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Proven Practice

Guidelines on how to set up General Configuration and Automatic Journals for IBM Cognos Controller

Product(s): IBM Cognos Controller

Area of Interest: Financial Management

Business Analytics software

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Introduction

Purpose of Document

The purpose of this document is to provide good advice when configuring IBM
Cognos Controller regarding automatic journals in general.

There are often misunderstandings in this area, due to complexity and possibility of
many configurations. The objective is to be a guide on how to set up configurations
and control tables and to clarify this area and give correct and complete information
about the functionality as is possible.

Applicability

Automatic journals are elimination or calculations that are booked as journals on
companies and groups. They can be based on either data in the period database
(xdb) or the investment register (xacq).

Where the automatic journals are booked are affected by the consolidation type
(legal or management) and how the company structure is built.

You activate and define basic configuration of the automatic journals in Maintain /
Configuration / Automatic Journals / Define. Then you define which accounts to be
involved in the calculation in Maintain / Configuration / Automatic Journals / Control
Tables / Acquisition Calculations. Though, how the account structure is defined, with
summations, reconciliation and conversion codes etc, also affects the automatic
journals. Settings in General Configuration, mainly in the tab Reconcile 2 (or
Reconcile if you run the old consolidation model) also have an impact on how the
elimination is recorded.

This document also shortly describes how to set up the control tables depending on
which of three consolidation set ups you select:
- The Standard model used mainly in USA, Germany, Sweden, Switzerland and the
  United Kingdom. The standard model uses the investment register as basis for
  some of the elimination.
- The Latin model used mainly in Belgium, Spain, Italy and France.
- Investment adjustment model, used mainly in the Netherlands, Denmark, Iceland
  and Canada.

Exclusions and Exceptions

The functionality described is generally applicable only in the new consolidation
model (introduced in Controller 8) Configuration tests have been done in IBM
Controller 10 series.

Assumptions

The assumption is the user is familiar with consolidation rules, especially how
elimination entries are to work as part of the period close cycle.

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General Configuration

General Information

In the menu item Maintain / Configuration / General you make settings for the whole system. For example, you make settings for the investment register in the second tab, and you configure signs in the tab Reconcile 1. In reconcile 2 you set up a number of important accounts that are used for example by the automatic journals. Read more about this below.

The Reconcile 2 Tab

Here you specify a number of accounts that are used by the automatic journals. This makes some transfers between accounts possible, without having to specify these within the control tables. By specifying OB and transfer accounts for net income it possible to roll net income to other accounts over year-end. Depending on how the account structure is built – with integrated accounts or not and with a specification of net income or not – this window should be configured in different ways.

General 1 | General 2 | General 3 | Conversion | Reconcile 1 | **Reconcile 2** | Server Preferences

Main Settings

	Balance Sheet	P&L Statement
Net Income:	145000	NETINCOME
Retained Earnings BS:	137000	
Prev Year Net Income BS:		

Accounts for Analysis of Reserves

☑ Use transfer accounts

	Retained Earnings	Net Income
Opening Balance:	137000OB	145000OB
Transfer:	137000150	145000150
Net Income (non-integrated):		145000200

Differences

	Main Account	Non-Int. Account
Currency Conversion Difference Account 1:	159000	
Currency Conversion Difference Account 2:	159000	
MNM Method Currency Conversion Difference:		
Other Difference for Automatic Journals:	159900	

Figure 1 shows the Reconcile 2 settings, which includes the account settings for Retained Earnings, Net Income, Currency Conversion, etc.

Non-integrated account structure

In this database, the account structure is *non-integrated*, meaning there is an *Analysis of Reserves with statistical accounts*, where each EB (ending balance) reconcile with a main account. There are separate accounts for Net Income in P&L, BS (completely non-integrated). There is also a specification of Net Income, meaning net income from P&L (NETINCOME) will roll into the Net income BS (145000) as well in the Net Income spec (145000200). Next year the amount will be transferred to the retained earnings (137000) and will turn up as OB Net Income (145000OB) and also on the transfer accounts, with inverted sign in Net Income part (145000150) and with same sign in Retained Earnings part (137000150).

Explanation of the fields
- **Main Settings**
- Net Income in P&L Statement: Summation account ,Income account (I)
- Net Income in Balance Sheet: Usually a main account, type E, reconciled with NI in P&L. We recommend using another account than for the P&L.
- Retained Earnings in Balance Sheet: If the account structure is non-integrated, select the main account (type E) here. -Note- that there must be reconciliation between the main account and the EB in the specification. The specification accounts for retained earnings must be the « From accounts » and "to accounts" in the control tables, else nothing will be booked on retained earnings. If the Analysis of Reserves is integrated into the Balance Sheet (movements are main accounts), leave this box empty.
- Previous Year Net Income in Balance Sheet
- Enter a main account, type E, here, if the Analysis of Reserves is integrated into BS and you have a specific account in the BS for NI from previous year (unusual configuration).

Accounts for Analysis of Reserves
- *Use Transfer Accounts*

Select this box if the net income BS and the retained earnings are non integrated (recommended configuration). By selecting this, the fields for transfer accounts are open for update.

- *Opening Balance Retained Earnings*

This field is automatically updated from the account structure when the transfer accounts are filled in and the window is saved.

- *Opening Balance Net Income*

This field is automatically updated from the account structure when the transfer accounts are filled in and the window is saved.

- *Transfer Retained Earnings*

Here you fill in the specification account for Retained Earnings, on which you want previous year's net income to be booked.

- *Transfer Net Income*

Here you fill in the specification account for Net Income, on which you want previous year's net income to be counter booked (opposite sign compared to OB Net Income).

- *Net Income (non-integrated)*

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- If P&L is not integrated, this usually means that there is an Account with a statistical account (movement) for Net Income BS. Specify that account here and it will be updated from NI in P&L. If this is not the case, this field does not have to be filled in.

Differences
- *Currency Conversion Difference Account 1, Main Account*

Here you enter the account (balance type, usually E or L) on which you want the system to book any remaining* positive currency conversion difference. "Account 1" refers to conversion method 1 in the account structure. Note that any balance differences from the conversion, IC and IP are also booked here; and before Controller 8 also balance differences from automatic journals . *we recommend to calculate conversion differences through the configuration in the account structure, so in this account should appear only very small amounts if not it would mean that the conversion, IC and/or IP configurations are wrong.*

- *Currency Conversion Difference Account 1, Non-Integrated Account*

Here you enter the account (statistical type, usually S) on which you want the system to book any remaining positive currency conversion difference if the main account is analysed by movement (unusual). For more information, read above.

- *Currency Conversion Difference Account 2, Main Account*

Here you enter the account (balance type, usually E or L) on which you want the system to book any remaining* negative currency conversion difference. "Account 2" refers to conversion method 2 in the account structure. Note that any balance differences from the conversion, IC and IP are also booked here,. *We recommend to calculate conversion differences through the configuration in the account structure, so in this account should appear only very small amounts if not it would mean that the conversion, IC and/or IP configurations are wrong.

- *Currency Conversion Difference Account 2, Non-Integrated. Account*

Here you enter the account (statistical type, usually S) on which you want the system to book any remaining negative currency conversion difference if the main account is analysed by movement (unusual).. For more information, read above.

- *MNM Method Currency Conversion Difference*

Here you enter the account on which to book any remaining currency conversion difference when using the MNM method (must be normally a P/L account)

- *Other Difference for Automatic Journals, Main Account*

Any remaining balance difference in automatic journals is booked on this account. If this is not filled in, the difference will instead be booked on the account for currency conversion difference. It is recommended to have a specific account for this use (balance type, usually E or L). In this account should appear only very small amounts if not it would mean that the conversion or the acquisitions configurations are wrong.

- *Other Difference for Automatic Journals, Non-Integrated Account*

Here you enter the account (statistical type, usually S) on which you want the system to book any remaining balance difference in automatic journals if the main account is analysed by movement (unusual).. For more information, read above.

Figure 2 shows an account structure for retained earnings and result of Balance sheet

Consolidation Types and Company Structure

Per consolidation type, you must select if the acquisition calculation and intercompany elimination should be done in a legal way or in a management way.

Legal consolidation means that *acquisition calculation* (when counterparts are involved, e.g. for investment accounts) and *Intercompany elimination* is booked at the level where the companies meet in the structure.. The booking can so occur in subgroups When the new consolidation engine is applied (per default in Controller 8) the booking will be done on subgroups when it involves companies belonging to different subgroups. Note that if the old consolidation engine is used, the elimination are always stored on companies, with a specific ktypkonc code telling to which group the elimination belongs and must be displayed. With the old consolidation engine none automatic journals are booked directly on subgroups.

Management consolidation means that elimination is always performed at the lowest level, regardless of where the counter company is located in the company structure.
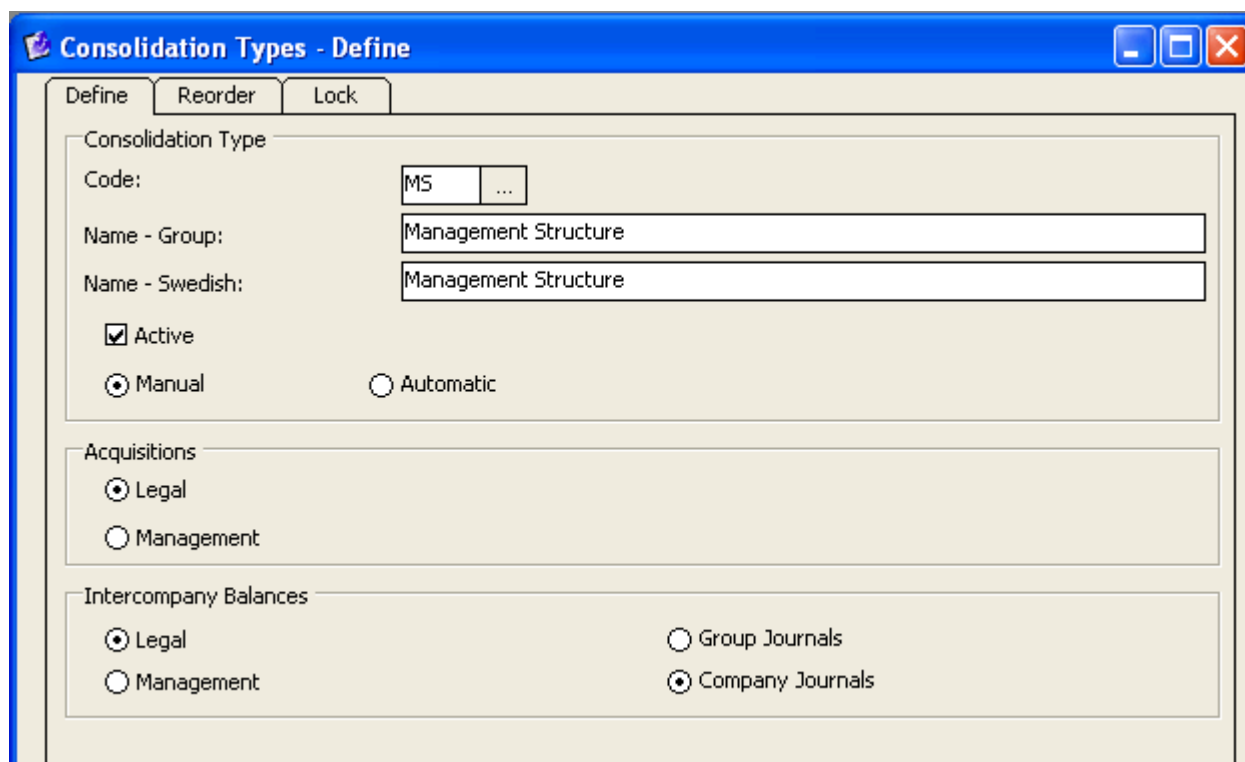
Figure 3 shows the consolidation types and the different options

Limitation with Management Consolidation
- You can only handle groups that are owned at 100%.
- You cannot handle multiple ownership
- You can only book the elimination at the lowest level
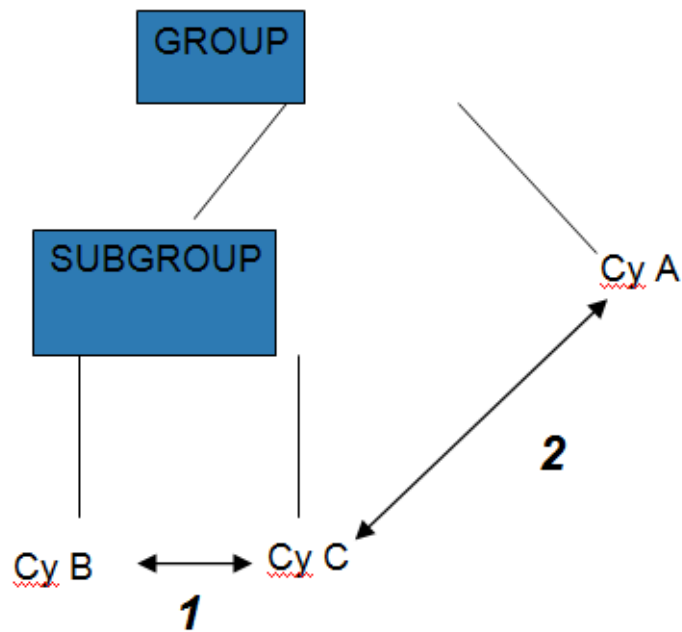
Figure 4 Show an example of differences between management and legal
consolidation type (with the new consolidation engine

Management consolidation type

bol	etyp	ktypkonc	vernr	Transaction
B (Cy C)	35		Control table no	1
C (Cy B)	35		Control table no	1
SUBGROUP	35*		0	1
A (Cy C)	35		Control table no	2
C (Cy A)	35		Control table no	2
SUBGROUP	35*		0	2
GROUP	35*		0	1,2

Legal consolidation type

bol	etyp	ktypkonc	vernr	Transaction
B (Cy C)	35		Control table no	1
C (Cy B)	35		Control table no	1
SUBGROUP	35*		0	1
A (Cy C)	35		Control table no	2
SUBGROUP	35		Control table no	2
GROUP	35*		0	1,2

* In Controller 8, the AJT are summed in Base

In the management consolidation type the transaction 2 will be booked on C even if
C is not in the same subgroup than the counterpart (A).

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Though, a company structure can also be built in different ways express in this terminology:

- Strictly legal structure: Legal consolidation type combined with a company structure that fully describes the legal ownership (each holding and owned companies will be in the same subgroup)

- Not strictly legal structure: Legal consolidation type combined with a company structure which can be built in any way, with companies connected in a non-legal fashion (e.g : a flat structure with multiple holdings)

- Management structure: Management consolidation type combined with any company structure.

Examples of Strictly and Not Strictly Legal Structure

As you will see these examples are taken from Controller 8 where the automatic journals are aggregated in Base values at subgroup levels. In Controller 10 the automatic journals from subsidiaries are aggregated in the subgroups and get the journal number 0

Strictly legal structures

The company structure competely reflects the legal ownership
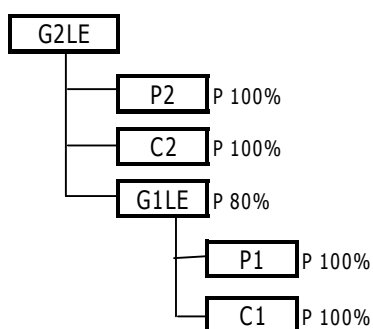
Balance sheet	P1		P1	C1		C1	G1LE
	base	AJT 1	Total	base	AJT 1	Total	Total
Shares in subs	1 000	-1 000	0			0	0
Other assets	2 200		2 200	1 600		1 600	3 800
Offset		1 000	1 000		-1 000	-1 000	0
Total assets	**3 200**	**0**	**3 200**	**1 600**	**-1 000**	**600**	**3 800**
Liabilities	1 500		1 500	400		400	1 900
Share capital	1 000		1 000	700	-700	0	1 000
Other equity	700		700	500	-300	200	900
Minority share			0			0	0
Total Eq + Liab	**3 200**	**0**	**3 200**	**1 600**	**-1 000**	**600**	**3 800**

Balance sheet	P2		P2	C2		C2	G1LE	80%	20%	G1LE	G2LE
	base	AJT 1	Total	base	AJT 1	Total	base	AJT 1	AJT 90	Total	Total
Shares in subs	2 100	-2 100	0			0	0			0	0
Other assets	1 300		1 300	2 500		2 500	3 800			3 800	7 600
Offset		2 100	2 100		-900	-900	0	-1 200		-1 200	0
Total assets	**3 400**	**0**	**3 400**	**2 500**	**-900**	**1 600**	**3 800**	**-1 200**	**0**	**2 600**	**7 600**
Liabilities	2 000		2 000	1 200		1 200	1 900			1 900	5 100
Share capital	900		900	800	-800	0	1 000	-800	-200	0	900
Other equity	500		500	500	-100	400	900	-400	-180	320	1 220
Minority share			0			0	0		380	380	380
Total Eq + Liab	**3 400**	**0**	**3 400**	**2 500**	**-900**	**1 600**	**3 800**	**-1 200**	**0**	**2 600**	**7 600**

P1 owns 100% in C1, total equity of 1000 when acquired.
P2 owns 100% in C2, total equity of 900 when acquired.
P2 owns 80% in P1, total equity of 1500 when acquired, 80% = 1200.
Totally, P2 owns 2100.

The elimination of ownership in P1 is booked on G1LE, as that is the level where the counterparts meet.

Figure 5 shows an example of strictly legal structure

Not strictly legal structure

Not strictly legal structure

Here company P1 is directly under G2LE.
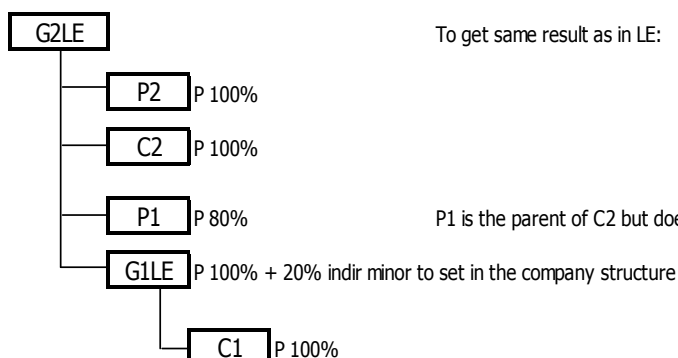
```
G2LE                                    To get same result as in LE:
   ├── P2    P 100%
   ├── C2    P 100%
   ├── P1    P 80%                  P1 is the parent of C2 but doesn't belong to the same group.
   └── G1LE  P 100% + 20% indir minor to set in the company structure
              └── C1   P 100%
```

Balance sheet	C1	C1	G1LE	80%	20%	G1LE
	base	Total	base	AJT 1	AJT97	Total
Shares in subs		0	0	0		0
Other assets	1.600	1.600	1.600			1.600
Offset		0	0	-1.000		-1.000
Total assets	**1.600**	**1.600**	1.600	**-1.000**		**600**
			0			
Liabilities	400	400	400			400
Share capital	700	700	700	-700		0
Other equity	500	500	500	-300	-40	160
Minority share		0	0		40	40
Total Eq + Liab	**1.600**	**1.600**	1.600	**-1.000**		**600**

Balance sheet	P2		P2	C2		C2	P1	80%	20%	P1	G1LE	G2LE
	base	AJT 1	Total	base	AJT 1	Total	base	AJT 1	AJT 90	Total	Total	Total
Shares in subs	2.100	-2.100	0			0	1.000	-1.000		0	0	0
Other assets	1.300		1.300	2.500		2.500	2.200			2.200	1.600	7.600
Offset		2.100	2.100		-900	-900		-200		-200	-1.000	0
Total assets	**3.400**	**0**	**3.400**	**2.500**	**-900**	**1.600**	**3.200**	**-1.200**		**2.000**	**600**	**7.600**
Liabilities	2.000		2.000	1.200		1.200	1.500			1.500	400	5.100
Share capital	900		900	800	-800	0	1.000	-800	-200	0	0	900
Other equity	500		500	500	-100	400	700	-400	-140	160	160	1.220
Minority share			0			0			340	340	40	380
Total Eq + Liab	**3.400**	**0**	**3.400**	**2.500**	**-900**	**1.600**	**3.200**	**-1.200**	**0**	**2.000**	**600**	**7.600**

Same ownership as in LE in the investment register.

The elimination of equity in C1 is booked on G1LM, as that is the level where the counterparts meet.

Note that indirect minority (AJT 97) must be booked on G1LE , as G2LE owns C1 at 80% via P1 .

Figure 6 is an example of the not strictly legal structures

Management Structure

Management structure

This is a copy of the strictly legal structure, but with selection of management consolidation type.
All eliminations are booked on the lowest level, directly on each company.

```
G2MA
  |
  +--- P2      P 100%
  |
  +--- C2      P 100%
  |
  +--- G1MA    P 100%
          |
          +--- P1    P 80%
          |
          +--- C1    P 80%
```
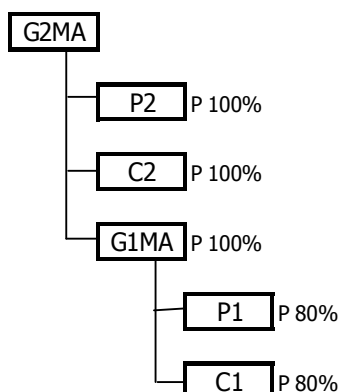
Balance sheet	P1		20%	P1	C1		20%	C1	G1MA
	base	AJT 1	AJT 90	Total	base	AJT 1	AJT97	Total	Total
Shares in subs	1.000	-1.000		0				0	0
Other assets	2.200			2.200	1.600			1.600	3.800
Offset		-200		-200		-1.000		-1.000	-1.200
Total assets	**3.200**	**-1.200**	**0**	**2.000**	**1.600**	**-1.000**	**0**	**600**	**2.600**
Liabilities	1.500			1.500	400			400	1.900
Share capital	1.000	-800	-200	0	700	-700	0	0	0
Other equity	700	-400	-140	160	500	-300	-40	160	320
Minority share			340	340			40	40	380
Total Eq + Liab	**3.200**	**-1.200**	**0**	**2.000**	**1.600**	**-1.000**	**0**	**600**	**2.600**

Balance sheet	P2		P2	C2		C2	G1MA		G1MA	G2MA
	base	AJT 1	Total	base	AJT 1	Total	base	AJT 1	Total	Total
Shares in subs	2.100	-2.100	0			0	0		0	0
Other assets	1.300		1.300	2.500		2.500	3.800		3.800	7.600
Offset		2.100	2.100		-900	-900	-1.200		-1.200	0
Total assets	**3.400**	**0**	**3.400**	**2.500**	**-900**	**1.600**	**2.600**	**0**	**2.600**	**7.600**
Liabilities	2.000		2.000	1.200		1.200	1.900		1.900	5.100
Share capital	900		900	800	-800	0	0		0	900
Other equity	500		500	500	-100	400	320		320	1.220
Minority share			0			0	380		380	380
Total Eq + Liab	**3.400**	**0**	**3.400**	**2.500**	**-900**	**1.600**	**2.600**	**0**	**2.600**	**7.600**

Same ownership as in LE in the investment register.
All eliminations are booked on the lowest level in a management consolidation type.
In management structures, groups must be owned at 100% and there cannot be any multi-ownership.

Figure 7 shows an example of management consolidation type

Definition of Automatic Journals

There are a lot of predefined Automatic Journals (see section #7) that allow you to run the main consolidation elimination and calculations. In the menu item Maintain / Configuration / Automatic Journals / Define you must **activate** the **predefined automatic journals/control tables** that you want to use.

But you can create your own automatic journals for instance for:
- Non-Equity Elimination's (for example, dividends (see section 8.1), provision)
- Re-classifications
- Intercompany profit on sales of assets

This section will allow you to understand the different available options and will help you to create your own rules.

Automatic Definition

The **definition tab** consists of a header with a number of options and a matrix in which you specify which columns to display in the control table and which calculation rules etc that should be used.
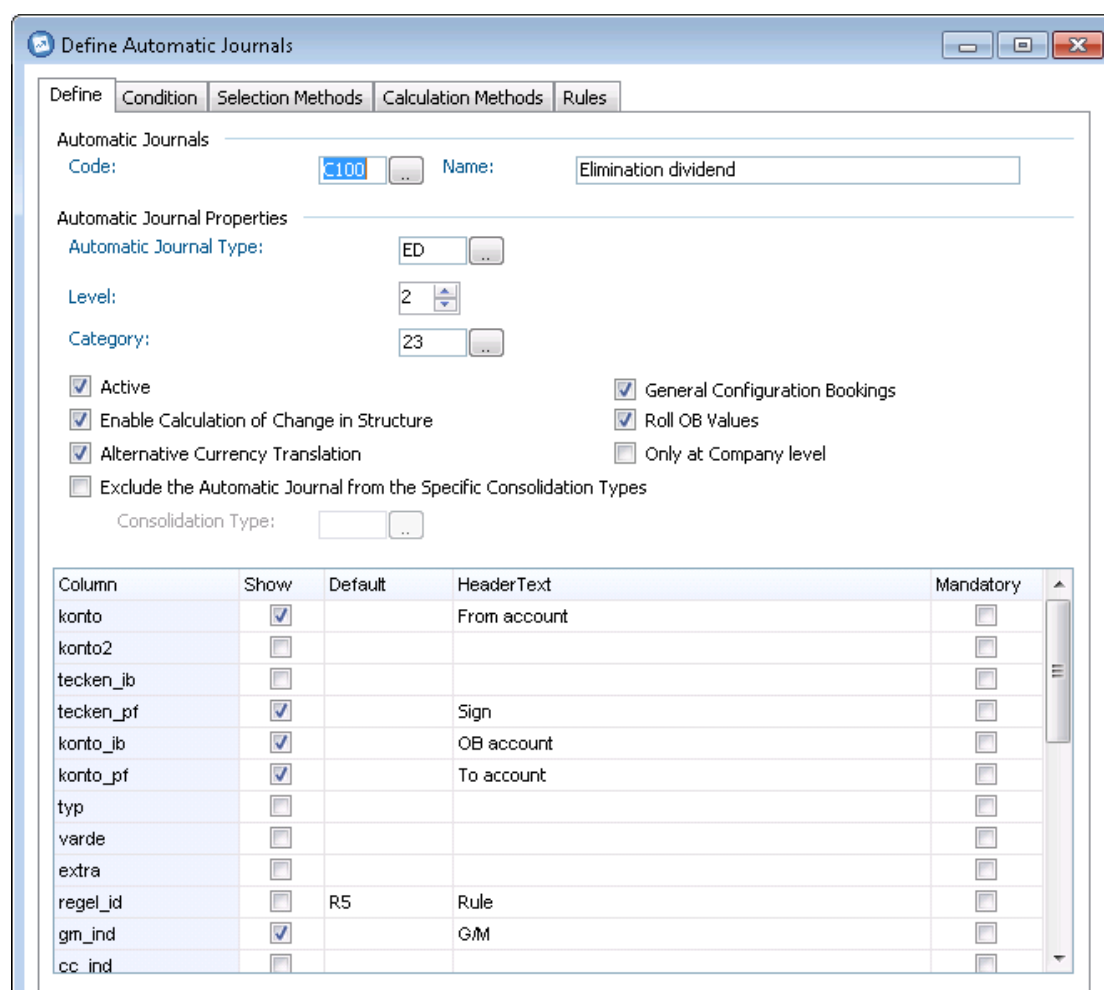
Figure 8 shows the define tab for the Automatic journals

You must first activate the predefined control tables that you want to use.
If you want to create new automatic journals then you must enter:
- Automatic Journal Code – *Cannot start with E or IC or IP* (only for predefined ones)
- Automatic Journal Type – *You can use your own automatic journal type (only beginning with letters) or existing one.*

Then you must *define the basic settings* that are valid for the whole automatic journal. **Note** that if there are several automatic journals (rules) that are booked on the same automatic journal type, they must all have the same basic settings in AJ – Define, such as level, category and alternative currency conversion. With a mix, you may get an expected result, as only one set of base settings will be used for all automatic journals with the same AJT. Y*ou must keep in mind that the settings are linked to the automatic journal type and not to the automatic journal code.*

Selections in the header
There are some check boxes in the AJ Define window that need to be explained

Level
The level makes it possible to use automatic journals on lower levels as calculation basis. By *default the level is 1* . Be aware that the levels are only valid for the xdb-based automatic journals (AJ other than E1XX), as the different programs within consolidation run in a specific order:

- Reconciliation
- Currency conversion of base values.
- Intercompany balances.
- Intercompany profit.
- Investment adjustments (AJT 30), which is an adjustment of reported values rather than an automatic journal.
- Calculations based on the investment register, inclusive currency conversion of that step.
- Automatic journals based on xdb, level 1, inclusive currency conversion of that step.
- Automatic journals based on xdb, level 2 if exists (etc..), inclusive currency conversion of that step.
- Calculation of indirect minorities and equity (AJT 66,67,68 and 97)
- Automatic journals to handle OB when structural changes (E300). Also notice that a level alone does not decide what will be the calculation basis. To be sure that you get what you want as basis, you must select in the control tables a contribution version source containing the AJ (including base or not) on which you want to calculate the new AJ.

Category
This is a technical concept that describes what kind of elimination it is and how it should be handled. Some important details:
- Category 1 is usually used by user-defined automatic journals.
- Category 23 or 24 must be used for user-defined automatic journals with cc indicator (booking the journal on the counter company). The percentage used comes from the original company at the level where the parties meet.

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- Category 24 is used in most cases where counter company is involved. For multiple owned companies the elimination is booked on all levels where the counter companies meet, and journal nr 10000 reverts eliminations on lower levels.

The percentage used comes from the original company at the level where the parties meet. Note that if the cc indicator is not selected and you don't need a booking when the company meets then category 1 must be selected. But you must select a rule where the full matrix is filled in. If only the column none is filled in there will be eliminations only at group level.

- **Enable Calculation of Change in Structure.**

This check box must be selected if E300 is used and you want to get the effect of structural changes between years on a specific account movement. It is recommended to select this check box for all AJ if E300 is activated.

- **Alternative Currency Conversion (calculation in all currencies)**

If not selected, the automatic journal will be created in local currency and then currency converted (so using the currency code of the To account). If selected, the automatic journal will be created directly in all currencies. The main reason to select this option is to get the correct calculation in case you have in From accounts, accounts coming from company journals in group currency or accounts with historical rates or accounts coming from the IC elimination at company level. We recommend to select always this option.

-Note- There is a number of predefined automatic journals that will keep the predefined currency conversion and therefore this option is dimmed:
- E100-E150 is based on values entered in the investment register.
- E200 and E210 are based on all reported values in all currencies.
- E205, E215, E505, E515 and E705 for indirect calculations are based on reported values and other automatic journals. Therefore, these will always be based on currency converted values.
- E800 is always calculated on converted values.

- **Exclude the Automatic Journal from the Specific Consolidation Types**

You have the possibility to exclude the use of one or several automatic journals from specified consolidation types. This is useful in configurations where you want for example one set of elimination in a legal structure, but a slightly different one in management structure. An example is found in the Proven Practices document regarding Investment Adjustments, where this functionality is necessary for management structures.

- **General Configuration Bookings**

If not selected, there will be no automatic transfers according to the information in General Configuration (totally – there will not even be any transfer of the net profit into the balance sheet/ equity specification). These accounts must instead be specified in the control tables. In some cases this option is needed. REQUIREMENT when the result of previous year in Repo must not or not be completely transferred to the retained earnings account specified in the general configuration.

Years	Accounts	REPO	AJ 90	Total
N	BS result	100	-20	80

Wrong result if the BS result is transferred to different retained earnings accounts in Repo and if this option is not selected

Years	Accounts	REPO	AJ 90	Total
N+1	Retained earnin 1*	80	-20	60
	Retained earnin 2	20		20

If not ticked the BS result of the AJ 90 will be transferred to the retained earnings account selected in the general configuration.
          *From general config

The result I should have:

Years	Accounts	REPO	AJ 90	Total
N+1	Retained earnin 1*	80	-16	64
	Retained earnin 2	20	-4	16

The option must be selected and the retained earnings 1 and 2 must be specified in the control tables and will be eliminated accordingly.

Figure 9 is an example how differences are handle based on general configuration

In general if you want to book journals on another account than the ones specified in General Configuration, you must select this check box

Roll OB Values
- If selected, the OB values of the automatic journal will be rolled, even though the configuration of the control table says they should be calculated. This is useful for automatic journals affecting only net income, based on one or a few P/L accounts instead of the net income account.

```
                                              N        N+1
  REPO

  asset                                      100      100
  OB                                                  100
  entry                                      200
  Writeback                                 -100
  EB                                         100

  P/L                                        100

  Control table
  In from account only movements
  entry: impact on retained earnings and minority interest
  WB: impact on result and minority interest

  Automatic journal

                                                      result if no general config.bookings selected and roll OB values not ticked

  CTb                    ASSETS/ENTRY        200 CT          ASSETS/OB              100
  DT                     ASSETS/WB           100 CT          ASSETS                 100
  CT                     ASSETS              100 DT          retained earnings/OB   100
  DT                     retained earnings/en 200 DT         retained earnings      100
  DT                     retained earnings   200
  CT                     P/L                 100 But should have:

                                                 CT          ASSETS/OB              100
                                                 CT          ASSETS                 100
                                                 DT          retained earnings/OB   200 thanks to roll forward
                                                 DT          retained earnings      100
                                                                                        thanks to general config
                                                 CT          retained earnings/TRFT 100 (transfer account)
                                                 CT          RESULT B/S OB          100 thanks to general config
                                                                                        thanks to general config
                                                 DT          RESULT B/S TRFT        100 (transfer account)

                                                 So roll OB values must be ticked and not "no general config
                                                 bookings"
```

Figure 10 shows how the OB roll forward works with the automatic journals. This example shows first what happens **if no general configuration bookings is selected and roll OB values left unchecked.**The bottom part shows that the no general configuration bookings option must be unticked and roll OB values must be ticked to get the correct values (note) that you must use also the transfer accounts in the general configuration)

Column Heading	Description
Column	The parameters (field names in the database) that define an automatic journal and can be show in the control table's columns, for example FROM ACCOUNT, TO ACCOUNT, sign, and GM indicator
Show	Selected for the parameter in question as a column in the control table.
Default	The default value to apply for the automatic journal as a whole
Header Text	The column heading displayed in the control table
Mandatory	Select for the parameter in question to be mandatory, which means that you cannot save

	the control table unless you complete this field

Figure 11 shows field definition for the automatic journals including field matrix along with the explanation of the headings

Column	Show	Default	HeaderText	Mandatory
konto	✔		From	✔
konto2	✔		From2	☐
tecken_ib	☐			☐
tecken_pf	✔		sign	☐
konto_ib	✔		OB	☐
konto_pf	✔		To	☐
typ	☐			☐
varde	☐			☐
extra	☐			☐
regel_id	☐	R5	rule	☐
gm_ind	✔		GM indicator	☐
cc_ind	☐		CC indicator	☐
msel	☐	4	selection method	☐
Dim 1	☐		dim1	☐
Dim 2	☐		dim2	☐
Dim 3	☐		dim3	☐
Dim 4	☐		dim4	☐
konto_cond	☐		account cond	☐
tax	☐		tax (T)	☐
Method	☐			☐
ftyp	☐		change type (Dutch)	☐
kontoa	☐			☐

Figure 12 shows all the fields available for the automatic journals

| Column	Explanation
Konto (Account)	From Account (calculation basis). Summation accounts may be used.
Konto 2	From Account 2 (if interval is used)
Tecken_ib	Sign for OB account. Not displayed, automatically updated.
Tecken_pf	Sign for calculation
Konto_ib	OB account belonging to the TO account. Must be filled in if you have a movement in the TO account.
Konto_pf	To account (which the result is posted)
Typ	Type of account for transfer of equity (used by E800) R = Restricted Reserves U = Unrestricted Reserves I= Income Account
Varde	Priority regarding transfer of Equity (used by E800)

Extra	Use by E300 to differ between internal and external acquisitions and disposals Blank = valid for all I = Internal changes E = External changes
Regel_id	Rule that sets calculation method in a matrix of company and counter company. Every rule consists of at least one calculation method.
gm_ind	GM indicator (cooperates with the rule and the parts in the calculation methods). It indicates if the rate type will be used in the calculation.
cc_ind	Counter Company Indicator. -NB- that category 23 or 24 must be used together with cc ind=C in order to get correct posting. If blank, with any FROM account, the calculation based on the company's values is posted on the counter company or where the parties meet in the structure. If C, with intercompany FROM account, the calculation based on the company's values is posted on the counter company or where the parties meet in the structure. If C, with an non-IC FROM account, the calculation based on a company's values will be posted on the same company (as a result, the C has no impact in this case)
Msel	Selection method consisting of consolidation methods combined or not with the Parent check box
Dim1	Specific dimension 1 code to post the automatic journal on
Dim2	Specific dimension 2 code to post the automatic journal on
Dim3	Specific dimension 3 code to post the automatic journal on
Dim4	Specific dimension 4 code to post the automatic journal on
Konto_cond	Condition account. It indicates if the calculation depends on a condition specified in this specific account
Tax	Tax Parameter Blank = No tax calculations T = indicates that the FROM account must be multiplied by the tax rate (Table HT01) of the country to which the company belongs to (specified in the company structure) N = B-T
Method	Not in use
Ftyp	Change type (used by investment adjustments)

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	T = total change
	C = conversion diff
	N = net change (T-C)
	M = Movement
Kontoa	Not in use
Kontob	Not in use
Kontoc	Not in use
Kontod	Not in use
flag 1	Used since 10.1.1 FP1 Indicates that the CB/OB logic must not be followed. Must be ticked for a 1 to 1 data movement from a P/L account to a Balance sheet account (no use of movements in target accounts)
flag 2	Not in use
txt 1	Not in use
txt 2	Not in use

Figure 13 shows the column and the corresponding explanation of its purpose. This information is important as you define your automatic journals.

The Conditions Tab

You can add some conditions to your automatic journal. A condition interacts with a coefficient or a condition account. The conditional tab is directly connected to the Define tab, which means that the defined condition is valid for a particular automatic journal.
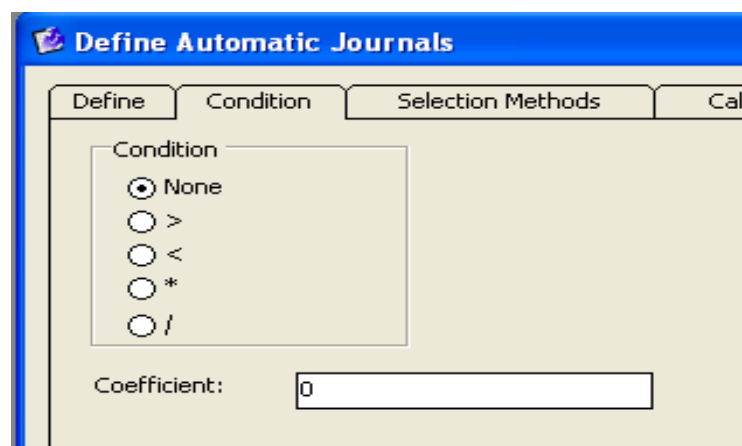
Figure 14 shows the condition tab for the automatic journal

- **Available Conditions:**
- None – by default no conditions
- If> or < amount in FROM Account will be compared to the coefficient. If the condition is met, the result will be booked in TO Account in the control table.
- If * or / , amount in FROM Account will be multiplied by or divided by the coefficient and the result will be booked in TO Account in the control table.

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NOTE: If there is a Condition Account field in the control table the From Account will then be compared to the condition account, and if the condition is met (for example, the amount in the FROM Account>the amount in the condition account) then the result of the calculation will be booked in the TO Account.

Example of Use:
- Re-classification of a negative result of an equity company to the Cost side (see 8.2)
- Run specific AJ only on specific companies (creation of a coefficient account in the account structure, create your own rule with the field Konto_cond ticked set the condition * ,Fill in the control table and type the coefficient account in the column Konto_cond. Put the condition account in a data entry form. Enter 1 in data entry in the condition account if the AJ must be run. Don't type anything if the AJ must not be run for the specific company.

The selections method tab
The selection methods are groups of consolidation methods (including the parent). There are a lot of predefined selection methods.

In the example below the selection method includes all companies consolidated with the purchase, proportional (split) and equity methods. It doesn't include the companies with the field parent ticked in the company structure.
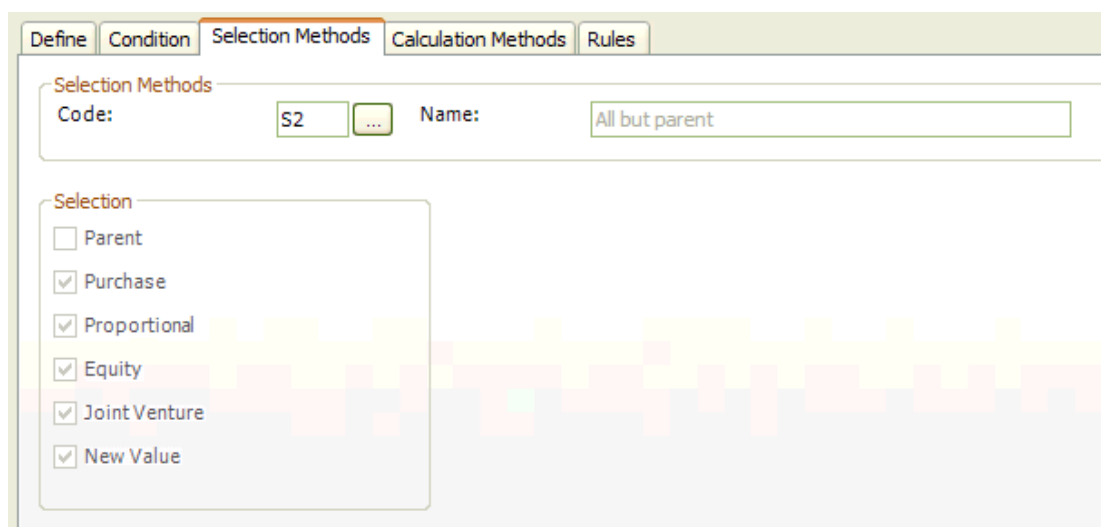
Figure 15 shows the selection mode, i.e. consolidation method

The Rules tab
A rule is a set of calculation methods depending on the consolidation method (note that parent is considered as a consolidation method). If you use the CC indicator the source company is the counter company (must read the matrix on the other side).

If you create a new rule, you must fill in the matrix with the calculation methods (see below) for the combinations you want. If in the control table, that will apply this rule, you don't have IC accounts in from accounts then you need only to fill in the column None.

It's the rule that will determine for each type of consolidation methods which calculation will be run.
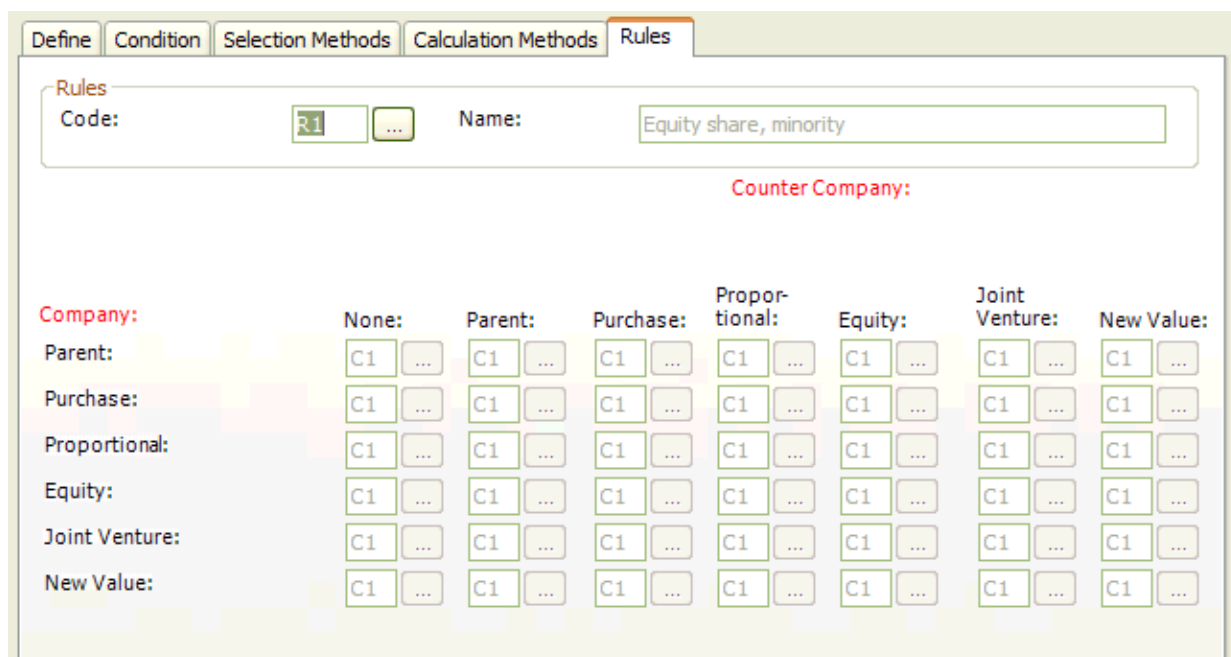
Figure 16 shows the rules tab

The Calculations Methods Tabs

A calculation method is a combination of amount type and rate type.
- The use of the rate type will depend on the selection made in the GM indicator column in the control table (Blank,G or M)
- The calculation will be: Amount type if the GM indicator in the control table is blank, Amount type*rate type if the GM indicator in the control table is G or Amount type * (1-rate type) if the GM indicator in the control table is M.
- There are a lot of predefined calculation methods.
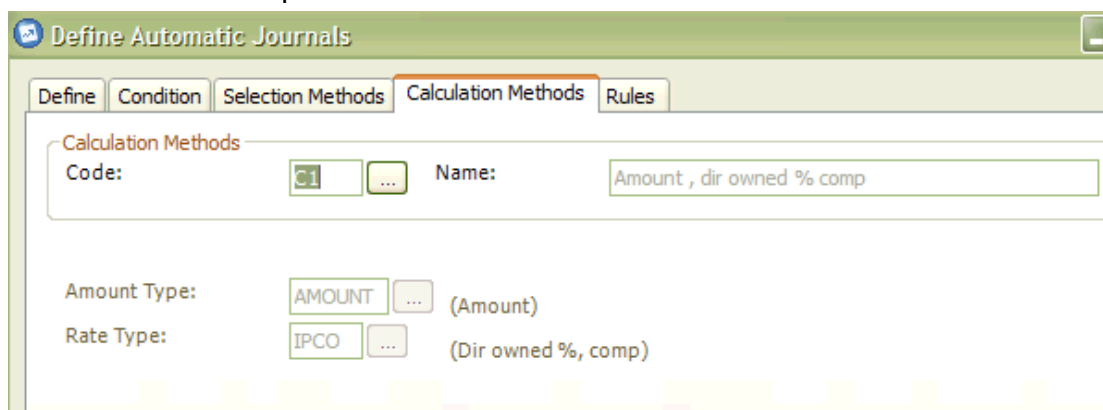
Figure 17 shows calculation methods

Automatic Journals – Tips and Tricks

- Try to use predefined automatic journals
- You can use the copy function to copy existing automatic journal and saving this format as new automatic journal
- Put the rule as default to avoid having different rules in the same control table
- Put the CC indicator as default if used.
- Options in the Define tab must be the same for all automatic journals rules using the same automatic journal , otherwise you may get an incorrect calculation

Automatic Journals – New Way of storing in subgroups

Since Controller 10.1 , the automatic journals are not more aggregated and stored in Base values at subgroup levels but are kept as such and stored with a journal number 0 (see figure 4 for illustration).

However there is still the possibility to display the automatic journals in Base at subgroup levels by selecting in system reports the option "Consolidated Automatic Journal Types as Base".

In the excel link to get this view you must insert in cell A1: AJTASBASE

The benefits of this new storing are that:

- Automatic journal types can be retrieved at subgroup level and so reports on subgroups with the automatic journals from subsidiaries in axes can be built.
- Multi gaap by using different automatic journals is feasible (In 8 , all automatic journals were aggregated in Base)
- The drill down in Trial Balance by automatic journal type is possible.
- Values are stored in a more cube friendly way, enabling better analytics/reporting in a cube environment and so get comparisons with values in TM1.

Note that the consolidation logic is still the same as in Controller 8.X.

Control Tables

General Rules and Tips
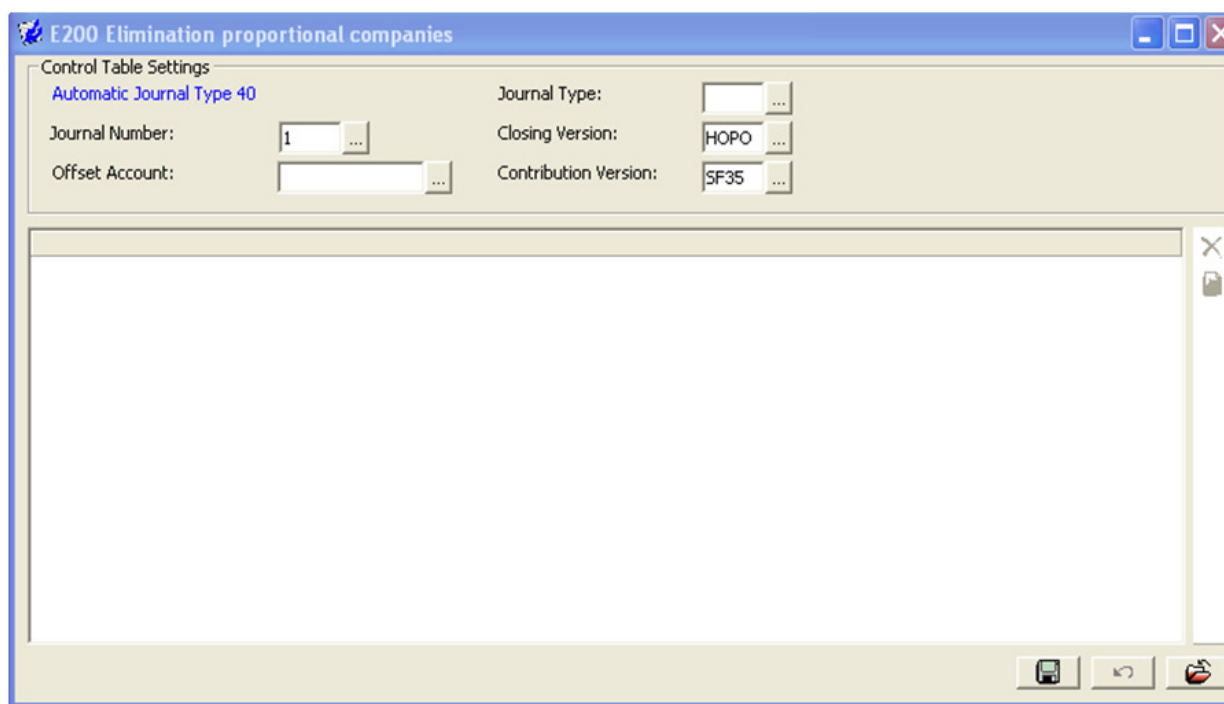
Figure 18 shows automatic journal control table

- **Journal number**: Don't forget to fill in the journal number in control tables you want to use. Unique journal number is strongly recommended. E300 needs a completely unique number, so select nr 99 (remember it can be mixed up with the IC control table numbers as well).
- **Offset account**: For the AJ which are posted on the counterpart, you must mention the Offset account which will balance the posting. V*alid for rules : E100-115,E150,E600-E605,E770-E775.*

Note that if you want you can instead type it inside the control table.

- **Journal type:** You have the possibility to book also the automatic journal in a manual journal type (unusual)

- **Closing version:** If you mention a closing version the calculation will be done only on the manual journals part of this closing version. Needed if the customer books some manual post consolidation journals (journals that must not be affected by the consolidation. E.G.: a reclassification of the minority to the group share)

- **Contribution version:** If you mention a contribution version, the calculation will be done only on the automatic journals part of this contribution version. Needed if you want to calculate an automatic journal based on other automatic journals.

Note that if you calculate the split method directly in the Intercompany balance
control table, you must enter in the rule E200 (split calculation) a contribution
version without the AJ 35 (AJ for intercompany elimination) to avoid that the split
calculation is done twice.

It is recommended that posting automatic journals to both **main accounts** and
belonging **specification accounts** in the same control table. Though, if the
customer for some reason wants to separate these and have different control tables ,
one for booking on main accounts and one for booking on detail accounts, this is
possible if both control tables use the same automatic journal type and just have
different journal numbers. *The reconciliation program only cares about automatic
journal type, not journal number.*

If you get an imbalance or other problem with an automatic journal, start by
checking the base values. If you have reconciliation errors there, you will also get
problems in the calculations.

If the From account is a summation account and the To account is blank, elimination
will be booked on the same detail accounts as the calculation basis. Note that all
summations matter! This means that you might get bookings on accounts that you
didn't intend, depending on the summation structure.

"Adjust OB for automatic journals" is not possible to use for automatic journals based
on the investment register when the new consolidation model is applied.

OB Functionality

Opening Balance in From Accounts
How opening balances are created by the automatic journals depend on how the
control tables are configured:

- If the **from account** is a **main account**, the **OB value** will be rolled from the
  previous year.
- If **movement accounts** are used and the **OB account** is set as **from account**,
  the **OB** value will be calculated, using the selected calculation basis of the
  automatic journal and the actual ownership percentage. Calculated OB will always
  generate a correct CB. E300 takes care of the OB changes. It's the recommended
  configuration.

- If **movement accounts** are used and the **OB account** is left out, the OB value
  will be rolled. With a change in ownership CB may not be correct as OB roll and
  movements are calculated – not recommended. Even with the configuration that
  gives calculated OB values, you can get them rolled instead by using the check
  box "Roll OB Values" in the menu item Automatic Journals – Define.

The best practice is that all control tables based on the *period database (xdb),* i.e.
E400 and higher numbers, should include the lines OB -> OB in order to get the
correct elimination. This is valid both if E300 is used or not. Without the OB line and
E300, OB values will be rolled in, and if there has been a change in ownership
percentage the closing balance will then be incorrect.

Column for OB (konto_ib)

- This OB column must be filled in when you have **specifications (movements)** in the To account.

The OB column must not include any account:
- if the To Account is a Main/Head Account
- if the To Account is an Income or a Cost Account

Note that if not filled in when the To account is a movement account :
- Then the movement account in the To account will be considered as a head/main account and will get no OB the next year.

Control table E300:
- In order to get both OB and CB correct (when there are structural changes between years), control table E300 should be used. E300 calculates the difference between the rolled-in and the calculated OB and books it on the accounts specified in E300 (you can have four different account movements depending on the type of structural changes). It needs a line with OB to OB (OB account as from account and to account) in order to work. If a company is sold and you want the OB values and the belonging sales values to be booked in order to get correct values for the group on each account, you must sell out the company in the company structure and have E300 activated and configured.

Calculation Logic in the Controller Tables
Control tables based on the investment register (xacq)
- Control tables numbered E100 – E150.
- The automatic journals do not need the use of **OB accounts** as From Accounts and **no OB accounts** exist in the investment register. Mind that you always use detail accounts in the investment and then these accounts feed into any main accounts via the control tables.

, OB values for acquisition values are created as follows:
- Always created within xacq (in order to better handle structural changes).
- All details regarding company, counter company, currency etc is stored in the table xacq_conv.
- The table xacq_conv makes it possible to handle OB values when restructuring and to get the correct conversion rate. A transfer is made from xacq_conv to xdb, where the elimination is booked on the correct level if legal consolidation is selected.
- If transfer accounts are used, P&L bookings from last year are booked into OB net income and roll into OB retained earnings the following year.

Note that you do not have the option to adjust OB values, as the functionality "Adjust Opening Balances for Automatic Journals" only writes into xdb and the OB values are created within the investment register.

Note that you may get problems if you enter acquisition values for old acquisitions on both retained earnings and P&L accounts.

Control tables based on period database (xdb)

- Here are the control tables numbered E200 and up. Some general rules:
- Special control tables cannot have any accounts specified as they affect all accounts (E200 and E210) or are based on other automatic journals (E900). "Indirect" control tables cannot have any accounts specified as they use the data from "direct" control tables (E215, E505, E515, and E705).
- The rest of the control tables, whether predefined or user-defined, should if possible have OB accounts and movement accounts as "From accounts".
- Regarding how OB values are created, see the part about this.

To describe how the calculations are done depending on how the control tables are configured, we here introduce some concepts:

- Head account: an account not directly part of any OB/CB structure; an account containing accumulated values (BS). Note: OB accounts are also handled as main accounts!
- Change account: describes the period's change. P&L accounts and specification (movements) accounts (excluding OB).

Note that a change account must store data – can *not* be the difference between CB and OB (can not be a summation account). With an incorrect account configuration you can get the expected result in the first year, but will end up with problems in either year 2 or 3.

The rules look as follows:

- Case refers to the different examples
- Type refers the relationship i.e. Head account to head account, head account to change account, change account to head account, etc.
- Stored amount refers to how the data stored in IBM Cognos Controller
- Trans Amount refers to how the transaction amount is stored in IBM Cognos Controller

Case	Type	Stored as Amount	Stored as Trans. Amount
1	H1 -> H2	Amount H1	0
2	C1 -> C2	Amount C1	Amount C1
3	H1 -> C2	Amount h1 (Y0) minus trans amount C2 (Y-1)	Amount H1 (Y0)
4	C1 -> H2	Amount C1 (Y0) plus amount H2 (Y-1)	0
5	C1+H1 -> H2	Amount H1 (Y0) plus amount C1 (Y0)	0

Figure 19 provides an explanation on how head and change accounts work with automatic journals **(break down)**

<u>Legend:</u>

Calculation of automatic Journals affected by head and change account
H = Head Account
C = Change Account
1 = FROM account

2 = TO account
Y0 = Current Year
Y-1 = Previous Year

Issues/comments:

- Since 10.1.1 FP1 there is a possibility to have a configuration C1->H2 (case 4)without taking the values of last year in other words doing an elimination of a P/L account to a B/S account without movement accounts
- In define automatic journals, you must tick the column show for the line flag1. Then in the control table, you must tick this option flag1.It will take the value as such from the From account, do the relevant calculations set up in the rule and book it in the To account (he won't add the value of the previous year). It's only available for non predefined automatic journals.

- In xdb, there is the column "belopp" for amount and "trbelopp" meaning transaction amount. Trbelopp is usually used for inter-company data (IC), but is also used by automatic journals when the "From account" is a head account.

- **Do not** combine head and change accounts going to a change account! That will give unexpected results.
- **Note** that if there is an error in the control table, all lines with the same to account (even if there are no values in the "wrong" lines) need to be corrected before it will work properly.
- The control tables for acquisition calculations should be configured in the same way whether or not E300 is used. The recommendation is to always use specifications if possible, that is, use movement accounts as from accounts. Main accounts can be used as from accounts, but can create problems in certain situations (if a company is sold/stops reporting values but remains in the structure, OB values will roll in).
- Summation accounts are practical to use as "From accounts", either when eliminating all these accounts or when the "To account" is a head account.
- Don't forget to add in the From account the To accounts which must be based of the calculation at the next level (e.g.: consolidated reserve,currency conversion,...)
- In a not strictly legal company structure, user-defined automatic journals using counter company information (CC Ind) may get problems with currency conversion if not the whole automatic journal is defined with CC Ind, but only some of the accounts. Therefore CC Ind should be valid for the whole automatic journal.

Analysis

There is an option under Verify Structures to check the configuration of the Automatic Journals. This is good to run when you have configured or changed a control table, as it can find different kinds of errors. There is a written guide about this feature in proven practices.

Note that *error code 03* (Invalid mix of change and head accounts as from accounts when the To account is a change account) must absolutely be corrected as it will give wrong values on the year 2 and 3.

Error code 04 is only a warning and must not be corrected.

Different Consolidation models

Standard Consolidation Model, using the investment register

In the standard configuration, the automatic journals are based partly on the investment register, partly on the period database, depending on the calculations involved. This configuration, which is the original one, is commonly used in the Nordic countries, UK, US, Germany , Switzerland and also in Asia.

Control Table #	Description	Automatic Journal Type
E100	Elimination of investments, parent	1
E105	Elimination of investments, subsidiary	1
E110	Elimination of investments, associated company	1
E115	Elimination of investments, joint venture company	1
E120	Depreciation of surplus value in investment, parent	8
E125	Depreciation of surplus value, subsidiary	8
E130	Depreciation of surplus value, associated company	65
E135	Depreciation of surplus value, joint venture company	65
E150	Currency Conversion difference in investments	18

Control Table	Description	Automatic Journal Type
E200	Elimination of proportional companies	40
E210	Elimination of 100% equity + joint venture	60
E215	Elimination of 100% equity + joint venture	66

	(indirect)	
E300	Structural changes-adjusting opening balances	20/respective AJT
E400	Transfer of untaxed reserve (mainly Swedish)	70
E410	Booking of Deferred Taxes	75
E500	Equity share in associated companies	61
E505	Indirect Equity in associated companies	67
E510	Equity share in joint venture companies	62
E515	Indirect Equity in Joint Venture companies	68
E700	Minority Share	90
E705	Indirect Minority	97
E800	Transfer between restricted and unrestricted equity (Swedish)	80
E900	Re-booking due to complex ownership	21/respective AJT

Figure 20: shows the control tables involved, based on the investment register (Standard Investment Model)

Note that it exists also the rule E106 "Elimination of investments, all" which is a combination of E105, E110 and E115. The purpose of E106 is to use the investment register but get an automatic journal in the Latin way. Probably nobody has used it, as the Latin users prefer working with intercompany accounts in xdb for investments instead of using the investment register.

Note that E505 and E515 must not be activated at the same time, as you will then get double elimination of indirect equity share. This is problem when having a management consolidation type in the new consolidation engine.

Latin Consolidation Model, based on the period database

In the Latin configuration, the automatic journals are based only on the period database. This configuration is commonly used in the Latin countries such as Belgium, France,Italy and Spain. The investment register is not used and so instead of storing investment data in the investment register, this is stored on IC accounts on the owner. Several automatic journals are based on this investment data, but booked on different companies and with different calculation rules.

There is also a specific account called Consolidated Reserves which keeps the net equity of the subsidiaries, excluding net income. So the value after elimination on this account is the contribution of a subsidiary to the group.

Note that it will give exactly the same results companies by companies as the standard model . It's more a question of habit, in these countries they don't want to re-book in the investment register, data already booked in the reported values.

Control Table	Description	Automatic Journal Type
E200	Elimination of proportional companies	40
E210	Elimination of 100% equity + joint ventures	60
E215	Elimination of 100% equity + joint ventures (indirect)	66
E300	Structural changes-adjusting opening balances	20/ respective AJT
E500	Equity Share in associated companies	61
E710	Minority share on equity	90
E715	Minority share on investment	10
E750	Transfer of equity to consolidated reserves	50
E770	Elimination of investments, parent (xdb)	10
E775	Elimination of investment, all subsidiaries (xdb)	10
E900	Re-booking due to complex ownership	21/respective AJT

Figure 22 shows he control tables usually involved for Investments (Latin Investment Model)

Note that the minority calculations E710 and E715 use the calculated ownership %, while E700 uses the direct ownership %.

Investment adjustment model

This consolidation model used mainly in the Netherlands ,Denmark and Canada adjust the owner's investment account to be in line with the total equity of its subsidiaries. There are some specific control tables to handle this adjustment and also some other control tables are configured somewhat differently compared to in the standard and the Latin consolidation models.

Note that the investment register is used in this model only to indicate the relation between the parent and the subsidiary. This relation must be already indicated in the reference period

Control Table	Description	Automatic Journal Type
E200	Elimination of proportional companies	40
E210	Elimination of 100% equity + joint ventures	60
E215	Elimination of 100% equity + joint ventures (indirect)	66
E300	Structural changes-adjusting opening balances	20/ respective AJT
E500	Equity share in associated companies	61
E505	Indirect equity in associated companies	67

E600	Investment adjustment, result	30
E601	Investment adjustment, currency conversion	30
E602	Investment adjustment, other	30
E603	Investment adjustment, equity method	30
E700	Minority Share	90
E705	Indirect minority	97
E760	Transfer of equity, investment adjustments	50
E770	Elimination of investments, parent (xdb)	10
E900	Rebooking due to complex ownership (Nykomo)	21/respective AJT

Figure 23 shows the control table usually involved (Investment adjustment Model)

A thorough presentation of this model is found in the Proven Practice document about Investment Adjustments.

Note that it will give the same result as the standard and Latin model at group level but not at company level ! (as the result of the subsidiary is transferred to the owner)

Pre-defined Automatic Journals

Automatic journals based on the investment register
Available Automatic Journals:
E100 – Elimination of investment, Parent (AJ 1)
The purpose is to eliminate the investment on the parent and counter-book on an offset account. Enter a journal number (1 for example). Enter all detail accounts for investments (if there is a specification), used in the investment register, as From accounts. OB lines should not be needed as From accounts, as investments should never be booked on OB accounts in the register. You can use a summation account as From account, but not when the To account is a change account. Don't forget to enter the correct OB account in the OB column when the To account is a change account.
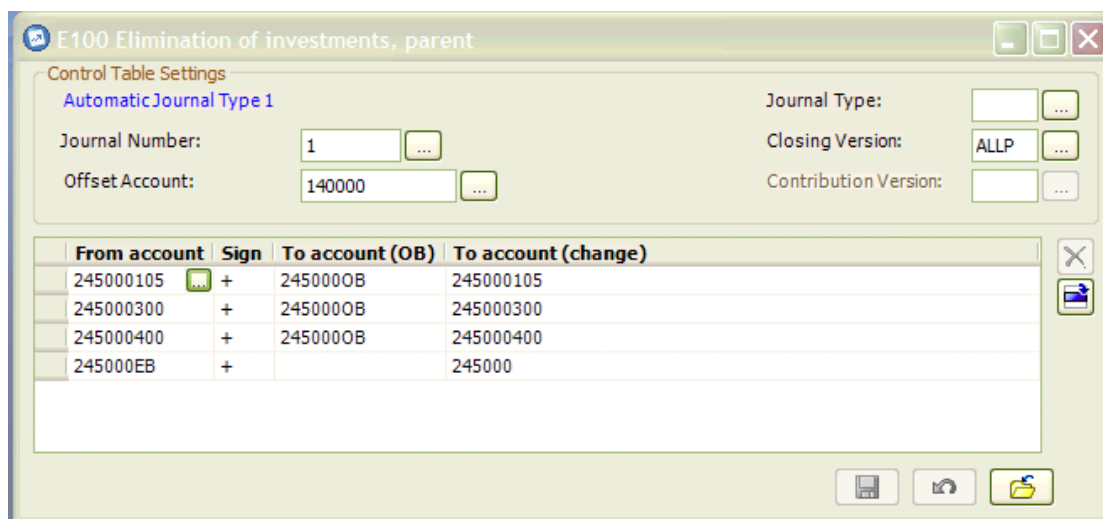
Figure 24 shows an example of a Set up for E100

- 245000 is the investment account and is detailed by movements
- 140000 is the offset account (Equity account)
- E100 eliminates the investment amount entered into the investment register, no matter if the subsidiary is owned with the Purchase, Equity or Split method.
- The automatic journal type 1, number 1 will be booked on the owner.

The elimination will be done based on the values entered in the Investment Register (here in local currency

Figure 25 shows the investment register and the account information

E105 - Elimination of investments, subsidiary (AJ 1)
The purpose is to eliminate the acquisition values on the subsidiary and counter-book on an offset account as in E100. Enter a journal number (another one than for E100, 2 for example). Enter all detail accounts for the acquisition values, used in the investment register, as From accounts. These are equity accounts and accounts for goodwill and surplus value in buildings etc. OB lines should not be needed, as acquisition values should never be booked on OB accounts in the register.

If you use a summation account as **From account** and leave the **To account**
empty, the elimination will booked on the same details accounts as those summing
into the summation account. Don't forget to enter the correct OB account in the OB
column when the To account is a change account (but not a P&L account).

Tip: use another offset account than E100 so it will be easier to analyse it (especially
if an owner is also an owned company). Create a total offset account which is a
summation of both offset . This total account must equal to zero at group level if
not there is probably an error in the configuration of the control tables.
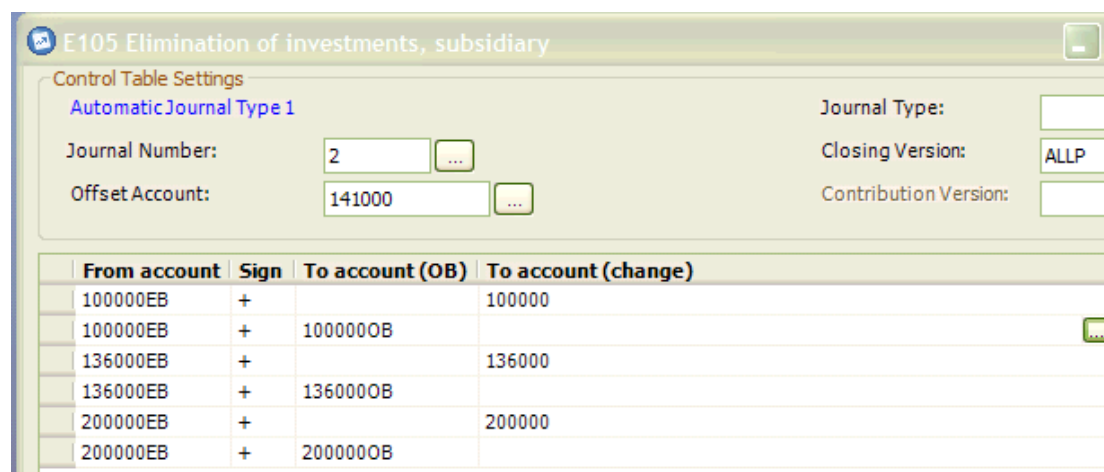
Figure 26 shows E105 setup, including account, version, offset account, etc.

- As the OB accounts don't hold values in the investment register, the usual
  summation account (here accounts ending by EB are including OB) can be used
  as From account for elimination on its specifications (movements).
- In this example 100000 is the capital, 136000 the retained earnings ,200000 the
  goodwill and 141000 the offset account.
- The amounts entered into the investment register, except the investment account,
  will be eliminated on each company consolidated with the Purchase or the Split
  Method.
- The automatic journal type 1, number 2 will be booked on the owned company.

**E110 and E115 – Elimination of investments, associated company or joint
venture company**

The purpose is to eliminate the acquisition values on associated companies/joint
ventures and   counter-book on the same offset account as in E105. Enter a journal
number (another one than for E100 and E105, 3 for example) What differs from
E105 is that you want the elimination to be booked on the specific accounts for
"equity share in associated companies"

Enter all detail accounts for the acquisition values, used in the investment register,
as From accounts. These are equity accounts and accounts for goodwill and
overvalue in buildings etc. OB lines are not needed, as acquisition values should
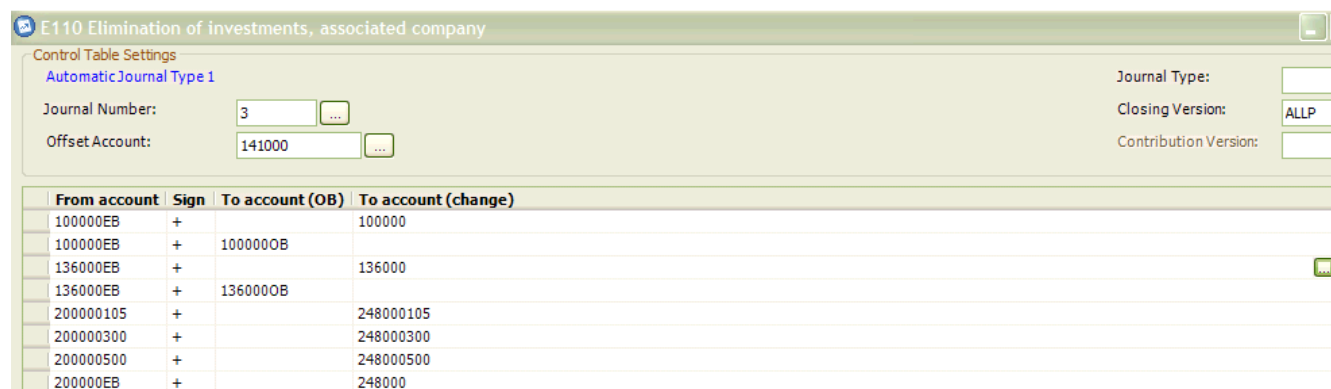never be booked on OB accounts in the register.

Figure 27 shows E110, including account, version, etc.

In this example 248000 is the equity share in associated companies account (assets account)

E120 and E125 – Depreciation of surplus value in investment, parent or subsidiary

The purpose is to create depreciation posts based on the surplus value amounts entered into the investment register, on which you set a percentage. No offset account is used. E125 is commonly used and booked on the subsidiary. E120 books the depreciation on the parent and cannot be combined with E125. It has limitations regarding currency – you cannot, for example, enter accumulated depreciation in any other currency than the selected one (LC or the selected GC).
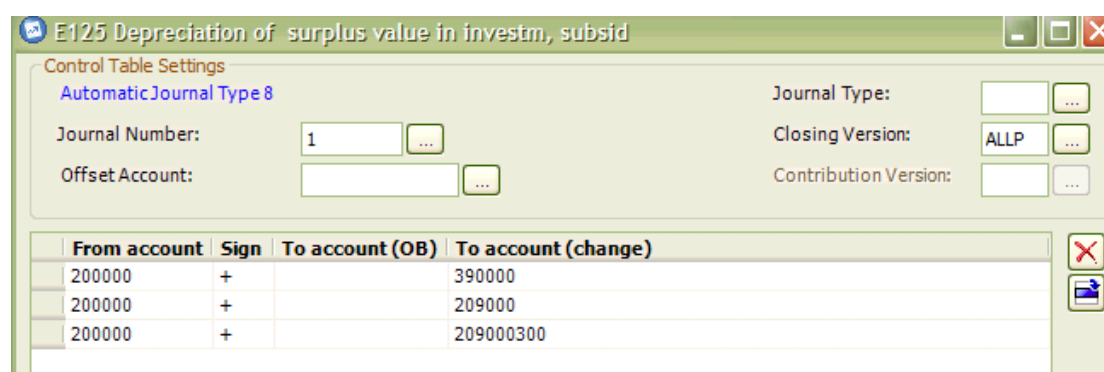
Figure 28 shows E125 set up, including account, version, etc

Enter all surplus value accounts used in the investment register, as From accounts.

Here the account for surplus value i.e., 200000, goes into P&L cost account for depreciation 390000and counter-books on assets specification account 209000300 and main asset depreciation account 209000

When starting up IBM Cognos Controller, or when selling internally, you need to enter accumulated depreciation. You do that in the Investment register by standing on the line with surplus value and a percentage filled in, and selecting the "Depreciation details" button.
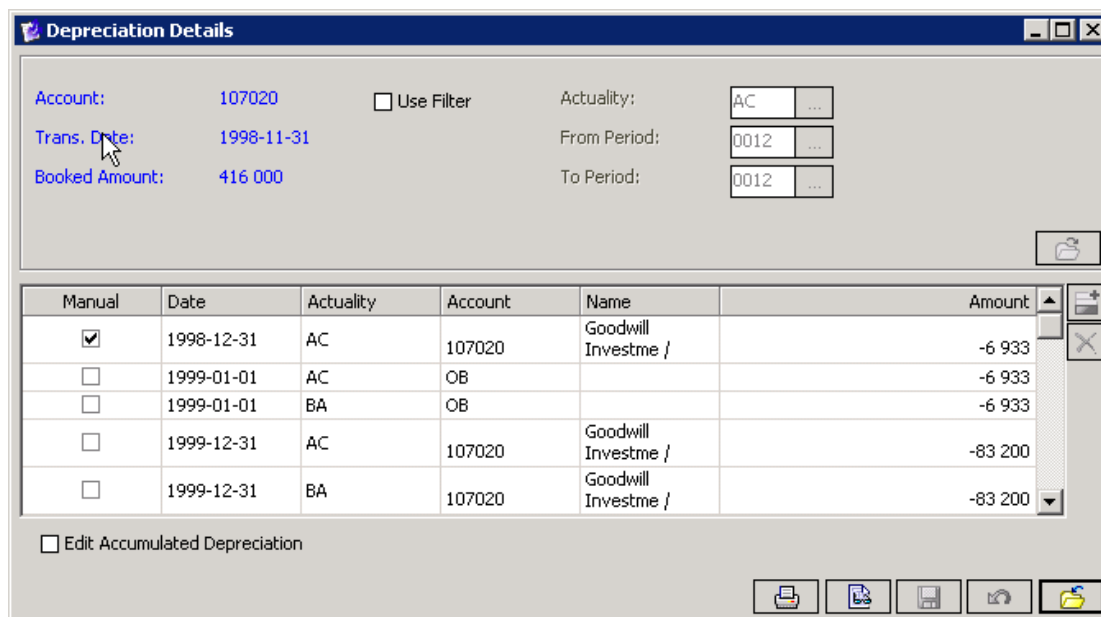
Figure 29 shows depreciation details

Just make sure that the date in the depreciation register is the last day on the previous year. The amount will be booked as OB accumulated depreciation and counter-booked on retained earnings according to General Configuration.

E130 – Depreciation of surplus value, associated company or joint venture company

E130 is quite similar to E125 – the difference is that you steer the depreciation to an asset account for equity and, in some cases, to an account for restricted equity share (otherwise to retained earnings). Accumulated depreciation is handled as for E125.

E150 – Currency conversion difference in investments
The purpose of E150 (AJT 18) is to be a complement to E100/E105/E110 (AJT 1) so that the offset account is zero on the group. You configure E150 differently, depending on whether you store acquisition values in local currency (LC) or group currency (GC) . This selection must be done in the general configuration/General 2

Acquisitions in LC
What E150 does here, is to book the difference between the investment value in the parent's currency (that could use some historical rates mentioned in the investment register) and that value in LC * B rate. In the control table, you have the investment account (shares in subs) as from account, and the account for currency conversion difference as to account, and the offset account filled   in (in the header or as to account). It is the offset account that should be adjusted to get zero on the group level.
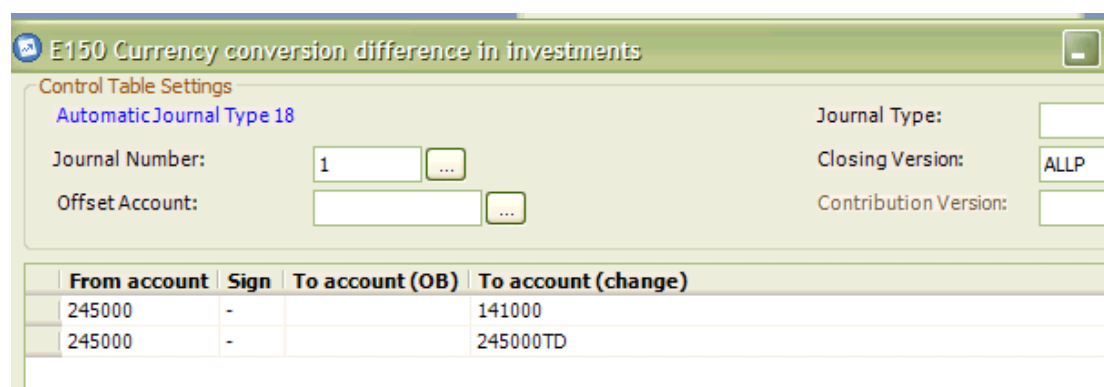
Figure 30 shows the setup for E150

In the investment register the value in **Local currency** is booked:

DT Capital 1200
CT Investment in Sub 1200

An historical value of 640 is booked against the account Investment in subsidiaries in the investment register.

The subsidiary (B) has another LC than the GC and is owned at 80%.

		Reported	1 Elimination of investments	90 Minority share	Sum of Journals	Total
220000	Other equipment	2.800				2.800
250000	Cash	40				40
ASSETS	Total assets	2.840				2.840
100000	Capital	1.500	-1.200	-300	-1.500	0
145000	Result of BS	140		-28	-28	112
141000	Offset investments (owned)		1.200		1.200	1.200
EQUITYGRP	Total equity group	1.640	0	-328	-328	1.312
139000	Reserves minorities			300	300	300
145100	Result of Minorities			28	28	28
EQUITYMIN	TOTAL Equity minorities			328	328	328
170000	Other accounts payable	1.200				1.200
LIABILITIES	Total liabilities	2.840	0	0	0	2.840

Figure 31 shows the journal across when the acquisitions are set up in local currency.

Here below you will find the result in GC, the historical value of the capital is 800, the closing rate is 0.5 and the average rate is 0.70

Note that offset in GC is the offset at LC*the closing rate, the difference with the historical rate is booked in the currency conversion difference account set in the control table E150

In GC = Parent	Parent Base	AJT 1	Sub base value	AJT 1 (10)	AJT 18	AJT 90	Total

Currency	Value						
Shares in subs	640	-640	0	0			0
Other assets	1200		1420				2620
Total Assets	1840	-640	1420				2620
Share Capital	1400		800	-640		-160	1400
Retained Earnings	100						100
Result	140		100			-20	220
Offset		-640		600	40		0
Currency conversion diff			-80	40	-40	16	64
Total Equity	1640	-640	820	0	0	-164	1656
Minorities						164	164
Liabilities	200		600				800
Total Equity and Liabilities	1840	-640	1420	0	0	0	2620

Figure 32 shows currency translation based on the investment set up in the local currency

Note that the difference in investments, etyp 18, is booked on the subsidiary.

Acquisitions in GC
What E150 does here, is to book the difference between the share capital in the parent's currency/GC and that value in LC * B rate. In the control table, you have the account for share capital (100000) as from account, and the account for currency conversion difference (100000TD) as to account. It is the share capital account (100000) that should be adjusted, so that only the parent's share capital is left on the group.
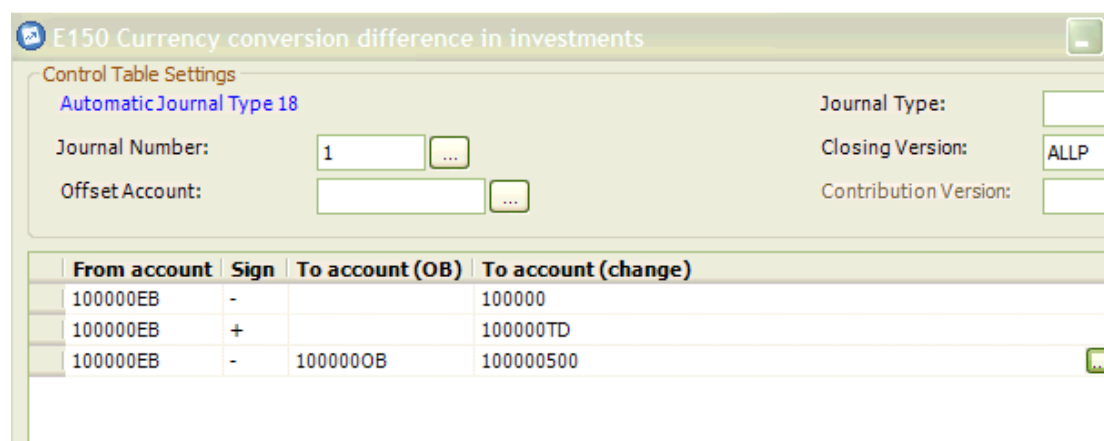
Figure 33 shows E150 set up

In the investment register the value in Group currency is booked:

DT capital 640
CT Shares in Sub 640

In GC = Parent's curr	Parent Base Value	AJT 1	Sub Base Value	AJT 1 (10)	AJT 18	AJT 90	Total
Shares in subs	640	-640	0	0			0
Other assets	1200		1420				2620
Total	1840	-640	1420	0	0	0	2620
Share Capital	1400		800	-640		-160	1400
Retained Earnings	100						100
Result	140		100			-20	220
Offset		-640		640		0	0
Currency conversion diff			-80			16	-64
Total Equity	1640	-640	820	0	0	-164	1656
Minorities						164	164
Liabilities	200		600				800
Total Equity & Liabilities	1840	-640	1420				2620

Figure 34 shows how the example of $640 is handle using the automatic journals
and having the investment information stored as the group currency

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Note that in this specific example no AJT18 is needed to adjust the capital.

Note that *historical rates* in the *investment register* are not useful at all when acquisitions in GC are used. *Even if you enter historical rates, the investment in group currency will always be converted at the closing rate (B rate).*

It is recommended that the investment information in the investment register is entered in the local currency and activate E150 to handle currency differences.

Automatic journals based on the period database

The following automatic journals are based on the period database

- **E200 – Elimination proportional companies (AJT 40)**

This control table need only to be activated and having a journal number. Also fill in the appropriate contribution version source (should include AJT 70 if E400 is used and AJT 75 if E410 is used and AJT 30 if E6xx is used, should not include AJT 35 if the split is calculated in the IC control table). It eliminates the external part of companies consolidated with the proportional (split) company (so only valid for S companies)

Figure 35 shows E200 setup

		Reported	40 Elimination of proportional co	Sum of Journals	Total
220000	Other equipment	700	-350	-350	350
250000	Cash	700	-350	-350	350
ASSETS	Total assets	1.400	-700	-700	700
100000	Capital	800	-400	-400	400
145000	Result of BS	300	-150	-150	150
EQUITYGRP	Total equity group	1.100	-550	-550	550
170000	Other accounts payable	300	-150	-150	150
LIABILITIES	Total liabilities	1.400	-700	-700	700

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- **E210 – Elimination 100% equity + joint ventures (AJT 60)**

E210 is the same type of control table as E200, with no lines to fill in. Just activate and select a journal number. 100% of the calculation basis is eliminated on AJT 60 for associated and joint venture companies (so only valid for E and J companies)
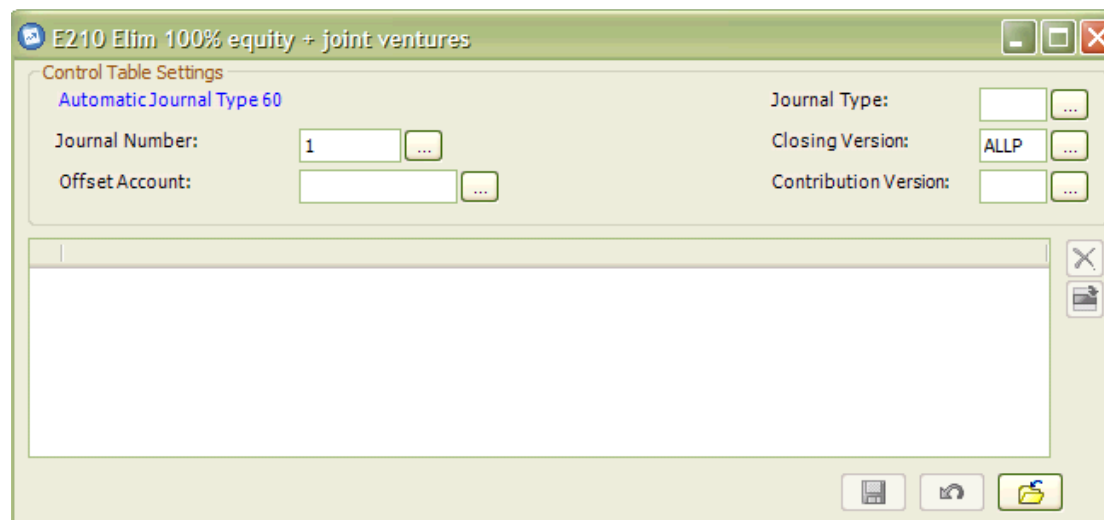

Figure 36 shows E210 set up

		Reported	60 Elimination of associated /joi
248000	Equity share in associated companies		
250000	Cash	2.000	-2.000
ASSETS	Total assets	2.000	-2.000
100000	Capital	1.500	-1.500
145000	Result of BS	500	-500
EQUITYGRP	Total equity group	2.000	-2.000
LIABILITIES	Total liabilities	2.000	-2.000

Figure 37 shows the elimination entry for E210.

E215 – Elimination 100% equity + joint ventures, indirect (AJT 66)

E215 is an "indirect" automatic journal, meaning it is based on all other elimination and therefore calculated late in the process. It is needed only for management consolidation types. 100% of the calculation basis will be eliminated on AJT 66.

E300 – Structural changes – adjusting opening balances (AJT 20)

E300 is a special automatic journal that handles structural changes **between years** and treats OB accordingly:

- OB values are kept when a company is sold and reversed with the movement specified in the column disposal. When a company is acquired any OB will be eliminated and replaced by the movement specified in the column investment. This is to get no reconciliation differences between OB and LY CB.
- When a company's ownership changes (due to internal/external sales/disposals), E300 fixes that OB is rolled in and that the change of amount (for example

minority) is reflected on the movement specified in E300 in the column changes in ownerships

- Change of consolidation method between years is also handled to get a correct OB when changing for example the consolidation method from Purchase to Equity.
- Journal number 99 is recommended in order not to risk mixing up with the journal numbers of other control tables.
- If a disposal or acquisition is handled, E300 handling of base values will be booked on AJT 20, with E300's journal number. For AJT values, E300 will book on the same AJT but with the journal number of E300.
- If E300 handles a change in ownership or of consolidation method, the adjustment will be booked on the original AJT and also with the original journal number. You will see a value on the account entered in E300 in the column "Account change in own%" or "Account change method".
- E300 is triggered by a change in ownership and/or method in table xkstrucs.

E300 – Adjusting OB – Inv/Disp

Example: gradual disposal

°**0612**: 80% -> 20% minority   **0712**: 75% -> 25% minority

Period 0712	Base	E105 etyp 1 jml1	E700 etyp 90 jrnl no 1	E300 **etyp 1** jrnl no 99	E300 **etyp 90** jrnl no 99	total
Capital						
OB	1000	-750	-250	-50	50	0
ₒChange in own %				50	-50	0
CB	1000	-750	-250			0
Minority			250			250

Figure 38 shows an Example of changes in own %:

Thanks to this E300 correction, it will correct the reconciliation between the OB and the CB of LY (on AJ1 i have on OB an amount of -800 and on AJ90 on OB an amount of -200)

Example full disposal:

Selling group		E105 etyp1 jrnl1	E700 etyp 90 jml n°1	E300 etyp 20 jrnl no 99	E300 etyp 90 jml no 99	total
CAPITAL	Base					
OB	1000	-800	-200			0
Disposal		800		-1000	200	0
CB	1000	0	-200	-1000	200	0

Figure 39 shows an example of full disposal of a company/group

E300 counter books the value of OB on a movement disposal.

Example change conso method purchase to equity:

		E300 etyp 20 jml no 99	total
	REPO		
○OB	100		100
Change in method		-100	-100
CB	100	-100	0

Figure 40 shows an example of changes in the consolidation method:

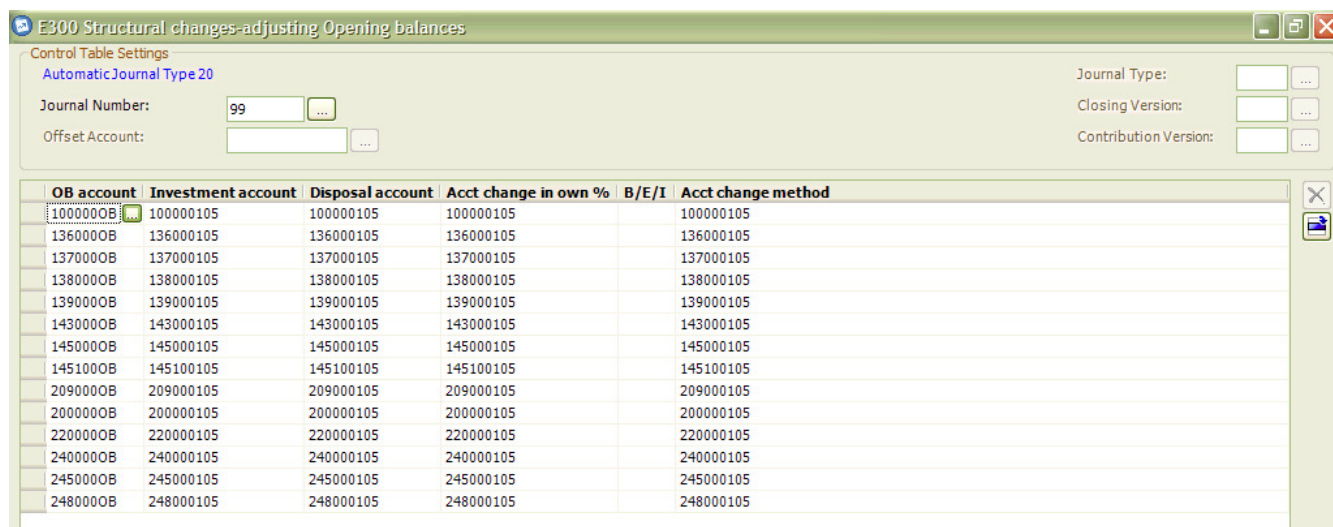E300 counter books the value of any OB as none Balance sheet values of equity company must be consolidated.

Figure 41 shows a Configuration of the control table for E300

- For each OB account you specify which movement accounts to use for changes due to investment, disposal, change in ownership or change in method. If you want to separate internal and external sales/acquisitions, use the B/E/I column and fill in E for external and I for internal with the appropriate accounts. In this example we use only one movement for all type of structural changes , to use four different movements will increase the account structures but will give a better analysis.
- Note that E300 doesn't handle automatically any recalculation of the result due to changes of ownership during the year (piecemeal acquisitions/disposals, full disposals/acquisitions).In this case you must use the UdBR and follow the proven practice "handling of structural changes during the year")
- Also remember that the movement accounts used in E300 should have the same currency translation code as their OB account. The reason is to get the same amount, in all currencies to be booked (so that a sale ends up in zero).

Even though this is a powerful feature, a user should always bear in mind that there is a virtually unlimited number of combinations and variations of structural changes, and many of these cannot be foreseen, with the result that a user may have to book manual adjustments.

See for more details of what is supported with E300 the document in Proven Practice called Guideline to configuring E300 automatic journals.

E400 – Transfer of untaxed reserves (mainly Swedish – AJT 70)

E400 reallocates untaxed reserves (that must not exist on groups) into a tax part and a part going into restricted reserves (or non-restricted with new IFRS rules). It uses tax rate(s) from sub control table HT01.

From account 1	From accou	Sign	To account (OB)	To account (cha	Dim 1	Dim 2	Dim 3	B/T/N
2110	2110	-						
2110	2110	+		2085				N
2110	2110	+		2251				T
2110	2110	+	2085OB	208546				N
2197	2197	-						
2197	2197	+		2085				N
2197	2197	+		2251				T
2197	2197	+	2085OB	208546				N
8850	8898	-						
8850	8898	+		2091				N
8850	8898	-		8910				T
8850	8898	+	2091OB	209146				N
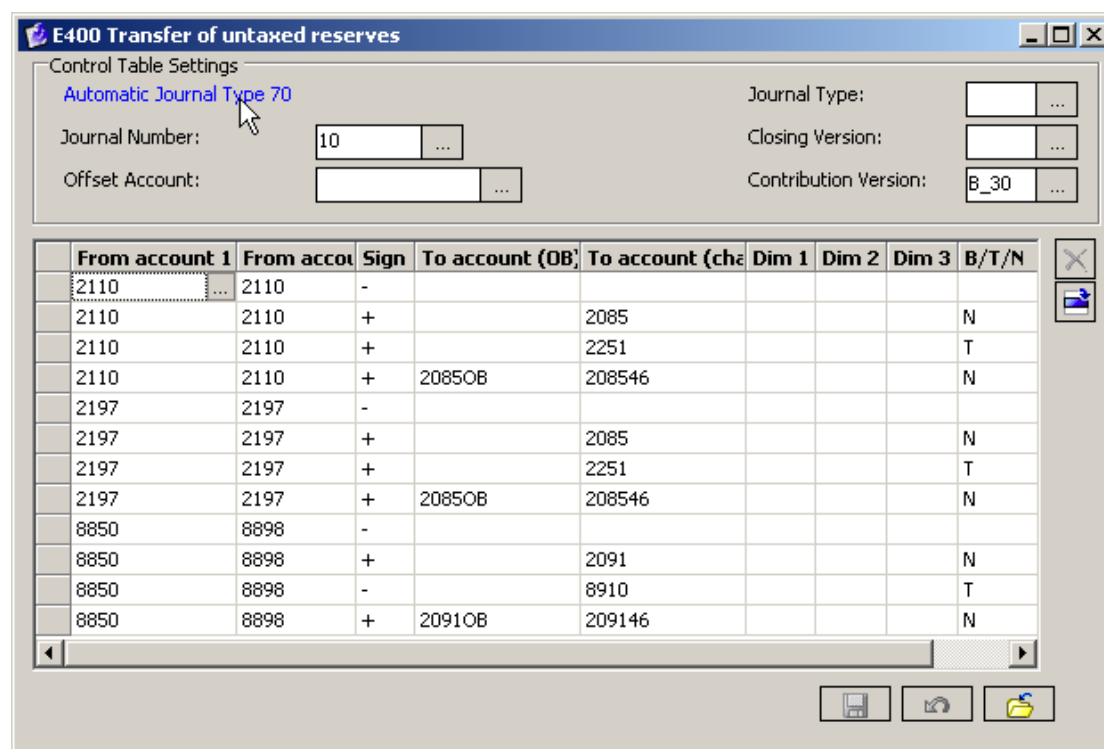
Figure 42 shows E400 (Transfer of untaxed reserves)

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The B/T/N column is used to specify whether the amount should be taken at 100% (blank), multiplied with the tax rate (T) or the rest (N) that is 100% minus tax rate.

Figure 43 shows the country, account and tax rates

The first line, with blanks in the country and account columns, states the general tax rate to use. Exceptions are created by adding lines per country (here, the general tax rate for Sweden is 28%) and/or account.

E410 – Booking of deferred taxes (AJT 75)

E410 allows to calculate deferred taxes by using tax rates mentioned in table HT01; The tax rate is indicated by country and even by account (if the column account is blank then the same tax rate is applicable for all accounts mentioned in the E410 control table). The connection with the companies is done thanks to the field country that must be filled in the company structure. The amount in the From account will be multiplied by the tax rate and booked in the To account. You can duplicate the rule E410, if you want to have deferred taxes as assets and liabilities or specific ones on Automatic journals (use the same category and journal but different journal numbers).

Note there are no period stamps for the tax rates. So in case of tax changes, don't forget to correct them if you want to reconsolidate previous periods.

Figure 44 shows E410 setup

Figure 45 shows the tax table

E500 – Equity in associated companies (AJT 61)

This control table calculates the equity share in associated companies (only valid for Equity companies). The equity share is booked both on the assets side (account 248000 in this example) and on the equity side). The direct owned percent is multiplied with the amounts on the From accounts (equity including net income and translation difference).

If you take into account the investments owned by the equity company, the account investments must be in From account and be deducted of the account equity share in associated companies.

From account 1	From account 2	Sign	To account (OB)	To account (change)	Dim 1	Dim 2	Dim 3	Dim 4
100000105	100000500	+		100000				
100000105	100000500	+	1000000B					
1000000B	1000000B	+		100000				
1000000B	1000000B	+	1000000B	1000000B				
EQUITYOB		+	2480000B	2480000B				
EQUITYOB	EQUITYOB	+		248000				
EQUITY105		+	2480000B	248000105				
EQUITY105	EQUITY500	+		248000				
EQUITY120		+	2480000B	248000120				
EQUITY150		+	2480000B	248000150				
EQUITY300		+	2480000B	248000300				
EQUITY400		+	2480000B	248000400				
EQUITY500		+	2480000B	248000500				
136000105	136000500	+		136000				
136000105	136000500	+	1360000B					
1360000B	1360000B	+		136000				
1360000B	1360000B	+	1360000B	1360000B				
137000105	137000500	+		137000				
137000105	137000500	+	1370000B					
1370000B	1370000B	+		137000				
1370000B	1370000B	+	1370000B	1370000B				
145000105		+		145000				
145000105		+	1450000B	145000105				
145000105		+	2480000B	248000105				
145000150		+		145000				
145000150		+	1450000B	145000150				
145000150		+	2480000B	248000150				
145000200		+	1450000B	145000200				
145000200		+	2480000B	248000200				
1450000B		+		145000				
1450000B		+	1450000B	1450000B				

Figure 46 shows an extract of the configuration for E500

| | | 10 | 50 | 60 | 61 | Sum of | |
	eported	Elimination of investments	Transfer of Equity	Elimination of associated /joi	Equity share in associated com	Journals	Total
248000	Equity share in associated companies					260	260	260
250000	Cash	1.300			-1.300		-1.300	0
ASSETS	Total assets	1.300			-1.300	260	-1.040	260
100000	Capital	1.500		-300	-1.500	300	-1.500	0
138000	Consolidated reserves (latin method)		-300	300			0	0
145000	Result of BS	-200			200	-40	160	-40
141000	Offset investments (owned)		300				300	300
EQUITYGRP	Total equity group	1.300	0	0	-1.300	260	-1.040	260
LIABILITIES	Total liabilities	1.300	0	0	-1.300	260	-1.040	260

Figure 47 shows an example of calculations using the equity method

E505 – Indirect equity in associated companies (AJT 67)
E505 is an "indirect" automatic journal, meaning it is based on all other elimination and therefore calculated late in the process. It applies only for management consolidation types.

The indirect equity percentage (perceq in table xkstrucs) is multiplied with the amount of the company's base values and elimination.

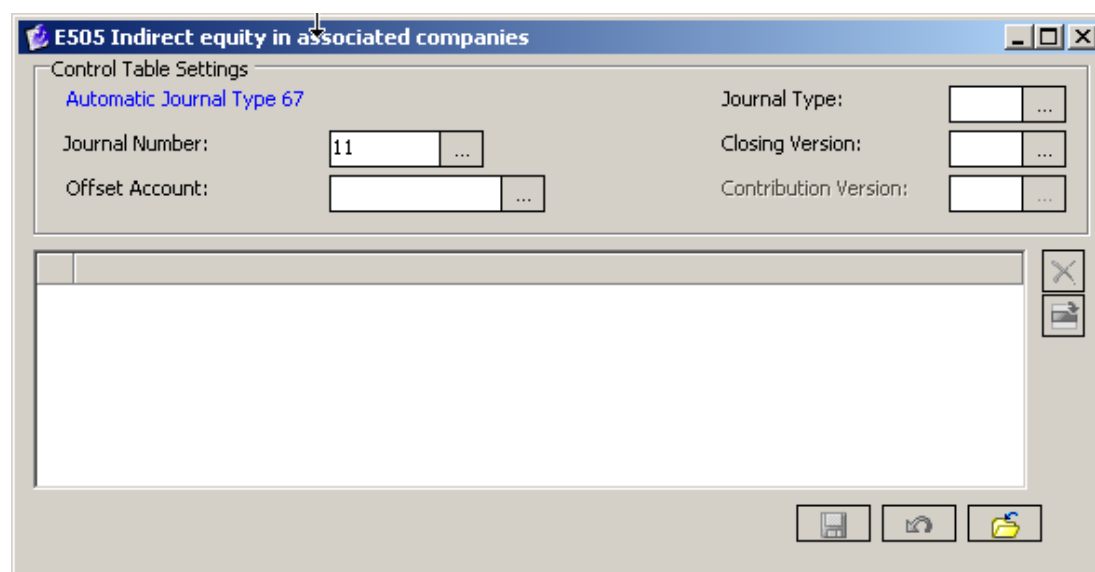E505 is connected to E500, from which the accounts are taken for the calculation. The elimination is booked on AJT 67.

Figure 48 shows E505 and the control table

E510 – equity share in joint venture companies (AJT 62)
This control table works in exactly the same way as E500, but books an equity share for joint venture companies instead. By using both E500 and E510 it is possible to get equity shares for associated companies booked on other accounts than those for joint venture companies. The elimination is booked on AJT 62.
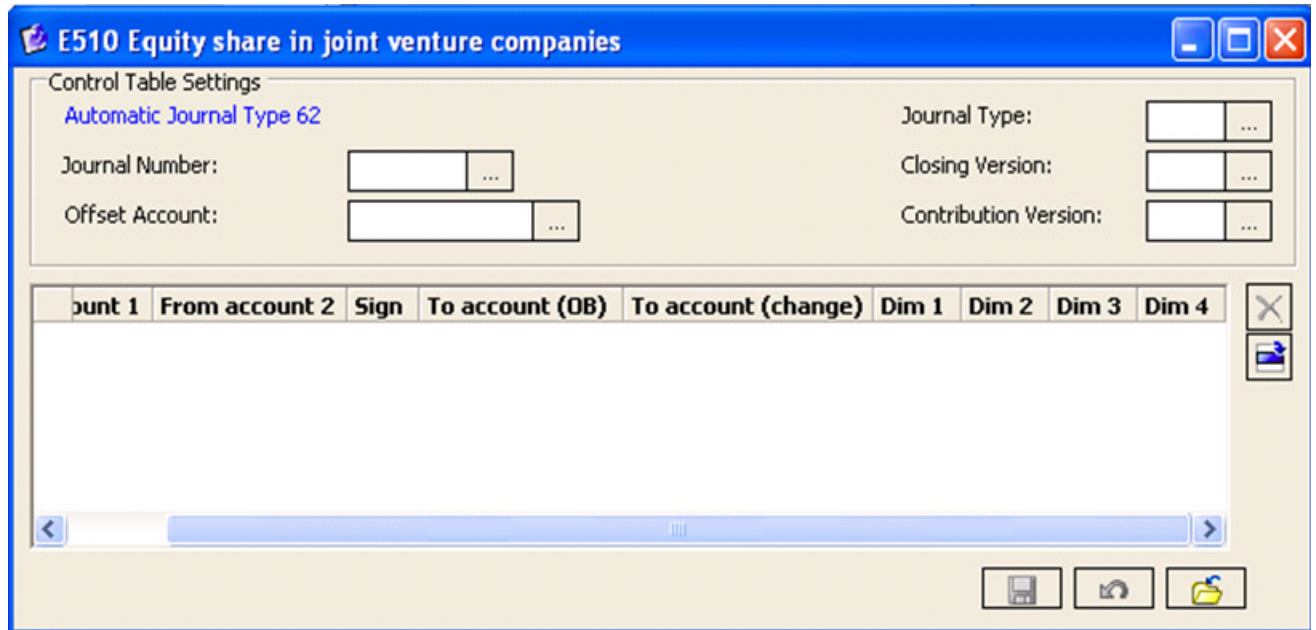
Figure 49 shows E510 and the control table

E515 – Indirect equity in joint venture companies (AJT 68)

This control tables works in exactly the same way as E505 and is connected to E510, from which the accounts are taken for the calculation. The elimination is booked on AJT 68.

Please note that you must not have both E505 and E515 active, as that will generate double elimination. The problem is that both control tables are triggered by the field for indirect equity in the company structure.
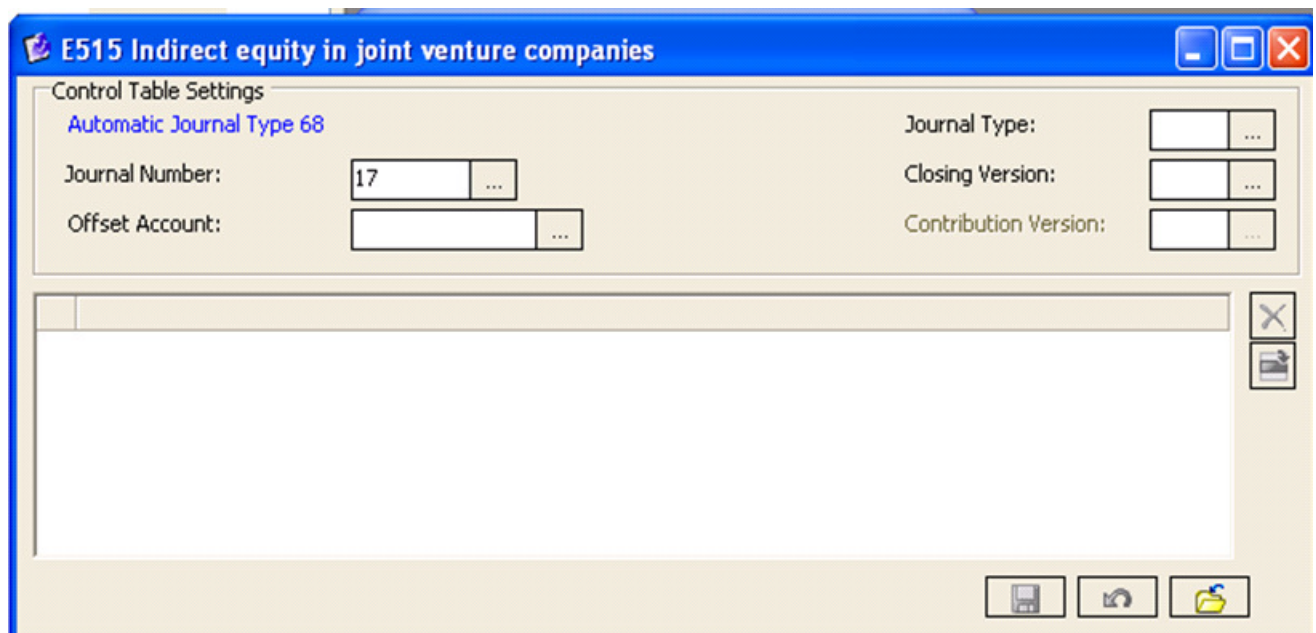

Figure 50 shows E515 and the control table

E600-603 – Investment adjustments (AJT 30)

The purpose of these control tables is to revaluate the investment of the owner in order to be in line with the equity of the subsidiary. It will transfer the equity (result) at direct owned%, to the account investment and equity (result) of the owner.

A thorough presentation of this model is found in the Proven Practice document about Investment Adjustments.

These tables are not used by the standard and Latin model.

E700 – Minority Share (AJT 90)

The purpose of this control table is to calculate the minority share, based on equity including net income and translation difference.

This control table is *only used* when you consolidate according to the *standard model or the investment adjustment model .* The *direct owned %* is used (ownership on first level in the company structure), taking 1-direct owned %.

If you consolidate according to the Latin model you must use the control table E710 instead.

E700 Minority share

Control Table Settings
Automatic Journal Type 90

Journal Number: 2
Offset Account:

Journal Type:
Closing Version: ALLP
Contribution Version: BASE

From account 1	From account 2	Sign	To account (OB)	To account (change)	Dim 1	Dim 2	Dim 3	Dim 4
1000000B		-	1000000B	1000000B				
EQUITYOB		+	1390000B	1390000B				
EQUITYOB	EQUITYOB	+		139000				
EQUITY105		+	1390000B	139000105				
EQUITY105	EQUITY500	+		139000				
EQUITY120		+	1390000B	139000120				
EQUITY150		+	1390000B	139000150				
EQUITY300		+	1390000B	139000300				
EQUITY400		+	1390000B	139000400				
EQUITY500		+	1390000B	139000500				
136000105	136000500	-		136000				
136000105	136000500	-	1360000B					
1360000B	1360000B	-		136000				
1360000B	1360000B	-	1360000B	1360000B				
137000105	137000500	-		137000				
137000105	137000500	-	1370000B					
1370000B	1370000B	-		137000				
1370000B	1370000B	-	1370000B					
145000105		+	1451000B	145100105				
145000105	145000200	-		145000				
145000105	145000200	+		145100				
145000105	145000200	-	1450000B					
145000150		+	1451000B	145100150				
145002200		+	1451000B	145100200				
1450000B		-		145000				
1450000B		+		145100				
1450000B		-	1450000B	1450000B				
1450000B		+	1451000B	1451000B				
150000		-						
150000		+		150100				
NETINCOME		+		480000				

Figure 51 shows an extract of the control table for E700

EquityXX is a summation of the specifications (movements) on equity accounts (net income BS not included), 136000 and 137000 are both retained earnings account but

the last one is only used for company journals. Note that the account 100000 (capital) is also part of the control table (not part of this screenshot) and follows the same logic than the retained earnings accounts.

The accounts 145000XXX are specifications on the net income BS and NETINCOME is the Profit and Loss result (summation account).
150000 is the summation of the translation differences on equity accounts.

In this configuration there are three accounts for minorities, one on equity (139000), one on result (145100) and one on translation difference (150100) which gives an accurate analysis of the minorities.

480000 is the account for minorities on Profit and Loss.

		Reported	1 Elimination of investments	18 Conversion diff erences on inve	90 Minority share	Sum of Journals	Total
220000	Other equipment	1.400					1.400
250000	Cash	20					20
ASSETS	Total assets	1.420					1.420
100000	Capital	800	-640		-160	-800	0
145000	Result of BS	100			-20	-20	80
141000	Offset investments (owned)		600	600		1.200	1.200
150000	Translation differences on equity	-80	40	-600	16	-544	-624
EQUITYGR P	Total equity group	820	0	0	-164	-164	656
139000	Reserves minorities				160	160	160
145100	Result of Minorities				20	20	20
150100	Minorities on translation diff				-16	-16	-16
EQUITYMIN	TOTAL Equity minorities				164	164	164
170000	Other accounts payable	600					600
LIABILITIE S	Total liabilities	1.420	0	0	0	0	1.420

Figure 52 shows an example with 20% of minority calculation

E705 – Indirect Minority (AJT 97)
This is an "indirect" automatic journal, such as E505, based on all other automatic journals. It is used with **the standard or the investment adjustment model** with a non strictly legal structure or with a management structure. E705 is connected to E700, from which the accounts are taken for the elimination, which is booked on AJT 97.
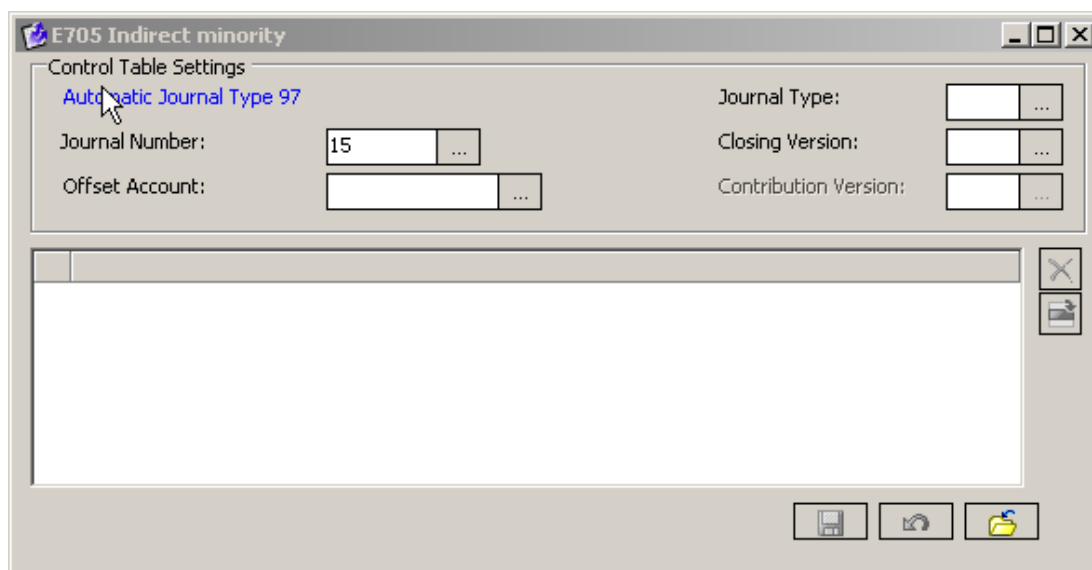
Figure 53 shows E705 and the control table

An example of when AJT 97 would be useful is when you build a flat structure that should mirror the legal, hierarchical one. Note that the indirect   minority (percmin in table xkstrucs) must be set on the first level in order to activate AJT 97.

Example: in the legal consolidation type, company D owned at 70% by group K2 and K2 is owned at P80% by group K1. D's equity is 1000 and no other values. In LE etyp 90 books -300 on D and the consolidated value of K2 are then 700. Etyp 90 on K2 is -140 (-700*20%), so K1's consolidated value is 560. The management consolidation type or a flat structure has percdown 70 and percmin 20. Etyp 90 will book -300 (base 1000 as basis * 30%) and etyp 97 will book -140 (base 1000 + elim -300 as basis * 20%), ending up in 560, which is the same value as in LE.

Note that for the Latin model the amount of 560 will be booked directly on etyp 90 (no booking on etyp 97) as it comes from the rule E710 which uses the calculated owned % and not the direct %.

E710 – Minority share on equity (AJT 90)
E710 is used only in the Latin model. It calculates minority share based on equity (including the net income and the translation difference) on the company, but what differs from E700 is that E710 uses the calculated ownership % instead of the direct ownership %. The elimination is booked on AJT 90.

E710 Minority share on equity

Control Table Settings
Automatic Journal Type 90

| Journal Number: | 1 | ... |
| Offset Account: | | ... |

Journal Type:		...
Closing Version:	ALLP	...
Contribution Version:		...

From account 1	From account 2	Sign	To account (OB)	To account (change)	Dim 1	Dim 2	Dim 3	Dim 4
EQUITYOB		-	138000OB	138000OB				
EQUITYOB		+	139000OB	139000OB				
EQUITYOB	EQUITYOB	-		138000				
EQUITYOB	EQUITYOB	+		139000				
EQUITY105		-	138000OB	138000105				
EQUITY105		+	139000OB	139000105				
EQUITY105	EQUITY500	-		138000				
EQUITY105	EQUITY500	+		139000				
EQUITY120		-	138000OB	138000120				
EQUITY120		+	139000OB	139000120				
EQUITY150		-	138000OB	138000150				
EQUITY150		+	139000OB	139000150				
EQUITY300		-	138000OB	138000300				
EQUITY300		+	139000OB	139000300				
EQUITY400		-	138000OB	138000400				
EQUITY400		+	139000OB	139000400				
EQUITY500		-	138000OB	138000500				
EQUITY500		+	139000OB	139000500				
138000105		-	138000OB	138000105				
138000105		+	139000OB	139000105				
138000105	138000500	-		138000				
138000105	138000500	+		139000				
138000105	138000500	-	138000OB					
138000120		-	138000OB	138000120				
138000120		+	139000OB	139000120				
138000150		-	138000OB	138000150				
138000150		+	139000OB	139000150				
138000300		-	138000OB	138000300				
138000300		+	139000OB	139000300				
138000400		-	138000OB	138000400				
138000400		+	139000OB	139000400				

138000400		-	138000OB	138000400				
138000400		+	139000OB	139000400				
138000500		-	138000OB	138000500				
138000500		+	139000OB	139000500				
138000OB		-		138000				
138000OB		+		139000				
138000OB		-	138000OB	138000OB				
138000OB		+	139000OB	139000OB				
145000105		+	145100OB	145100105				
145000105	145000200	-		145000				
145000105	145000200	+		145100				
145000105	145000200	-	145000OB					
145000150		+	145100OB	145100150				
145000200		+	145100OB	145100200				
145000OB		-		145000				
145000OB		+		145100				
145000OB		-	145000OB	145000OB				
145000OB		+	145100OB	145100OB				
150000		-						
150000		+		150100				
NETINCOME		+		480000				

Figure 54 shows E710 and the control table

This control table removes the minority share from the account 138000 consolidated reserves (where the equity accounts are transferred via E750) to the account minority on equity (139000).

So the From accounts are specifications on equity accounts (EQUITYXXX), on result (145000XXX) ,the translation difference on equity (150000) and the net income of the Profit and Loss. And also the specifications on the consolidated reserves (if there are subgroups with minorities, the minority share must be also calculated on the consolidated reserves from the subsidiaries linked to the subgroup).

In this configuration there are three accounts for minorities, one on equity (139000), one on result (145100) and one on translation difference (150100) which gives an accurate analysis of the minorities.

480000 is the account for minorities on Profit and Loss.

If you have minorities (indirect) on equity and split companies, the amounts will be multiplied by the direct owned % multiplied by 1 – (calc owned% divided by the direct owned%)) as indicated in the calculation methods of the rule RD (rule of E710)

		Reported	10 Elimination of investments	50 Transfer of Equity	90 Minority share	Sum of Journals	Total
220000	Other equipment	1.400					1.400
250000	Cash	20					20
ASSETS	Total assets	1.420					1.420
100000	Capital	800		-800		-800	0
138000	Consolidated reserves (latin method)		-640	800	-160	0	0
145000	Result of BS	100			-20	-20	80
141000	Offset investments (owned)		640			640	640
150000	Translation differences on equity	-80			16	16	-64
159000	Rounding diff	0					0
EQUITYGRP	Total equity group	820	0	0	-164	-164	656
139000	Reserves minorities				160	160	160
145100	Result of Minorities				20	20	20
150100	Minorities on translation diff				-16	-16	-16
EQUITYMIN	TOTAL Equity minorities				164	164	164
170000	Other accounts payable	600					600
LIABILITIES	Total liabilities	1.420	0	0	0	0	1.420

Figure 55 shows an example with 20% of minorities.

E715 – Minority on investments (AJT 10)
The purpose of this control table is to calculate the minorities on the investment of the owner (if the owner is not owned at 100%). The booking is done on the account minority of the subsidiary (use of the CC indicator C). This control table is only used when you consolidate according to the **Latin model.**

Figure 56 shows E715 and the control table

In from accounts you have the specifications on the investment (240000XXX) and also on the account counterpart goodwill (143000XXX).

As the Latin model doesn't use the investment register, the goodwill is booked in a company journal (normally by the owner) and the manual adjustment will look like:

DT Goodwill
CT counterpart goodwill

If there are some minorities share on the owner , minorities will be calculated on the account counterpart goodwill and be added in the account Minorities on equity (139000) of the subsidiary or be removed if they are calculated on the account investment. It's balanced with the account consolidated reserves (138000

If the owner is equity or split company, the amount will be multiplied by the direct owned   % multiplied by 1 – (calc owned% divided by the direct owned%) according to the calculation method of the rule RD (rule of E715).

E750 – Transfer of equity to consolidated reserves (AJT 50)
E750 is used in the Latin model. It transfers all companies' (except the parent's) equity (except net income) into the account consolidated reserves, which is an account where you find the final contribution of all subsidiaries to the group total. The elimination is booked on AJT 50.

The column Selection Method is open, meaning you can handle for example subsidiaries and associated companies in different ways. The column GM indicator is also open. Leaving it blank (probably most common), means for P (purchase)

companies that the full amount will be transferred to consolidated reserves. Setting G means that the amount will be multiplied with the calculated ownership %.

Depending on how E750 is configured, other control tables may have to be modified. If the subsidiary is an equity or split, the amount will be multiplied by the direct owned %.

In this configuration (the most common) 100% (if Purchase company) will be transferred to the consolidated reserves (138000). The from accounts are equity accounts (net income BS not included).

The selection method S2 (all companies except parent).

E750 Transfer of equity to consolidated reserves										

Control Table Settings

Automatic Journal Type 50

Journal Number: 1
Offset Account:

Journal Type:
Closing Version: ALLP
Contribution Version: BASE

From account 1	From account 2	Sign	To account (OB)	To account (change)	GM Ind	Selection method	Dim 1	Dim 2	Dim 3	Dim 4
100000105	100000500	-		100000		S2				
100000105	100000500	-	100000OB			S2				
100000OB		-		100000		S2				
100000OB		-	100000OB	100000OB		S2				
EQUITYOB		+		138000		S2				
EQUITYOB		+	138000OB	138000OB		S2				
EQUITY105		+	138000OB	138000105		S2				
EQUITY105	EQUITY500	+		138000		S2				
EQUITY120		+	138000OB	138000120		S2				
EQUITY150		+	138000OB	138000150		S2				
EQUITY300		+	138000OB	138000300		S2				
EQUITY400		+	138000OB	138000400		S2				
EQUITY500		+	138000OB	138000500		S2				
136000105	136000500	-		136000		S2				
136000105	136000500	-	136000OB			S2				
136000OB		-		136000		S2				
136000OB		-	136000OB	136000OB		S2				
137000105	137000500	-		137000		S2				
137000105	137000500	-	137000OB			S2				
137000OB		-		137000		S2				
137000OB		-	137000OB	137000OB		S2				

Figure 57 shows E750 and the control table configuration

		10	50	90	Sum of	
		Reported	Elimination of investments	Transfer of Equity	Minority share	Journals	Total
220000	Other equipment	1.400					1.400
250000	Cash	20					20
ASSETS	Total assets	1.420					1.420
100000	Capital	800		-800		-800	0
138000	Consolidated reserves (latin method)		-640	800	-160	0	0
145000	Result of BS	100			-20	-20	80
141000	Offset investments (owned)		640			640	640
150000	Translation differences on equity	-80			16	16	-64
159000	Rounding diff	0					0
EQUITYGRP	Total equity group	820	0	0	-164	-164	656
139000	Reserves minorities				160	160	160
145100	Result of Minorities				20	20	20
150100	Minorities on translation diff				-16	-16	-16
EQUITYMIN	TOTAL Equity minorities				164	164	164
170000	Other accounts payable	600					600
LIABILITIES	Total liabilities	1.420	0	0	0	0	1.420

Figure 58 In this example you can see that 100% of the capital is transferred to the account consolidated reserves via the AJ 50.

E760 – Transfer of equity, investment adjustments (AJT 50)

This control table is only used when you consolidate according to the investment adjustment model and therefore not explained here. Please read about it in the separate Proven Practices document about Investment Adjustments.

The purpose is to eliminate the equity at direct owned % via an offset account.

E770 – Elimination of investments, Parent (AJT 10)

E770 is used in the Latin setup together with E775, and also in the Investment Adjustment model. It can be compared with E100 as it eliminates the investment on the owner. Offset account should be filled in to balance the booking.
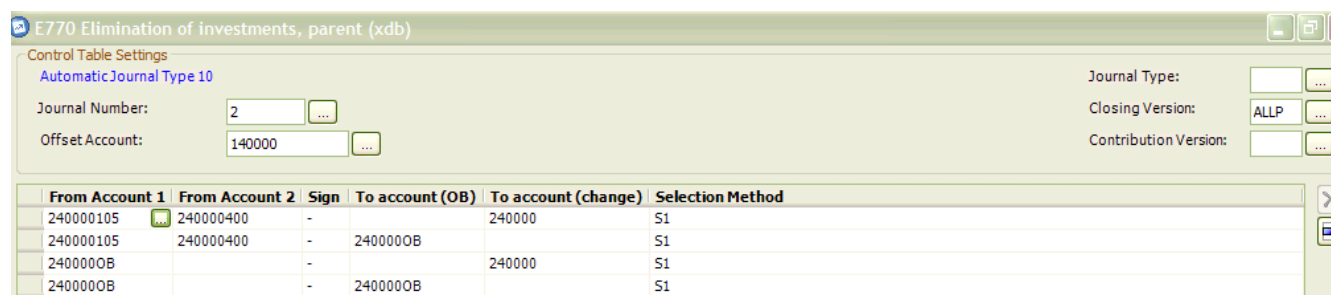
Figure 59 shows E770 and the control table configuration

240000XXX are the specifications on the account Investments in subsidiaries, 140000 is the offset equity account . Selection method is open in case you want to book elimination of different types of companies on different accounts (note this applies to the owning company and not the owned one). If the owner is an equity or split, the amount will be multiplied by the direct owned %.

		Reported	10 Elimination of investments	Sum of Journals	Total
200000	Goodwill	0			0
220000	Other equipment	100			100
240000	Investment in consolidated cies (latin)	1.440	-1.440	-1.440	0
250000	Cash	200			200
ASSETS	Total assets	1.740	-1.440	-1.440	300
100000	Capital	1.400			1.400
145000	Result of BS	140			140
140000	Offset investments (owner)		-1.440	-1.440	-1.440
EQUITYGRP	Total equity group	1.540	-1.440	-1.440	100
170000	Other accounts payable	200			200
LIABILITIES	Total liabilities	1.740	-1.440	-1.440	300

Figure 60 In this example the owner is a parent company:

E775 – Elimination of investments, all subsidiaries (AJT 10)
E775 is used in the Latin setup together with E770. The purpose of this control table is to transfer 100% of the investment of the owner to the account consolidated reserves of the subsidiary.

It can be compared with E105 as it eliminates the investment on the owned company. Though, here the owner's investment account is the calculation basis for the elimination on the owned company (use of the CC indicator C). Offset account should be filled in to balance the booking.

Tip: use an other offset account than E770 so it will be easier to analyse it (specially if a owner is also a owned company). Create a total offset account which is a summation of both offset . This total account must equal at zero at group level if not there is probably an error in the configuration of the control tables.

Figure 61 shows E775 and the control table configuration

- In from accounts you have the specifications on the investment (240000XXX) and also on the account counterpart goodwill (143000XXX).
- The specifications on investments (240000XXX) are booked in the subsidiary in the consolidated reserves (138000) and balanced thanks to the offset account (141000).
- The specifications on counterpart goodwill (143000XXX) are removed on the consolidated reserves (138000) and booked on the account counterpart goodwill of the subsidiary.
- Selection method is open in case you want to book elimination of different types of companies on different accounts.
- If the owner is an equity or split, the amount will be multiplied by the direct owned %.
- In this example you can see that 100% of the investment of the parent (amount of 640) is transferred to the account consolidated reserves of the subsidiary via the offset account (AJ 10).

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		Reported	10 Elimination of investments	50 Transfer of Equity	90 Minority share	Sum of Journals	Total
220000	Other equipment	1.400					1.400
250000	Cash	20					20
ASSETS	Total assets	1.420					1.420
100000	Capital	800		-800		-800	0
138000	Consolidated reserves (latin method)		-640	800	-160	0	0
145000	Result of BS	100			-20	-20	80
141000	Offset investments (owned)		640			640	640
150000	Translation differences on equity	-80			16	16	-64
159000	Rounding diff	0					0
EQUITYGRP	Total equity group	820	0	0	-164	-164	656
139000	Reserves minorities				160	160	160
145100	Result of Minorities				20	20	20
150100	Minorities on translation diff				-16	-16	-16
EQUITYMIN	TOTAL Equity minorities				164	164	164
170000	Other accounts payable	600					600
LIABILITIES	Total liabilities	1.420	0	0	0	0	1.420

E800 – Transfer between restricted and unrestricted equity (Swedish, AJT 80)

This control table transfers equity between restricted and unrestricted equity, so that unrestricted equity does not hold more than is allowed to be distributed as dividends.

Note that as IFRS does not differ between restricted and unrestricted equity, this control table will probably be used less in the future.
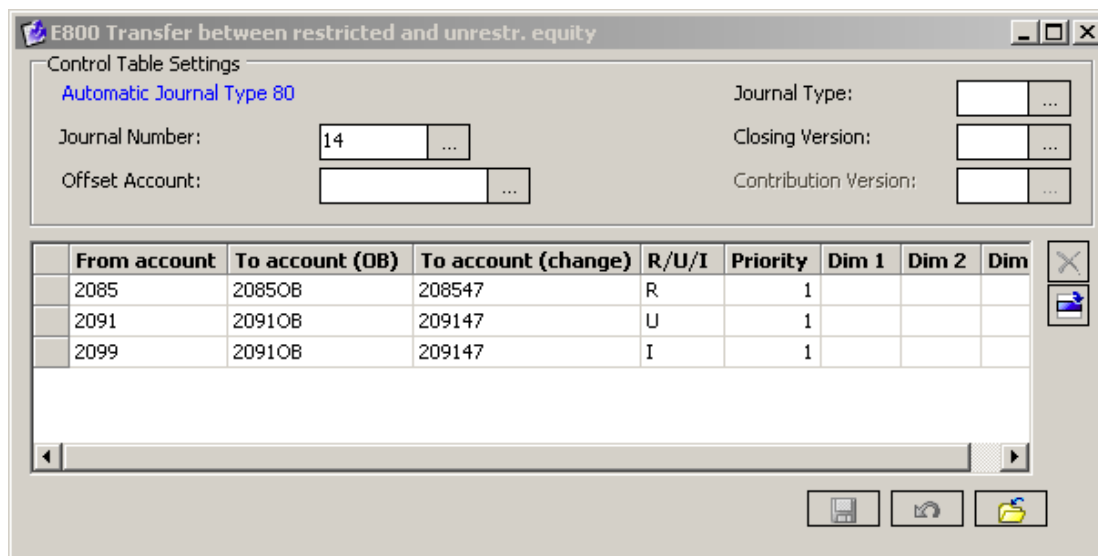
Figure 62 shows E800 and the control table configuration

Note that the equity main accounts are used as from accounts (must not be movement accounts). In the R / U / I columns you set whether the account is defined as restricted reserves (R), Unrestricted reserves (U) or net income (I). If you have several accounts within the same category, you set priorities within the category. A line with priority 1 will be eliminated first in the calculation.

E900 – Re-booking due to complex ownership
This control table is used when you have a company structure with multi-ownership (same company linked to several subgroups). It has journal number 10000 and can

not be deactivated. When ownerships meet (the company will get a consolidation
method A at this level in the table xkstrucs), the calculations on lower levels are
reversed on each automatic journal type with journal number 10000 (the base values
are reversed on AJT 21) and new journals are created.

Example:
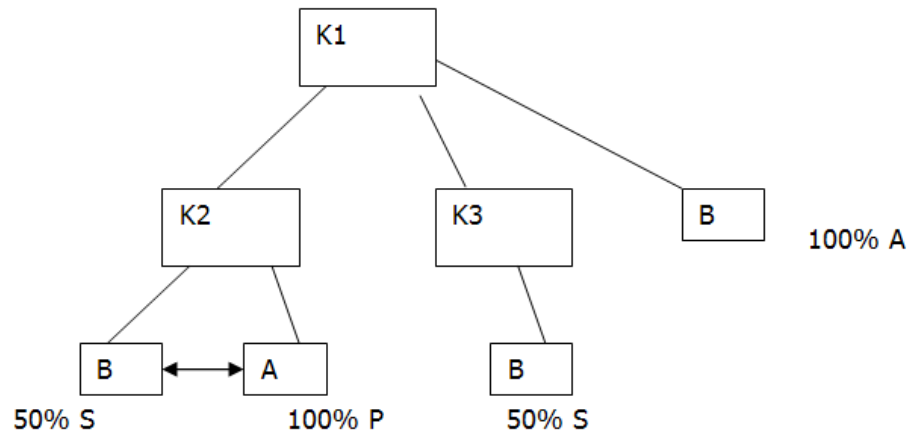
Legal - Company Journals: Transaction of 100 between A and B

bol	konto	etyp	ktypkonc	vernr	motbol	ursbol	belopp	vtyp
A	IC receivables	35	LEK2	1	B	A	-100	L
A	External rec.	35	LEK2	1	B	A	50	L
B	IC payables	35	LEK2	1	A	B	-50	L

bol	konto	etyp	ktypkonc	vernr	motbol	ursbol	belopp	vtyp
K2	IC receivables	35	LEK1	10000	B	A	100	K
K2	External rec.	35	LEK1	10000	B	A	-50	K
B	IC payables	35	LEK1	10000	A	B	50	L
K2	IC receivables	35	LEK1	1	B	A	-100	K
B	IC payables	35	LEK1	1	A	B	-100	L

Figure 63 is a sample of a company hierarchy

Note that in case of multi-ownership the percentage taken will be always the direct
percentage even if in the calculation method it's specified the calculated percentage.

Non Predefined automatic journals – some examples

Elimination of Dividend

Purpose:
To eliminate automatically the dividend received during the year against a retained earnings account

Settings in this example:
The dividend received account is an intercompany income account. Note that the intercompany code can be "I" account type (You don't need to know what the transaction amount is)

Diagram 64 shows the account set up for dividends

The result of the balance sheet and the retained earnings are non integrated.

All the movements (statistical accounts) are summed in the EB which is reconciled with the main account. The OB is copied from the EB of LY (code J)

```
 ....  137000 (+)     Retained earnings (adjustment)
 ⊟ 137000EB (-)    Adj ret earnings / Ending balance
  ....   137000105 (+) Adj ret earnings / Changes in structure
  ....   137000120 (+) Adj ret earnings / Dividend paid
  ....   137000150 (+) Adj ret earnings / Transfert
  ....   137000300 (+) Adj ret earnings / Increase
  ....   137000400 (+) Adj ret earnings / Decrease
  ....   137000500 (+) Adj ret earnings / Other movements
  ....   137000OB (+)  Adj ret earnings / Opening balance

 ....  145000 (+)     Result of BS
 ⊟ 145000EB (-)    Result of BS / Ending balance
  ....   145000105 (+) Result of BS / Changes in structure
  ....   145000150 (+) Result of BS / Transfert
  ....   145000200 (+) Result of BS / Result of the year
  ....   145000OB (+)  Result of BS / Opening balance
```

Diagram 65 shows the account and movements for Retained Earnings and
Result

**To get correct movements on the net income BS and the retained earnings,
it's important to use the transfer accounts in the general configuration.
Note that this movement 150 must have a conversion code L (average rate
of LY) to get the same value than the Net Income OB.**

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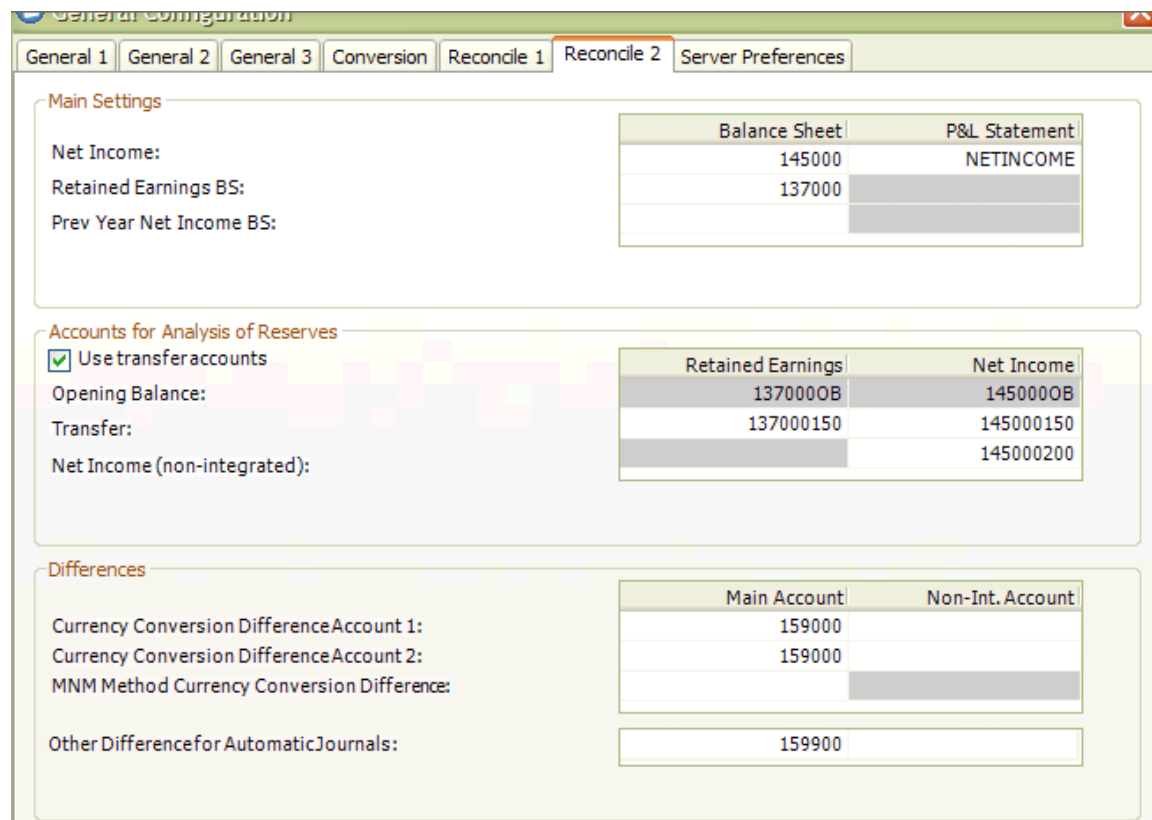
Diagram 66 shows the reconcile 2 tab

Creation of the Automatic journal and adding in the relevant contribution versions

Creation of the AJ "ED" (can be any combinations of letters, figures are only for predefined AJ).

	Name - Group	Name - English
	Base Value	Base Value
1	Elimination of investments	Elimination of investmer
10	Elimination of investments	Elimination of investmer
18	Conversion differences on investments	Conversion differences
20	OB adjustment - investments/disposals	OB adjustment - investm
21	Rebooking of base values in complex ownership	Rebooking of base value
30	Rebooking of subsidiaries change in equity	Rebooking of subsidiari
35	Elimination of intercompany balances	Elimination of intercomp
36	Elimination of intercompany profit	Elimination of intercomp
37	Allocation	Allocation
38	Advanced Formula Calculation	Advanced Formula Calcu
40	Elimination of proportional companies	Elimination of proportio
46	Indirect Split	Indirect Split
50	Transfer of Equity	Transfer of Equity
60	Elimination of associated/joint venture companies	Elimination of associate
61	Equity share in associated companies	Equity share in associate
62	Equity share in joint venture companies	Equity share in joint vent
65	Depreciation of surplus value in associated/joint venture companies	Depreciation of surplus
66	Elimination of assoc./joint venture companies - indirect	Elimination of assoc./joi
67	Indirect Equity in Associated companies	Indirect Equity in Associa
68	Indirect Equity in Joint venture companies	Indirect Equity in Joint ve
70	Transfer of untaxed reserves	Transfer of untaxed rese
75	Booking of deferred tax	Booking of deferred tax
8	Depreciation of surplus value in investments	Depreciation of surplus
80	Transfer between restricted and unrestricted equity	Transfer between restric
90	Minority share	Minority share
95	Indirect Minority	Indirect Minority
97	Indirect Minority	Indirect Minority
ED	Elimination dividend	Elimination dividend

Diagram 67 shows the automatic journal types

Add this AJ "ED" in the relevant contribution versions.

Definition of the rule

Creation of the non predefined rule C100 .

1. In AJ type box select the AJ created, in this example ED.
2. Select **level 2** (must be calculated after the predefined AJ).
3. As the source account (dividend received) is an Intercompany account that must be eliminated where the company and counterpart company meet, the **category** selected must be **23**
4. Select Active, Enable calculation of Change in structure (if you use E300) ,Alternative currency conversion (not necessary here but we recommend to select it by default) and Roll OB values (to get correct OB)
5. The following columns must be shown in the control table: konto,tecken_pf,konto_ib,konto_pf and gm_ind.
6. In column regel_id type R5 (purchase and parent: amount type:amount,rate type: direct owned %;split :amount type:amount*direct owned %,rate type: 100%)
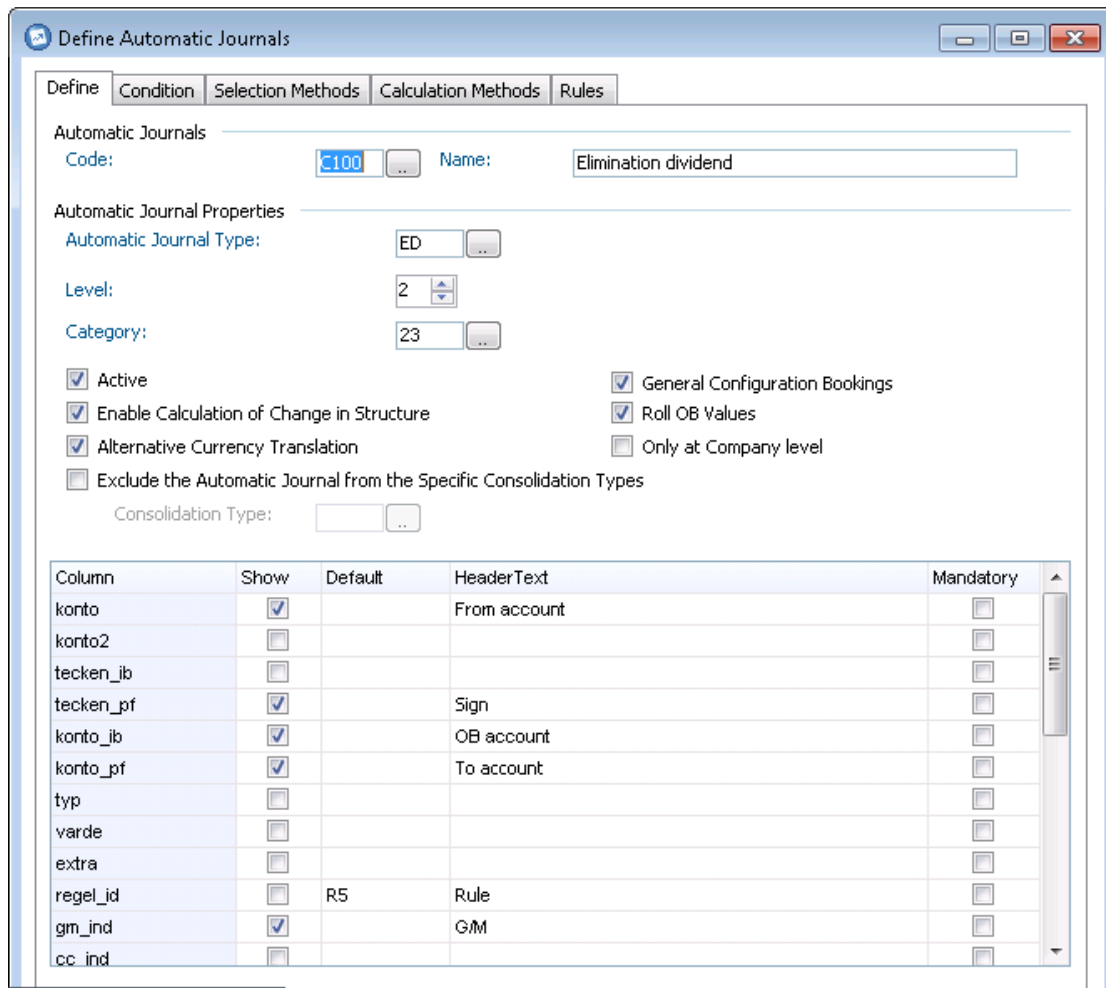7. In column msel type S7 (all except equity/joint venture)

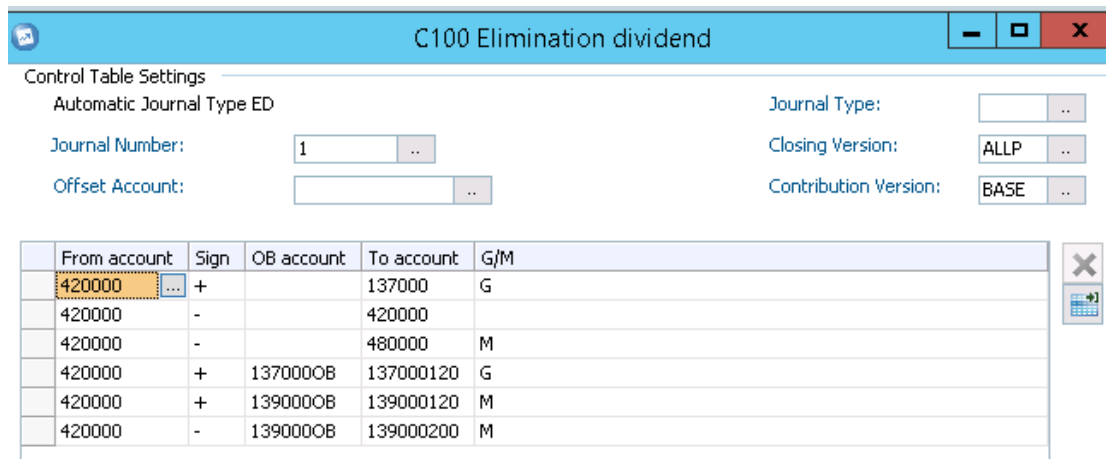**Diagram 68** shows the Definition of the control table

Diagram 69 shows the control table set up

In the closing version source you are not obliged to enter something (in this example I have entered a closing version without a journal post consolidation).

Here are the definitions of the account part of the control table. As mentioned before it's non integrated accounts and there is one account for the retained earnings (137000) and one account for the result of B/S (145000) . But to get correct movements on minorities, there is in this example only one account for minorities which includes the result of the year and the translation difference as there are no automatic transfer mechanism for the minorities through the general configuration like for the group accounts.

420000 : dividend received, I/C income account
137000: retained earnings , B/S account
137000120: retained earnings/dividend paid, statistical account
139000: reserves minorities, B/S account
139000120: reserves minorities /dividend paid, statistical account
139000200: reserves minorities/result of the year, statistical account
480000: minorities on P/L, cost account.

Diagram 70 shows the reserve minority account with its movement accounts

Result of the automatic elimination

The amount of dividend to be eliminated is 80

The company B (company who has received the dividend) is a purchase company owned at 80%

Diagram 71 journals by journal report (First Year)

Note than thanks to the general configuration an amount of 64 will be booked also in the net income of the B/S (145000) and in the net income of the B/S /result of the year (145000200)

Diagram 72 represents the Second year (journals by journal report)

The retained earnings /dividend paid of last year are transferred to the retained earnings/OB.
The result B/S of last year is transferred to the retained earnings/transfer thanks to the general configuration.
The result B/S /result of the year of last year are transferred to the result B/S /OB.
The result B/S of last year is transferred to the result of B/S /transfer thanks to the general configuration.

Third year:
None booking as the movement 150 will be transferred to OB.

In order to understand better what the issue is, you will get when you have more than one minority accounts , one for the reserves (139000) and one for the result (145100), the same exercise has been done with the following control table.

Diagram 73 shows the control table for C100 elimination of dividend

145100: result of minorities, B/S account
145100200: result of minorities/result of the year, statistical account

Actuality:	AC		Account:	All		Time:	16:01:34
Period:	0912		Date:	All		Printed by:	Administrator
Closing Version:	ALL All journals		Journal Number:	All			
Contribution Version:	AJED AJ Elimination dividend		Amount:	All			
Booking:	E Automatic Journals		Consolidation Type:	LE			
			Group:	GRLE			

Company:	B	Purchase company	Calculated Amount in Group Currency					
Journal Type:		Reported value	Created by:	ADM	4 May 2010 16:31:21			
Journal Number:	1	A Automatic Journal	Modified by:	ADM	4 May 2010 16:59:41			
Automatic Journal Type:	ED	Elimination dividend	Approved by:			Reversed by:		
		Dim 1 Dim 2	Dim 3 Dim 4	Counter	Counter	Transaction Curr		Amount in EUR
Account				Company	Dimension	Code	Amount	Debit	Credit
137000	Retained earnings (adjustment)							0	64
137000120	Adj ret earnings / Dividend paid						64	0	64
139000	Reserves minorities						16	0	16
139000120	Reserves minorities / Dividend paid						16	0	16
145100	Result of Minorities						-16	16	0
145100200	Result of Minorities / Result of the year						-16	16	0
420000	Dividend received				C		USD	-80	80	0
480000	Minorities on P/L						-16	0	16
C100, Elimination dividend								96	96
								(Not including statistical accounts)	

Diagram 74 shows the journals report

Note than thanks to the general configuration an amount of 64 will be booked also in the net income of the B/S (145000) and in the net income of the B/S / result of the year (145000200)

Second year:

No new dividend.

Actuality:	AC		Account:	All		Date:	10/05/2010
Period:	1012		Date:	All		Time:	16:07:01
Closing Version:	ALL All journals		Journal Number:	All		Printed by:	Administrator
Contribution Version:	AJED AJ Elimination dividend		Amount:	All			
Booking:	E Automatic Journals		Consolidation Type:	LE			
			Group:	GRLE			

Company:	B	Purchase company	Calculated Amount in Group Currency					
Journal Type:		Reported value	Created by:	ADM	4 May 2010 16:32:03			
Journal Number:	1	A Automatic Journal	Modified by:	ADM	4 May 2010 17:08:45			
Automatic Journal Type:	ED	Elimination dividend	Approved by:			Reversed by:		
		Dim 1 Dim 2	Dim 3 Dim 4	Counter	Counter	Transaction Curr		Amount in EUR
Account				Company	Dimension	Code	Amount	Debit	Credit
137000150	Adj ret earnings / Transfer							64	0
137000OB	Adj ret earnings / Opening balance						64	0	64
139000OB	Reserves minorities / Opening balance						16	0	16
145000150	Result of BS / Transfert							0	64
145000OB	Result of BS / Opening balance							64	0
145100OB	Result of Minorities / Opening balance						-16	16	0
C100, Elimination dividend								0	0
								(Not including statistical accounts)	

Diagram 75 shows the journals report

- *The retained earnings /dividend paid of last year are transferred to the retained earnings/OB.*
- *The result B/S of last year is transferred to the retained earnings/transfer thanks to the general configuration.*
- *The result B/S /result of the year of last year are transferred to the result B/S /OB.*
- *The result B/S of last year is transferred to the result of B/S /transfer thanks to the general configuration.*
- *The reserves minorities /dividend paid of last year are transferred to the reserves minorities/OB.*
- *The result minorities /dividend paid of last year are transferred to the result minorities/OB.*

Note that for these two last accounts we should have an automatic update also to the transfer accounts to get 0 in the ending balance but unfortunately there are not such options in the general configuration as we have for the group accounts (137000 and 145000) and so we will get reconciliations issues (EB <>CB).

									Date:	10/05/2010	

Actuality: AC   **Account:**   All   **Date:**   10/05/2010
Period: 1112   **Date:**   All   **Time:**   16:19:24
Closing Version: ALL All journals   **Journal Number:**   All   **Printed by:**   Administrator
Contribution Version: AJED AJ Elimination dividend   **Amount:**   All
Booking: E   Automatic Journals   **Consolidation Type:**   LE
                     Group: GRLE

Company: B   Purchase company   Calculated Amount in Group Currency
Journal Type: Reported value   **Created by:**   ADM   4 May 2010 17:14:57
Journal Number: 1   A   Automatic Journal   **Modified by:**   ADM   4 May 2010 17:14:57
Automatic Journal Type: ED   Elimination dividend   **Approved by:**   **Reversed by:**

Account		Dim 1	Dim 2	Dim 3	Dim 4	Counter Company	Counter Dimension	Transaction Curr Code	Amount	Debit	Amount in EUR Credit
139000OB	Reserves minorities / Opening balance								16	0	16
145100OB	Result of Minorities / Opening balance								-16	16	0
C100, Elimination dividend									0	0	0
									(Not including statistical accounts)		

Diagram 76 shows the journals report (elimination of the dividend)

Reclassification of the loss of equity companies using the conditions

The purpose is to reclassify a negative P/L result of equity cies (490000 calculated via E500) to a cost account (390000)


Diagram 77 Create a contribution version which contains the AJ61 (E500)

|	N6	Reclassification negative result on equity companies	Reclassification negative result on equity companies

Diagram 78 Create an AJ in Automatic journal types tab where will be posted the negative result on equity (N6 in example)
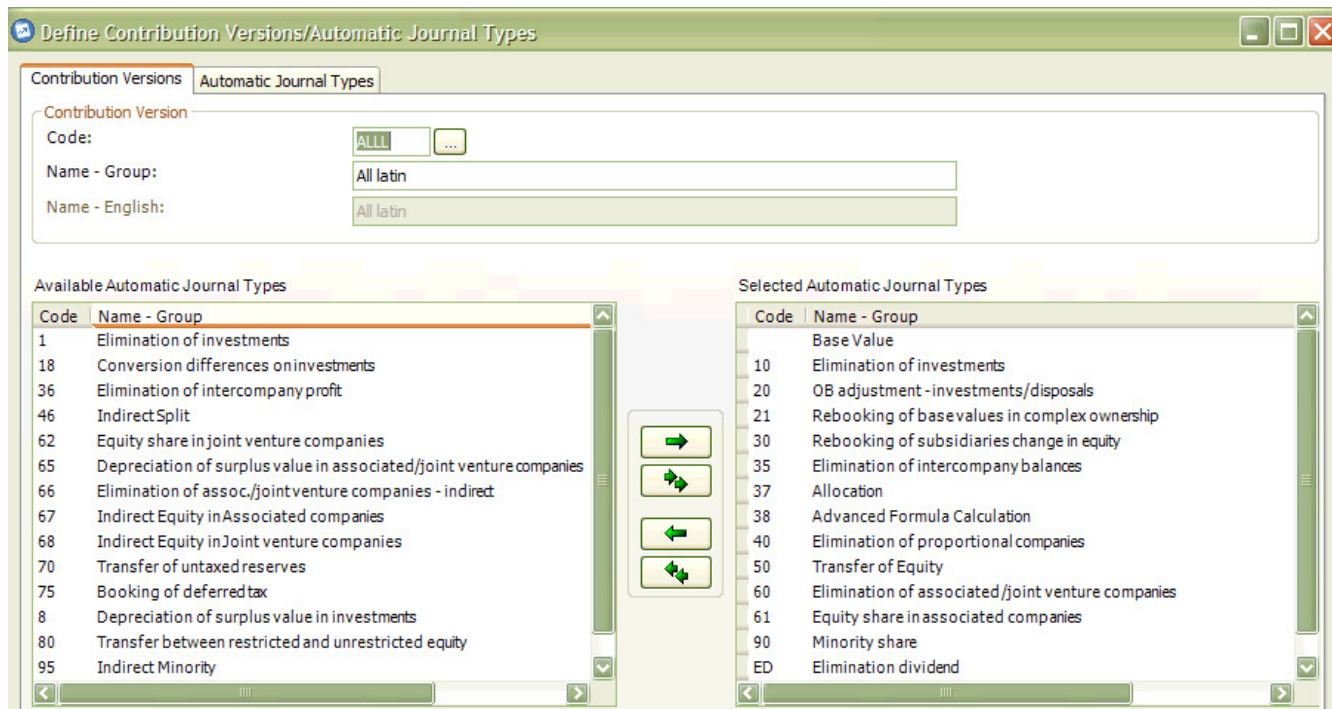
Diagram 79 Add this new AJ (N6) in the contribution versions that are relevant.
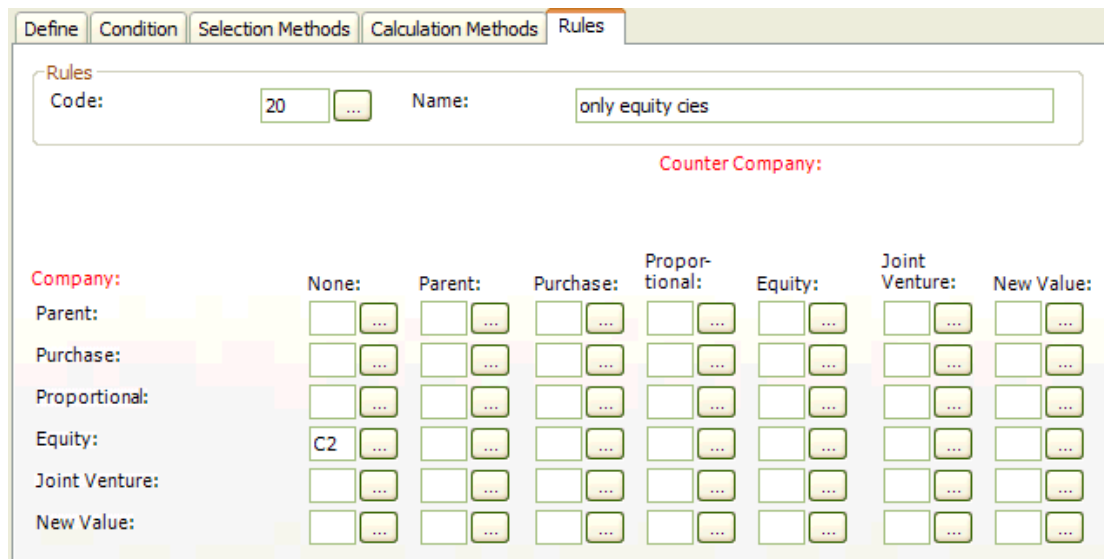

Diagram 80 Create a rule in automatic journals/define/ rules to retrieve 100% of value only valid for equity companies.
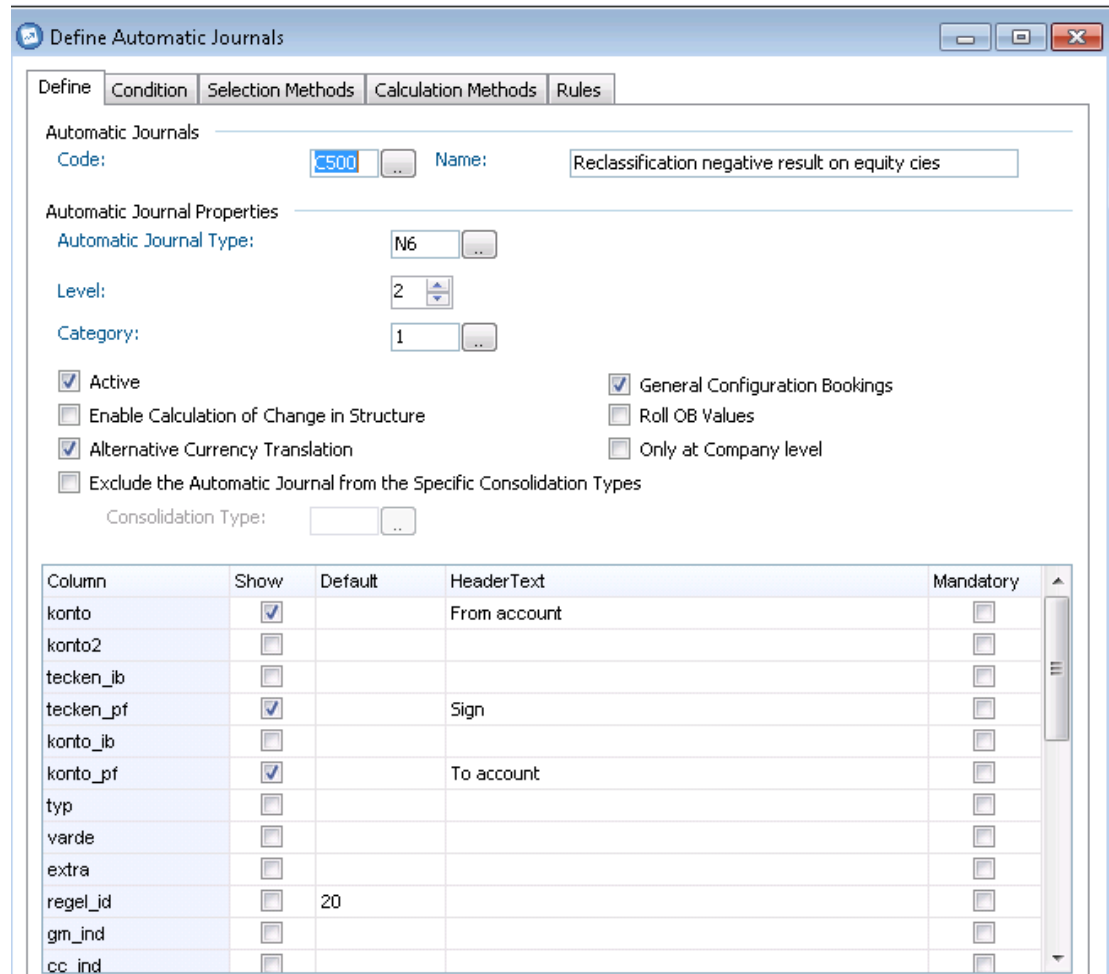
Diagram 81 Create an AJ (C500) which will reclassify the negative result coming from E500; The Automatic journal type must be the one you created before (N6) and must be at level 2 (meaning that it will be calculated after the other AJ set at level 1).

Go in condition tab and enter <0
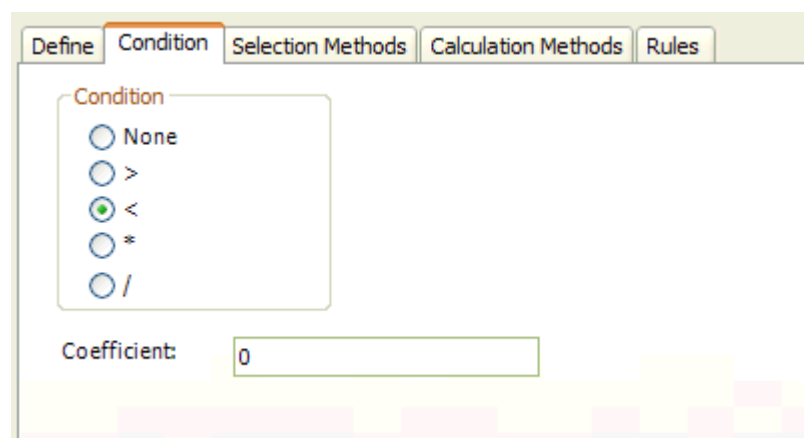
**Diagram 82 shows the condition tab and setting < 0**

Go in maintain/configuration/control tables/acquisition calculation and select C500

Enter a journal number and select as contribution version source AJ61 (Contribution version containing only the AJ61).

In from account enter the account 490000 (result of equity companies) which has been calculated at level 1 in the AJ61.
In to account with the sign – enter the account 390000 (loss of equity companies) and with the sign – enter the account 490000.

So if the condition <0 is met (the account 490000 has a negative amount) the result will be reclassify as a loss.
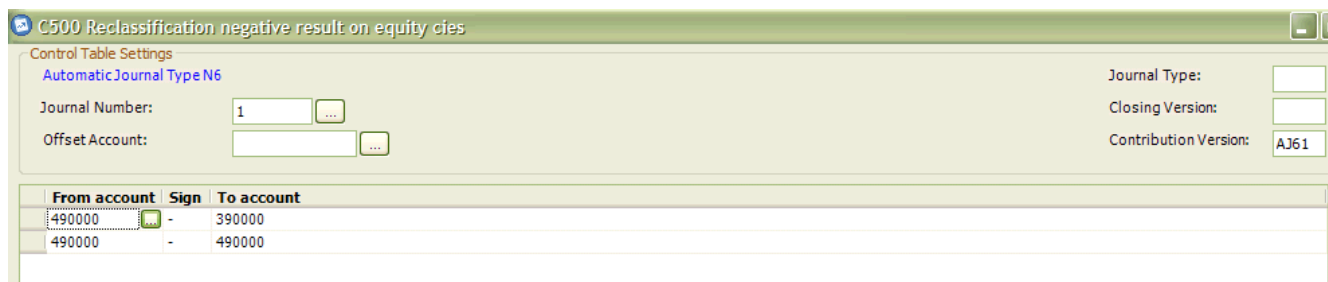
Diagram 83 shows the Control table

		Reported	60 Elimination of associated /joi	61 Equity share in associated com	N6 Reclassificatio n negative resu	Sum of Journals	Total
300000	Purchases	900	-900			-900	0
390000	Loss of equity companies				40	40	40
400000	Sales	700	-700			-700	0
490000	Result of equity companies			-40	40	0	0
NETINCOME	Net income PL	-200	200	-40	0	160	-40

Diagram 84 In this example the net income is -200 and the equity company is owned at 20%.The AJ61 will book an amount of -40 in 490000 and this amount will be reclassified in 390000 via the AJ N6.