry forwards.

Changing the group currency

Similar to the functional currency, the group currency can also change over time. Therefore, the group currency must also be set for each year, period, and scenario.

You can set the group currency in **Financial Consolidation > Settings > Consolidation Parameters > Group**.

Additionally, you can set the appropriate rate between the old and the new currency in **Financial Consolidation > Settings > Consolidation Parameters > Currency Change (Group)**.

Note: The rate translates all carry forwards.

Maintaining currencies

You can add new currencies in Designer. When you add a new currency, you can define whether it is available as a company or functional currency and/or as a group currency.

Select **Designer > Business Model > Other > Currencies**.

Currency translation between group companies

For each group, you can assign a group currency in which all group journal entries (automatic and manual) are done. If consolidated group results should be presented in different currencies, then you have these options:

- 1 Create a new group which is identical in the group structure to the original one, but where a different currency is assigned to. The advantage of this method is that is completely correct, but requires a lot of additional effort.
- 2 Use an automatic hypercube rule to calculate all accounts with the closing rate of the period into the target currency. This means that the basis of the calculation is the group currency that is assigned to the group and all results are automatically calculated in the other currencies by using the closing rate of the period.

While the additional group guarantees right results, it also requires a lot of maintenance. The other option requires less maintenance, but is focused on the closing rate. Which option you use depends on why the results must be presented in a different currency. If it is for internal purposes only, then the calculation with the closing rate should be sufficient. However, if it is for legal purposes, then a separate group is necessary as historical rates are then relevant for a proper presentation.

A carry forward is a transfer of values from one period to another. Different to copy functions, the carry forward ensures that the opening balance in the target period matches the closing balance of the base period. The focus here is mainly in the TDETAIC cube in the schedules.

Usually, period 12 of the last year is selected as the base period. Any period of the current year can be selected as the target.

Carry forward functions

These carry forward functions are available:

- Carry forward schedules
- Carry forward company journals
- Carry forward group journals
- Carry forward companies

Carry forward schedules

The carry forward schedules function enables you to transfer closing balances of all data entry levels to the opening balance in the next period.

This function only impacts the TDETAIC cube. Data entry levels are those which are adjusted by import loads or manual data entries and not by the posting of journals.

Select **d/EPM > Infor Financial Consolidation**, then from the menu ribbon, select **Data > Carry Forward Schedules**.

Specify the **Year**, **Period**, **Scenario**, **Company**, and **Schedule**.

Note: Only base schedules are available because main schedules do not have an opening balance. However, schedules which are not development schedules are also available. Those should not be selected. You can select multiple schedules with the CTRL key.

Setting up carry forward schedules

For the function to work properly, you must configure the adjustment levels in Designer.

Select **Designer > Infor Financial Consolidation > Business Model > Levels > Adjustment Levels**.

You must then select all levels that will be impacted by the function in the **Entry** column.

Carry forward company journals

The carry forward company journals function enables you to transfer all values and journals from the selected adjustment levels on a company basis. Adjustment levels can only be changed with the help of journals.

Select **d/EPM > Infor Financial Consolidation**, then from the menu ribbon, select **Data > Carry Forward Journals**.

Select **Company** in the Carry Forward section, then specify the **Year, Period, Scenario, Companies,** and **Consolidation Stage**.

In the transfer, the level switches. For example the adjustment level Adjustment will become Rollover Adjustment. That means in the first year when the carry forward for the journals on company level is run, all data is transferred from Adjustment to Rollover Adjustment. In the following years, all data from Adjustment is still copied to Rollover Adjustment. Additionally, the data that is already on Rollover Adjustment is also copied. This table shows an example of how the results of Adjustment and Rollover Adjustment are added together and shown as a sum in Rollover Adjustment.

	DYEAR	DCLEVEL		
DACOUNT	2013 Adjustment	2014 Rollover Adjustment	Adjustment	2015 Rollover Adjustment
ASSETS	-200.00	-200.00	1,000.00	800.00
LIABILITIES AND EQUITY	-200.00	-200.00	1,000.00	800.00

Setting up carry forward company journals

For the function to work properly, you must configure the adjustment levels in Designer.

Select **Designer > Infor Financial Consolidation > Business Model > Levels > Adjustment Levels**.

You must then select all levels that will be impacted by the function in the **Journals** column. **DO NOT** select items in the **Lock Carry Forward** column.

Note: It is very important that every level that has these settings must have a corresponding element that has the same name with the prefix Rollover. If not, then the level would still be available but the function will run into an error.

Carry forward group journals

The carry forward group journals function enables you to transfer all values and journals from the selected consolidation levels on a group basis. Consolidation levels can only be changed with the help of journals.

Select **d/EPM > Infor Financial Consolidation**, then from the menu ribbon, select **Data > Carry Forward Journals**.

Select **Group** in the Carry Forward section, then specify the **Year, Period, Scenario, Groups**, and **Consolidation Stage**.

In the transfer, the level switches. For example, the consolidation level Cons. Capital will become Rollover Cons. Capital. That means in the first year, when the carry forward for the journals on a group level is executed, all data is transferred from Cons. Capital to Rollover Cons. Capital. In the following years, all data from Cons. Capital is still copied to Rollover Cons. Capital. Additionally, the data that is already on Rollover Cons. Capital is also copied. This table shows an example of how the results of Cons. Capital and Rollover Cons. Capital are added together and shown as a sum in Rollover Cons. Capital.

	DYEAR	DCLEVEL		
DACOUNT	2013	2014	Cons. Capital	2015
	Cons. Capital	Rollover Cons. Capital		Rollover Cons. Capital
ASSETS	-50,144,862.34	-50,144,862.34	500,000.00	-49,644,862.34
LIABILITIES AND EQUITY	-50,144,862.34	-50,144,862.34	500,000.00	-49,644,862.34

Setting up carry forward group journals

For the function to work properly, you must configure the consolidation levels in Designer.

Select **Designer > Infor Financial Consolidation > Business Model > Levels > Consolidation Levels**.

You must then select all levels that will be impacted by the function in the **Journals** column. DO NOT select items in the **Lock Carry Forward** column.

Note: It is very important that every level that has these settings must have a corresponding element that has the same name with the prefix Rollover. If not, then the level would still be available but the function will run into an error.

Carry forward companies

The carry forward companies function enables you to combine the carry forward schedules and the carry forward company journals functions into one operation.

Select **d/EPM > Infor Financial Consolidation**, then from the menu ribbon, select **Data > Carry Forward Companies**.

Specify the **Year, Period, Scenario, Company, Schedules,** and **Consolidation Stage.**

Special transfer accounts

The carry forward function copies the value of the closing balance to the opening balance of the same account. However, there are certain accounts that not only receive the value of itself, but also the values of other accounts.

Retained earnings

The retained earnings account shows in the opening balance not only the closing balance of itself, but also the profit or loss of the source period. Therefore, the closing balances of retained earnings and profit or loss of the source period are added together and transferred to the opening balance of retained earnings.

Retained earnings minorities

The retained earnings minorities account shows in the opening balance the closing balance of itself and the minority share recognized for the P&L from the source period.

Currency translation differences balance sheet

The translation reserve BS (balance sheet) account shows in the opening balance the closing balance of itself and the translation reserve that was generated from the P&L from the source period. Because the entire P&L was transferred to the retained earnings, the translation reserve must also go from the P&L to the balance sheet.

Currency translation differences balance sheet minorities

The translation reserve BS (balance sheet) minorities account shows in the opening balance the closing balance of itself and the minority share of the translation reserve that was generated from the P&L from the source period.

Additional settings

There are several settings in Designer that you must maintain for all functions to work properly.

Defining the closing and opening balance in detail settings dimension

You must define the closing and opening balance for the carry forward schedules function to work correctly. The opening balance is TO_DNR. The carry forward function will only work for schedules that have an opening balance.

Select **Designer > Infor Financial Consolidation > Business Model > Accounts > Detail Settings**, then specify the closing and opening balance in the **Closing Balance** and **TO_DNR** columns.

Defining the opening balance in the details dimension

You must define the opening balance for the carry forward company journals and carry forward group journals. During the carry forward, the movement used in the journal entry changes and becomes the opening balance detail that is defined in that attribute.

Select **Designer > Infor Financial Consolidation > Business Model > Accounts > Details**, then specify the opening balance detail in the **Opening balance detail** column.

Defining parameters in consolidation settings

You must set these parameters:

- Balance sheet profit
- Currency translation differences balance sheet
- Total profit and loss
- Currency translation differences P&L
- Carry forward system accounts
- Opening balances (extended schedule configuration)

The parameters for the opening balances are usually the same for all lines because it only impacts the retained earnings, retained earnings minorities, and translation reserve balance sheet accounts. If these accounts are all in the same schedule, then the opening balance detail is the same.

All these settings are necessary for the transfer of the profit (loss) for the period to the retained earnings, except for some settings in the Opening Balances (Extended Schedule Configuration) section, and the setting for the currency translation differences for balance sheet and P&L. The later one triggers a function which automatically transfers the values from the currency translation difference P&L to the currency translation difference balance sheet in the carry forward. To guarantee that the proper opening

balance is used during the transfer, the parameter for the opening balance must be given for the carry forward minorities, carry forward currency translation differences, and carry forward currency translation differences minorities accounts.

Select **Designer > Application > Consolidation Settings**, then set the parameters in the **Balance Sheet System Accounts** section.

Defining minority accounts in the account dimension

For the retained earnings minorities and currency translation difference minorities accounts to work, you must assign the proper minority accounts to their respective equity accounts.

For the carry forward to work, you must assign the retained earnings minorities account to the retained earnings account, and the profit (loss) for the period to the profit (loss) for the period minorities. Only then can the system change the profit (loss) for the period minorities account to the retained earnings minorities account in the carry forward.

The transfer from the translation reserve minority P&L to the translation reserve minority balance sheet account needs a similar setup. Minority accounts must be assigned to their respective translation reserve balance sheet and translation reserve P&L accounts. If this is done, then the carry forward will switch in the journal entries from the translation reserve minorities P&L to the translation reserve minorities balance sheet.

Select **Designer > Business Model > Accounts > Accounts**, then set the parameters in the **Minorities** column.

Ensuring the opening balance is equal to the closing balance

To ensure that the opening balance is the same as the closing balance it is essential to:

- Execute all carry forward functions.
- All adjustment levels must be available for the carry forward except the level does not impact any development schedules
- All consolidation levels must be available for the carry forward except the level does not impact any development schedules. A typical example is the level Cons. Expenditures/Revenue if only the automatic is used. Then the total impact for the whole group is zero for the schedule's closing balance.
- Carry forward journals must not be canceled.
- For ongoing journals the movement opening balance must not be used. This can be avoided with the proper setup in designer.
- The Sum of all Companies function must be executed at least one time.

Groups must disclose a cash flow which shows the flow of the cash and cash equivalents accounts between two periods. The cash flow documents all the changes of balance sheet and P&L accounts that have impacted the cash and cash equivalents.

Cube structure

There are two cubes that are relevant to cash flow calculations:

- TSTDCASHCFG: Saves the configuration of the cash flow
- TSTDCASH: Saves the cash flow data

Cash flow account dimension

The cash flow structure is saved in the Cash Flow Accounts dimension in Designer.

Select **Designer > Infor Financial Consolidation > Business Model > Cash Flow > Cash Flow Accounts**.

Cash flow system accounts

You must enable the **Cash Flow** option in order to use the standard cash flow of the consolidation.

Select **Designer > Application > Consolidation Settings**, then set **Cash Flow** to enabled.

Additionally, you must define these system accounts for the workflow:

- Cash Flow: This setting describes the account where the calculation type for a certain cash flow account is saved to.

- Cash and Cash Equivalents: This setting has the account of the balance sheet which shows the closing balance of the cash and cash equivalents.
- Net increase/decrease in cash and cash equivalents: The position of the cash flow statement that shows the total difference of the cash and cash equivalents.
- Currency Differences Cash Flow: This setting shows the account which receives the total currency differences after the local cash flow is completely reconciled and the cash flow is already calculated into group currency.
- Opening Balance Cash: The cash flow position which shows the opening balance of the cash and cash equivalents.

Calculating cash flow

The standard group cash flow in consolidation is calculated starting with the local cash flows. Each cash flow of each entity relevant for the group needs to be reconciled. When the local cash flow is reconciled, the system automatically calculates the currency difference deriving from the currency calculation. After that, all group entities are transferred to the appropriate group. The final step is the recognition of group adjustments that impact the cash flow. The sum of the local cash flows in group currency plus the group adjustments result into the group cash flow.

Publishing cash flow reports

All reports that are required for cash flow calculation and analysis can be found in Financial Consolidation client under Cash Flow. These are:

- Cash Flow Configuration
- Cash Flow Data Entry
- Cash Flow Company
- Cash Flow Group
- Cash Flow Group Sum
- Cash Flow Group Final

Configuring cash flow accounts

The first cash flow report is the cash flow configuration report. Here, you need to set the cash flow configuration for a specific year, period, and scenario.

Each cash flow account which is automatically calculated needs a cash flow account type different to Manual. These are the cash flow types for automated calculation:

- **Schedule Detail:** The calculation for a specific cash flow account is based on data coming from the cubes TDETAIC and TDETAIG. Therefore it is necessary to state a combination of balance sheet account and a schedule detail. The value that is written back for the type to the database is 1.
- **Closing Balance:** The calculation here is based on data coming from the cubes TFINANC and TFINANG. One or more balance sheet and/or P&L accounts are stated. The calculation looks up the individual accounts and writes back the closing balance of all accounts to the cash flow position. The value that is written back for the type to the database is 2.
- **Change previous year:** One or more balance sheet and/or P&L accounts are chosen to calculate the cash flow position. Only the difference to last year is transferred from the cubes TFINANC and TFINANG to the cash flow cube. The value that is written back for the type to the database is 3.

After selecting the **Cash Flow Account Type**, you must select the individual account or accounts. The parameter 1 will write the value with the same sign into the cash flow cube, as found in the source cubes. If you use -1, it will switch the sign. For the Change Previous Year Cash Flow Account Type, asset accounts will usually have the parameter 1, whereas liabilities have -1.

Transferring cash flow configuration

You can copy the cash flow configuration of one period and transfer it to another.

In Financial Consolidation, from the menu ribbon, select **Data > Copy Parameters**.

In the Source section, specify the **Year**, **Period**, and **Scenario** of the configuration you want to copy. Then, in the Target section, specify the details for the period you want to transfer it to.

Note: Ensure that you select **Cash Flow Configuration** in the Settings section.

Calculating the local cash flow

After the configuration, you can calculate the local cash flow in the Financial Consolidation monitor, using the Cash Flow Company rule. All cash flow accounts with a valid configuration will be calculated.

Select **Financial Consolidation > Consolidation > Consolidate**.

In the Cash Flow Data Entry report, the consolidation checks whether the difference of the cash and cash equivalents in the balance sheet between the current and the previous period (usually period 12 from the last year) is the same as the result of the cash flow. These are the system accounts used for comparison:

- Cash and Cash Equivalents (balance sheet)
- Net increase/decrease in cash and cash equivalents (cash flow)

If they do not match, then you must make some manual adjustments, especially when some cash flow accounts still have the type Manual.

Calculating the currency difference

After the reconciliation of the local cash flow, you can calculate the currency difference using the Cash Flow Currency Differences rule in the Financial Consolidation monitor. For FX companies, this rule calculates the difference coming from the currency calculation.

Select **Financial Consolidation > Consolidation > Consolidate**.

If a local cash flow is not yet reconciled, then you will receive an error message similar to this:

```
The cash flow reconciliation in local currency for company RU0002 has not been done!
```

Transferring to the group

All companies that belong to a certain group are transferred to it by the Cash Flow Transfer to Consolidation rule in the Financial Consolidation monitor. The data is copied from the global element in the DGROUP dimension to the individual groups.

Select **Financial Consolidation > Consolidation > Consolidate**.

Recognizing the group adjustments

All consolidation journals are recognized with the Cash Flow Group rule in the Financial Consolidation monitor.

Together with data from the companies, the group adjustments are added into the consolidated cash flow. For all manual cash flow positions, data entries are possible. Additionally, there is an adjustment column for currency differences.

Select **Financial Consolidation > Consolidation > Consolidate**.

The Cashflow Group Sum report shows all cash flows of the individual companies, plus the group adjustments resulting in the consolidated cash flow.

The Cashflow Group Final report shows the consolidated cash flow.

Recognizing a new company

If a new company is acquired, then there will only be data available for the period where the company is initially consolidated. For the previous period, there will be no data available meaning no balance

sheet and no P&L. Therefore, for the calculation of the cash flow, there will be a change of each cash flow line of 100%, as everything is compared with 0 (zero) in the closing period of the last year.

This calculation is correct as the group grows exactly by the current value of the acquired assets and liabilities at the time of the initial consolidation. Therefore, there will be also a change of 100% of each individual cash flow item for the new acquired company.

So, within a group the calculation is correct. Only if there is the requirement to calculate the cash flow for the single close of the subsidiary, then the calculation would be false. However, as Financial Consolidation does not do single closes but only group closes, this kind of calculation is irrelevant.

Financial Consolidation contains default reports that fulfill certain financial standards requirements.

These are the requirements covered by the reports:

- Assets held for Sale (IFRS 5)
- Leasing (IAS 17)
- Other provisions (IAS 37)
- Contingent asset (IAS 37)
- Contingent liability (IAS 37)
- Employee benefit (IAS 19)
- Construction contracts (IAS 11)
- Foreign currency (IAS 21)
- Government grants (IAS 20)
- Financial assets pledged as collateral for liabilities or contingent liabilities (IFRS 7.14)
- Analysis of the ages of financial assets (IFRS 7.37a)
- Maturity analysis for derivative and non-derivative financial liabilities (IFRS 7.39 a-b)
- Additional disclosures

In each report there is an **n.a.** column. For most of the entry lines, you can select the check box to define which information is irrelevant and requires no further information.

Assets held for sale

This report requires you to state information concerning assets held for sales or assets and liabilities which are in a disposal group according to [IFRS 5]. These standards are covered by the report:

- [IFRS 5.41(a-c)]
- [IFRS 5.42]
- [IFRS 5.20–21]
- [IFRS 5.38]

The Assets held for sale report has a default setup. All strings are automatically created and are locked in Designer. You can adjust or add strings only in the Impairment Loss and Gains from the reversal of impairment loss sections of the structure elements.

Select **Designer > Business Model > IFRS Notes > IFRS Notes Accounts**.

In the dimension IFRS Notes, you can add new elements below the N2000120 and N2210200 accounts. These IFRS notes accounts are mapped to P&L accounts using the Transfer from Finance attribute. As a result of the mapping, the values from the P&L accounts are automatically transferred to the created IFRS notes account in the IFRS notes cube. How many accounts are necessary depends on the number of accounts that are used in the P&L to present the impairment loss, or the gain from the reversal of the impairment loss.

N2000120	Impairment loss for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell [IFRS 5.20(i), (c), (w)] and [IFRS 5.41(c)].
N2250400	Impairment loss on assets held for sale included in a disposal group [IFRS 5].
N2000130	Gain for any subsequent increase in fair value less costs to sell of an asset [IFRS 5.20(i), (c), (w)] and [IFRS 5.41(c)].
N2210200	Gains from reversal of impairment assets held for sale included in a disposal group [IFRS 5].

If one of these notes accounts does not have a mapping with a P&L account, then no values are transferred and therefore nothing is shown in the report. The information in these accounts is for informational purposes only and cannot be adjusted.

Leasing

This report requires you to disclose information concerning operating and financial leasing according to [IAS 17]. This includes future lease commitments and lease expenses of the current year. These standards are covered by the report:

- [IAS 17.35(a), (c-d)]
- [IAS 17.56(a-c)]
- [IAS 17.31(a-d)]
- [IFRIC 4.13]
- [IFRIC 4.15]

The Leasing report has a default setup. All strings are automatically created and are locked in Designer. You can adjust or add strings to only the Total finance lease obligations and Total assets under finance lease sections of the structure elements.

Select **Designer > Business Model > IFRS Notes > IFRS Notes Accounts**.

In the IFRS Notes dimension, you can add new accounts below the N1001010 and N1001030 accounts. These IFRS Notes accounts are mapped to balance sheet accounts using the Leasing attribute. Because of the mapping, the values from the balance sheet accounts are made visible in the Leasing report. How many accounts are necessary depends on the number of accounts that are used in the balance

sheet to present the total finance lease obligations (liability accounts) and the total assets under finance lease (asset accounts).

N1001000	Disclosures for Finance Leases
N1001010	Total Finance Lease Obligations of Lessees [IAS 17.31(b)]
N1001021	Finance Lease Obligations 3rd Parties - less than 1 year [IAS 17.31(b(i))]
N1001022	Finance Lease Obligations 3rd Parties - 1 to 5 years [IAS 17.31(b(ii))]
N1001023	Finance Lease Obligations 3rd Parties - more than 5 years [IAS 17.31(b(iii))]
N1001029	Carrying Amount (Balance Sheet Data)
N1001030	Total Assets under Finance Lease of Lessees [IAS 17.31(a)]
N1001031	Land and buildings - leased (finance lease) [IAS 17.31(a)]
N1001032	Technical equipment, plant and machinery - leased (finance lease) [IAS 17.31(a)]
N1001033	Other equipment, operational and office equipment - leased (finance lease) [IAS 17.31(a)]

If one of these notes accounts does not have a mapping with a balance sheet account, then no values are transferred and therefore nothing is shown in the report. The information in these accounts is for information purposes only and cannot be adjusted.

Other provisions

This report requires you to disclose information concerning provisions with a material impact on the business according to [IAS 37]. These standards are covered by the report:

- Provisions for restructuring [IAS 37.85(a-b)]
- Provisions for litigations and lawsuit risks [IAS 37.85(a-b)]
- Miscellaneous other provisions [IAS 37.85(a-b)]

You should present the Top 5 for each category.

The Other provisions report has a default setup. All strings are automatically created and are locked in Designer. You cannot adjust anything here.

Contingent asset

This report requires you to disclose information about contingent assets with a material impact on the business according to [IAS 37]. These contingent assets are covered by the report:

- Against 3rd party [IAS 37.10]
- Against related party [IAS 37.10]
- Against group company [IAS 37.10]

Additionally, you must provide these details according to [IAS 37.89] and [IAS 37.91], as well as revenue related disclosures where contingent assets resulted from either:

- Construction contracts accounted for in accordance with [IAS 11], or
- Revenue recognition in accordance with [IAS 18]

Additionally, you must provide information of tax related contingent assets [IAS 12.88], as well as business combinations disclosures [IFRS 3.B67(b)].

The Contingent asset report has a default setup. All strings are automatically created and are locked in Designer. You cannot adjust anything here.

Contingent liability

This report requires you to disclose information about contingent liabilities with a material impact on the business according to [IAS 37]. These contingent liabilities are covered by the report:

- Against 3rd party [IAS 37.10]
- Against related party [IAS 37.10]
- Against group company [IAS 37.10]

Additionally, you must provide details according to [IAS 37.86], [IAS 37.88], and [IAS 37.91], as well as revenue related disclosures where contingent liabilities resulted from either:

- Construction contracts accounted for in accordance with [IAS 11], or
- Revenue recognition in accordance with [IAS 18]

Additionally, you must provide information of tax related contingent assets [IAS 12.88] and post-employment [IAS 19.152] benefit related contingent liabilities, as well as business combinations disclosures [IFRS 3.B67(b)].

The Contingent liability report has a default setup. All strings are automatically created and are locked in Designer. You cannot adjust anything here.

Employee benefit

This report focuses mainly on [IAS 19.136–147] which includes a reconciliation from the opening balance to the closing of the net defined benefit liability or asset, disaggregation of the fair value of plan assets into classes, and a sensitivity analysis of each significant actuarial assumption.

Additionally, you must state this information in accordance with [IAS 19.135]:

- An explanation of the characteristics of an entity's defined benefit plans and the associated risks.
- Identification and explanation of the amounts arising in the financial statements from defined benefit plans.
- A description of how defined benefit plans may affect the amount, timing, and uncertainty of the entity's future cash flows.

The Employee benefit report has a default setup. All strings are automatically created and are locked in Designer. You cannot adjust anything here.

Within the report there is a check whether the total closing balance of the fair value of the plan assets is the same as the total of the composition of the plan assets.

Construction contracts

This report requires you to state the facts why revenue that meets the requirements of the standard [IAS 18.14] is still qualified as revenue from construction contracts, according to [IAS 11]. This is done in combination with [IFRIC 15.20-21], where the details concerning the revenues have to be given.

The Construction contracts report has a default setup. All strings are automatically created and are locked in Designer. You cannot adjust anything here.

Foreign currency

This report requires you to state the information concerning a change of the functional currency, or the reason why the presentation currency is not the functional currency according to [IAS 21]. Additionally, you must show the amount for exchange differences recognized in profit or loss, except for those arising on financial instruments measured at fair value through profit or loss in accordance with [IAS 21.52 (a)].

Select **Designer > Business Model > IFRS Notes > IFRS Notes Accounts**.

In the IFRS Notes dimension, you can add new elements below the N5000100 account. These IFRS notes accounts are mapped to balance sheet accounts using the Transfer from Finance attribute. Because of the mapping, the values from the P&L accounts are written to the relevant notes accounts in the IFRS notes cube. How many notes accounts you need to create depends on how many accounts are used in the P&L to present exchange differences.

The remainder of the Foreign currency report has a default setup. All strings are automatically created and are locked in Designer. You cannot adjust anything here.

N5000100	The amount of exchange differences recognized in profit or loss except for those arising on financial instruments measured at fair value through profit or loss in accordance with IAS 39. [IAS 21.52 (a)].
N5500110	Realized foreign exchange gains on financial assets classified as available for sale.
N5500120	Unrealized foreign exchange gains on financial assets classified as available for sale.
N5500210	Realized foreign exchange losses on financial assets classified as available for sale.
N5500220	Unrealized foreign exchange losses on financial assets classified as available for sale.

Government grants

This report requires you to disclose information on the extent of government grants recognized in the financial statements in accordance with [IAS 20.39]. The position N6000120 is derived from expenditures recognized in the P&L. To make the total visible it is necessary to map P&L accounts to accounts which can be created below the above mentioned IFRS notes account.

Select **Designer > Business Model > IFRS Notes > IFRS Notes Accounts**.

In the IFRS Notes dimension, you can add new accounts below N6000120. These IFRS notes accounts are mapped to P&L accounts using the Transfer from Finance attribute. Because of the mapping, the values from the P&L accounts are made visible in the Government grants.

The remainder of the Government grants report has a default setup. All strings are automatically created and are locked in Designer. You cannot adjust anything here.

N6000120	The extent of government grants recognized in the financial statements [IAS 20.39(b)].
N6300700	Government Grants - current

Financial assets pledged as collateral for liabilities or contingent liabilities

This report requires you to disclose information in accordance with [IFRS 7.14] which includes to state the book value of the financial assets pledged as collateral, and a description of the terms and condition relating to the pledge. Additionally, you must present the fair value.

Select **Designer > Business Model > IFRS Notes > IFRS Notes Accounts**.

In the IFRS Notes dimension, you can add new accounts below the N07 account. These IFRS notes accounts are mapped to balance sheet accounts using the Financial Assets Liabilities attribute. Because of the mapping, the values from the balance sheet accounts are made visible in the report. How many accounts are necessary depends on the number of accounts that are used in the balance sheet to present the total financial assets obligations.

The remainder of the Financial assets pledged as collateral for liabilities or contingent liabilities report has a default setup. All strings are automatically created and are locked in Designer. You cannot adjust anything here.

N07	IFRS 7.14
N7131200	Other long-term investments
N7131500	Investments in associated companies
N7132300	Loans and Financing Receivables
N7132400	Intergroup loans
N7220210	Trade receivables (Fair Value)
N7220220	Trade receivables (Provision for Bad Debt)
N7220230	Other receivables

Only IFRS notes accounts with a valid mapping will have values presented in the report, if there is a value shown in the balance sheet for the particular financial asset.

Analysis of the ages of financial assets

This report requires you to disclose information in accordance with [IFRS 7.37(a)] which is an analysis of the aging structure of the financial assets. The IFRS notes accounts shown in the report are the same as in the Financial assets pledged as collateral for liabilities or contingent liabilities report. There is no additional setup necessary for the IFRS notes accounts in the report.

The remainder of the Analysis of the ages of financial assets report has a default setup. All strings are automatically created and are locked in Designer. You cannot adjust anything here.

Maturity analysis for derivative and non-derivative financial liabilities

This report requires you to disclose information in accordance with [IFRS 7.39(a-b)] which is an analysis of the aging structure of derivative and non-derivative financial liabilities. The book value shown for the

financial liabilities is not entered through the report but is automatically transferred from the balance sheet.

Select **Designer > Business Model > IFRS Notes > IFRS Notes Accounts**.

In the IFRS Notes dimension, you can add new accounts below the N09 account. These IFRS notes accounts are mapped to balance sheet accounts using the Financial Assets Liabilities attribute. Because of the mapping, the values from the balance sheet accounts are made visible in the Maturity analysis for derivative and non-derivative financial liabilities report.

The remainder of the Maturity analysis for derivative and non-derivative financial liabilities report has a default setup. All strings are automatically created and are locked in Designer.

N09	N9_IFRS 7.39ab
N9200100	Bank Loans
N9200300	Other Long-term Liabilities
N9300100	Trade Payables
N9300300	Other Short-term payables
N9300400	Bank loans and overdrafts
N9300610	Liabilities due to banks (current account credit) - third parties - current

Only IFRS notes accounts with a valid mapping will have values presented in the report, if there is a value shown in the balance sheet for the particular financial liability.

Additional disclosures

This report covers these standards:

- Inventories: [IAS 2.36(d-h)]
- Intangible assets: [IAS 38.122(a), (d), (e)] and [IAS 38.126]
- Tangible assets: [IAS 16.74(a), (c), (d)]
- Investment property: [IAS 40.75(f (i), (ii), (iii)), (g), (h)] and [IAS 40.79(e)]
- Borrowing costs capitalized: [IAS 23.26(a-b)]
- Cash flow: [IAS 7.31], [IAS 7.39], [IAS 7.409a-d)], [IAS 7.43], and [IAS 7.48]
- General disclosures: [IAS 1.104]

The Additional disclosures report has a default setup. All strings are automatically created and are locked in Designer. You can adjust or add strings to only the Carrying amount of inventories recognized as expense in the period section of the structure elements.

Select **Designer > Business Model > IFRS Notes > IFRS Notes Accounts**.

In the IFRS Notes dimension, you can add accounts below the N1000500 account. These IFRS notes accounts are mapped to P&L accounts using the Transfer from Finance attribute. As a result of the

mapping, the values from the P&L accounts are automatically transferred to the created IFRS notes account in the IFRS notes cube.

N12000500 Carrying amount of inventories recognized as expense in the period [IAS 2.36(d)]

N1120100 Material Costs (direct)

A group must show a consolidated balance sheet which shows only values against third parties. In receivables and payables, there are usually values against other companies within the group. These values must be eliminated. This is done with the consolidation of debts.

Setting up consolidation of debts

To use the automated elimination of intercompany debts, you must set several attributes in Designer. First, you must define which accounts are relevant for the consolidation of debts.

- 1 Select **Designer > Business Model > Accounts > Accounts**.
- 2 For all relevant accounts, double-click the cell in the **Consolidation Rule** column, then select **Cons. Debt** and click **OK**.

Next, you must define which accounts are reconciled against each other.

- 3 Select **Application > Consolidation Settings**, then click on the **Cons. Debts** tab.
- 4 Select the rule you want to apply, then **Click to Edit** to open the Rule Editor dialog box.
- 5 In the Accounts section, click the **Edit Accounts** icon, then select the accounts you want and click **OK**.

Best practice dictates that this is a receivables account. This is position type A.

- 6 In the Contra-accounts section, click the **Edit Accounts** icon, then select the accounts you want and click **OK**.

Best practice dictates that this is a payables account. This is position type L.

Note: The Accounts and Contra-accounts sections can contain only one position type. You cannot mix position type A and L. There is no limit to how many accounts you can assign in Accounts or Contra-accounts, and the number of accounts does not need to match.

- 7 Define the difference accounts.

If there is a difference between the compared accounts, then this is posted to either a Debit Differences account, or a Credit Differences account. If you use only one account, then you must select the same account for both the debit difference and the credit difference.

- 8** To set the Target of Differences to define which company receives the difference, click the cell in the **Setting** column and select one of these options:
- According to account value: The difference is assigned to entity which shows the lower value in the comparison.
 - Company: The difference is assigned to the company that has the accounts in the Accounts section.
 - Intercompany relation: The difference is assigned to the company that has the accounts in the Contra-accounts section.
 - External: Not in use.

Finally, you must define the Number of journals per company-intercompany relation.

- 9** Click the cell in the **Setting** column and select one of these options:
- Two journals per company-intercompany relation: First, a journal between Company A and Company B is created, eliminating the receivables of Company A and the payables of Company B. Then, a second journal is created, eliminating the receivables of Company B and the payables of Company A. A separate difference is calculated and posted for each journal.
 - One journal per company-intercompany relation: All the receivables and payables of both companies are recognized in one journal entry, and a single total difference is calculated for everything.

Reconciliation

Before you perform the consolidation of debts and post journal entries to the system, you can do an intercompany reconciliation. You can use these reports to assist you in the reconciliation:

- Account Reconciliation (Intercompany)
- Intercompany Matching Detail - Overview

Account Reconciliation (Intercompany)

The first report is a reconciliation of all company-intercompany relations. The company is always shown in the Accounts section, whereas the intercompany is in Contra-accounts section. All pairs that do not match are highlighted in black.

The first line shows the receivables for Company A and the payables for Company B. The second line shows the receivables for Company B and the payables for Company A. A separate difference is shown in each line.

You can click on a highlighted field to view a more detailed report.

The detailed report shows all receivables and payables for Company A and Company B, and a single total difference is calculated.

Intercompany Matching Detail - Overview

This report is similar to the Account Reconciliation (Intercompany) report. It shows all receivables and payables for Company A and Company B, but it also shows a summary of all pairs relevant for the consolidation. This includes expenditures and revenue, as well as the consolidation of debts.

Both reconciliation reports show all companies with values, regardless of whether a specific company-intercompany relation is relevant for any group. Therefore, if there is a difference between a certain company-intercompany, you need to know whether it is relevant for the group or not. The report does not show this. Any manual adjustment that you do on the group level is not recognized in these reports.

Performing the consolidation of debts

You can perform the consolidation of debts in the consolidation monitor.

- 1 Select **Financial Consolidation > Consolidation > Consolidate**.
- 2 Specify the **Year, Period, Scenario, Group**, and **Sequences** you want to use for the consolidation.
- 3 Select which rules you want to run and click **Execute**.

Progress is shown in the Message section at the bottom of the screen. You can select which messages you see from the **Message Type** field.

Analyzing the consolidation of debts

You can analyze the consolidation in the Audit Trail Group reports or the Group Journal List. The Audit Trail Group report is broken down into reports for the income statement, assets, and equity and liabilities.

- 1 Select **Financial Consolidation > Consolidation > Group Journal List**.
- 2 Select the check boxes of the journals you want to analyze and click **Load**.
- 3 To view the audit trail information, select **Group Reports > Audit Trail Group (...)**.

Alternatively, you can click on any cell which is highlighted in blue to open the Drill Through, which shows all the journals that made up that value.

If no difference is posted in the journal, then the consolidation of debts is correct, because the receivables and payables of the two companies are the same and are therefore reconciled.

Recognizing the carry forward in the consolidation of debts

Differences arising from the consolidation of debts are posted either to the account in the credit or debit difference set in the consolidation rule. These accounts can either be P&L accounts or balance sheet accounts. Regardless of where it is recognized, a realized difference must usually be recognized as the opening balance in the next period within the equity, so the opening balance in the equity schedule matches for all accounts the closing balance of the previous period. Therefore, the consolidation of debts must be carried forward to the next year.

However, to carry forward the whole consolidation of debts complicates the reconciliation, as it is necessary to take account of the changes. The problem is shown in this table.

Settings:

	2014			2015		
	Payables	Receivables	Difference	Payables	Receivables	Difference
Company A		100,000.00			140,000.00	
Company B	120,000.00		20,000.00	145,000.00		5,000.00

Solution:

In 2014, the automatic will post this journal:

```

Company B - payable 120,-- /
Company A - receivable 100,--
Company A - difference account 20,--
    
```

If the carry forward is performed, then the journal will be posted again in the Rollover Cons. Debts level in 2015. If the difference was considered in the P&L, then the carry forward journal in 2015 will be adjusted. Instead of using the P&L account for the difference, the account retained earnings is used together with the movement (schedule) element opening balance (OB). So, this journal entry will be posted by the system:

```

Company B - payable 120,-- /
Company A - receivable 100,--
Company A - retained earnings OB 20,--
    
```

Because 100 and 120 is already eliminated, the automatic will post this journal in 2015:

```

Company B - payable 25,--
Company A - difference account 15,-- / Company A - receivable 40,--
    
```

A value of -15 is recognized in the P&L.

Problem:

Two journals are posted for each company-intercompany relation in each period. The first comes from the carry forward and the second recognizes the remaining change. However, this leads to the problem that two journals must be added together to understand what value was effectively eliminated. Additionally, all journal entries are doubled, which means there are a lot of journals to reconcile. Therefore, it is suggested that you do not carry forward the consolidation of debts.

Alternative solution for not recognizing the carry forward in the consolidation of debts

Instead of recognizing the carry forward in the following period, you can eliminate 100% of the payables and receivables with the automatic run.

In 2014, the automatic will post this journal:

```

Company B - payable 120,-- /      Company A - receivable 100,--
                                   Company A - difference account 20,--

```

There will be no carry forward for 2015, so this journal entry will be posted by the system:

```

Company B - payable 145,-- /      Company A - receivable 140,--
                                   Company A - difference account 5,--

```

The advantage of not performing the carry forward is that you do not need to think about the changes but just of eliminating the intercompany receivables and payables as they were reported. However, this way is not completely correct, as part of the difference between the receivable and payable was already recognized in the previous period, and only the change of that difference must be recognized in the current period. In the example, this is -15. Depending on whether the current difference is shown in the P&L or directly in the equity, you must either make an adjustment of the P&L account, or an adjustment of the opening balance of the equity account.

Recognizing the difference in the P&L

If the difference is recognized in the P&L in 2015, then you must make this adjustment:

```

Company A - difference account 20,-- / Company A - retained earnings
  OB 20,--

```

Recognizing the difference directly in equity

If the difference was directly recognized in equity in the previous period, then you must make this adjustment to the opening balance against the movement details in the adjustment journal:

```
Company A - difference account in equity AJ 20,-- / Company A -
difference account in equity OB 20,--
```

Neither of the shown journals are done automatically. You must either manually post these journals or create a rule in Application Engine. This rule recognizes the difference amount that was posted in the previous period and posts that value to the opening balance of the appropriate account.

Consolidating segments

In addition to company-intercompany relations, you can also do the consolidation of debts for segment-intersegment relations. A segment can be a division, profit center, region, product line, and so on. You can have three different segmentation which can produce segment-intersegment relations. The segment consolidation is a byproduct of the total consolidation. In addition to showing the group results, it is also important to show consolidated segments, for example, consolidated divisions if the segment dimension is used for presenting divisions.

As shown in these examples, produced in Office Plus, each segment-intersegment relation also requires a company-intercompany relation. Usually, one company-intercompany relation can have several segment-intersegment relations, or vice versa.

Example 1

DCOMPC	DINTCO	DPSEGM	DPRSEGM	DACOUNT	
				Trade receivables (Fair Value)	Trade Payables
Genesis Cars	Genesis Finance	Automotive	Services	320,050.00	460,000.00
Genesis Finance	Genesis Cars	Services	Automotive	460,000.00	330,050.00

Example 2

DCOMPC	DINTCO	DPSEGM	DPRSEGM	DACOUNT	
				Trade receivables (Fair Value)	Trade Payables
Genesis Cars	Genesis Finance	Services	Services	10,000.00	0.00
Genesis Finance	Genesis Cars	Services	Services	0.00	10,000.00

When you consolidate segments within the consolidation of debts, the standard rule will differentiate between intrasegment and intersegment eliminations.

If the segment and the intersegment are the same, then an intrasegment elimination is done. If they are different, as shown in the first example, it will trigger an intersegment journal. Different to company-intercompany relations, segment-intersegment relations can be the same.

Because of the structure of the DSTAGE dimension, a journal entry to intrasegment will affect only the individual consolidated segment. So, if you want to analyze only the consolidated numbers of one segment, then you must select the Consolidated Segment element.

You can use one of these reports to analyze the individual consolidated segments:

- Business Segmentation
- Geographical Segmentation
- Segment 3

Depending on what you want to present, you can change the names of the reports. For example, you can change Business Segmentation to Division Reporting.

However, all reports are based on the assumption that the reporting happens using the Parallel segmentation type. This ensures that there are no dependencies between, for example, the business and the geographical segmentation.

So, if a value of 100 between two companies is broken down into 70 for Automotive and 30 for Trading, then the same value is also broken down into regions. So, 80 for Austria and 20 for Sweden. There is no connection between the break down into businesses and regions.

Contrary to this, Financial Consolidation enables you to use the Hierarchical segmentation type. If you use this type, then it is not enough for you to break down the value 100 separately into business and region, but you must also consider the connection between business and region. Therefore, a value 100 could be broken down as:

- 60: Automotive/Austria
- 10: Automotive/Sweden
- 20: Trading/Austria
- 10: Trading/Sweden

Currently there are no reports for this type of segmentation, so you must create them individually. However, the differentiation is only important if more than one segment is in use.

Rules for consolidation of debts

Financial Consolidation contains these rules for the consolidation:

- Consolidation of Debts: Eliminates all intercompany receivables and payables without any recognition of segments
- Consolidation of Debts-Segment 1: Eliminates all intersegment receivables and payables on all segments in Segment 1 (also known as the primary segment)
- Consolidation of Debts-Segment 2: Eliminates all intersegment receivables and payables on all segments in Segment 2 (also known as the secondary segment)

- Consolidation of Debts-Segment 3: Eliminates all intersegment receivables and payables on all segments in Segment 3 (also known as the tertiary segment)
- Consolidation of Debts - Hierarchical Segments: Eliminates all intersegment receivables and payables on all segments from segment 1 to 3

You can view the currently applied rules in **Financial Consolidation > Administration > Consolidation Rules**.

Managing consolidation rules

Financial Consolidation enables you to manage which rules you want to apply to the consolidation of debts.

- 1 From the menu ribbon, select **Consolidation > Administer Consolidation Rules**.
- 2 If a segment is not to be used, select it and click the **right** arrow to move it to the Available Consolidation Rules window to make it inactive.
- 3 If you want to use the Hierarchical segment type, then select the Consolidation of Debts - Hierarchical Segments rule.
- 4 Click anywhere under the Consolidation of Debts folder, then click the **left** arrow to add the rule to the folder.

A group must show a consolidated P&L which shows only values against third parties. In revenues and expenses, there are usually values against other companies within the group. These values have to be eliminated. This is done with the consolidation of expenditures/revenue.

Setting up consolidation of expenditures and revenue

To use the automated elimination of intercompany expenditures and revenue, you must set several attributes in Designer.

First, you must define which accounts are relevant for the consolidation of expenditures and revenue.

- 1 Select **Designer > Business Model > Accounts > Accounts**.
- 2 For all relevant accounts, double-click the cell in the **Consolidation Rule** column, then select **Cons. Expenditures/Revenue** and click **OK**.

Next, you must define which accounts are reconciled against each other.

- 3 Select **Application > Consolidation Settings**, then click on the **Cons. Expenditures/Revenue** tab.
- 4 Select the rule you want to apply, then **Click to Edit** to open the Rule Editor dialog box.
- 5 In the Accounts section, click the **Edit Accounts** icon, then select the accounts you want and click **OK**.

Best practice dictates that this is a revenue account. This is position type R.

- 6 In the Contra-accounts section, click the **Edit Accounts** icon, then select the accounts you want and click **OK**.

Best practice dictates that this is an expenditure account. This is position type E.

Note: The Accounts and Contra-accounts sections can contain only one position type. You cannot mix position type R and E. There is no limit to how many accounts you can assign in Accounts or Contra-accounts, and the number of accounts does not need to match.

- 7 Define the difference accounts.

If there is a difference between the compared accounts, then this is posted to either a Debit Differences account, or a Credit Differences account. If you use only one account, then you must select the same account for both the debit difference and the credit difference.

- 8** To set the Target of Differences to define which company receives the difference, click the cell in the **Setting** column and select one of these options:
- According to account value: The difference is assigned to entity which shows the lower value in the comparison.
 - Company: The difference is assigned to the company that has the accounts in the Accounts section.
 - Intercompany relation: The difference is assigned to the company that has the accounts in the Contra-accounts section.
 - External: Not in use.

Finally, you must define the Number of journals per company-intercompany relation.

- 9** Click the cell in the **Setting** column and select one of these options:
- Two journals per company-intercompany relation: First, a journal between Company A and Company B is created, eliminating the revenue of Company A and the expenditure of Company B. Then, a second journal is created, eliminating the revenue of Company B and the expenditure of Company A. A separate difference is calculated and posted for each journal.
 - One journal per company-intercompany relation: All the revenue and expenditures of both companies are recognized in one journal entry, and a single total difference is calculated for everything.

Reconciliation

Before you perform the consolidation of expenditures and revenue and post journal entries to the system, you can do an intercompany reconciliation. You can use these reports to assist you in the reconciliation:

- Account Reconciliation (Intercompany)
- Intercompany Matching Detail - Overview

Account reconciliation (Intercompany)

The first report is a reconciliation of all company-intercompany relations. The company is always shown in the Accounts section, whereas the intercompany is in Contra-accounts section. All pairs that do not match are highlighted in black.

The first line shows the revenue for Company A and the expenditures for Company B. The second line shows the revenue for Company B and the expenditures of Company A. A separate difference is shown in each line.

You can click on a highlighted field to view a more detailed report.

The detailed report shows all expenditures and revenue for Company A and Company B, and a single total difference is calculated.

Intercompany Matching Detail - Overview

This report is similar to the Account Reconciliation (Intercompany) report. It shows all expenditure and revenue for Company A and Company B, but it also shows a summary of all pairs relevant for the consolidation. This includes consolidation of debts, as well as expenditures and revenue.

Both reconciliation reports show all companies with values, regardless of whether a specific company-intercompany relation is relevant for any group. Therefore, if there is a difference between a certain company-intercompany, you need to know whether it is relevant for the group or not. The report does not show this. Any manual adjustment that you do on the group level is not recognized in these reports.

Performing the consolidation of expenditures and revenue

You can perform the consolidation of expenditures and revenue in the consolidation monitor.

- 1 Select **Financial Consolidation > Consolidation > Consolidate**.
- 2 Specify the **Year, Period, Scenario, Group**, and **Sequences** you want to use for the consolidation.
- 3 Select which rules you want to run and click **Execute**.

Progress is shown in the Message section at the bottom of the screen. You can select which messages you see from the **Message Type** field.

Analyzing the consolidation of expenditures and revenue

You can analyze the consolidation in either the Audit Trail Group report or in the Group Journal List. The Audit Trail Group report is broken down into reports for the income statement, assets, and equity and liabilities.

- 1 Select **Financial Consolidation > Consolidation > Group Journal List**.
- 2 Select the check boxes of the journals you want to analyze and click **Load**.
- 3 To view the audit trail information, select **Group Reports > Audit Trail Group (...)**.

Alternatively, you can click on any cell which is highlighted in blue to open the Drill Through, which shows all the journals that made up that value.

If no difference is posted in the journal, then the consolidation of expenditures and revenue is correct, because the expenditures and revenues of the two companies are the same and are therefore reconciled.

Recognizing the carry forward in the consolidation of expenditures and revenue

Because the total result of the elimination of expenditures and revenue is zero, you do not need to carry forward the journals that were created by the automatic run. The consolidation of expenditures and revenue is excluded from the carry forward.

Consolidating segments

In addition to company-intercompany relations, you can also do the consolidation of debts for segment-intersegment relations. A segment can be a division, profit center, region, product line, and so on. You can have three different segmentation which can produce segment-intersegment relations. The segment consolidation is a byproduct of the total consolidation. In addition to showing the group results, it is also important to show consolidated segments, for example, consolidated divisions if the segment dimension is used for presenting divisions.

As shown in these examples, produced in Office Plus, each segment-intersegment relation also requires a company-intercompany relation. Usually, one company-intercompany relation can have several segment-intersegment relations, or vice versa.

Example 1

DCOMPC	DINTCO	DPSEGM	DPRSEGM	DACOUNT	
				Revenues	Material Costs (Direct)
Genesis Cars	Genesis Germany	Automotive	Trading	2,125.00	-12,500.00
Genesis Germany	Genesis Cars	Trading	Automotive	12,500.00	-2,125.00

Example 2

DCOMPC	DINTCO	DPSEGM	DPRSEGM	DACOUNT	
				Revenues	Material Costs (Direct)
Genesis Cars	Genesis Automotive	Automotive	Automotive	162.50	-5,000.00
Genesis Automotive	Genesis Cars	Automotive	Automotive	5,000.00	-162.50

When you consolidate segments within the consolidation of expenditures and revenue, the standard rule will differentiate between intrasegment and intersegment eliminations.

If the segment and the intersegment are the same, then an intrasegment elimination is done. If they are different, as shown in the first example, it will trigger an intersegment journal. Different to company-intercompany relations, segment-intersegment relations can be the same.

Because of the structure of the DSTAGE dimension, a journal entry to intrasegment will affect only the individual consolidated segment. So, if you want to analyze only the consolidated numbers of one segment, then you must select the Consolidated Segment element.

You can use one of these reports to analyze the individual consolidated segments:

- Business Segmentation
- Geographical Segmentation
- Segment 3

Depending on what you want to present, you can change the names of the reports. For example, you can change Business Segmentation to Division Reporting.

However, all reports are based on the assumption that the reporting happens using the Parallel segmentation type. This ensures that there are no dependencies between, for example, the business and the geographical segmentation.

So, if a value of 100 between two companies is broken down into 70 for Automotive and 30 for Trading, then the same value is also broken down into regions. So, 80 for Austria and 20 for Sweden. There is no connection between the break down into businesses and regions.

Contrary to this, Financial Consolidation enables you to use the Hierarchical segmentation type. If you use this type, then it is not enough for you to break down the value 100 separately into business and region, but you must also consider the connection between business and region. Therefore, a value 100 could be broken down as:

- 60: Automotive/Austria
- 10: Automotive/Sweden
- 20: Trading/Austria
- 10: Trading/Sweden

Currently there are no reports for this type of segmentation, so you must create them individually. However, the differentiation is only important if more than one segment is in use.

Rules for consolidation of expenditures and revenue

Financial Consolidation contains these rules for the consolidation of expenditures and revenue:

- Consolidation of Expenditures and Revenue: Eliminates all intercompany expenditures and revenue without any recognition of segments
- Consolidation of Expenditures and Revenue-Segment 1: Eliminates all intersegment expenditures and revenue on all segments in Segment 1 (also known as the primary segment)

- Consolidation of Expenditures and Revenue-Segment 2: Eliminates all intersegment expenditures and revenue on all segments in Segment 2 (also known as the secondary segment)
- Consolidation of Expenditures and Revenue-Segment 3: Eliminates all intersegment expenditures and revenue on all segments in Segment 3 (also known as the tertiary segment)
- Consolidation of Expenditures and Revenue - Hierarchical Segments: Eliminates all intersegment revenues and expenditures on all segments from segment 1 to 3

You can view the currently applied rules in **Financial Consolidation > Administration > Consolidation Rules**.

Managing consolidation rules

Financial Consolidation enables you to manage which rules you want to apply to the consolidation of debts.

- 1 From the menu ribbon, select **Consolidation > Administer Consolidation Rules**.
- 2 If a segment is not to be used, select it and click the **right** arrow to move it to the Available Consolidation Rules window to make it inactive.
- 3 If you want to use the Hierarchical segment type, then select the Consolidation of Expenditures and Revenue - Hierarchical Segments rule.
- 4 Click anywhere under the Consolidation of Expenditures and Revenue folder, then click the **left** arrow to add the rule to the folder.

To enable you to get better information from the intercompany reconciliation, the system provides an analysis of the transactions which lie behind intercompany receivables, liabilities, revenues, or expenditures.

For example, in the IC reconciliation there are usually differences between two partners. Group consolidation departments need to identify the reason for these differences. Showing transactions help you to know whether a difference is just a currency difference or is based on a difference that is, for example, from a timing difference in the transaction currency.

Enabling transactions in Designer

To use the transaction functionality, you must first enable it in Designer.

- 1 Select **Designer > Application > Consolidation Settings**.
- 2 In the Common section, select **Enabled** next to Transactions.
- 3 In the Other System Accounts section, click the dotted (...) icon and select the standard account you want to use for transactions.

All consolidation rules, including the assigned accounts, are shown in below the top element in the DACOUNT dimension and in the Transactions - Consolidation Rules dimension.

Reports

To do the analysis, you need to enter the transaction data through the data entry reports in consolidation. All of these reports are in the Financial Consolidation **Transactions** menu.

Entering data

In the data entry forms for the transactions (for example, receivables), the transaction currency needs to be selected and the appropriate amount entered in the **Value in Transaction Currency** column. Each value entered is automatically calculated into the group currency (Value of Transaction in Group Currency) using the closing rate.

In the **Total Value in Local Currency** column, the value from the TFINANC cube is shown in the functional currency of the company. In the **Total Value in Group Currency** column, the translated value in group currency is shown.

For each value from the TFINANC cube, there can be several transactions in different currencies. Each currency needs to be individually selected and entered. For one currency there can only be one transaction value. So, if several transactions in one currency make up for one value in the TFINANC cube, then they must be summarized in one transaction value.

When the Total element is selected in Transaction Currency, you can read the total amount of all the transactions in different currencies calculated into the group currency in the **Value of Transaction in Group Currency** column.

Note: All data that you enter in the data entry reports is written back to the TSTDTRANSACT cube.

Reconciliation

In the Transactions Reconciliation report, the total difference between two entities is broken down into a transaction and a currency difference. If no data for transactions is entered, then the difference is by default a currency difference. The reconciliation report is always from the perspective of the company which has either the receivable or the revenue.

Making the differences of the reconciliation available in a cube

The differences shown in the reconciliation report are only available in that report, but not as a physical value in the database. To make them available in the TSTDTRANSACT cube, these consolidation rules need to be run in Financial Consolidation:

- Transactions - Calculate Transaction Differences: Calculates the differences. The result is written to the T2200 element.
- Transactions - Calculation of Currency Differences: Calculates the differences. The result is written to the T3200 element.
- Transactions - Carry Forward of Difference: Carries forward the differences from the previous period. The results are written to the T2100 and T3100 elements.

Note: The Transactions - Carry Forward of Difference rule is only relevant for the debt consolidation in case the debt consolidation is carried forward as a whole. Otherwise, this rule must not be used.

Note: All calculations are in group currency only.

The participation changes module documents every purchase or sale of a subsidiary. For purchases, this includes a complete new acquisition or a partial increase of participation or control. For sales, this includes a complete or partial disposition of a subsidiary.

Select **Financial Consolidation > Settings > Consolidation Parameters > Participation Changes**.

Documenting information in a purchase (buy)

You can document this information in a purchase (buy):

- Name of the direct holding company
- Name of the subsidiary that was acquired
- The scenario in which the acquisition will be relevant
- The consolidation stage where the acquisition will be recognized
- The date when the transaction took place (transaction date)
- The change in percentage of the participation. Cannot be higher than 100%
- The change in percentage of the control. Cannot be higher than 100%
- The price that was paid by the holding in the currency of the holding
- The price that was paid by the holding in the currency of the subsidiary
- The goodwill which results from the acquisition
- The date when the acquisition was recognized for the first time in the consolidation
- A description where comments can be made
- The possibility of attaching documents to the system
- A definition whether a goodwill is amortized at all or is amortized on a linear basis
- A list of all equity accounts that were involved in the acquisition
- A list of all accounts where hidden reserves/liabilities were realized during the acquisition

Defining which accounts are shown below equity and hidden reserves and liabilities

All accounts that need to be shown below equity in the participation changes module must be flagged.

- 1 Select **Designer > Infor Financial Consolidation > Business Model > Accounts > Accounts**.
- 2 Select the check box in the **Equity** column of the account you want to flag.
- 3 Select the check box in the **Reserve** column of the account you want to flag.
- 4 Recreate the tables.

Calculating the goodwill

The goodwill or badwill is automatically calculated by the participation changes module, and is the difference between the price that was paid for the subsidiary and the values stated for the equity accounts and the realized hidden reserves/liabilities. The calculation is always in the currency of the subsidiary. This means that all equity accounts and hidden reserves/liabilities must be shown in the currency of the subsidiary.

$$\text{Price} - (\text{Equity} + \text{Hidden Reserves and Liabilities}) = \text{Goodwill}$$

Translating currencies

For each acquisition, the price must be shown in the currencies of both the holding company and the subsidiary. Based on that, a currency rate is defined which is then used to calculate the values of the equity and the hidden reserves/liabilities.

Amortization of goodwill

The selection of the amortization of a goodwill is only active if a goodwill is realized. Depending on the GAAP that is in use to present the financial statements, a goodwill can be amortized on a linear basis. IFRS or US GAAP do not permit this. So, if you are presenting your financial statements in one of these GAAPs, then you must select either None or Manual, as both GAAPs require regular impairment tests.

Note: Although, the use of None or Manual is basically the same, the documentation is more correct if you select Manual.

If you select Linear, then you must provide this information:

- The time period in which the amortization should happen.
- The amortization account in the P&L which is predefined in Designer.

- Information such as schedule detail and segment information, if the selected account requires this.
- The goodwill (asset) account which is also predefined in Designer.
 - Information such as schedule detail and segment information, if the selected account requires this.

The rate for the period is automatically calculated.

As previously described, the definition of the amortization and goodwill account is done in Designer.

Note: The Goodwill participation system account is not the asset account, but the impairment account of the P&L. The Goodwill (Amortization) participation system account is actually the asset where the goodwill is recognized to.

The documentation of the amortization of the goodwill is currently only for information purposes and does not yet trigger an automatic recognition, especially in the event of a linear amortization.

Depreciation or amortization of hidden reserves

Similar to the amortization of goodwill, the depreciation or amortization of hidden reserves can be documented. As with the amortization of goodwill, the None or Manual options do not trigger anything.

If you select Linear, then you must provide this information:

- The time period in which the depreciation or amortization should happen.
- The depreciation or amortization account in the P&L which is defined directly in the Participation Changes module.
 - Information such as schedule detail and segment information, if the selected account requires this.
- The asset account which is also defined directly in the Participation Changes module.
 - Information such as schedule detail and segment information, if the selected account requires this.

The rate for the period is automatically calculated.

Documenting information in a disposition (sell)

You can document this information in a disposition (sell):

- The holding company that is selling.
- The subsidiary that is completely or partly sold.
- The scenario where the disposition is recognized.

- The consolidation stage where the disposition will be recognized.
- The date of the sale.
- The change in percentage of the participation.
- The change in percentage of the control.
- The price that was received by the holding in the currency of the holding.
- The price that was received by the holding in the currency of the subsidiary.
- The date where the disposition was recognized in the consolidation.
- A description where comments can be made.
- The possibility of attaching documents to the system.

Synchronizing functions

To complete a buy or sell, you have these menu options:

- **Complete:** Locks the individual case, and no further changes can be made. All information that is stored to SQL is automatically synchronized to the OLAP database.
- **Save:** Saves the individual case, enabling further changes to be made. All information is stored to SQL but not to the OLAP database.
- **Synchronize:** All cases are synchronized to the OLAP database, including those that are saved.

If you are documenting a case for the first time, it is recommended to use the **Save** then **Synchronize** function, so that you can make adjustments. You should only **Complete** after the financial statements are finished and audited, ensuring the security and validity of the data.

If a parent does not have 100% ownership over a subsidiary, then the difference between 100% and the actual ownership must be recognized as a minority in the balance sheet and P&L of the subsidiary within the group. The minority is the part which is not owned by the group, but by others who do not have more than 50% ownership.

Calculation of minorities

Minorities are calculated based on the ownership percentages given in the Ownership and Control (Group) table.

Select **Infor Financial Consolidation > Settings > Consolidation Parameters > Ownership and Control (Group)**.

The table shows the ownerships that a parent company holds over a subsidiary. If the percentage is not 100%, then the remainder is called direct minority.

For example, if the RU0003 entity holds 75% over RU0004, it leads to a direct minority of 25%.

You can see a detailed list of all minorities in **Consolidation Parameters > Group Structure**, where all information relating to a certain group is stored.

The Group Structure table contains Direct Minorities and Indirect Minorities. An indirect minority is the result of the top holding company holding less than 100% over a company which is itself the parent of another company, with a holding of less than 100%. Therefore, the top holding company has only indirect ownership.

For example, if the RU0001 entity holds 98% of RU0003 and this company itself holds only 75% of RU0004, then this leads to a direct minority of 2% between RU0001 and RU0004, and 25% between RU0003 and RU0004.

Additionally, the ownership percentages of 75% and 98% must be multiplied to define the ownership that the group has over RU0004. This gives a percentage of 73.5%. The difference between the direct ownership 75% and the calculated ownership for the group of 73.5% is the indirect minority of 1.5%.

Automatic creation of journals

To recognize the minorities in journals, Financial Consolidation uses these rules:

- Minorities in the P&L
- Direct minorities in the balance sheet
- Indirect minorities in the balance sheet

Minorities in the P&L

The rule calculates the minority share of the P&L, then creates a journal that transfers this share from the P&L to the Minorities section of the balance sheet.

Note: The rule considers the direct as well as the indirect minorities in the calculation.

- 1 Select **Designer > Application > Consolidation Settings**.
- 2 Select the **Cons. Capital** tab.
- 3 In the **Setting** column of the M1 rule, click to open the Rule Editor dialog box.
- 4 In the Rule section, click the dotted (...) icon in Consolidation Basis to change the setting, then select the consolidation level you want to apply and click **OK**.
- 5 Click the dotted (...) icon in Base Account to change the setting, then select the base account you want to add and click **OK**.
Next, you must select the accounts that will be recognized as the minority share in the P&L.
- 6 In the Accounts section, click the **Edit accounts** icon, then select the accounts that you want to use.
Now, you need to select the minority account in the balance sheet that receives the value from the P&L.
- 7 In the Contra-accounts section, click the **Edit accounts** icon, then select the accounts that you want to use.
Now, you need to select the minority account in the P&L that delivers the value from the P&L.
- 8 In the Contra-accounts section, click the **Edit accounts** icon, then select the accounts that you want to use.

The minority is calculated based on the value found in the base account. The formula is:

```
Base account *( Direct minority + Indirect minority)
```

The consolidation rule responsible for the calculation of the minority share of the P&L is also M1.

Minorities in the balance sheet

The calculation of the minorities in the balance sheet is separated into two rules. One rule calculates the direct minorities while the other one the indirect minorities. So, depending whether there are direct and indirect minorities for a company, up to two journal entries are created for each company.

- 1 Select **Designer > Application > Consolidation Settings**.
- 2 Select the **Cons. Capital** tab.
- 3 In the **Setting** column of the C2 rule, click to open the Rule Editor dialog box.
- 4 In the Rule section, leave Consolidation Basis set at HBIII adjust.

Note: HBIII adjust also includes the carry forward. In the current year calculation, only new minorities will be recognized. Therefore, the minorities of previous years come from the carry forward.
- 5 Click the dotted (...) icon in Base Account to change the setting, then select the base account you want to add and click **OK**.
- 6 In the Contra-accounts section, click the **Edit accounts** icon, then select the accounts that you want to use, then click **OK**.
- 7 Select **Business Model > Accounts > Accounts** to display the DACOUNT table.

Scroll to the **Minorities** column of the equity account you want, and assign the minority account that receives the minority from the equity account.

Direct minorities in the balance sheet

As described, there are two rules for the calculation of the balance sheet minorities. The C2 consolidation rule only recognizes the direct minority when posting a journal. This is the formula of the C2 consolidation rule:

```
Value of capital account * direct minority
```

If the capital account is connected with a schedule, then the data is read from the TDETAIG cube. Otherwise, it is read from the TFINANG cube.

Indirect minorities in the balance sheet

The C4 consolidation rule only recognizes the indirect minority when posting a journal. The formula is:

```
Value of capital account * indirect minority
```

If the capital account is connected with a schedule, then the data is read from the TDETAIG cube. Otherwise, it is read from the TFINANG cube.

A group must define those companies for which it uses the At equity consolidation method if they have a significant but not controlling influence over them.

Different to companies that are fully consolidated, companies with the consolidation method At equity are not shown with their assets, equity, or liabilities in the group financial statements, but are only recognized within the participation of the parent. The participation account of the parent is a mirror of the financial success of the subsidiary.

Automatic recognition

The automatic equity consolidation within Financial Consolidation adjusts the participation account of the parent company which has an interest in an equity company. The automatic only recognizes these common effects of the equity consolidation:

- Recognition of the profit or loss of the equity company
- Recognition of dividend paid by the equity company

These effects impact the participation account of the parent company. If more adjustments are required, then the consolidation rule must be adjusted accordingly.

Setting up consolidation of equity

To use equity consolidation, you must set several attributes in Designer.

First, you must define which accounts are relevant for the consolidation of equity.

- 1 Select **Designer > Business Model > Accounts > Accounts**.
- 2 For all relevant accounts, double-click the cell in the **Consolidation Rule** column, then select **Cons. Capital** and click **OK**.

Next, you must define which accounts are used.

- 3 Select **Application > Consolidation Settings**, then click on the **Cons. Capital** tab.

4 Select the EQ1 rule, then **Click to Edit** to open the Rule Editor dialog box.

EQ1 covers the adjustment of the participation account in case the subsidiary creates a profit or a loss.

- a In the **Accounts** section, click the **Edit Accounts** icon, then select the accounts you want and click **OK**.

This must be an asset account, and is usually Investment in Associated Companies.

- b Define the difference accounts.

For Debit Differences, you must define the expenditure account, which is usually Losses for Associated Companies. For Credit Differences, you must define the revenue account, which is usually Profits from Associated Companies.

- c Define the base account.

This is usually the top element of the P&L.

5 Select the EQ2 rule, then **Click to Edit** to open the Rule Editor dialog box.

EQ2 covers the adjustment of the participation account in case the parent received a dividend from the subsidiary.

- a In the **Accounts** section, click the **Edit Accounts** icon, then select the accounts you want and click **OK**.

This must be an asset account, and is usually Investment in Associated Companies.

- b In the **Contra-Accounts** section, click the **Edit Accounts** icon, then select the accounts you want and click **OK**.

This must be a revenue account, and is usually Dividend Income from Associated Companies.

- c Define the base account.

This must be the same account which was set in Contra-Accounts.

Examples

Profit

The parent has a participation of 10,000 in group currency and has a 25% ownership over the subsidiary. The subsidiary reports a profit of 5,000 on the 1000000 account in group currency.

Calculation: $5,000 * 25\% = 1,250$

Journal: Investment in Associated Companies / Profit from Associated Companies 1,250--

Loss

Same participation and ownership however the subsidiary reports now a loss of 5,000 in group currency.

```
Calculation: 5,000 * 25% = 1,250
Journal: Losses from Associated Companies / Investment in Associated
Companies 1,250--
```

Dividend

The parent received a dividend of 2,000 in group currency. The whole amount has to be eliminated from the P&L account and be posted against the investment which will become smaller.

```
Dividend Income for Associated Companies / Investments in Associated
Companies 2,000--
```

Special case: Loss is bigger than the investment value

If the participation is smaller than the recognized loss or the dividend, then this cannot be fully recognized this. The participation cannot be smaller than zero.

The parent has a participation of 10,000 in group currency and has a 25% ownership over the subsidiary. The subsidiary reports a loss of 100,000 on the 1000000 account in group currency.

```
Calculation: 100,000 * 25% = 25,000
```

As the participation is only 10,000 the loss is bigger than the participation. In this case there is only a recognition of 10,000 in the journal possible.

```
Journal: Losses from Associated Companies / Investment in Associated
Companies 10,000--
```

The difference of -15,000 is stored by the rule in the Equity element of the DDATA dimension in the TFINANC cube. If there is a profit in the following year, then the profit can only be recognized in a journal if the profit is greater than the 15,000 which exceeded the participation in previous years. So, the rule first has to adjust the value in the Equity element in the current period. Only if this value becomes zero, then the rest of the profit can be shown in a journal.

So, if the profit in the following period is 80,000, then this process is executed by the rule:

- 1 Calculate the part of the profit that belongs to the parent: $80,000 * 25\% = 20,000$
- 2 Compare the profit against the loss last year: $20,000 - 15,000 = 5,000$
- 3 If the profit is greater than previous year losses, then the difference can be posted in a journal as:

```
Investment in Associated Companies / Profit from Associated Companies
5,000
```

The value on Equity is then zero.

If the profit is only of 10,000 in the following period, then this process is executed by the rule:

- 1 Calculate the part of the profit that belongs to the parent: $10,000 * 25\% = 2,500$
- 2 Compare the profit against the loss last year: $2,500 - 15,000 = -12,500$
- 3 Because the profit is smaller than the previous year losses, there is no journal posted. Instead only the value on Equity is reduced to 12,500.

If there is a loss in the following period of -10,000, then this process is executed by the rule:

- 1 Calculate the part of the profit that belongs to the parent: $10,000 * 25\% = 2,500$.
- 2 Add the loss to the loss of the previous year.
- 3 No journal posted. The value on Equity is -17,500.

Execution within Financial Consolidation

The rule for the equity consolidation is executed using the consolidation monitor in Financial Consolidation.

The recognition of the profit or loss of the equity company and the recognition of the dividend paid by the equity company is done within the Equity Consolidation rule.

Financial Consolidation provides a feature to consolidate group structures with sub-groups. A sub-group is a group that rolls up into a parent group. When rolling up a sub-group, two cases have to be considered generally.

First, the eliminations that were already done in a sub-group have to be considered in the groups where the sub-group rolls up to.

Second, the eliminations of transactions between sub-groups have to be done in the group where these sub-groups roll up together at the first time.

The multi-level consolidation provides functionality to manage this automatically and eases the configuration and processing and also allows reporting the consolidated results on groups and sub-groups. The multi-level consolidation also considers changing hierarchies in the organizational structure over time and different scenarios.

Setting up multi-level consolidation

To use multi-level consolidation, you must set the Multi-level Consolidation attribute in Designer.

Select **Designer > Application > Consolidation Settings**, then in the **Common Settings** tab, set the Multi-level Consolidation attribute to **Enabled**.

After this setting is enabled, all other configurations related to multi-level consolidation are available.

Note: If you enable multi-level consolidation you cannot disable it anymore. Additionally, the former sub-group consolidation will automatically be disabled and cannot be activated again.

Configuring multi-level consolidation

When multi-level consolidation is enabled, Designer automatically updates the DGLEVEL dimension. This structure is created based on the group configuration and the elements below the Consolidation element in the same dimension. A new Groups element, which contains all groups, is available. For

each group, a corresponding structure under the total element reflects the data coming from sub-groups to manage the rollup into the parent group.

Note: The Groups element cannot be modified.

All elements that are below Consolidation are shown below Groups, with the addition of the group ID. That means all levels are shown several times, depending how many groups are available.

Although all elements below Consolidation are automatically created several times below Groups, the data is not automatically transferred for a particular level. In order to do that, the **Activated** check box must be selected for the respective level.

Configuring the organization structure

The organization structure is hierarchical and consists of groups and companies. A parent group can have sub-groups that roll up into it, a holding that is a representative company that manages the ownership of companies that belong to the group, and a number of companies the group owns.

To accommodate the rollup of sub-groups, you must first configure the Group table.

In the **Parent Group** field, select the group in which the sub-group rolls up to. This setting must be set for active sub-groups. To get the correct results, ensure that the entire hierarchy is consistent with your organization. In the **Parent Company** field, enter the holding of the particular group.

In the **Parent Ownership** and **Parent Control** fields, enter the percentages that the parent group actually owns or controls over the sub-group.

The ownership and control is maintained in the Ownership and Control (Companies) table. Here, only relations between parents and subsidiaries within a group are maintained. This means that the parent company of the main group does not show a relation to the parent company of the sub-group. This is substituted by the Parent Ownership and Parent Control parameters in the Group table.

See "Setting up organizational structures" on page 15.

After you have specified all the required information, you can copy the values to the Ownership and Control (Groups) table using **Copy ownership values**.

Remember to select the **Include Subgroups** check box, so the values are copied and confirmed for all groups at one time. However, for that to work the sub-groups must be completely configured. It is therefore best practice to configure the companies of the sub-groups first and then the companies of the main group.

After all ownerships and controls are copied, the percentages are shown in the gray column, showing how the individual companies are reflected into the group.

The percentages are derived from the percentages given in the Group table and the Ownership and Control (Companies) table. For example, this is how the value of 42% ownership is calculated for company RU0008:

```
100% held by RU0007
GR0002 holds 70% of GR0003
GR0001 holds 60% of GR0002
So, 100% * 70% * 60%
```

The control remains at 100% if the company still has to be fully consolidated within GR0001. Therefore, all controls are set to 100%.

The consolidation methods are calculated based on the effective control considering the entire group structure.

Performing multi-level consolidation

In the consolidation monitor, all active consolidation processes can be executed. To ensure this is done for sub-groups and the main group at the same time, you must select the **Include subgroups** check box. The consolidation will work first through all sub-groups before starting with the main group.

The results of all the sub-groups are transferred to the main group with the Transfer from Sub Group rule. You must set this rule as active with this process in Financial Consolidation.

- 1 From the menu bar, select **Consolidation > Administer Consolidation Rules** to open the Administer Consolidation Rules dialog box.
- 2 Click **New Consolidation Rule** to open the Consolidation Rule Properties dialog box, then specify this information:
 - In the **ID** field, leave the ID as **ML**. This is the standard ID supported in Financial Consolidation for multi-level consolidation.
 - In the **Name** field, enter a name for the rule.
 - In the **Language** field, specify the required language.
 - In the **Translation of the name** field, specify the translated name of the rule.
 - Optionally, in the **Description** field, enter a brief description of the rule.
- 3 Click **OK**.
The rule is now visible in Available Consolidation Rules. However, the new rule contains no logic.
- 4 Click **Import New Rules** to open the Select Process dialog box, then specify this information:
 - In the **Filter Process** field, select **Consolidation Process**.
 - In the **Process Name** field, select **FCTransferSubgroupsToParentGroup** from the list.
- 5 Click **OK** to return to the Administer Consolidation Rules dialog box.

- 6 Select the **FCTransferSubgroupsToParentGroup** rule, then click the **left arrow** to move it to the top of the sequence.
- 7 Click **Save** to integrate the rule into Financial Consolidation.

Analyzing the results

All entities that belong to one of the sub-groups are presented below the respective group in the Audit Trail Group report. However, only relations that are between companies belonging to the same group are shown here. Relations to companies outside of the group are eliminated only on the main group level or the next sub-group level where they come together.

Transfer of levels

Only the delivered levels Cons. Expenditures/Revenue and Cons. Debts will work automatically in all aspects after being activated. This is because these two rules read from the total of the transferred group data and the adjusted company data. Only data which is then not equal to zero is processed in the respective group.

Contrary to this, for example, is the calculation of minorities which belongs to the Cons. Capital stage. The basis is always the same on each level for a certain company where a minority is calculated for. A basis could be the whole P&L on adjusted company data.

Example of an issue when activating Cons. Capital

RU0008 is held 100% by RU0007. RU0007 is the parent of sub-group GR0003 which belongs to GR0002 with 70%. GR0002 belongs itself to GR0001 with 60%.

The P&L result reported for RU0008 is 1000.

On the group level of GR0003, no minority has to be considered. However, on the group level of GR0002 a minority of 30% (300) is posted. GR0001 has a minority of 58% (580). If the result of GR0002 for the minority is transferred to GR0001, then 300 is already recognized. So, the automatic rule has to post only the difference of 280. However, the standard automatic rule calculates and posts the entire minority amount. So, when using multi-level consolidation together with the standard rule for minorities, a total value 880 would be shown as minority.

Therefore, for the calculation of the minority P&L, there is an extra rule available which recognizes the value that was already posted in the previous level. You must adjust the other minority rules for the rest of the equity if the Cons. Capital level is transferred to the next group level.

Contrary to automatic journals, manual journals can always be transferred, if they belong to the level that is activated to be transferred. This is because it is you that decides what to change, and not the automatic process.

Deconsolidation is the situation where an entity is removed from a group because the parent lost control over that company. At the end of a deconsolidation, there are no closing balances of the particular entity in the group.

Versions of deconsolidation

There are three types of deconsolidation you can perform in Financial Consolidation:

- Deconsolidation at the beginning of the year:
- Deconsolidation during the year
- Deconsolidation at the end of the year

Deconsolidation at the beginning of the year

This type of deconsolidation is usually the easiest as there is no profit and loss created yet. There are no closing balances for any accounts in the balance sheet and no current profit must be shown.

Deconsolidation during the year

Similar to the deconsolidation at the beginning of the year, there are no closing balances for any accounts in the balance sheet. However, the group must show the profit and loss up to the moment the entity left the group. For example, a company was sold on June 30, 2015 then the profit or loss that was created until then must be shown for the whole year.

Deconsolidation at the end of the year

The same procedure as for the deconsolidation during the year, with the difference that the profit and loss of the whole year must be presented.

Presentation in Financial Consolidation

This section describes how you can present deconsolidation in Financial Consolidation.

Consolidation method

In the year of the deconsolidation the entity must still have the consolidation method Full or Proportional regardless of whether the deconsolidation happened at the beginning of the year, in the middle, or at the end of the year. Additionally, the ownership and control must be same as the previous year.

Carry forward

To ensure that the opening balances in all schedules are the same as the closing balances in the group, the deconsolidated entity must also be carried forward. So, when executing any carry forward, all companies that were fully or proportionally consolidated in the previous period must be selected for the carry forward. For the correct carry forward, use this process:

- 1 Execute all carry forward functions.
- 2 All adjustment levels must be available for the carry forward except the level does not impact any development schedules.
- 3 All consolidation levels must be available for the carry forward except the level that does not impact any development schedules. A typical example is the level Cons. Expenditures/Revenue. If only the automatic is used, then the total impact for the whole group is zero for the schedule's closing balance.
- 4 The function Sum of all Companies must be executed at least one time.

Keeping the consolidation method at Full or Proportional is not relevant for the individual carry forward functions but for the Sum of all Companies which transfers the data from the company to the group cube. If the consolidation method is not Full or Proportional then the opening balance is not transferred from the company to the group cube which will lead to a false opening balance of the group. In the addition any profit and loss for the company that must be presented is not shown in the group cube.

Performing deconsolidation

RU9999 has in the year 2014 (the year before the consolidation) the following balance sheet in functional currency USD on company level:

Assets	49,081,118.80	Equity & Liability	49,081,118.80
Non-Current Assets	39,977,498.58	Equity	-6,157,012.73
Total Current Assets	9,103,620.22	Long Term Liabilities	46,112,177.45
		Short Term Liabilities	9,125,954.09

The loss of the year is -16,039,335.59.

The opening balances in those accounts which have schedules are the following (usually non-current assets, equity and long term liabilities are shown in a development schedule).

Opening balance in 2015

Assets	49,081,118.80	Equity & Liability	49,081,118.80
Non-Current Assets	39,977,498.58	Equity	-6,157,012.73
Total Current Assets	9,103,620.22	Long Term Liabilities	46,112,177.45
		Short Term Liabilities	9,125,954.09

The loss of last year is recognized in the retained earnings and is therefore 0 at the beginning of the year.

Deconsolidation at the beginning of the year

As the deconsolidation happens at the beginning of the year, there is no current year profit and loss. All accounts that are connected to a development schedule must show an opening balance. Usually, accounts connected to a schedule are non-current assets (tangible and financial assets), equity, and long term liabilities (usually accruals). However, the closing balance must be zero. Therefore, all accounts with a schedule must zero out. This can be done within the data entry reports in the drill through Data Entry Detail report.

If the company data of the previous period also consisted of adjustment journals, then they must be reversed.

You can use the **Use as Journal Template** option to enable the carry forward journal to be used as template in the company journal editor.

In the company journal, the debit and credit must be switched.

Note: The schedule detail for land and buildings must be different to opening balance.

After the reversal of all adjustment entries for RU9999 and all closing balances of all development schedules are set to zero, the sum of all companies can be calculated. This transfers the opening balances and the reversals of the schedules to the group cube. In order to do that, the consolidation method must still be Full.

On group level, all consolidation adjustments must be reversed. This is done using the automatic journals (for example, the consolidation of debts) and manual journals, especially when the original journals were done manually.

Deconsolidation during the year

This process is similar to deconsolidation at the beginning of the year. Additionally, it is necessary to recognize the profit or loss of RU9999 which was realized until the day of the deconsolidation. For example, June 30.

In order to have an equal balance sheet for RU9999, the profit and loss must be balanced out through retained earnings.

For example, the profit and loss is 20,000 then in retained earnings it must be -20,000.

Defining the rate type to use for P&L

As the deconsolidation happened during the year the P&L result must be same at the moment of the deconsolidation and at the end of the year in group currency.

For the calculation of the P&L, the rate WA is used. The use of WA is only possible if the financial statements are created on a monthly basis. However, if this is the case and WA is used also in regular years, then no special adjustments are required.

You must create a special rate for the deconsolidation. This rate is applied to all periods within the year after the deconsolidation and guarantees that the values of the P&L stay the same in group currency until the end of the year.

Use this process to create a special rate for deconsolidation.

- 1 Select **Designer > Business Model > Other > Exchange Rates**.
- 2 Assign the **DE** currency rate type to all P&L accounts and to the retained earnings account.
- 3 Recreate the database.
- 4 Select **Financial Consolidation > Settings > General Parameters > Company**.
- 5 Change the Currency Translation Method to **Method 2**.
- 6 Select **Financial Consolidation > Settings > General Parameters > Exchange Rates**.
- 7 Select the **Enter rates used to convert local currency to group currency** field.
- 8 Define the rate for the deconsolidation exchange rate type.

Because RU9999 is a USD company, only the rate for USD needs to be maintained. Other currencies must be maintained if more companies with different functional currencies are deconsolidated. In case several companies of the same currencies are deconsolidated within the year but on different dates, then additional rates must be created and additional methods in the account dimension used.

Defining the rate type to use for retained earnings

It is important that no currency differences are created in the balance sheet. Therefore, the rate for the Post Acquisition Retained Earnings must be the same as the rate for the P&L.

How you do this depends on how you calculated the P&L. If you used the WA rate for the P&L, then the rate is derived from the division of the local profit and loss by the group currency profit and loss.

$$20000/15981.74 = 1.2908333330$$

Note: This rate has to be entered in Historical Exchange Rates.

It is best practice that the retained earnings account should always be calculated using the historical rate.

However, if the P&L is not calculated with WA but with a different rate, then it is practical to calculate the historical rate with the deconsolidation also set for the P&L. This is done automatically and does not require you to change anything for retained earnings.

After the profit and loss for the entity RU9999 is transferred using the Sum of all companies to the group cube the retained earnings of RU9999 are posted against the revenue the parent company generated by selling RU9999. This is done with a manual journal entry.

Currency translation difference

There must be no currency translation difference in the balance sheet.

Financial Consolidation enables you to present the currency translation difference for the P&L and for the Balance Sheet on two different accounts. These accounts must be netted on the consolidation level.

Deconsolidation at the end of the year

This deconsolidation is almost identical to the deconsolidation during the year, with the only difference that a deconsolidation rate might not be necessary for the calculation of the P&L but the average rate would be sufficient.

The year after the deconsolidation

In the year after the deconsolidation the company RU9999 no longer needs to be recognized in the carry forward on the company level. Because the total value would be zero, there will be no opening balance to show on the company level. Additionally, the consolidation method is set from Full or Proportional to None. No values are transferred for the company RU9999 to the group cubes anymore.

On the group level, you must make one adjustment if the deconsolidation happened during or at the end of the year. The recognized profit or loss of the previous year is now shown in the opening balance of RU9999 in retained earnings after the carry forward on group level. This value must be reposted from RU9999 to the parent RU0001.

Prerequisites for performing deconsolidation

In order to do a proper deconsolidation it is necessary to do the following things even before the deconsolidation:

- You must not reverse company journals using group journals (regardless when the deconsolidation happens). The reversal must happen directly within the company journals.
- You must never use the opening balance detail for current journals. You can prevent this with the proper assignment of schedule details to the particular views in the Assignment of Details to Schedules table in Designer.
- You must never delete carry forward journals.
- You must always execute carry forwards for all companies. Only after the year of the deconsolidation the carry forward does not have to be done for the deconsolidated company. However, this is only true on company level.
- The consolidation method of the deconsolidated company is in the year of the deconsolidation either Full or Proportional.

Classifying a company as discontinued

Before a company is deconsolidated it could be that the group has to show the entity as discontinued operation if the intention or decision to sell the company was certain at the time of the preparation of the group financial statements.

To classify a company as a discontinued operation means that within the balance sheet there must be a separate presentation of all assets and liabilities which came from that company. The same is true for the P&L, where the result of that entity must be shown separately.

Discontinuing a company

There is no existing automated process to classify a company as a discontinued operation. However, you can use this best practice approach to create a new automated process.

1 Select **Designer > Business Model > Accounts > Accounts**.

2 Right-click the account of the discontinued operation and select **New Child Element**.

3 Enter a name for the new child element and specify the weighting.

In order to clearly separate the new child entity, the name should have a Discontinued prefix. For example, Discontinued assets.

4 Click **OK**.

Although you can have just one discontinued operations account for assets, liabilities, equity, and the P&L, it is best practice to reflect the general structure of the Balance Sheet and the P&L in the hierarchy of discontinued operations.

5 Right-click the new discontinued operations account and continue to add new child elements until the hierarchies are complete.

Now, you must create three new consolidation levels

6 Select **Levels > Consolidation Levels**.

- 7 Right-click the top level and select **New Element**.
 - 8 Specify **Consolidated Balance Sheet including Discontinued Operations** and click **OK**.
This level will also include the standard Consolidated Balance Sheet level.
 - 9 Continue to add these new elements to the Consolidated Balance Sheet level:
 - Discontinued Operations: Where journals can be posted to
 - Rollover Discontinued Operations: For the carry forward
- Note:** You must ensure that these levels have Consolidated Balance Sheet as the parent level.
- 10 Select **Organization > Companies**, then right-click and select **Properties**
 - 11 Select the **Attribute** tab and click **Add Field**.
 - 12 Specify **Discontinued** in the **Name** and **Description** fields, then **Boolean** in the **Data type** field.
 - 13 Click **OK**.
 - 14 If it is certain and clear that a company will be sold, then you must select the check box in the **Discontinued** column.

The company is now discontinued and you should make the required adjustments in the account, group level, and in the company dimension, if necessary.

Reclassifying accounts of a discontinued company

All accounts of a discontinued entity must be reclassified in Financial Consolidation. You can do this manually, or you can create an automatic rule in Application Engine.

The reclassification happens on the Discontinued Operations level, after all consolidation adjustments are done. If an automatic rule is created, then the target accounts can be determined by the account parameters. The related companies can be identified by the Discontinued attribute. The automatic rule will create a journal for every account.

In the year of the deconsolidation, all journals that were created in the previous year must be reversed on the Discontinued Operations level. The journals of the previous year are shown on the Rollover Discontinued Operations level. You can also automate this using Application Engine.

A new import interface using an XML based document format enables importing journals consistently into Financial Consolidation. This chapter describes how to use the import and the document format of the import files.

The import interface for journals works as the journal editor regarding behavior and security. Therefore, only consistent journals with an equaled balance can be posted. As in the journal editors, the system ensures that the mandatory information is available for every journal before the actual import is done. If any journal in the import file is incorrect, then the system rejects the import.

As for the journal editors, where it is not possible to create single segment journals, the system only supports importing group and company journals. An import file must contain only company or group journals.

The import interface is available in the Financial Consolidation client application.

From the main menu ribbon, select **Data > Import Journals**, then browse for the journals you want to import and click **OK**.

Importing the company journal

This example schema describes a company journal. Some information is mandatory, some is optional or, depending on other information that is used in the same journal, for example an intercompany must only be defined, if the account requires an intercompany. An XML item using the company-journal tag describes a company journal. This item must include `lines` items that contain at least two lines describing the journal lines. This example definition includes all attributes:

```
<company-journal company="" level="" type="" currency="" year=""
period="" scenario="" category="" comment="" level="" >
  <lines>
    <line number="" account="" credit="" detail="" intercompany=""
company="" debit="" segment1="" segment2="" segment3=""
partner-segment1="" partner-segment2="" partner-segment3="" comment=""
/>
    <line ... />
  </lines>
</company-journal>
```

Importing journals

```
</lines>  
</company-journal>
```

This table describes the attributes of a `company-journal` item:

Attribute	Description	Mandatory
company	The company of the journal.	Yes
type	The type of the journal. This is currently redundant with the XML tag itself, but must be provided for future extensions. For a company journal this must always be "company".	Yes
currency	The currency for the values of the journal.	Yes
level	Adjustment level of the journal.	Yes
year	The year of the journal.	Yes
period	The period of the journal.	Yes
scenario	The scenario of the journal.	Yes
category	The category of the journal.	No
comment	The comment text for the journal.	No

This table describes the attributes of a `line` item:

Attribute	Description	Mandatory
number	The line number that has to start with 0 for the first line and continuously enumerates the following numbers.	Yes
account	The account of the journal-line.	Yes
intercompany	In case the account requires an intercompany this attribute is required.	No
detail	In case the account requires a detail this attribute is required.	No
segment1	In case the account requires a primary segment this attribute is required.	No
segment2	In case the account requires secondary segment this attribute is required.	No
segment3	In case the account requires tertiary segment this attribute is required.	No
partner-segment1	In case the account requires a primary segment and intercompany this attribute is required.	No
partner-segment2	In case the account requires a secondary segment and intercompany this attribute is required.	No
partner-segment3	In case the account requires a tertiary segment and intercompany this attribute is required.	No

Attribute	Description	Mandatory
debit	The line value if it represents a debit. The value has to be in the currency provided for the journal. If debit is filled in credit must be empty.	Yes. Debit or credit must be filled in properly.
credit	The line value if it represents a credit. The value has to be in the currency provided for the journal. If credit is filled in debit must be empty.	
comment	An optional comment text for the line.	No

A company journal import file can hold one or more company journal items. It has a structure similar to this:

```
<?xml version="1.0" encoding="utf-16"?>
<company-journals>
  <company-journal...></company-journal>
  <company-journal...></company-journal>
  ...
</company-journals>
```

XML schema of a company journal import file

The schema of a company journal import file can be validated with this XML schema definition:

```
<?xml version="1.0" encoding="utf-8"?>
<xs:schema id="company-journals" xmlns=""
xmlns:xs="http://www.w3.org/2001/XMLSchema"
xmlns:msdata="urn:schemas-microsoft-com:xml-msdata">
  <xs:element name="company-journals" msdata:IsDataSet="true"
msdata:Locale="en-US">
    <xs:complexType>
      <xs:choice minOccurs="1" maxOccurs="unbounded">
        <xs:element name="company-journal">
          <xs:complexType>
            <xs:sequence>
              <xs:element name="lines" minOccurs="1" maxOccurs="1">
                <xs:complexType>
                  <xs:sequence>
                    <xs:element name="line" minOccurs="2" maxOccurs="unbounded">
                      <xs:complexType>
                        <xs:attribute name="number" type="xs:integer"
use="required" />
                        <xs:attribute name="account" type="xs:string"
use="required"/>
                        <xs:attribute name="debit" type="xs:decimal" use="optional"
/>
                      />
                    />
                  />
                />
              />
            />
          />
        />
      />
    />
  />
```

```

        <xs:attribute name="intercompany" type="xs:string"
use="optional" />
        <xs:attribute name="credit" type="xs:decimal"
use="optional" />
        <xs:attribute name="detail" type="xs:string" use="optional"
/>
        <xs:attribute name="segment1" type="xs:string"
use="optional" />
        <xs:attribute name="segment2" type="xs:string"
use="optional" />
        <xs:attribute name="segment3" type="xs:string"
use="optional" />
        <xs:attribute name="partner-segment1" type="xs:string"
use="optional" />
        <xs:attribute name="partner-segment2" type="xs:string"
use="optional" />
        <xs:attribute name="partner-segment3" type="xs:string"
use="optional" />
        <xs:attribute name="comment" type="xs:string"
use="optional"/>
    </xs:complexType>
  </xs:element>
</xs:sequence>
</xs:complexType>
</xs:element>
</xs:sequence>
<xs:attribute name="company" type="xs:string" use="required" />

<xs:attribute name="currency" type="xs:string" use="required"/>

  <xs:attribute name="level" type="xs:string" use="required" />
  <xs:attribute name="type" type="xs:string" use="required"/>
  <xs:attribute name="year" type="xs:string" use="required"/>
  <xs:attribute name="period" type="xs:string" use="required"/>
  <xs:attribute name="scenario" type="xs:string" use="required"/>

  <xs:attribute name="category" type="xs:string" use="optional"/>

  <xs:attribute name="comment" type="xs:string" use="optional"/>
</xs:complexType>
</xs:element>
</xs:choice>
</xs:complexType>
</xs:element>
</xs:schema>

```

Importing the group journal

This example schema describes a group journal. As with the company journal, some information is mandatory and some is optional, or depending on other information that is used in the same journal, for example an intercompany must only be defined, if the account requires an intercompany. An XML item using the group-journal tag describes a group. This item must include `lines` items that contains at least two lines describing the journal lines. This example definition includes all attributes:

```
<group-journal group="" level="" segment-stage="" type="" currency=""
  year="" period="" scenario="" category="" comment="" level="" >
  <lines>
    <line number="" account="" credit="" detail="" intercompany=""
  company="" debit="" segment1="" segment2="" segment3=""
  partner-segment1="" partner-segment2="" partner-segment3="" comment=""
  />
  ...
  </lines>
</group-journal>
```

This table describes the attributes of a `group-journal` item:

Attribute	Description	Mandatory
group	The group of the journal.	Yes
type	The type of the journal. This is currently redundant with the XML tag itself, but must be provided for future extensions. For a group journal this must always be group.	Yes
currency	The currency for the values of the journal.	Yes
level	Consolidation level of the journal.	Yes
year	The year of the journal.	Yes
period	The period of the journal.	Yes
scenario	The scenario of the journal.	Yes
category	The category of the journal.	No
comment	Optional comment text for the journal	No
segment-stage	The journal segment stage.	No

This table describes the attributes of a `line` item:

Attribute	Description	Mandatory
number	The line number that has to start with 0 for the first line and continuously enumerates the following numbers.	Yes
account	The account of the journal-line.	Yes
intercompany	In case the account requires an intercompany this attribute is required.	No

Importing journals

Attribute	Description	Mandatory
detail	In case the account requires a detail this attribute is required.	No
segment1	In case the account requires a primary segment this attribute is required.	No
segment2	In case the account requires secondary segment this attribute is required.	No
segment3	In case the account requires tertiary segment this attribute is required.	No
partner-segment1	In case the account requires a primary segment and intercompany this attribute is required.	No
partner-segment2	In case the account requires a secondary segment and intercompany this attribute is required.	No
partner-segment3	In case the account requires a tertiary segment and intercompany this attribute is required.	No
debit	The line value if it represents a debit. The value has to be in the currency provided for the journal. If debit is filled in credit must be empty.	Yes. Debit or credit must be filled in properly.
credit	The line value if it represents a credit. The value has to be in the currency provided for the journal. If credit is filled in debit must be empty.	
comment	An optional comment text for the line.	No

A group journal import file can hold one or more group journal items. It has a structure similar to this:

```
<?xml version="1.0" encoding="utf-16"?>
<group-journals>
  <group-journal...></group-journal>
  <group-journal...></group-journal>
  ...
</group-journals>
```

XML schema of a group journal

The schema of a company journal import file can be validated with this XML schema definition:

```
<?xml version="1.0" encoding="utf-8"?>
<xs:schema id="group-journals" xmlns=""
xmlns:xs="http://www.w3.org/2001/XMLSchema"
xmlns:msdata="urn:schemas-microsoft-com:xml-msdata">
  <xs:element name="group-journals" msdata:IsDataSet="true"
msdata:Locale="en-US">
```

```

<xs:complexType>
  <xs:choice minOccurs="1" maxOccurs="unbounded">
    <xs:element name="group-journal">
      <xs:complexType>
        <xs:sequence>
          <xs:element name="lines" minOccurs="1" maxOccurs="1">
            <xs:complexType>
              <xs:sequence>
                <xs:element name="line" minOccurs="2" maxOccurs="unbounded">
                  <xs:complexType>
                    <xs:attribute name="number" type="xs:integer"
use="required" />
                    <xs:attribute name="account" type="xs:string"
use="required"/>
                    <xs:attribute name="debit" type="xs:decimal" use="optional"
/>
                    <xs:attribute name="intercompany" type="xs:string"
use="optional" />
                    <xs:attribute name="company" type="xs:string"
use="required" />
                    <xs:attribute name="credit" type="xs:decimal"
use="optional" />
                    <xs:attribute name="detail" type="xs:string" use="optional"
/>
                    <xs:attribute name="segment1" type="xs:string"
use="optional" />
                    <xs:attribute name="segment2" type="xs:string"
use="optional" />
                    <xs:attribute name="segment3" type="xs:string"
use="optional" />
                    <xs:attribute name="partner-segment1" type="xs:string"
use="optional" />
                    <xs:attribute name="partner-segment2" type="xs:string"
use="optional" />
                    <xs:attribute name="partner-segment3" type="xs:string"
use="optional" />
                    <xs:attribute name="comment" type="xs:string"
use="optional"/>
                  </xs:complexType>
                </xs:element>
              </xs:sequence>
            </xs:complexType>
          </xs:element>
        </xs:sequence>
        <xs:attribute name="group" type="xs:string" use="required" />
        <xs:attribute name="currency" type="xs:string" use="required"/>
        <xs:attribute name="level" type="xs:string" use="required" />
        <xs:attribute name="type" type="xs:string" use="required"/>
        <xs:attribute name="year" type="xs:string" use="required"/>
        <xs:attribute name="period" type="xs:string" use="required"/>
        <xs:attribute name="scenario" type="xs:string" use="required"/>
      </xs:element>
    </xs:choice>
  </xs:complexType>

```

```
        <xs:attribute name="category" type="xs:string" use="optional"/>
        <xs:attribute name="comment" type="xs:string" use="optional"/>
        <xs:attribute name="segment-stage" type="xs:string"
use="optional"/>
    </xs:complexType>
</xs:element>
</xs:choice>
</xs:complexType>
</xs:element>
</xs:schema>
```

Financial Consolidation enables you to attach documents to journals and participation changes. To use this feature, a Subversion server must be provided to store these documents.

Apache™ Subversion® is free, open source software that generally provides version control functionality. In later versions, further version control systems might be supported. Some important information about the version control system is that you cannot overwrite, change or delete a document. Any document attached will result in a new version and all existing versions will be kept. If a document with the same name is attached, then it will get a new version and the existing one will still exist.

You can set up the Subversion server using this process:

- 1 Download and install Apache Subversion.
- 2 Set up the Attachments repository.
- 3 Configure the consolidation settings in Designer.

Setting up the Subversion server

You can download the latest version of Apache Subversion from the Apache website:

`subversion.apache.org`

Then, according to the Apache Subversion user instructions:

- 1 Install the software.
- 2 Create the ConsolidationAttachments repository, with the Attachments sub-folder.
- 3 Create an Admin user account.
This will match the Admin user account you will create in Designer.
- 4 Optionally, create additional user accounts if you want more than one user to have access.
Set the permission levels accordingly.

Configuring consolidation settings

The next step is to enable the Document Attachments feature.

- 1 Select **Designer > Application > Consolidation Settings**.
- 2 Click the **Common Settings** tab, then select the **Document Attachments** check box to enable the feature.
- 3 Specify a name for the configuration, then the URL of the Subversion server.
You can see the URL in the Subversion management tool where you created the repository. For example:

```
https://<server>/svn/ConsolidationAttachments
```

- 4 Log in as Admin.
- 5 Specify the `Attachments` folder as the location where you want to store documents.
- 6 After you have completed the configuration, rebuild the OLAP database.

Attaching documents

After you have completed all the configuration, you are now ready to use the feature.

For this example procedure, you attach documents to a purchase (buy).

- 1 Select **Financial Consolidation > Settings > Consolidation Parameters > Participation Changes**.
- 2 Click **Buy**, then enter the required information for the purchase (buy).
See "Documenting information in a purchase (buy)" on page 93.
- 3 Click **Attachments**.
- 4 Click the **Add Attachment from server** icon.
- 5 Navigate to the files you want to add, then click **OK**.

Creating custom mapping rules

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If you want to create custom mapping rules in addition to those currently available, see "Creating a mapping rule" in the Infor Financial Consolidation configuration section of the online help for Designer .

