

Guidelines to using Historical Rates in IBM Cognos Controller

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Guidelines to using Historical Rates in IBM Cognos Controller	3
1 Introduction	3
1.1 Purpose	3
1.2 Applicability	3
1.3 Exclusions and Exceptions	3
2 Historical Rates	3
2.1 Currency Rates – Historical Rates Register	3
2.2 Entering Historical Rates	4
2.3 Historical Rate Codes	5
2.4 Period Actuality	5
2.5 Store by Specific Periods and Actualities	5
2.6 Extended Dimensions	5
2.7 Counter Company	5
2.8 Journal Type	6
2.9 Journal Number	6
3 Copying Historical Currency Rates	6
3.1 Copying currency rates between period	6
3.2 Copying Historical Rates between Companies	7
4 Order for Currency Calculation in IBM Cognos Controller	7
4.1 Order of Currency Calculation	7
4.2 Loading Historical Rates into Cognos Controller	7
5 Historical Conversion– Example	7

1 Introduction

1.1 Purpose

This document provides guidelines to setting up and using historical rates in IBM Cognos Controller.

1.2 Applicability

IBM Cognos Controller

1.3 Exclusions and Exceptions

There are no known exceptions and exclusions at the time this document was created.

2 Historical Rates

2.1 Currency Rates – Historical Rates Register

The currency register you entered and stored the currency rates for a given period and actuality. You enter historical rates in a separate menu, **Group/Data Entry/ Historical Rates**.

Figure 1 shows the Historical Currency Register and the filters available

Selections

Actuality: AS Company: B From Currency Code: USD
 Period: 0912 Form: SPEQ To Currency Code: EUR

Account	Name - Group	Dim 3	Dim 4	Counter Compan	All Journal Types	Journal Type	Journal No.	USD	EUR
10000300	Capital / Increase				<input checked="" type="checkbox"/>	**			
10000400	Capital / Decrease				<input checked="" type="checkbox"/>	**			
10000500	Capital / Other movements				<input type="checkbox"/>			1.500	800
13600300	Retained earnings / Increase				<input checked="" type="checkbox"/>	**			
13600400	Retained earnings / Decrease				<input checked="" type="checkbox"/>	**			
13600500	Retained earnings / Other moveme				<input checked="" type="checkbox"/>	**			
13700300	Adj ret earnings / Increase				<input checked="" type="checkbox"/>	**			
13700400	Adj ret earnings / Decrease				<input checked="" type="checkbox"/>	**			
13700500	Adj ret earnings / Other movement				<input checked="" type="checkbox"/>	**			
13800300	Consolidated reserve / Increase				<input checked="" type="checkbox"/>	**			
13800400	Consolidated reserve / Decrease				<input checked="" type="checkbox"/>	**			
14300300	Counterpart goodwill / Increase				<input checked="" type="checkbox"/>	**			
14300400	Counterpart goodwill / Decrease				<input checked="" type="checkbox"/>	**			

2.2 Entering Historical Rates

In this function you can enter the historical rates as fixed values in group currencies. The register is used to provide historical values in converted currency for movement accounts, for example, accounts for the issue of new shares or for some other account that requires a historical rate. Due to the fact that they will be entered in movements, they will be transferred automatically to the OB of next year thanks to the reconcile (J code) and the currency conversion (I code) settings in the account structure. If ever you enter historical values on main account (no use of movements) you can use **Group/Copy/Historical Rates Between Periods** to copy the historical values from one period to another.

Note: Currency conversion is performed from local currency to all currencies included in the chosen consolidation structure. To keep the relation of historical rates all the way up in the consolidation structure, you have to enter historical rates for all group and sub-group currencies in the structure. You may have to add several records for the same item. Currencies not entered in the register of historical rates will be converted from local currency using closing or average rates. If the company is connected to more than one consolidation structure, you must enter historical rates for these currencies as well. Be aware of the fact that a very detailed set up of historical rates (for example, historical rates on extended dimensions or on journal numbers) will make the analysis of converted amounts more complicated. On the other hand, when you enter historical rates for **G coded** accounts it is important to enter historical rates at the appropriate detailed level.

Note: It is possible to enter historical rates directly when entering company journals.

2.3 Historical Rate Codes

You must define accounts, which you want to convert into historical values, with currency conversion codes E, F or G using the **Define Accounts** function. These accounts appear automatically when you state for which company you want to register historical rates. If you select a specific form, only accounts with currency conversion codes E, F or G that are included in this form will be displayed.

Currency Conversion Code E

Historical values can be entered in the register of historical rates for the specified account. Any amount exceeding what is entered in the register is converted at the closing rate. If there is no amount in the register, the account is converted at the closing rate.

Currency Conversion Code F

Historical values can be entered in the register of historical rates for the specified account. Any amount exceeding what is entered in the register is converted at the average rate. If there is no amount in the register, the account is converted at the average rate.

Currency Conversion Code G

Historical rates can be entered in the register of historical rates for the specified account. Any amount exceeding what is entered in the register is converted at the average period rate. If there is no amount in the register, the account is converted at the period average rate.

2.4 Period Actuality

All historical rates are stored by period and actuality, which means that you can go back to an old period and locate the exact values that were used during the currency conversion.

2.5 Store by Specific Periods and Actualities

It is possible to let all historical rates be stored in one period and actuality. In these instances you must define the period and actuality in the general configuration on the **Conversion** tab.

2.6 Extended Dimensions

If an account divided into extended dimensions is going to use the same historical rate for all extended dimensions, no information is registered at extended dimension level in the register of historical rates. If, however, the extended dimensions are going to use different historical rates, the ratio of rates must be registered at extended dimension level.

2.7 Counter Company

If you register historical rates on intercompany account you can specify the historical value by counter company. For other counter companies not specified in the historical rate register the closing or average rates will be used.

2.8 Journal Type

If you register historical rates of an account posted in a specific journal type, the historical value will only be used for the currency conversion of the account registered to that journal type. Other journal types will be converted at the closing or average rates. If you want the historical value to apply to all journal types, the **All Journal Types** check box must be selected. The check box is selected by default.

Note: If a historical value in a company journal is entered via the **Data Entry/Company Journals** menu, this historical value can still be changed.

2.9 Journal Number

If you register historical rates for specific journal numbers, the rate will only be used for currency conversion of values registered to that journal number. Other journal numbers will be converted at the closing or average rates.

3 Copying Historical Currency Rates

3.1 Copying currency rates between period

In this function you can copy historical rates between periods and actualities.

Note that this step is not needed when the historical values are booked in movement accounts (OB must have code I as currency conversion method)

Steps:

1. On the **Group** menu, click **Copy/Historical Rates Between Periods**. The **Copy Historical Rates Between Periods** window opens.
2. In the **Copy From** area, enter the actuality and period to copy historical rates from. It is not possible to select several periods and actualities. In the **Copy To** area, enter the actuality and period to copy historical rates to. It is not possible to select several periods and actualities. Select the **Clear Existing Historical Rates for Current Selections Before Copying** check box to delete any values already registered for the selected companies, currency codes and target actuality/period. Click **Run**.
3. If you want to copy historical rates for all currencies and companies, select the **All Companies and Currency Codes** check box. All companies means all companies you have access to.

3.2 Copying Historical Rates between Companies

You can use this function to copy historical rates between companies

4 Order for Currency Calculation in IBM Cognos Controller

4.1 Order of Currency Calculation

Steps completed as part of the currency translation:

1. Currency conversion codes B, M, K, L and N are calculated for all accounts using these.
2. Accounts with currency conversion code D are calculated.
3. Opening balances, currency conversion codes C and I, are calculated.
4. Historical rates, currency conversion codes E, F, and G are calculated.
5. The currency conversion differences, currency conversion codes O and P are calculated.
6. All accounts are summed to summation accounts.
7. Currency conversion code A is calculated.
8. All accounts are summed to summation accounts.
9. Currency conversion code A2 is calculated.
10. All accounts are summed to summation accounts.
11. Values are copied from accounts with reconciliation rules to all accounts with the currency conversion codes U, V, X and Z.
12. All accounts are summed to summation accounts.
13. Currency conversion code A3 is calculated.
14. All accounts are summed to summation accounts.
15. The final currency conversion difference, the balance item, is calculated and booked using the rules in the general configuration

4.2 Loading Historical Rates into Cognos Controller

The only supported method of updating "Historic Rates" is the method available under the "Group" menu and using a SQL script is not supported as it can lead to a corrupt database. Manually is the only correct way to enter the historical rates into Controller. You can copy them forward to other periods. For normal exchange rates you can import with a specification as external structures, in Transfer/External structures/Import external structures.

5 Historical Conversion– Example

Example with a non integrated chart of account

For all equity accounts except net income

Account	Description	comments	Acc type	SUM 1	CTRL	CONV.
XXXXXXOB	OB		S	+EB	J EB	I EB
XXXXXX10	change in scope	movement indicated in E300	S	+EB		I EB
XXXXXX20	Dividend paid internal	interco account account	S	+EB		L
XXXXXX21	Dividend paid external		S	+EB		L
XXXXXX22	transfer from net income	movement indicated in Gen Config	S	+EB		L
XXXXXX30	increase	can be split in several movements	S	+EB		F
XXXXXX40	decrease	can be split in several movements	S	+EB		F
XXXXXXEB	EB		S	-DF	+CB	U
XXXXXXCB	CB	Main account at historical rate	E	+DF		U
XXXXXXDF	DF	Check if CB justified by movements	S			U
XXXXXX90	TD	Translation diff	E	+ CTA		A EB

The OB will be converted at the rate of the EB of last year (I rate).

The movement change in scope must be converted at the rate of last year.

This movement can be split by type of change in scope (disposal, acquisition, change in method and %)

These movements are calculated automatically via the rule E300

The movements 20,21,22 are only for the retained earnings account.

The movement 22 allows to transfer automatically in the automatic journals the net income of the previous year to the retained earnings

All these movements are converted at the rate of the net income of last year.

Here we use the L rate (average rate of last year)

The DF movement allows to see in the form the difference between the main account (CB)

and the summation of the movements (EB).

The code "A" will calculate the difference between the value of the main account in group currency

before the calculation of the translation difference and the summation of the movements multiply by the closing rate.

The translation difference (TD) is summed in an equity account " translation difference on equity" or " CTA".

Retained earnings	LC	LE
OB Opening balance	100	220
22 transfer from net income	10	25
30 increase	30	90
EB Ending balance	140	335
CB Main account	140	335
TD Translation difference		57

EB of last year is 220 in LE currency

AR LY: 2,5

HR increase: 3

CR: 2,8

The OB in LC and LE is copied from last year

The transfer from net income is converted at the average rate of last year (rate of the net income of last year)

The increase gets an historical value of 90

The ending balance and the main account get the sum of the LE values.

The translation difference is summed in a specific equity account and is the result of the difference between the EB in LC multiplied by the closing rate and the EB in LE.