

Sample Work 2

Module Information – GL Setup in Systems

Disclaimer: The provided writing sample contains only partial information about an outdated version of a licensed software module.

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General Ledger

The General Ledger (GL) is the main record of a Lessor's accounting entries. In Odessa Core, the GL is designed primarily as sub-ledger meant to serve an organization's main or primary ledger. Each system-supported transaction that has a financial impact is associated with a set of journal entries in the GL. You can import these entries into your organization's GL software package via standard, generic Export job.

The General Ledger setup begins with setting up of GL Org Structure and GL Configuration. A GL configuration is defined as a set of books against which financial transactions occur. The system has many financial transactions, and each financial transaction has a GL Transaction Type associated with it. Any transaction that occurs in the system, for example Lease Booking, has GL ramifications. The accounting impact of each transaction depends on the GL Template associated to this transaction. GL templates effectively translate the operational management of leases, assets, associated receivables and payables, and so on into a series of debits and credits that can in turn be uploaded to an organization's external GL Package.

Acronyms

The following acronyms are used in the document:

- GL – General Ledger
- MOR – Monthly Operating Rate
- LE – Legal Entity
- LOB – Line of Business
- CC – Cost Center
- BC – Business Code

Overview

The set up for the General Ledger involves several entities, such as user books, GL accounts, GL templates, all of which must be completed to initiate accounting activity.

You need to set up the following as part of GL Setup:

- **GL Org Structure:** Captures the relationship between a Lessor and the various entities or operating units within the organization. Specifically, this Org Structure defines the Lessor's business hierarchy and facilitates financial reporting. The system allows a customer to define the Structure as per their business needs, and then use the GL Org Structure as metadata to define dynamic segments in GL accounts.
- **GL Configuration:** Captures details such as the number and type of Accounting Books as well as the number of Segments that make up the GL Account structure for each book.
- **GL Account:** Captures details of the GL Account such as Account Type, its associated GL Configuration and User Book as well as the Segment Details. Segments of a GL Account can have either Static or Dynamic values. A Dynamic segment is used to systematically determine the value to be input when a financial transaction occurs.
- **GL Template:** Completes the setup by assigning GL accounts to the potential entry items associated with each Transaction Type. GL Templates are later associated with various entities (i.e., Lease, Receipt, etc.) to process a transaction and post entries in the General Ledger.
- **GL Financial Periods:** Is defined for a Legal Entity. The financial period concept refers to a fixed period which is used to record the financial performance of an enterprise. The GL Post Date of financial activity must fall within the currently defined open period. Open and close accounting periods help to control journal entry activity and prevents back or future-dated activity that may skew financial reporting.

The GL Org Structure File defines the relationship between:

- Legal Entity
- Line of Business
- Cost Center
- Business Code
- Currency Code
- MOR date
- Analysis Code
- Counter Party Analysis Code

All transactions in the system are associated to an organizational structure. Contracts are always associated to a Legal Entity, Line of Business and Cost Center, which are selected during contract setup. All transactions related to the contract inherit the orgs/entities selected in the contract. For transactions not associated to a contract, a user must select and assign Legal Entity, Line of Business, etc.

The Business Code, if defined, is derived based on LE/LOB/CC combination. It can be used to determine the counter party for Intercompany/Intracompany receivables/payables for certain transactions and can also be used as a GL Segment value. Inter-company entries can be created for transactions cross Legal Entities. Intra-company entries can be created for transactions within a Legal Entity where Business codes differ.

A default Currency is defined in the org structure against an LE/LOB/CC/BC.

MOR Date is applicable for foreign currency transactions and represents the original transaction currency date. This can then be used by the external GL system to convert to the currency of the GL. The MOR date indicator in the GL Org structure will determine which date will be populated in the GL extract. The date will be determined as follows:

- For Operating leases, the MOR date will be the earlier of the Interim period start date or the commencement date.
- For Finance leases, the MOR date will be the OTP Rent start date
- For Foreign Currency Transactions, if MOR Date = Y for a given LE+LOB+CC+BC AND GL Account Number = account number defined in the 'GLAccountNumberToGetMORDate' global parameter AND transaction currency <> the currency determined in the org structure table, then the currency date is included in the GL export.

An Analysis Code/Counter Party Analysis Code can be set-up as a GL segment value. Analysis Code is stamped for Intra-Company Transactions and Counter Part Analysis Code is stamped for Inter-Company Transactions. If defined in the Org Structure, GL entries related to Intracompany transactions can be stamped with a unique segment value for further analysis. These would populate in the same GL Segment. The Analysis Code/Counter Party Analysis Code is derived based on the LE/LOB/CC/BC combination.

Depending on the setting of the global parameter 'AnalysisCode', Analysis Code can be configured as one of the Segments of the GL Account. If Analysis Code is configured as a segment for the GL, the system will derive the Analysis Code for the following activities: 1) Cash deposited or credited to/from a Legal Entities Bank Account (Receipt Post/Account Payable Cash Entries) 2) Intercompany Receivables and Payables. In all other cases, the system will set Analysis Code to the value configured in the global parameter.

When used as dynamic GL segments, Analysis code and Counter Party Analysis code bridge between the receiving entity for cash and the entity of the receivable for which the cash applies. By using the matrix of information configured in the GL Org Structure, the system can determine the entity of a given receivable, and the cash received in the given entity will be 'due' to the entity of the receivable.

Prerequisites to Uploading GL Org Structure File

Legal Entity, Line of Business, and Currencies must be setup.

Setting up/To Import GL Org Structure

1. To access the GL Org Structure module, on the top-left corner of the header, click the Main menu bar, select General Ledger, navigate to Setup, and click GL Org Structure. This displays the GL Org Structure tab.

2. Click **Export** for exporting the existing file in the system.
3. To Import, select the GL Org Structure File to be uploaded. Note that only files with extensions .CSV, .XLS or .XLSX can only be uploaded.
4. To override warnings, select the **Override Warnings** check box at the bottom of the tab.
5. Click **Import** to save the details.

The following is the screenshot of the GL Org Structure tab in the system:



GL Configurations Fields and Descriptions

Field	Description and Conditions	Editable
GL Org Structure File (Mandatory)	This is a .csv or an excel file that indicates the organizational structure which lists the GL Accounts and their values.	Editable
Exported GL Org Structure File	Indicates the existing Org Structure File.	Read-only

GL Configuration

A GL Configuration defines a set of general ledger accounts to be used when generating journal entries. A GL Configuration is assigned to each Legal Entity. Accounting Standards (ASC 842 / ASC 840 / IFRS) are assigned at the Legal Entity level, such that the underlying accounting entries will be governed by the Accounting Standard for the Legal Entity. Only one set of accounting rules (ASC 842/ ASC 840 / IFRS) can be applied to entries within a Legal Entity. However, it is possible to set up multiple charts of accounts (via User Books, discussed below) for one Legal Entity.

Points to note before setting up a GL configuration:

- The system captures the following information for each GL Configuration:
 - Name
 - Description
 - User Book (discussed below)
- Each GL Configuration Name must be unique in the system.
- You can submit a GL Configuration only if it has at least one active User Book associated with it.

User Books

A User Book defines the number of segments that will make up the GL Account structure for each book. You can create one or more User Books for a GL configuration, but note that all would follow the same Accounting Standard assigned to the Legal Entity to which it belongs. Multiple User Books for a GL Configuration allow financial transactions to post to multiple books with different accounts and account structures at the same time (that is, “shadow accounting”). Each User Book is essentially a chart of accounts to record transactions relating to a company's assets, liabilities, owners' equity, revenue, and expenses.

For example, for a company which operates in India and the US, this can be setup with User Books assigned to each GL Configuration:

Legal Entity	Accounting Standard	GL Configuration	User Book
INDIA Geo Inc.	<i>IFRS 16</i>	<i>IFRS</i>	<i>India COA</i>
USA Geo Inc.	<i>ASC 842</i>	<i>ASC</i>	<i>USA COA</i>

User Book Setup

A user book represents a chart of accounts, and each chart of accounts can have their own account structure. Each GL Configuration must be assigned to at least one set of books. You will have to define a chart of accounts for each User Book.

The system enables you to add one or more User Books to a GL Configuration. The GL User Book Name must be unique. You can create up to 10 segments for a user book.

The system captures the following information for each User Book under GLConfigurationBook table:

- Name
- Number of Segments
- Description
- Active

Edit Mode

The Edit mode enables you to Inactivate a User Book. On inactivation of a User Book, the system does not record GL entries against that User Book on a go-forward basis; hence for all GL Templates belonging to the selected GL Configuration, the GL Entry Items are not displayed in the user interface. Note that, the Active checkbox is a system-controlled and the system automatically sets the flag for a User Book to False, when a User Book is inactivated. The enables you to add one or more User Books against the GL Configuration.

The following table lists information about fields associated with GL Configuration. Note that the table contains information about the fields that explain how Odessa Core processes GL configuration.

Field	Description and Conditions	Editable
User Books		
# of Segments	Number of Segments defines the number of segments allowed for each GL Account that are created against that User Book in the selected GL Configuration.	Create- Editable Edit- Read only