



Infor LN Financials User Guide for General Ledger

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About this document

This document describes the process to set up and use ledger accounts, dimensions, and transaction types. The handling of financial transactions, preparing of tax analysis, and integrations setup with other modules are also detailed.

Assumed knowledge

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

Document summary

This document is a compilation of the help topics for the General Ledger module that are listed under Infor LN, Financials, *Online Manual Topics*.

How to read this document

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

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

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

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Chapter 1

Ledger Accounts and Dimensions

1

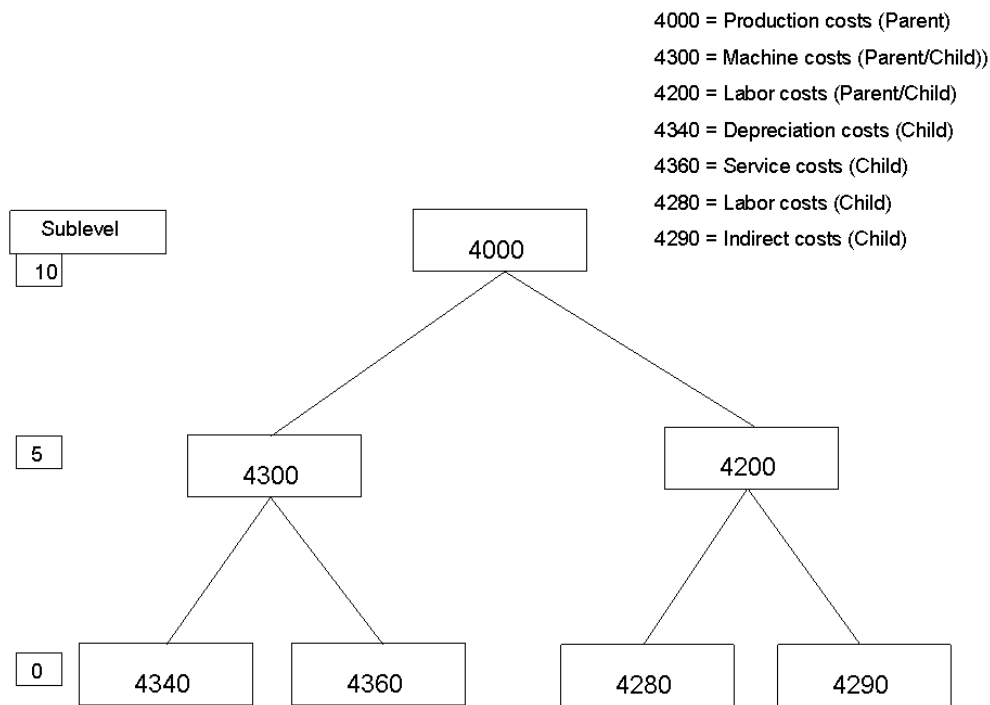
Ledger account and dimension structure

In Financials, ledger accounts and dimensions are used to track assets, liabilities, equity, profits, and losses. Separate ledger accounts are required to record the day-to-day transactions of businesses and the resulting changes on the balance sheet or profit and loss financial statements. Dimensions are optional. You can use dimensions to further classify the transactions within a ledger account.

For the accounts and dimensions, you can define parent-child relations for subtotalling and for consolidating the amounts on reports and inquiries. On a financial report, the amount on a parent account consists of the sum of the balances of the child accounts.

For ledger accounts, you can use 99 levels of subtotals. For dimensions, you can use 10 levels of subtotals.

The sublevel of a ledger account is defined in the Chart of Accounts (tfgld0508m000) session. Accounts with sublevel zero are posting-level accounts. Accounts with a sublevel higher than zero are parent accounts. Once the balances have been updated in the child level accounts, the parents are automatically updated. You can display or print reports by child accounts or by parent ledger accounts.



When you define the structure, these fields are important:

In the Chart of Accounts (tfgld0508m000) session:

- **Statutory Parent Account**
- **Complementary Parent Account**
- **Account Sublevel**
- **Print Sequence**

In the Dimensions (tfgld0510m000) session:

- **Parent Dimension**
- **Dimension Sublevel**
- **Print Sequence**

How to define the totals for ledger accounts is described below. The same procedure applies to each of the dimensions.

You can define the structure for updating the totals by using the **Complementary Parent Account** and **Statutory Parent Account** fields in the Chart of Accounts (tfgld0508m000) session. In these fields you can specify the parent account in the parent-child structure.

The amounts posted to the lower-level accounts are totaled in the higher-level parent account. Parent accounts must have a sublevel greater than zero.

Example

Ledger Account	Statutory Parent Account	Account Sublevel
4	Total costs	- 5
400	Total of salaries	4 1
400101	Monthly salaries	400 0
400102	4-weekly salaries	400 0
400103	Weekly salaries	400 0
411	Total of social charges	4 1
411101	Social charges monthly	411 0
411102	Social charges 4-weekly	411 0
411103	Social charges weekly	411 0

You can only enter transactions in ledger accounts and dimensions with sublevel zero. You can define 99 levels for ledger accounts and 10 levels for dimensions.

The ledger account's sublevel is not used for totaling the amounts. The general ledger's parent-child structure defines in which accounts the amounts of other accounts are totaled. The sublevel is only used for printing balance sheets and trial balances, for example by using the following sessions:

- Print Trial Balance (tfgld3402m000)
- Print Trial Balance - Dimensions/Ledger Accounts (tfgld3406m000)

If you enter and process transactions in ledger accounts to which you link one or more dimensions, you can view the history of the ledger account classified by each of the dimensions. The ledger account at sublevel zero is displayed, which is classified to the dimensions at level zero.

Note

- For ledger accounts with a sublevel greater than zero you cannot view the classification into dimensions.

- When you view the history of a dimension of any sublevel, you can also view it classified into ledger accounts. Only the ledger accounts with sublevel zero are displayed.

Print Sequence

The **Print Sequence** field defines the order in which balance sheets and trial balances are printed. If the **Print Sequence** field is empty, the ledger accounts are printed in alphanumeric order.

To print the ledger accounts in a specific order other than the alphanumeric order, enter a print sequence number. For example, you can use the print sequence number to print the child accounts followed by their parent account. Ledger accounts for which you define a print sequence are printed at the end of the reports, in the order of their print sequence numbers.

Example

Ledger Account		Print Sequence
40000	costs 1	10
48000	costs 2	5
50100	revenues 1	empty
50200	revenues 2	empty
TOT4	Total costs	1

LN prints the ledger accounts in the following order:

50100	revenues 1
50200	revenues 2
TOT4	Total costs
48000	costs 2
40000	costs 1

Dual Accounting

In Financials, you can use dual accounting. You can define two separate structures of ledger accounts and dimensions. One of these structures is used for fiscal reporting to the government. The other one can be used for commercial reporting to your company's management.

When you define a ledger account, you can indicate to which structure it belongs in the **Dual Accounting Indicator** field of the Chart of Accounts (tfgld0508m000) session:

- Statutory accounts are used for the legal reporting structure, for example, to the tax authorities.
- Complementary accounts can be used for the management reporting structure.

You can link a statutory account and a complementary account to a parent account. If you print the management report based on the parent accounts, on the report LN adds the amounts in the complementary account to the amount in the statutory accounts.

Example

Fixed asset:	123	
Purchase value:		USD 400,000
Market value:		USD 500,000 (to be reported to the management)
Statutory account:	001231	USD 400,000 (as legally required)
Complementary account:	001232	USD 100,000 (the difference)
Parent account:	001200	USD 500,000 (the total amount)

The amount reported to the tax authorities will be: USD 400

The amount reported to the Management will be: USD (400 + 100) = USD 500

Using dimensions

You can independently define dimensions and use them to prepare analyses of ledger account transactions and balances. You can use up to 12 dimension types. You can define a name and an entire structure of dimension codes for each of these dimension types. There is no relationship between the dimension types.

For example, you can set up these dimensions:

- Dimension Type 1 = Cost center
- Dimension Type 2 = Item group
- Dimension Type 3 = Business unit
- Dimension Type 4 = Geographical area
- Dimension Type 5 = Activities

You can separately define the dimension structure for each of these dimension types, in other words, you can set up a dimension structure for the cost centers, a structure for item groups, and so on.

You can define the number of dimension types that you use in the Group Company Parameters (tfgld0101s000) session. If you have several financial companies in a company group, the dimension types used apply to all the companies in the group.

You can name the dimension types and define linked objects in the Dimension Type Descriptions (tfgld0102m000) session. You can then define the dimension codes to be used in each company in the Dimensions (tfgld0510m000) session. You can also make multilevel dimension structures with totals and subtotals. You can build a dimension hierarchy of up to ten levels.

In the Dimensions (tfgld0510m000) session, you can define the dimensions for each dimension type, and link the dimensions to parent dimensions and child dimensions.

Dimensions are always used together with ledger accounts. For each ledger account, you can define which dimension type or types are linked to the ledger account in the Chart of Accounts (tfgld0508m000) session. For each dimension type, you must select whether the dimensions type is **Mandatory**, **Optional**, or **Not Used** by the ledger account.

When you enter a transaction, you must first state the ledger account. Then you must enter a dimension for each **Mandatory** dimension type that is linked to the ledger account, and you can enter a dimension for each **Optional** dimension type.

For example, the sales revenues ledger account is linked to dimension type 2 (item group) and dimension type 4 (area). The dimension type 1 (cost center) and dimension type 3 (business unit) are not used for the ledger account. The freight costs ledger account is linked to only dimension type 1 (cost center). The other dimension types are not used for the ledger account.

For each dimension type, you can define one dimension with an empty dimension code. If the dimension type is **Optional** for a ledger account, LN posts transactions for which no dimension is specified to this dimension. In this way, differences between the ledger history and the dimension history can be avoided.

In the Cross Validation Rules (tfgld0151m000) session, you can define the ranges of allowed dimensions by ledger accounts. You cannot change the dimension range for a ledger account that occurs in an unfinalized batch.

You can create transactions for Financials from the integration with other LN packages. You can enter these transactions into ledger accounts and into dimensions. You can define the assignment to ledger accounts through the Mapping Scheme (tfgld4573m000) session.

You can use the dimensions to split the transactions on the customer and supplier control accounts by departments, persons responsible for the revenues, costs, properties, debts, and so on.

The dimensions also provide the basis for the cost allocation in the Cost Accounting module. In CAT, you can allocate the costs (and any revenues) within a dimension type from one dimension code to another and from one dimension type to another.

Financial integrations - overview

In an integrated LN system, most of the financial postings result from logistic transactions. For example, a warehouse issue is an operational transaction that requires financial postings. For each transaction that must be reflected in Financials, LN generates an integration transaction.

Depending on the company's information requirements, reconciliation requirements, and reporting obligations, specific types of integration transactions must be posted to specific ledger accounts and

dimensions. To post the integration transactions, LN determines the ledger accounts and dimensions based on the integration mapping scheme. For more information, refer to [To set up an integration mapping scheme](#).

When you process the integration transactions, LN determines the ledger accounts and dimensions based on the integration mapping scheme. You can map individual transactions to other ledger accounts than defined in the integration mapping scheme. For more information, refer to [To process integration transactions](#).

Note

For a complete description of integration document types and integration transactions, see the *Infor LN Financials - Financial Integration and Reconciliation Transactions* guide.

Using transaction types

You enter transactions based on transaction types. The transaction types are grouped by transaction category.

Transaction types control the following:

- Whether the ledger history and the dimension history must be updated when you enter a transaction (**Real Time Processing**) or when you finalize the batch (**Batch Processing**).
- How to generate document numbers.
- Whether document numbers must succeed each other.
- Which sessions are used for entering transactions.

You can define transaction types in the Transaction Types (tfgld0511m000) session. The **History Update Mode** field defines when LN must update the general ledger history. The **Transaction Category** field defines the category to which the transaction type belongs.

The document numbers of transactions are kept together by transaction type. A document number can be used only once in combination with one transaction type. Within a transaction type and a document number you can enter transaction lines. In this way you can see that, for example, a ledger transaction and an open invoice are related.

To define which sessions are used to create a transaction, use the **Main Session** field and the **Next Session** field in the Transaction Types (tfgld0511m000) session. Financials is supplied with a session for every type of transaction. However, you can copy an existing standard session to another session (in Tools), adjust its design and link your customized session to the transaction type.

Transaction entry defaults

After you define transaction types in the Transaction Types (tfgld0511m000) session, start the Transaction Entry Defaults (tfgld0131m000) session to define the financial companies and transaction types for which the selected user can enter transactions. You can also define a default batch description.

Transaction entry sessions

Depending on the value entered in the **Transaction Category** field, you can select these standard sessions:

- **Journal Vouchers**
Main session: Journal Voucher Documents (tfgld0618m000), a multiline data entry session for journal vouchers. This session has many columns that are initially hidden, and that can be activated by the user as required. In this way, it also provides separate debit and credit amounts entry (separate columns).
- **Sales Invoices/ Sales Credit Notes**
 - Main session: Sales Invoices (tfacr1110s000)
 - Next session: Transactions (tfgld1102m300)
- **Sales Corrections**
For corrections on invoices:
 - Main session: Sales Invoice Corrections (tfacr2110s000)
 - Next session: Transactions (tfgld1102m300)For linking credit notes to several sales invoices:
 - Main session: Business Partner - Credit Notes (tfacr2120m000)
 - Next session: Assign Credit Notes to Invoices (tfacr2121m000)For indicating that an invoice is doubtful or no longer doubtful:
 - Doubtful Sales Invoices (tfacr2140m000)
- **Purchase Invoices/ Purchase Credit Notes**
For purchase invoice types **Cost Invoice** and **Invoice Related to Purchase Orders**:
 - Main session: Purchase Invoice Entry (tfacp2600m000)
 - Next session: N/A
- **Purchase Corrections**
For corrections on purchase invoices:
 - Main session: Purchase-Invoice Corrections (tfacp2110s000)
 - Next session: Transactions (tfgld1102m300)For linking credit notes to several purchase invoices:
 - Main session: Assign Credit Notes to Invoices (tfacp2120m000)
 - Next session: Assign Invoices/Schedules to Credit Notes (tfacp2121s000)
- **Opening Balance**
 - Main session: Journal Voucher Documents (tfgld0618m000)
 - Next session: N/A
- **Cash**
 - **Cash transactions and bank transactions:**
Main session: Bank Transactions (tfcmg2500m000)
 - Next session: Transactions (tfgld1102m300)
 - **Anticipated payments:**
Main session: Anticipated Payments (tfcmg2110s000)

- Next session: Anticipated Payments (Details) (tfcmg2116s000)
- **Anticipated receipts:**
Main session: Anticipated Receipts (tfcmg2111s000)
- Next session: Anticipated Receipts (Details) (tfcmg2117s000)
- **To change the status of anticipated payments:**
Main session: Anticipated Payment Status (tfcmg2512m000)
- Next session: Anticipated Payments (Details) (tfcmg2116s000)
- **To change the status of anticipated receipts:**
Main session: Anticipated Receipt Status (tfcmg2513m000)
- Next session: Anticipated Receipts (Details) (tfcmg2117s000)
- **To assign unallocated payments or advance payments to purchase invoices:**
Main session: Assign Advance/Unallocated Payments to Invoices (tfcmg2131s000)
- Next session: Assign Unallocated/Advance Payments to Invoices (tfcmg2106s000)
- **To assign unallocated receipts or advance receipts to sales invoices:**
Main session: Assign Advance/Unallocated Receipts to Invoices (tfcmg2130s000)
- Next session: Assign Unallocated/Advance Receipts to Invoices (tfcmg2105s000)

Using transaction templates

To distribute a transaction across a number of ledger accounts and dimensions, you can use a [transaction template](#). For each transaction template, you can define one or more transaction template lines to specify the distribution of the main transaction amount across a number of ledger accounts and dimensions.

The transaction template type determines whether the distribution of the transaction amount is based on:

- **Amounts**
Fixed amounts are posted to specific ledger accounts and dimensions. The sum of the amounts must be equal to the transaction amount.
- **Percentages**
Percentages of the transaction amount are posted to specific ledger accounts and dimensions. The sum of the percentages must be 100.
- **Factors**
Proportional parts of the transaction amount are posted to specific ledger accounts and dimensions.

You can create transactions based on transaction templates in these sessions:

- Create Transactions from Template (tfgld1204s000)
- Standing Orders (tfcmg1510m000)

Using factors

You can use factors to distribute the transaction amount proportionally.

For example, to distribute the electricity bill proportionally across three work centers that comprise three, five, and two machines respectively, you can set up a transaction template that is based on a factor. You must define three transaction template lines in the Transaction Template Lines (tfgld0113m000) session, one for each work center. For the first work center, you enter 3 in the **Factor** field, for the second work center, you enter 5, and so on.

LN calculates the parts of the transaction amount for each transaction template line as follows:

$$3 + 5 + 4 = 12$$

As a result:

3/12 of the total transaction amount is posted to the first work center.

5/12 of the total transaction amount is posted to the second work center.

4/12 of the total transaction amount is posted to the third work center.

Specifying the transaction template line

To specify the transaction template line:

1. In the Transaction Templates (tfgld0512m000) session, double-click the appropriate transaction template. The Transaction Template (tfgld0612m000) session starts.
2. On the Template Lines tab, click the New button to specify the part of the transaction amount, the ledger account, and the dimensions to which the amount must be posted. LN automatically generates the next line number.
3. Repeat the previous step for each transaction template line.

Block backdating of transactions

If you enter a transaction date that is earlier than the most recently used batch date, documents with a higher document number can have an earlier transaction date. This is not always desired or legally allowed.

To ensure that each financial document of the transaction type has a batch date equal to or later than the batch dates of documents with a lower document number, in the Transaction Types (tfgld0511m000) session, you can select the **Block Backdating** check box. If you select this check box, LN automatically selects the **Documents in Fixed Sequence** check box.

To ensure that you cannot backdate transactions for the transaction type, you must use only one transaction type series at a time for the transaction type. To achieve this, you can set the **Number of Digits for Series** field to zero in the Transaction Type Series (tfgld0114m000) session.

If more than one series is required for the transaction type, you are not allowed to backdate within one series.

You must not select the **Block Backdating** check box for transaction types that you select in the following sessions:

- **Inter-Company Relations (tfgld0515m000)**
The document numbers for intercompany transactions are determined during the finalization run. It is not desirable that the finalization run stops because of errors caused by the block backdating functionality.
- **Data by Bank/Payment Method (tfcmg0145s000)**
The document numbers are created during the transfer of payments and receipts. At that time, the transaction date is not known and therefore, LN cannot check whether the block backdating requirement is fulfilled.

Cash flow statements

A cash flow statement provides information about the history of the cash flow. The statement provides an overview of the sources and uses for cash, and is used to assess the ability of the company to meet its short-term obligations. In some countries, a cash flow statement must be submitted periodically to authorities.

You use reason codes to distinguish the various sources and uses for cash. In the sessions in which you maintain or view cash transactions, you can enter or view the cash flow reason. On the cash flow statement, the cash flow transactions are grouped by cash flow reason.

LN maintains the opening balances for cash flow transactions per year. In the Opening Balance Cash Flow (tfgld2118m000) session, you can enter an opening balance manually, if necessary.

Cash flow statement

To define a cash flow statement, you group cash flow reasons into cash flow reason groups. Next, you group the cash flow reason groups into parent cash flow reason groups. A cash flow statement can contain one or several parent cash flow reason groups.

On the cash flow statement, LN prints the total amounts of each parent cash flow reason group and the subtotals for each child cash flow reason group.

Example

Parent Group	Child Group	Cash Flow Reason	Amount	Total amounts
Parent Group 1				
	Child Group 101	Reason A		nnn
		Reason B		nnn
	Subtotal Child Group 101			nnn
	Child Group 201	Reason F		nnn
		Reason G		nn
		Reason H		nn
	Subtotal Child Group 201			nnn
Total Parent Group 1				NNN
Parent Group 2				
	Child Group 102	Reason K		nnn
	Subtotal Child Group 102			nnn
	Child Group 202	Reason P		nnn
		Reason Q		nn
	Subtotal Child Group 202			nnn
Total Parent Group 2				NNN

Multicompany aspects

In a multifinancial company structure, all companies of the financial company group must share the tables that are related to cash flow reasons and cash flow statements.

Cash flow history

To view cash flow history and underlying transactions, in the Financial Statements (FST) module, you can create financial statements in which cash flow reasons are linked to special cash flow statement accounts.

Creating document numbers by transaction type

Document numbers must be unique within a transaction type. You can assign a document number to a transaction in several ways.

In the Transaction Types (tfgld0511m000) session you can determine the document number by using:

- The **Documents in Fixed Sequence** check box.
- The **Number of Digits for Series** field.

Selection of the **Block Backdating** check box in the Transaction Types (tfgld0511m000) session also affects the document numbering. For details, refer to *Block backdating of transactions* (p. 20).

Number of digits for series

A document serial number is a combination of a series number and a sequence number.

The document number consists of 8 positions. The maximum number of positions that can be reserved for a series is 4. If no series are used, that is, if the **Number of Digits for Series** field has the value 0, all 8 positions are used for the document sequence number. If the 1 through 4 positions are reserved for the series number, then the remaining positions are available for the rest of the document number.

Number of Digits for Series	Series No.	Remaining Doc. Seq. No.	Resulting Doc. No.
0	-	YYYYYYYY	YYYYYYYY
1	X	YYYYYYY	XYYYYYYY
2	XX	YYYYYY	XXYYYYYY
3	XXX	YYYYY	XXXYYYYY
4	XXXX	YYYY	XXXXYYYY

LN does not allow leading zeroes for series. If the number of digits for the series is two, the series must be at least 10. Values such as 02 and 04 are not allowed.

Options for creating document numbers

Three options exist to create a document number within a transaction type:

- **Option 1**
 - The **Documents in Fixed Sequence** check box is selected.
 - The **Number of Digits for Series** field has the value zero.

If you use this option, LN sets the series number to 0 by default. You cannot manually enter the document number. LN automatically generates the document number.
- **Option 2**
 - The **Documents in Fixed Sequence** check box is cleared.
 - The **Number of Digits for Series** field has the value zero.

If you use this option, you can determine the document number yourself. You cannot reuse a document number that is already used.
- **Option 3**
 - The **Documents in Fixed Sequence** check box is selected.
 - The **Number of Digits for Series** field has a value greater than zero.

If you use this option, you can enter the series number for a document number. The series number consists of the number of positions defined in the **Number of Digits for Series** field. LN fills the remaining positions of the document number on the basis of the document number that was last used within the transaction type. The last used document number within each series is updated in the Transaction Type Series (tfgld0114m000) session.

Note

The following situation is not allowed:

- The **Documents in Fixed Sequence** check box is cleared.
- The **Number of Digits for Series** field has a value greater than zero.

A transaction type that uses a document series must have consecutive numbering. Therefore, if the **Documents in Fixed Sequence** check box is cleared, you cannot enter a value in the **Number of Digits for Series** field.

Bank reference numbers

In some countries, it is a common banking practice to use bank reference numbers for domestic transactions.

The bank reference number is a unique number that is used to identify the invoice for which the payment is made. It is only required for invoices and for payments related to invoices. The bank reference number is communicated to the customer on the invoice document and is always referred on the payment document. The bank reference number is also required on [payment slips](#).

The bank reference number length varies between about 20 and 30 digits, depending on the country. The numbers are composed in such a way that a specific check can be performed to verify that the number is correct.

Bank reference numbers on sales invoices

If you use [bank reference numbers](#) and the country of the invoice-to business partner is the same as the country of the sales office, LN generates the bank reference number when the invoice is composed in Invoicing. Instead of the invoice number, the bank reference number is printed on the invoice. Bank reference numbers need not be generated for manual sales invoices, because no invoice is printed and sent to the customer.

The bank reference number is based on the composing data that you define for the country. The bank reference number consists of the following components:

- The transaction type (mandatory).
- The document number (mandatory): the serial number of the document.
- The financial company number (optional).
- The invoice-to business partner code (optional).

The bank reference number must be numeric and does not contain leading zeroes. If any of the components contains non-numeric characters, LN leaves the bank reference number field blank. In that case, the sales invoice number is printed on the sales invoice.

An operator that indicates the type of check to be performed on the number is added at the end of the bank reference number. To verify the bank reference number on received purchase invoices, LN applies the check that is indicated by the operator added to the number.

You can select the type of check to be used in the financial company in the Finance Company Parameters (tfgld0503m000) session. Various verification algorithms are available.

You can define the bank reference number components and their position in the bank reference number in the Bank Reference Positions by Country (cisli1130m000) session.

To generate a bank reference number, LN concatenates the selected components in the order that you specified. If the concatenated string is longer than the maximum length of the bank reference number to be generated, the invoice-to business partner code is truncated as necessary.

To set up bank reference numbers

You must set up bank reference numbers in every financial company in the countries for which you need to use bank reference numbers.

To set up bank reference numbers, use the following sequence of sessions:

1. Finance Company Parameters (tfgld0503m000): In the **Bank Reference Check** field, select the type of bank reference number check that is used by the banks in the financial company's home country or select **No Check**.
2. Bank Reference Positions by Country (cisli1130m000): Define how the bank reference number is composed on the sales invoices.
3. Business Partners (tcom4500m000): Ensure that the business partner's code contains digits only.

Intercompany transactions

In a multicompany environment, transactions between the logistic companies and between financial companies create the need to balance the accounts through intercompany transactions.

Intercompany transactions occur, for example, if the enterprise units of the sales office and the purchase office, work center, or warehouse involved in a logistic transaction are linked to different financial companies, or belong to different logistic companies.

These types of intercompany transactions exist:

- **Multifinance intercompany transactions (p. 27)**
Intercompany transactions between the financial companies in a multifinance company structure.
- **Intercompany settlement transactions (p. 27)**
Settlement transactions between the logistic companies in a multilogistic/single finance company structure.

- **Intergroup transactions (p. 28)**
Financial transaction between financial groups in a multifinance company structure with multiple financial groups.

Multifinance intercompany transactions

Intercompany transactions are financial transactions that LN automatically creates between financial companies that belong to the same financial group. The transactions are posted to intercompany ledger accounts. For details, refer to Example of intercompany transactions.

You can set up intercompany transactions as described in To set up intercompany transactions.

Purely financial intercompany transactions are:

- Single line journal vouchers
- Cash transactions (direct debits)
- Manually entered cost invoices in Accounts Payable
- Manually entered cost invoices in Accounts Receivable

To generate these types of financial intercompany transactions, you must define the intercompany relations between the financial companies. You do not need to define the companies as business partners.

Financial intercompany transactions can also result from these logistic transactions:

- WIP transfer
- Inventory transfer

For WIP transfers and inventory transfers, you must define the entities as internal business partners. Sales/purchase transactions between such business partners result in intercompany transactions if all of these conditions are met:

- The entities are linked to different financial companies.
- You set up intercompany relations between the financial companies involved.
- You do not set up intercompany settlements for the entities involved.

Note

If you have set up intercompany transactions, LN automatically creates the intercompany transactions when you finalize the transactions. You do not need to run any additional sessions.

Intercompany settlement transactions

Intercompany settlement transactions are a specific type of intercompany transactions that only applies to purchase and sales transactions between logistic companies in a multilogistic/single-financial company structure.

Intercompany settlement transactions generate less than half the number of postings (10) of a regular invoicing procedure (24). Therefore, if no invoices are required, you can use intercompany settlement transactions to considerably reduce the number of postings in your ledger accounts.

Intercompany settlement transactions in a single financial company structure are automatically posted financial transactions in one financial company to intercompany accounts. Instead of generating open entries for sales transactions and purchase transactions between the logistic companies, the amounts are posted to intercompany billing accounts and clearing accounts. Such intercompany accounts must be of the **Balance Sheet** type, not of the **Intercompany** type.

The sales and purchase transactions can concern:

- WIP transfer
- Inventory transfer

To create intercompany settlement transactions for purchase/sales transactions between logistic companies of a multicompany structure, you must define the logistic companies as affiliated company business partners.

You can set up intercompany settlement as described in Intercompany settlement transactions – setup.

Note

If you have set up intercompany settlement transactions, LN automatically creates the settlement transactions when you finalize the transactions. You do not need to run any additional sessions.

Intercompany settlement reconciliation report

You can use the Intercompany Buy / Sell Reconciliation Report (cisl2445m000) session to generate a report of the intercompany settlement transactions between affiliated companies. LN generates the report based on the sales information in the central invoicing tables. For each sales order line, LN retrieves the corresponding purchase information for the report.

Intergroup transactions

Intergroup transactions

Intergroup transactions only occur in a multicompany structure with more than one financial company group.

Intergroup transactions are financial transactions that LN automatically creates between financial companies that belong to different financial groups. The transactions are posted to intercompany ledger accounts. For details, refer to Example of intergroup transactions.

You can set up and process intergroup transactions as described in To set up intergroup transactions.

Intergroup transactions can only be created for single line journal vouchers.

Base company

Intergroup transactions are temporarily stored in one of the group companies. For this purpose, you must assign one of the group companies as the base company. The intergroup transactions posting data is temporarily stored in the base company.

To create the intergroup transactions, you must process the intergroup transactions as described in To set up intergroup transactions.

Example protocol codes

This topic shows an example of how you can use [protocol codes](#) to renumber documents.

Example

Assume this data:

Transaction type	Protocol code
ACP	SLT
ACR	SLT
JNL	GLD
REV	GLD

You can renumber documents like this:

Transactions	Document date	Renumbered documents
ACP97000001	01-01-97	SLT1
ACP97000002	09-01-97	SLT5
ACP97000003	05-01-97	SLT3
ACR97000001	04-01-97	SLT2
ACR97000002	06-01-97	SLT4
ACR97000003	10-01-97	SLT6
JNL97000001	03-01-97	GLD2
JNL97000002	04-01-97	GLD3
REV97000001	02-01-97	GLD1
REV97000002	05-01-97	GLD4

You can view and maintain protocol numbers in these sessions:

- Protocol Codes (tfgld0135m000).
- Assign Protocol Numbers to Documents (tfgld0235m000).
- Document History by Protocol Number (tfgld1505m000).

Account matching

You can match credit and debit entries of multiple transactions on the same ledger account to each other. A matching transaction can be generated to solve differences that are within the specified tolerances.

Account matching is usually performed on the following types of ledger accounts:

- Interim accounts
- Clearing accounts
- Suspense accounts

When you close a period, the balance of these ledger accounts must be zero or the smallest amount possible. Usually, the related postings balance and can be matched. If the amounts of the related transactions differ by a small amount, LN can generate a matching transaction to balance the account.

When you analyze these accounts, you can print a report of the transactions that balance and you can examine the unmatched postings.

Note

- To perform account matching, you must be listed in the Account Matching Users (tfgld1152m000) session. In this session, a user's authorization is defined by an account matching authorization scheme and a ledger account matching scheme.
- During matching, LN does not check whether specific transactions can be matched. Instead, LN performs this check when the resulting matching transactions are approved.
- Account matching can only be performed on *finalized* transactions in the local currency.

Basic rules for account matching

The basic rules for account matching are:

- You can perform account matching on accounts that are:
 - Of the type **Balance Sheet** or **Profit & Loss**.
 - Defined as matchable accounts. The **Account Matching Properties** field must be filled for the account in the Chart of Accounts (tfgld0508m000) session.
 - Not used for integration transactions.
- You can only perform account matching of entries on the same account.
- The transactions to be matched can be in different transaction currencies.
- You can perform account matching on finalized transactions.
- You can unmatch transactions, even if the matching transactions have already been finalized.

In the account matching process, the following situations can occur:

- There is no difference between the sums of the credit amounts and the debit amounts of the selected transactions, or the difference is within the currency tolerance. The transactions are matched.
- The sums of the credit amounts and the debit amounts differ by the tolerance percentage and/or the tolerance amount or more. The transactions cannot be matched.
- The difference between the sums of the credit amounts and the debit amounts is within the matching tolerance percentage and less than the matching tolerance amount. The transactions can be matched with a matching transaction for the difference amount.

To match with a matching transaction

If a matching transaction is generated for the difference amount, the amounts in the home currencies are calculated from the difference amount in the transaction currency by using the internal exchange rate type.

The following situations can occur:

- The remaining amount in each of the home currencies is zero or within the currency tolerance.
- The remaining amount in at least one home currency is not zero. This can be caused by currency rate changes between the transaction dates of the transactions to be matched. Two possibilities exist:
 - The differences in the home currencies stay on the account.
 - To balance the account in the home currencies, a second transaction is generated for the difference amounts in the home currencies. The transaction is directly based on the difference amount, no currency rates are involved.

Note: Whether or not additional matching transactions are generated for the home currencies, is determined by the corresponding settings in the Account Matching Properties (tfgld1657m000) session.

One side of the matching transactions balances the transactions on the GL account. The other side of the matching transactions is posted to a matching account.

Example 1: Home currencies balance

After generating the matching transaction, no difference amount remains in the various home currencies.

	Transaction amount	Transaction currency	D/C	Local currency EUR	Reporting currency 1 USD	Reporting currency 2 CAD
Transaction 1	100	GBP	D	90	101	50
Transaction 2	50	GBP	C	45.4	49.80	24.4
Transaction 3	51	GBP	C	45.5	51.10	25.1
Matching transaction	1	GBP	D	0.9	0.10	0.5
Result	0			0	0	0

The other side of the matching transaction is posted to the Matching Account. In this case, the entry on the Matching Account consists of: GBP 1; EUR 0.9; USD 0.1; CAD 0.5.

Example 2: Incomplete matching

A currency difference amount remains in some of the home currencies. This can happen both if a matching transaction is needed and if a matching transaction is not needed as shown in this example.

	Transaction amount	Transaction currency	D/C	Local currency EUR	Reporting currency 1 USD	Reporting currency 2 CAD
Transaction 1	100	GBP	D	90.1	101.02	50.5
Transaction 2	100	GBP	C	90.9	101.1	50.5
Result	0			0.8	0.08	0

Example 3: Matching based on a difference

After generating the matching transaction a currency difference amount remains in the home currencies. A second matching transaction is generated based on the difference amounts.

This transaction is comparable to a currency difference transaction. The transaction amounts in the home currencies are not related to each other through a currency rate.

	Transaction amount	Transaction currency	D/C	Local currency EUR	Reporting currency 1 USD	Reporting currency 2 CAD
Transaction 1	100	GBP	D	90.1	101.2	50.1
Transaction 2	100	GBP	C	90.9	101.1	50.5
Result	0			0.8	0.08	0
Transaction based on difference in local currency				0.8		
Transaction based on difference in reporting currency					0.08	
Result	0			0	0	0

The other side of the matching transaction is posted to the matching account.

In this case, the entries on the Matching Account consist of:

- First entry: GBP 1; EUR 0.9; USD 0.1; CAD 0.5.
- Second entry: GBP 0; EUR 0.8; USD 0; CAD 0.
- Third entry: GBP 0; EUR 0; USD 0.08; CAD 0.

Frequently used accounts for account matching

- **Sundry debtors and creditors accounts**
This account records receivables and payables that are not directly attached to the operating business cycle. For example, to register assignment expenses to be refunded and for which the posting is uncertain at the time of recording. This record is also used to record purchases on behalf of third parties, that must not be posted to the profit and loss account.
- **Suspense accounts**
An account that records operations that cannot be posted definitely to an account. However, such accounts must not appear on the balance sheet. For example, when bank reconciliation is carried out to bring the balance of the company's account into line with that of the bank, the unidentified movements (such as customer payments) listed on the bank statements are posted to a suspense amount.
- **Internal transfer accounts**
These clearing accounts are used for practical and controlled accounting operations, such as transferring cash funds to a bank account. In addition, such accounts are used for operations that require several accounting journals. Internal accounts must not appear on the balance sheet.
- **Intracompany sales accounts**
These intracompany accounts are debited for goods and services provided, and credited for goods and services received. The accounts of a company's various branches must balance out and must not appear on the balance sheet.
- **Account advances granted for personnel**
This is an account that records debit advances and credits them to salaries from which the advances are deducted.
- **Group accounts**
These accounts record temporary advances of funds within companies of the same group.

For some interim accounts, LN automatically generates the transaction reference when the transaction is created. For example, the transaction reference can consist of the transaction origin plus the order number.

Note

Although you can perform account matching on ledger accounts that are used for integration transactions, it is recommended to use the reconciliation process.

To set up account matching

To set up account matching, perform the following steps:

1. In the Finance Company Parameters (tfld0503m000) session, on the **Concepts** tab, ensure that the **Account Matching** check box is selected.
2. In the Account Matching Parameters (tfld1161m000) session, specify defaults for account matching master data, user authorizations, and processing.
3. In the Account Matching Properties (tfld1557m000) session, define account matching properties.
4. In the Chart of Accounts (tfld0508m000) session, on the **Miscellaneous** tab, in the **Account Matching Properties** field, enter the account matching properties that you defined for the current company.
5. In the Account Matching Authorization Schemes (tfld1553m000) session, define at least one account matching authorization scheme.
Note: If, for *all* financial companies, you only define users of type **Super User**, you can skip the next step.
6. In the Ledger Account Matching Schemes (tfld1555m000) session, define at least one ledger account matching scheme.
7. In the Account Matching Users (tfld1152m000) session, assign the appropriate authorization and ledger account matching schemes to users.
8. If required, run the Rebuild History for Account Matching (tfld1218m000) session.
9. If you are upgrading from the previous account matching functionality to the new account matching functionality, run the Convert Existing Account Matching to New Account Matching (tfld1216m100) session.
10. Before you can start using automatic account matching, you must have sufficient matchable data. When that is the case, perform the following steps:
 - In the Automatic Account Matching Criteria Codes (tfld1562m000) session, define at least one automatic account matching criteria code.
 - In the Automatic Account Matching Criteria Sets (tfld1559m000) session, define at least one automatic account matching criteria set.
11. If you are upgrading from the previous GL account matching functionality, run the Convert Existing Account Matching to New Account Matching (tfld1216m100) session.

The account matching process

The account matching process consists of the following steps:

Step 1: Match transactions

You can match transactions:

- *Automatically*, in the Match Transactions Automatically (tfgld1250m000) session.
LN performs account matching based on account matching properties and an account matching authorization scheme.
- *Manually*, in the Account Matching (tfgld1550m000) session.
In this session, you can select the transactions that you wish to match.
 - If the selected transactions balance, on the appropriate menu, click **Match without Transaction**.
 - If the sums of the amounts of the selected transactions differ, you can click **Match with Transaction** or choose to **Match without Transaction**.

For each match, whether created manually or automatically, LN creates a matching transaction in the Matched Transactions (tfgld1551m000) session.

Step 2: Approve matching transactions

If you are authorized to do so, you can approve the matching transactions using the Approve/Process Matched Transactions (tfgld1251m100) session. When you click **Process**, LN checks whether the underlying transactions can be matched, based on the account matching authorization scheme and ledger account matching scheme assigned to you in the Account Matching Users (tfgld1152m000) session.

Step 3: Process matching transactions

If you are authorized to do so, you can process the matching transactions using the Approve/Process Matched Transactions (tfgld1251m100) session. When you click **Process**, LN checks whether the approved matching transactions can be processed, based on the account matching authorization scheme and ledger account matching scheme assigned to you in the Account Matching Users (tfgld1152m000) session. In this step, LN creates batches and non-finalized transactions for matches with transactions.

Rebuild GL accounts for matching

You can define a ledger account on which transactions already exist as a matchable account. In the Chart of Accounts (tfgld0508m000) session, on the **Miscellaneous** tab, in the **Account Matching Properties** field, enter the account matching properties that you defined for the current company. If you do so, the corresponding Matched Transactions (Details) (tfglf150) table must be filled with the existing transactions.

To generate the records in the Matched Transactions (Details) (tfglf150) table, run the Rebuild History for Account Matching (tfgld1218m000) session.

Chapter 4

Period and Year End Processing

4

Using periods

Financial period types

Three financial periods exist:

- **Fiscal**
The official accounting periods that comply with the fiscal requirements. You enter all financial transactions according to this fiscal period allocation. The **Fiscal** period type shows which transactions have been created during a particular period. To define **Fiscal** periods is mandatory.
- **Reporting**
A division of the financial year, other than by fiscal periods. You can use the reporting periods for reporting from the ledger and for financial statements. Reporting periods can only be defined if the **Reporting Periods** check box in the Group Company Parameters (tfgld0101s000) session is selected. To define reporting periods is optional.
- **Tax**
Financial periods that you can use to account the tax amounts of financial transactions. You must define the tax periods in which the tax amounts of the financial transactions must be accounted for in the tax analysis. To define **Tax** periods is optional.

Example

A company is included in a holding structure as of 1 January. This company has defined periods of four weeks as fiscal periods. The tax authorities require the tax amounts to be settled monthly. In contrast, the holding company uses periods of three weeks as reporting periods. This is defined as follows:

Fiscal Period	Start Date	Reporting Period	Start Date	Tax Period	Start Date
1	01-01	1	01-01	1	01-01
2	29-01	2	22-01	2	01-02
3	25-02	3	12-02	3	01-03
4	25-03	4	05-03	4	01-04
5	22-04	5	26-03	5	01-05
6	20-05	6	17-04	6	01-06
7	17-06	7	08-05	7	01-07
8	15-07	8	29-05	8	01-08
9	12-08	9	20-06	9	01-09
10	09-09	10	11-07	10	01-10
11	07-10	11	01-08	11	01-11
12	04-11	12	22-08	12	01-12
13	02-12	13	12-09		
		14	03-10		
		15	24-10		
		16	14-11		
		17	05-12		
		18	26-12		

If a transaction takes place on 26 June, it must be included in:

- Financial period 7, for the company itself.
- Reporting period 9, for the parent company.
- Tax period 6, for the tax authorities.

Financial period statuses

Financial periods can have these statuses:

- **Open**
You can enter transactions for this period.
- **Closed**
The period is closed, but you can still change the period status to **Open** to create some final transactions in the period.
- **Finally Closed**
The period has been closed through the Close Periods (tfgld1206m000) session. You cannot enter any transactions anymore for the period. The **Finally Closed** status can be assigned to a period only if the previous periods have the **Finally Closed** status. You cannot change the status of a period that has the **Finally Closed** status.

In the Period Status (tfgld0107m000) session, you can view and change the status of each period type.

The periods can be set to **Open**, **Closed**, and **Finally Closed** separately for these types of transactions:

ACP: Accounts Payable transactions

ACR: Accounts Receivable transactions

CMG: Cash Management transactions

INT: Integration transactions logging

GLD: General Ledger transactions

Set up financial periods

To set up financial periods:

1. In the Group Company Parameters (tfgld0101s000) session, define these period parameters:
 - **Reporting Periods**
 - **Number of Fiscal Periods**
 - **Number of Reporting Periods**
 - **Number of Tax Periods**
 - **Period Separator**
2. In the Periods (tfgld0105m000) session, define the periods. You can specify:
 - A financial period that you use to post corrections.

- The period's start date.
- 3. In the End Dates by Fiscal Year (tfgld0106s000) session, set the end dates for the last period of a fiscal year.
- 4. In the Period Status (tfgld0107m000) session, set the required period status for each period.

Close financial periods

To close a financial period:

1. Indicate the year for which you want to close a period.
2. Select the module for which you want to close a period.
3. Select the **Final Closing** check box to set the period status to **Finally Closed**.
4. Specify a range of financial companies.
5. Select the appropriate check boxes to specify the periods you want to close.
6. Click the **Close Periods** button.

Before you can close the periods for the General Ledger, you must close the periods for these modules:

- Accounts Payable
- Accounts Receivable
- Cash Management

Note

- You can only specify reporting period types and period ranges if the **Reporting Periods** check box in the Group Company Parameters (tfgld0501m000) session is selected.
- If the period for integration is closed, no more new transactions can be inserted in the integration tables for the closed period.
- Before you run this session, you must close all the batches for the relevant periods in the Finalization Run Number (tfgld1609m000) session.

Closed periods

You cannot create transactions in a closed period. However, a period with the status **Closed** can be reopened in the Period Status (tfgld0107m000) session.

You cannot reopen a period that has the status **Finally Closed**.

Important!

Periods can only be finally closed when all the recurring invoices are posted.

Year-end processing

When you close the financial year, LN balances the profit and loss accounts and builds the opening balances of the balance sheet accounts for the new year. After you finally close the financial year, no financial transactions can be created or posted for the closed year.

Before you can close the financial year, you must process all integration transactions and recurring transactions, finalize all transactions, and close all the periods except the last **GLD** period. The last **GLD** period is typically the correction period. The **GLD** period must remain open because LN must create the entries to balance rounding differences and to balance the profit and loss accounts.

Run the Period Status (tfgld0107m000) session to set the periods for the individual modules to **Closed**.

To close the financial year:

1. **Ensure the integrity of the financial data**

This step is optional. However, for best results, run the Rebuild Opening Balance/History from Transactions (tfgld3203m000) session to ensure that all the history transactions match with the finalized transactions. With this session, you can rebuild the ledger history and the dimension history at the same time.

During the rebuilding process, no financial transactions must be entered or generated in the current financial company. Otherwise, the rebuild may fail, or the result can be unreliable.

2. **Close the year provisionally**

This step is optional and is used for information only. You can run the Close Year - Provisional (tfgld6201m000) session to simulate the closing of the year. Without creating any transactions or postings, LN accumulates the amounts of all profit and loss accounts and builds provisional opening balances for all balance sheet accounts in the new fiscal year. You can view the new opening balances in the general ledger.

You can perform provisional year closing for the current fiscal year, which LN displays in the Finance Company Parameters (tfgld0503m000) session. After provisional year closing, you can continue to process transactions for the current fiscal year. You can still post corrections to a period in the year, and you can repeat the provisional year closing as required.

3. **Clear the profit and loss accounts**

Run the Automatic Balancing (tfgld6202m000) session to balance the profit and loss accounts.

4. **Correct the rounding (Optional)**

If the Close Year - Provisional (tfgld6201m000) session or the Automatic Balancing (tfgld6202m000) session result in an error message such as *Balance ledger account does not tally for a currency*, you must correct the rounding of the amounts.

After you complete corrections:

- a. Run the Rebuild Opening Balance/History from Transactions (tfgld3203m000) session.
- b. Rerun the Close Year - Provisional (tfgld6201m000) or Automatic Balancing (tfgld6202m000) sessions. If rerunning the latter session results in a new batch, finalize this batch before you proceed.

5. Finally close the financial periods

Run the Close Periods (tfgld1206m000) session to set the period status of all **GLD** periods to **Finally Closed** for all period types.

6. Close the year

Run the Close Year (tfgld6203m000) session to finally close the current year and to create opening balances for the new year. This will result in a new batch, which must be finalized in the next year.

If you finally close the current year, you can no longer process any transactions for the year. The opening balances created by the provisional year closing are overwritten.

7. Archive the history data

In the **Store Data for X Years** field of the Group Company Parameters (tfgld0101s000) session, you specify the number of years that the financial details must be retained in the current financial company. If the number of years has expired, you can run the Archive / Delete Period Totals (tfgld6206m000) session to archive and/or delete the financial data of a financial year. LN does not automatically perform this action.

Balancing methods

When you close the financial year, you can use the Automatic Balancing (tfgld6202m000) session to clear Profit and Loss accounts and post the total balance to the Retained Earnings account. In the Finance Company Parameters (tfgld0503m000) session, you select the balancing method for the Profit and Loss accounts.

The following balancing methods are available:

- **Total**
All Profit and Loss accounts are collectively cleared against the balancing account that you select in the Finance Company Parameters (tfgld0503m000) session and the total amount on the balancing account is posted to the Retained Earnings account. The profit and Loss accounts are not individually cleared.
- **Individual Accounts**
The Profit and Loss accounts are individually cleared against the Retained Earnings account.
- **Source of Earnings**
Each Profit and Loss account is individually cleared against the related Source of Earnings account. You can use this method to see how the total profit for the year is composed, for example, of operating profit, extraordinary profit, and so on.
- **Individual Accounts with Closing Balance**
The Profit & Loss accounts are individually cleared against the balancing account that you select in the Finance Company Parameters (tfgld0503m000) session. The Balancing account is cleared against the Closing Balance account. The non Profit & Loss accounts are also individually cleared against the Closing Balance account.

Journal import

You can import journal transactions into LN from an outside source.

To import journal transactions, use one of the following:

- Exchange schemes
- The Post Imported Journal Transactions (tfgld2215m000) session

A default exchange scheme called JVIMPRT, is provided with the LN demo company. You can modify the exchange scheme or you can create new exchange schemes, if you want to use a customized format.

The default exchange scheme is designed to:

- Read an ASCII file.
- Retrieve the necessary data.
- Store the retrieved data in LN tables.

Note

You can access the LN tables in the Post Imported Journal Transactions (tfgld2215m000) session.

The exchange scheme searches four record types in the ASCII file:

- Batch header records
- Document header records
- Document line records
- Text records

The identification numbers are used to group sets of records in the ASCII file which belong to the same transaction. The identification numbers are used to select the data, which is imported into the general ledger. A one to one relationship exists between identification numbers and batch numbers in the general ledger.

When a batch has been successfully imported, the batch is treated in the same way as other nonfinalized transactions. The normal processing procedures are followed for maintenance and finalization of the transaction.

When a batch is processed, the detail records are removed from the import tables. The batch-header record remains and you can view the status of the imported journals in the Imported Journal Files (tfgl2513m000) session.

Recurring journals

Recurring journal transactions are journal transactions that LN can generate regularly, based on the transaction details and instructions that you set up in the recurring journal definition.

Common costs such as the costs of the office buildings and parking spaces, a canteen, technical staff and security officers, and the costs of heating, electricity, and water, are often distributed over the various departments and locations of an organization on a fixed basis. You can set up recurring journal definitions to distribute such costs.

For such costs, you can set up recurring journal definitions to generate the corresponding financial transactions and support the monthly accounting of the departments. The resulting reports provide useful management information and they are required in countries in which organizations must prepare consolidated financial statements and are requested to disclose profit and loss for each department separately.

Recurring journal types

The type of a recurring journal definition indicates the transaction category.

These recurring journal types exist:

- **Journal Voucher**, to distribute costs across other departments or companies.
- **Purchase Invoice**, to generate simple recurring purchase invoices.
- **Sales Invoice**, to generate simple recurring sales invoices.

Note

In the Accounts Receivable and Accounts Payable modules, you can also create recurring invoices and recurring payments in these sessions:

- Recurring Sales Invoices (tfacr1514m000)
- Recurring Purchase Invoices (tfacp1113s000)

The difference with recurring journal transactions of the **Purchase Invoice** or **Sales Invoice** type is that in the Accounts Receivable and Accounts Payable sessions, you can enter more transaction details.

Currency rates

Depending on the recurring journal type, you can select a rate determiner for the recurring journal transactions. If you use a dependent multicurrency system and the **Rate Determiner** is **Manually Entered**, you can change the rate between the transaction currency and the reference currency.

When you generate the recurring transactions and when you print a transaction report, you can either use the currency rates that are valid on the day when the transactions are generated or the currency rates you specified on the journal header.

Reversal transactions

You can reverse recurring journal transactions if the recurring journal is of the **Journal Voucher** type.

For example, to cover the telephone charges you can set up a recurring journal definition of the **Journal Voucher** type to monthly assign a fixed amount to the various departments. At quarter end when the actual telephone costs are known, you can reverse the journal transactions and charge the actual costs to the departments.

To use normal reversal transactions

Another way to reverse the transactions is to create the instructions and select the **Not Applicable** reversal type. To reverse the transaction, create an instruction of the **Normal Reversal** type. This instruction generates the transactions of the recurring journal definition but reverses Debit and Credit.

Note

For the normal reversal transactions, LN uses the currency rate information of the generation date of the reversal transaction, which can cause currency differences.

Reverse entries

You can use the Reverse Entry (tfgld1295m000) session to create reversal documents.

You can create reverse entries of finalized transactions for the following transactions:

- Journal vouchers.
- Sales invoices that you entered in Financials.
- Sales credit notes that you entered in Financials.
- Purchase invoices not linked to purchase orders (cost invoices).
- Purchase invoices that are not yet matched or approved.
- Purchase credit notes not linked to purchase orders.
- Transactions that result from an integrated external package which is defined as External Package in the integration mapping scheme.
- Opening balances.
- The following Cash Management bank transactions:
 - Advanced payments
 - Advanced receipts
 - Unallocated payments

- Unallocated receipts
- Journal entries

On ledger accounts that can be matched, you can only reverse the transactions that are not yet matched.

You can only reverse single transactions, and you can reverse a transaction only once. You cannot reverse a batch of transactions. If you have corrected the transaction document or linked the transaction document to another document, you cannot reverse the transaction.

You must reverse purchase and sales invoices through credit notes, and you must reverse credit notes through invoices. For other transactions, the reversal transaction is usually of the same type as the original transaction. The reversal transaction type must belong to the same transaction category as the original transaction type.

If negative amounts are allowed for the transaction type, LN creates reverse postings of the same type (debit or credit) with amounts with the inverse sign (+ instead of - or - instead of +). If negative amounts are not allowed for the transaction type, LN reverses debit postings through credit postings of the same amount and the other way round.

If you reverse a journal transaction, the reversal document is referred in the document history of the original document. The document number of the reversal document appears in the **Original Document** field. If you reverse an open entry through a credit note, LN links the credit note to the open entry so that the balance automatically becomes zero.

If you reverse a sales or purchase credit note through an open entry, LN cannot balance the entries automatically. You must manually link the credit note to the invoice afterwards. If you want to correct the transaction that you reversed, LN can copy the original document to a new document. The postings on the new document are the same as the postings on the original document. You can change the amounts and/or accounts and/or dimensions on the new document in the Transaction Entry (tfgld1140m000) session.

Note

To use the Transaction Entry (tfgld1140m000) session, user-specific defaults must exist in the Transaction Entry Defaults (tfgld0131m000) session.

LN assigns new batch numbers to the reversal document and the new document if you created one. You must finalize the new batches in the standard way.

Note

You cannot reverse the following transactions:

- Integration transactions such as **Purchase/ Direct Delivery, Sales/ Item Surcharge Issue, Warehouse Transfer/ Issue.**
- Intercompany transactions.
- Transactions linked to assets, projects, services, and Order Management.
- Transactions that result from an integrated external package which is not defined as External Package in the integration mapping scheme.

Archiving finalized transactions

To support correct archiving in a multicompany structure, the following rules apply:

- Each company must have its own archive company. Companies cannot share an archive company.
- The structure of archive companies must be an exact copy of the live environment.
- A company must keep the same archive company until the end of its lifetime. Once data has been archived, you cannot change the archive company.

If extra archiving capacity is required, it is recommended that you set up a second archiving environment, which must also be an exact copy of the live environment. Define the companies of the second archive environment as the archive companies of the companies of the first archive environment. If necessary, a third and more archiving environments can be set up. You must then archive the data from each archive company to its archive company in the second archiving environment, and so on.

When you archive the data, LN builds an array with all the companies of the group and the archive company linked to each company. If any of the companies in the group does not have an archive company, LN reports an error and aborts the archiving process.

Batches and batch lines are only archived and/or deleted if you perform archiving and deletion in the company in which they exist. This is always the source company. Any intercompany documents and related finalized transactions that belong to the batch are not archived and/or deleted until the target company is archived.

If the batch has been deleted from the live environment, such intercompany documents and transactions will then temporarily exist without a batch in the live environment until the target company's transactions are archived. Therefore, it is recommended to archive all the companies of a group within a short time.

Finalization runs are also archived. A finalization run can only be deleted from the live environment if all the attached batches have also been deleted.

Financial documents are archived and/or deleted if you perform archiving and deletion in the company in which they exist. For each document, LN searches whether a related intercompany document exists.

If the document's transaction type indicates that the document numbering does not have to be in a fixed sequence, the document is not deleted from the live environment, to avoid duplicate document numbers.

A finalized transaction is not deleted from the live environment if the fiscal year of the transaction does not equal the fiscal year of the batch and the fiscal year of the transaction cannot yet be archived. If the Archive option is selected, the related batch, batch line, and document are copied to the archive company and retained in the live environment.

If a transaction is still referenced by open sales orders or purchase orders, it is marked as **Deleted** but not actually deleted. The related batch, batch line, and document are copied to the archive company and retained in the live environment. They are deleted when the referenced open transactions are closed and archived, for example, when you run the Archive / Delete Fully Paid Purchase Invoices (tfacp2250m000) session

If the transaction's ledger account is a matchable account, any related matching data is also archived.

During the archiving process, the originating company of the finalized transaction is replaced with the originating company's archive company. In this way, the archive environment will not contain references to the live environment.

During archiving, intercompany document relations are also copied to the archive environment. In the archive environment, these relations are updated in such a way, that each document in the relation refers to the environment in which the document actually exists. In the live environment, the document relation is retained until all related finalized transactions are deleted. For invoice-related transactions, this only occurs during the removal of fully-paid invoices. The document relation is also updated in the live environment, in order to refer to the archived document if all related finalized transactions have been removed from the live environment.

After the normal archiving process, an additional archiving step is performed in which all transactions and documents in the live company that arise from intercompany postings, are archived. During this step, intercompany relations are archived and/or deleted as described earlier.

Batches, batch lines, and documents that have the **Deleted** status are deleted from the live environment, unless the document's transaction type indicates that the document numbering does not have to be in a fixed sequence. Such documents are not deleted from the live environment, to avoid duplicate document numbers.

Appendix A

Glossary

A

account

See: *ledger account* (p. 54)

account matching authorization scheme

A company-specific set of authorization restrictions that can be linked to account matching users.

account matching properties

A company-specific set of properties with matching information linked to a ledger account.

See: automatic account matching criteria set

advance payment/receipt

A paid or received amount, which cannot be allocated to an invoice or any other document. After an invoice has been created, the advance payment or receipt can be allocated to it. Unlike an unallocated payment/receipt, you can calculate tax on a advance payment/receipt.

anticipated payment

A payment that is not entirely executed yet, or is on its way to be executed.

These anticipated payments can be created:

- Automatically, for example when a check is generated by the automatic payment procedure.
- Manually, for example, when a check is written.

Antonym: anticipated receipt

anticipated payment

See: *anticipated receipt* (p. 52)

anticipated receipt

See: *anticipated payment* (p. 51)

anticipated receipt

A receipt that is not completed yet.

Anticipated receipts can be created:

- Automatically, for example, in case of direct debit.
- Manually, for example, when a check is entered.

Antonym: anticipated payment

appropriate menu

Commands are distributed across the **Views**, **References**, and **Actions** menus, or displayed as buttons. In previous LN and Web UI releases, these commands are located in the *Specific* menu.

automatic account matching criteria code

A list of fields that determines the matching criteria, including a priority sequence in order to match on different combinations of fields.

See: automatic account matching criteria set

automatic account matching criteria set

A company-specific set of priorities with matching criteria that can be linked to an account matching priority to enable automatic matching.

See: account matching property

bank reference

A unique number used by the banks to reference each invoice. The bank reference number can be a string of 20 or more digits, composed in such a way that a number check can be performed to check its validity.

In some countries, the bank reference number is a critical component of payment and receipt transactions, especially if payment slips are used. If bank reference numbers are used, the bank reference number must appear on the invoice document, on the payment slip if applicable, and on the payment document.

cash flow reason

An indication of the kind of cash transaction. Transactions to which you link a reason code of the **Cash Flow** type are included in the cash flow statement, sorted by cash flow reason.

cash flow reason group

A way to group cash flow reasons on the cash flow statement. On the cash flow statement, LN prints the subtotals for each cash flow reason group.

clearing accounts

A temporary account containing costs or amounts that must be transferred to another account.

complementary account

A ledger account that you can use for the amounts that are complementary to the amounts in the statutory accounts. For example, you can link a statutory account and a complementary account to a parent account. If you print the Management report based on the parent accounts, on the report LN adds the amounts in the complementary account to the amount in the statutory accounts.

Antonym: statutory account

complementary account

See: *statutory account* (p. 55)

dimension

Analysis account for ledger accounts to get a vertical view on ledger accounts. Dimensions are used to specify ledger account information.

See: dimension type

dimension type

One of up to twelve available analysis account bases for ledger accounts.

integration mapping scheme

A scheme that defines the ledger accounts and dimensions to which the integration transactions are posted.

integration transaction

A financial transaction that is generated through LN packages other than Financials. For each logistic transaction that must be reflected in Financials, LN generates an integration transaction, for example, Purchase/Receipt, Production/WIP Transfer, and Project/Costs of Goods Sold. LN posts the integration transaction to the ledger accounts and dimensions defined in the integration mapping scheme.

intercompany settlement transaction

The automatic postings in one financial company to intercompany billing and clearing accounts instead of invoices generated for sales/purchase transactions between the entities of two logistic companies.

You must define the logistic companies as affiliated-company business partners and you must indicate that intercompany settlements can be performed for the business partner.

intercompany transactions

The transactions created between financial companies which belong to the same financial group.

interim account

An account between two actions or events containing costs or amounts that must be transferred to another account.

ledger account

A register used to record financial transactions and to accumulate the values of the transactions for reporting and analysis. The ledger accounts classify the transactions into categories such as revenues, expenses, assets, and liabilities.

Synonym: account

ledger account matching scheme

A set of ledger accounts for which a user can perform account matching.

open entry

See: *open invoice* (p. 54)

open invoice

Unpaid invoices.

Synonym: open entry, outstanding invoice

outstanding invoice

See: *open invoice* (p. 54)

parent/child relation

Generic term to indicate parent and child elements in any multilevel structure. For example, this relationship is used for companies, financial accounts, dimensions, product families, customers, suppliers.

parent-child structures

A hierarchical structure for dimensions and accounts. Multiple child elements can be linked to a parent element. It is used for subtotaling and reports and inquiries. To determine the level in the hierarchy, dimensions and accounts have a sublevel.

payment slip

Optically readable document attached to an invoice, which can be sent to the bank to make the payments for the invoice. The supplier's bank account number, the invoice amount, and an invoice reference number are preprinted on the payment slip. If a payment slip is attached to an invoice, the payment slip is created and printed together with the invoice.

posting data schedule

See: *transaction template* (p. 56)

protocol number

A unique sequence number for each document.

In some countries, for example Italy, it is required to report in a fixed sequence to the local authorities. Predefined protocol numbers can be automatically assigned to finalized transactions.

rate determiner

The method to decide which date is used to determine the exchange rates.

During the composing process, all amounts in foreign currencies are converted to the home currency, based on the determined exchange rate.

statutory account

See: *complementary account* (p. 53)

statutory account

A ledger account used for official accounting purposes according to legal requirements.

Antonym: complementary account

sublevel

A number that indicates the level of a ledger account or a dimension in the hierarchical structure of accounts and dimensions. A low number corresponds with a low sublevel. Ledger accounts can have sublevels 0 through 99. Dimensions can have levels 0 through 9.

Transactions can only be posted to accounts and dimensions which have a sublevel zero. All amounts and quantities on the sublevels 1 and higher are aggregated from lower sublevels.

suspense account

An account that records operations that cannot be posted definitely to an account.

However, such accounts must not appear on the balance sheet. For example:

- When bank reconciliations bring the balance of the company's account into line with that of the bank, the unidentified movements listed on the bank statements are posted to a suspense account

Note: Unidentified movements can, for example, be customer receipts.

transaction category

A way to categorize transaction types, for example journal vouchers, recurring/reverse journals, purchase invoices, and sales invoices. The category defines how to process a transaction linked to the selected transaction type.

transaction schedule

See: *transaction template* (p. 56)

transaction scheme

See: *transaction template* (p. 56)

transaction template

A set of entries created (generated and repeated) to distribute a transaction across a number of ledger accounts and dimensions. For example, you can distribute the recurring purchase invoices for general supplies across a number of departments or work centers. The set of transactions is automatically linked to the document.

Synonym: posting data schedule, transaction scheme, transaction schedule

transaction type

A user-defined three-position code used to identify documents. The series linked to the transaction type give documents the sequence number.

unallocated payment/receipt

A payment/receipt, appearing on a bank statement, which cannot be allocated to an invoice or other document. This payment can be registered as unallocated. An unallocated payment/receipt can be allocated to invoices later.

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