

## Assign labels to COA segments to automate features and improve reporting

### Balancing Segment Value (BSV) label:

- The system automatically balances accounting journals by BSV.
- Primary BSV: Mandatory and usually represents the real-world first party legal entity. You typically produce reports by legal entity such as balance sheet and profit and loss statements.
- Second and third BSV: Optional labels that usually represent management entities.
- **Tip: Define intercompany balancing setup to minimize risk of unbalanced journals.**
- **Warning: Do not use a segment already qualified as a natural account or intercompany segment in any of the three BSVs.**

### Intercompany segment label:

- The intercompany segment label is optional.
- If, however, you define more than one legal entity in your ledger, then you'd usually include an intercompany segment in your COA structure.
- It represents the counterparty to the primary BSV.
- Configure intercompany rules 'Due From, Due To' to generate intercompany accounting entries. 'Due From, Due To' represent the rules between the primary BSV and other legal entities in the intercompany segment.
- Intercompany rules create additional balancing lines for each unique value of the Second and Third BSVs. No counterparty exists for Second and Third Balancing Segments. Therefore 'Due From, Due To' balancing setup is not required here.
- When you configure intercompany rules, the system automates intercompany accounting entries.
- **Tip: Use a separate value set for the intercompany segment instead of sharing it with the primary balancing segment. That way you can define separate Segment Value**

**Security (SVS) rules for each of the 2 segments. Furthermore, Data Access Set to the Primary Balancing Segment value set would be secure.**

### **Natural Account segment label:**

- Assign this mandatory segment label to only one segment. The system ensures that the segment set with this label can't be set with another label.
- The natural account segment number is the portion of the COA structure that identifies what the financial activity is in pure accounting terms.
- Your natural accounts should align with your financial statements. It supports profit & loss- and balance sheet reporting.
- Identify the natural account segment value to classify the transaction as an asset, liability, equity, revenue, or expense.
- Assign Account Type (asset, liability, equity, revenue, or expense) to each natural account segment value.
- The system transfers the balances with Account Type of revenue and expense to the retained earnings (equity) account at the start of a fiscal year.
- If you've defined multiple BSVs within a ledger, Cloud GL populates the retained earnings account for each balancing segment value.
- **Tip: You improve your user experience if you plan your natural account value numbers in a logical order for assets, liabilities, and equity as well as revenue, and expenses. Though note, that for certain countries this may not be feasible where the regulations are highly prescriptive.**

### **Cost Center segment label:**

- The segment label usually represents a department, division, or line of business.
- While it is an optional segment label, you need the cost center segment label for key features to work in Assets, Expenses, and Approval processes.

Example:

- Capture the default Cost Center for expense reports on the Employee Assignment.
- Identify the Cost Center manager.
- Route expense reports to the correct manager for approval.

## Revaluation Gain/Loss Track segment label:

- You can assign the label to one or more segments.
- Track revaluation gain and loss for foreign currency conversion rate changes between a transaction's accounting and revaluation dates.
- Track up to maximum 5 distinct segments for revaluation gain or Loss. You'd already use at minimum one for the primary BSV so that leaves 4 segments.
- **Tip: Don't assign the revaluation tracking segment label to the Natural Account or Intercompany segment. This is because the natural account balances form the basis of revaluation, and the intercompany segment serves a specific purpose, as explained above.**

## Custom label:

- Oracle Transactional Business Intelligence (OTBI) can reference custom segment labels. For example, you define a custom label for the account class to classify specific natural accounts. You define an OTBI report and include the custom label for reporting.