Parallel Accounting in New General Ledger

The new GL functions include "Parallel Accounting", it's an SAP feature where you can maintain different sets of books to satisfy all different requirements of Financial Statement users accurately, efficiently and effectively. Standard reports are already available and readily available to use.

How does Parallel Accounting works in SAP (FICO)? Requirement is; a leading ledger is created in the system (0L – ledger = GAAP). Then another ledger should be created and classified as non-leading ledger (1L – ledger = TAX).

All financial transactions in the system are posted to both ledgers if no ledger is specified in the transaction. If you generate a financial statement or gl account report, both ledgers contain the data of the transaction posted.

To post only to specific ledger (e.g. 0L – ledger), the Ledger Group field in the header should be filled-up with 0L – ledger. The transaction won't affect the other ledger (1L – ledger).

Advantages in new general ledger are:

1. The new General Ledger in mySAP ERP 2004 has the following advantages over the classic General Ledger in R/3 Enterprise:
a) In the new General Ledger, you can display the parallel accounting using parallel accounts (as in R/3) or using parallel ledgers. The FI standard functions and reports are available for all parallel ledgers.
b) The 'Segment' entity and the relevant reporting that are required for segment reporting according to IAS and U.S. GAAP are available in the new General Ledger.
c) In addition, you can enhance the new General Ledger flexibly, that is, you can enter user-defined fields and update the relevant totals. Many standard reports can evaluate the information from the user-defined fields.
d) When you use the new 'Document Splitting' function (online split), you can create financial statements at company code level and, if required, for entities, such as the segment. For each document, the system then creates a zero balance for the relevant entity, for example, for the segment.
e) As a result, you no longer have to carry out time-consuming reconciliation tasks between FI and CO for the end of period since cross-entity processes are transferred in real-time to the new General Ledger in Controlling. Furthermore, you can, for example, navigate from the financial statements report results or the profit and loss statement report results to the relevant CO report.
f) The new General Ledger uses the same interfaces as the General Ledger in R/3. As a result, users do not require any additional training.
g) Due to the new 'multi-dimensional' aspect in the General Ledger, all data that is relevant for the General Ledger is stored in one environment. As a result, reconciliation tasks, for example, between the general ledger and Profit Center Accounting or the consolidation staging ledger, and processing steps that have to be carried out repeatedly

in the individual applications (for example, balance carryforward) are no longer required. When you use the new General Ledger, you may not have to use the special ledger anymore.

2. Default delivery
In new installations, the new General Ledger Accounting is activated by default in mySAP ERP. We do not recommend that new customers use the classic general ledger accounting since using the classic general ledger accounting requires additional migrations at a later stage. As a result, new customers require explicit authorization from SAP to use the classic general ledger accounting. If you want to use the classic general ledger accounting. create and send a CSS message to SAP before you start using the system.
When you upgrade an R/3 system to mySAP ERP, the classic General Ledger remains active at first. If you want to convert your system to the new General Ledger, you can do so within a project after you have completed the upgrade. For more information about this topic, see point 3.

3. Migration support
To ensure maximum security, SAP supports each migration project with a migration service. This basic technical service is based on standard migration scenarios and is provided in the form of migration packages for a fixed price. This service is provided by a NewGL migration back office, which was set up for this purpose. After you commission the service, you are provided with a license key. This releases the migration functions.

Useful Documents to introduce you New General Ledger Features

Since the release of SAP R/3 in 1993, the most extensive changes on GL was done with the advent of New GL. Many new features has been introduced which provides great benefits for companies like increased integration, accelerated closing, ease of producing parallel accounts etc. Some of these features in New General Ledger are Document Splitting, Parallel Accounting and Segment Reporting.

Besides the links i provided you above, in this post i will share with you some documents i have just come across which will give you brief concept of the new features came with New General Ledger.

Highlights of the New General Ledger

With the advent of mySAP ERP 2004, the financials in SAP have been vastly enhanced to meet various customer needs. Not only are new features introduced in the general ledger, but some existing functionalities within other areas have been modified to support the New General Ledger (GL). After reading this article you will learn the various

features like Document Splitting, Allocations, Profit Center Accounting, Segmental Accounting etc…

Segment Reporting in the New General Ledger

With the introduction of international accounting reporting standards (IFRS), segment reporting is now a more wide-spread requirement. IFRS distinguishes between two reporting formats, both of which must be reported – one as the primary and the other as the secondary. These are identified as business segments and geographical segments (IAS14). SAP has now extended its capabilities to support these requirements and these are briefly highlighted below. This article introduces you concept of segment, and reporting structure in New General Ledger

Account Assignments in in the New General Ledger

SAP provides many options for maintaining the automatic assignment of GL accounts. This article briefly highlights some of this new functionality available in the New G/L. This involves knowledge of configuration to maintain these settings.

Parallel Accounting using the New General Ledger

Parallel Accounting is not new to SAP; however, this functionality has been streamlined with the introduction of the New General Ledger (GL). Additional ledgers are now an inherit element of the general ledger and greatly support parallel accounting needs. This article will give you a brief insight of Parallel Accounting, Additional Accounts Option, Accounting principles and more..

New Functionality in the New General Ledger

- **Segment Reporting**

Segment reporting is a legal requirement in many countries. US GAAP, and IFRS require a segment to be reported if the total external revenue of the segment exceed 10% of the total revenue. They also require to report income statement and balance sheet to be reported by segment. The big change in Segment reporting is that there is now a separate filed in the Profit Center master record.

- **Document Splitting**

Document Splitting is a functionality that allows full financial statement to be produced at a level lower that the company code. Also line items can be split by profit center, segments, functional areas, commitments items, funds, funds program, and grants. In order to utilize document splitting activation has to be completed. Some configuration

steps will be document splitting method, business transaction, business transaction variant, item categories, etc.

- **Parallel Ledgers**

With the globalization of many organization there is an increase requirement to produce parallel sets of financial statements in accordance with different financial principle such as US GAAP, IFRS etc.

Major Advantages of All These Three Functionality

- Faster Period End Closing
- Document Splitting in Real Time
- Real time posting to CO to FI no longer at period end.
- Legal and Mgt. reporting are unified in one ledger.
- Higher ROI on your investment.
- Balanced books by any dimension
- Fast Close
- TCP Reduction
- Transparency for drilldown reporting.
- Legal Entity Reporting
- Segment Reporting.

Some Important Technical Facts about Migration

- The line item table in the new G/L is FAGLFLEXA and the totals table is FAGLFLEXT.
- The migration does not make any changes to the existing classis G/L line items table BSEG or totals table BKPF, the secondary indexes or the totals table GLT0.
- The migration does not make any changes to data in other ledgers, such as the profit center accounting, cost of sales, reconciliation, or special-purpose ledger.

Main Transaction Codes for Migration

If migration is not successful for what ever reason. below are the main transaction codes:

- Complete reset (FAGL_MIG_RESTORE_ALL)
- Reset of open items (FAGL_MIG_RESTORE_OP)
- Reset of documents transfer from current year (FAGL_MIG_RESTORE_RP)
- Main New GL tables FAGLFLEXA and FAGLFLEXT.
- Main Transaction CNV_MBT_NGLM

IMG Migration Activities:

- Close Posting Periods in the prior Fiscal Year
- Create Work-list/Activate migration plan

- Create Work-list (FAGL_MIG_OPITEMS_FILL) and (FAGL_MIG_RPITEMS_FILL) as background jobs.
- Create work-lists individually/Create work-list for open items.
- Create work-lists individually/Create work-list for documents.
- Enrich the open items with account assignment information
- Transfer open items from previously created work-list
- Build documents splitting information
- Subsequently post documents for current fiscal year from work-list.
- Create GL Line items and balance carry forward for all GL accounts not managed on an open item basis.
- Display log for balance carry forward.
- Reset balance carry forward.
- Repost balance carry forward manually.

New Tables in New General Ledger

Three new tables in the new general ledger handle totals, store general-ledger and specific line items, and calculate valuations for year-end closings in parallel ledgers

Two new tables (FAGLFLEXA & FAGLFLEXP) store the ledger-specific line items (Actual & Planned) & contain additional information for use in the entry view. The tables help in updating different characteristics and document splitting information, different period shifts, and different currencies in specific ledgers for individual documents. Helps in preparing reports for specific dimensions at item level.

The third table (BSEG_ADD) contains documents that are posted in connection with valuations for year-end closing in selected parallel ledgers. However, these documents are inapplicable if one do not use parallel accounting or use the accounting approach to portray parallel accounting.

In addition to the three tables, own table can be defined using FAGLFLEXT as template

The new totals table contains additional standard fields for storing totals. This standard table can activate support for many scenarios by customizing the software. It supports Segment Reporting, Profit-Center updating, Cost-of-Sales accounting, Cost-center updating, Preparation for consolidation and Business-area updating

Document Splitting in New General Ledger

New General Ledger (or new G/L) in the SAP ERP system offers a powerful feature known as document splitting. With document splitting, accounting line items are split according to specific characteristics This way, you can create financial statements for entities such as Segments and meet legal requirements. This document also explains the basics steps of Passive splitting, Active splitting — Rule-based splitting and Splitting

using zero balancing with examples. At the end you will see a step by step Document Splitting examples to familiarize with process.

Activate New General Ledger

For initial installations (new SAP customers), the new G/L is active by default in mySAP ERP. SAP advises that customers with new installations use the new G/L. These customers can still use the classic G/L if they prefer, but this may cause difficulties for future G/L migration projects. If existing customers want to use the new G/L, they have to activate it. You can activate the new G/L by following the IMG menu path Financial Accounting>Financial Accounting Global Settings>Activate New General Ledger Accounting or by transaction code FAGL_ACTIVATION. Make sure to select the New General Ledger Accounting Is Active check box.

During a release upgrade, the classic G/L (totals table GLT0) remains active at first. You can hide the old conventional G/L configuration menu by running program RFAGL_SWAP_IMG_OLD.

Activating the new G/L results in system-wide changes to the application menu, screens, and customizing paths. For example, a new configuration menu path appears in the IMG. However, new G/L migration is more than a technical transfer, so you should consider it a separate project. Your migration approach depends on the existing and target design of your G/L. Based on the complexity level, you may find it a simpler solution or more complicated solution leading to conceptual changes.

For example, if your current G/L design does not include parallel ledgers or account solutions for the parallel valuation,you can use the simple migration solution. However, the migration project becomes more complicated if, for example,you use an existing classic G/L with PCA, have an account approach for parallel accounting, or the target design can accommodate an account or parallel ledger approach with or without a split. These examples are only a fraction of possible finance architectures. As a best practice, you should complete a careful analysis on the existing finance processes and you should carefully determine the new G/L scope.

Segment Reporting on New General Ledger

Segment Reporting on New General Ledger

Evaluating the range of options that are available for segment reporting within the SAP ERP system is complex, primarily due to the multitude of possible implementation solutions. Additionally, it is difficult to isolate a decision through the segment reporting approach from overall decisions regarding the integrated reporting strategy and the

underlying system architecture. The emphasis in this paper is on recommending the best foundations of segment reporting design. In addition, we explain the key reports in SAP ERP and SAP NetWeaver BI to comply with segment reporting requirements.