

Consolidation of Sub Ledgers: Accounts Payable / Creditors

In addition to the GL Consolidation, our Reporting may also include reporting on selected Sub Ledger Consolidation. Here we will describe how we perform Sub Ledger Consolidation for AP Creditors, i.e. Payables.

The end result that we are aiming for may look something like this: -

Accounts Payable Balance

	As at 31 Dec 2017 Rp (thousands)
Related parties	100,000
Third Parties	
Supplier 1	155,000
Supplier 2	935,550
Supplier 3	405,400
Others	101,995
Total	1,697,945

In the above we note the following: -

- The final result may be arrived at by feeding from multiple business units in multiple Currencies and now presented as totals in currency IDR (Rp), our final Reporting Currency in this example
- Related parties are Companies in our group, presented as a consolidated result
- Third Parties are Suppliers at the various business units, and where some may be the same Supplier at more than 1 business unit
- We list major Suppliers separately, while minor Suppliers are grouped as "Others"

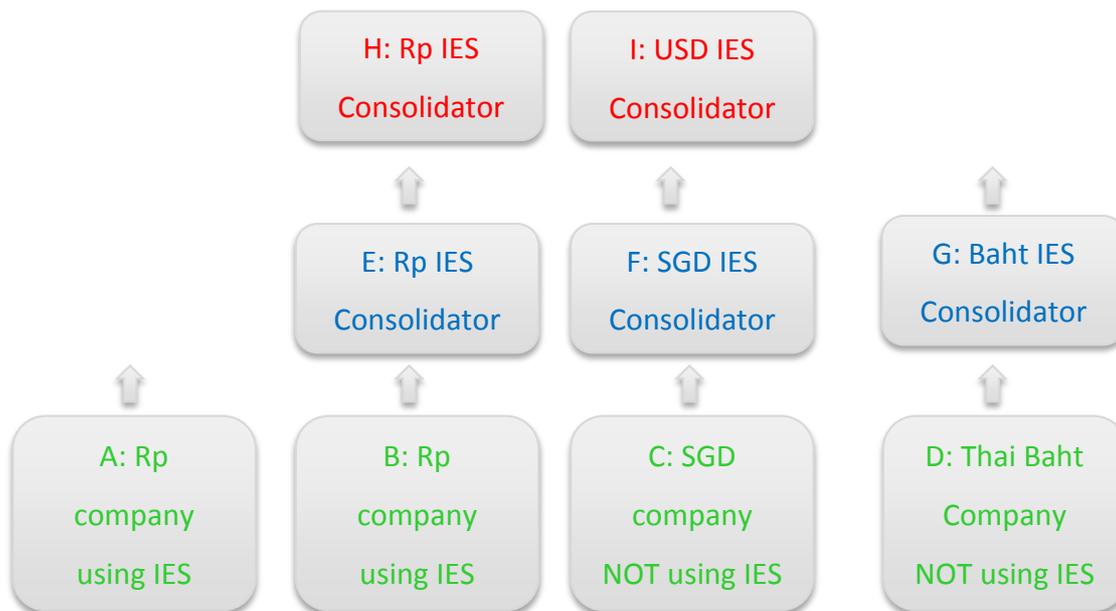
Trade Payables by Currency

	As at 31 Dec 2017 Rp (thousands)
Related parties	
Rupiah	76,000
United States Dollar	
Thai Baht	24,000
Singapore Dollar	
Sub Total	100,000
Third Parties	
Rupiah	260,000
United States Dollar	750,550
Thai Baht	357,400
Singapore Dollar	229,995
Sub Total	1,597,945
Total	1,697,945

In the above, we make additional observations: -

- Both of Related Parties and 3rd Parties may have appearances that represent a Consolidated value made up of more than 1 Currency

- We may Report for Related Parties as well as 3rd Parties in our Reporting Currency of Rp the values represented by other Currencies



From the above, we make observations from the illustrated Business Units and IES Datamarts: -

- Units A, B, C and D (green) are operating Business Units or Companies, where A and B use IES and C and D do not. These Units can all be on separate servers at different geographical locations or some or all can be on the same server, it matters not.
- E, F and G (blue) are Consolidator Datamarts on the IES Server where we process the Consolidations, and even in this case we can still be on the same server, but possibly it is a separate server at Group HQ.
- H and I (red) are final Consolidation and Reporting Consolidator Datamarts. In our example we will only use H for Rupiah Reporting, but we are simply showing that an unlimited number of final Consolidation Datamarts in any Currencies can be provided.
- A Consolidator Datamart can be either a 'feeder' for further Consolidation or a final Reporting Consolidator or both, while the Business Units (green) are only feeders to 1 or more or any number of Consolidators.

For our case study, we aim to do a Group Consolidation at H (Rp.). We have four companies in our Group, two of which are using IES with base Currency Rp, and we have 1 operating a different Accounting system with base currency SGD, and finally we have the 4th company not using IES with a base currency of Thai Baht.

Wherefore, we will get Trial Balance type of results from the Payables sub ledgers at each of the 4 companies and these will be exported to Excel or CSV. We will then upload A and B to E, C to F and D to G in order to get the results into Consolidator format in the respective currencies. Once this has been achieved, we can easily perform a Group Consolidation at H (Rp) which will automatically be processed by the system as H consolidates from E, F and G, all into Rp. At H, we will do our Consolidated reporting for the Group in Rp. (Bearing in mind that this case study is only 1 example, and of course different permutations are possible, we are just doing the case study to understand how to use our Consolidator.)

The TB Results from the 'feeder' Business Units

The Business Units must produce Payables results at a selected Period, and the result we need is this: -

Account no, Mapper, Name, Balance

Account no and Name: Is the Account Code and Name in the Business Unit. We will not use it in the Consolidator at all but it is useful for the Operator to have this when producing and verifying the results that will be used in the Consolidator upload.

Mapper: Is the Destination Account in the Consolidator where we upload.

Balance: Is the Account Balance at end of selected Period. This period in the feeder Accounting system is irrelevant to the Consolidator (because in all likely hood will be different or incompatible) and when we upload we will indicate which period in the Consolidator to use.

Notes about mapping: -

- (1) In the IES feeder Business Units, mapping is provided at AP Creditors. At the same time, it is not necessary to do it for all AP Accounts. We just do it for Related Party accounts, and for the Primary Accounts that we list separately in our Consolidation. For all the other Accounts, we do not need to do mapping, because we will, at upload time, specify where to map the others, i.e. all results that do not have mapping.
- (2) For feeder units that do not use IES, there may be a memo or other field at AP Creditors that can be used to indicate mapping and then included in the exported CSV result, but if not at all available, then the Operator will open the result in Excel, and include the required mapping column before uploading into IES Consolidator (probably the mapping list will not exceed 30 accounts to do, because as already explained, the "other accounts" do not need mapping).

Notes about our Payables in the Consolidator Chart: -

- (1) Our Payables will live in the Consolidator GL, in a special 'X' Ledger which is excluded when reporting on our GL Consolidations. (Note that our Payables are treated as Balance Sheet values and not P&L.)
- (2) In our consolidated reporting, in our case study we report in Rp, but we have a need in some aspects of the reporting to differentiate between the feeder currencies. Therefore, we will design our Chart to provide for this, and we will use the Analysis Ledger flag to indicate the feeder currency.

For example:-

X-100101 Related Party 1	Rp
X-100102 Related Party 1	SGD
X-100103 Related Party 1	THB
.	
.	
.	
X-200101 Supplier 1	Rp
X-200102 Supplier 1	SGD
X-200103 Supplier 1	THB
X-200111 Supplier 2	Rp
X-200112 Supplier 2	SGD
X-200113 Supplier 2	THB
.	
.	
.	
X-900101 Others (Lain Lain)	Rp
X-900102 Others (Lain Lain)	SGD
X-900103 Others (Lian Lain)	THB

'X' denotes the 'X' Ledger while '-' is simply masking (presentation).

'100', '200' and '900' in the above could be Department flag, and '101', '102' and '103' in the examples can be Cost Centre flag.

This regime is not fixed, it is simply an example of how to keep it simple and be able to satisfy our needs in selection criteria for reporting, because in this example of chart structure for Consolidated Payables we will be able to produce the Balance and By Currency reports shown at the top.

We also note that the full chart is required at H or I, but not required at each 'feeder' Consolidator (e.g. E, F, G) because for example, in Consolidator E only the Rp Accounts will be used. Nonetheless, for ease of maintenance and management it is a good idea to replicate the same Chart in the various Consolidators.

We further note that while at E, F and G mapping is required for the Consolidation performed at H or I, there is no mapping required at H or I.