

Spotlight - Consolidation

Preparation

1. Take the latest Standard ERP version and import the demo data for Consolidation.
Ensure you use ONLY the demo data that has been provided to you from HansaWorld for this demonstration.
2. Login with
Standard ID: sample@hansaworld.com
Passworld: Sample99

When running this internally, you need to be aware of some special terminology and explain them:

- Drill down
- Key Financial Ratios
- Daughter Company
- Mother Company
- Tags/Objects
- Eliminations

Benefits:

- *Allows to set up daughter companies in the same database and import information from other databases.
- *Drill-down possibility is available in all the consolidated reports down to transaction level in daughter companies.
- *Information in reports is live and real-time. As soon as transactions get added into the system it can be seen by recalculating reports.
- *Additional reports can be added as easily as in Nominal Ledger.
- *KFR report allows defining Profit and Loss and Balance Sheet reports, in columns for different periods (months, years).
- *Ownership percentage of daughter companies can be changed, over a period of time.
- *Accounts can be added up under one account in the mother company in case the daughter companies use different accounts.
- *Accounts can be split in the mother company when daughter companies use the same account for a different purpose.
- *Automated eliminations can be set up so that running maintenance at the end of the month, is enough.
- *Gives possibility to run consolidated Cash Flow reports and different Management reports (for example Result per departments in one report, just in different columns).

The main way how it saves time is that you don't have to run reports in all daughter companies separately and then sum them up. You can just run one report and make decisions based on live data and one report. KFR report allows seeing countries in the columns, so great feature that has been added to the Consolidation report. In addition to showing totals, you can see country by country. You can also add control lines to notice mistakes easily.

Script

ACTION: Show Navigation Centre with Consolidation Module activated. Make sure you are in Mother Company: go to Companies > Mother Company.

Standard ERP's Consolidation module allows you to produce consolidated reports and reduces the risk of data and reporting errors when working with parent companies and subsidiaries.

ACTION: Go to Companies > show the list of Companies.

The Consolidation module allows you to build a multi-level organisational structure according to your business requirements.

ACTION: Go to Companies > Daughter 1 > Consolidation > Registers > Main Owner Percentage > open.

Let's look at a daughter company to see the setup of subsidiaries.

Subsidiaries can be fully or partially owned, and the ownership percentage can be changed over time at various intervals.

ACTION: Go to Nominal Ledger > Registers > Transactions > open a transaction and show flip A. Then check flip B & C.

Here is one important feature that sets Standard ERP apart from other ERP systems. Each transaction has a base currency 1 which is the local currency, base currency 2 which is the reporting currency and even a third trading currency.

This means every transaction is auto recorded in the consolidation reporting currency which allows for live profit and loss reports and management reports to be run in the system.

ACTION: Go to Nominal Ledger > Routines > Maintenance > Revaluation of base currency 2.

For month or year end closes there is also an automated maintenance feature that allows for balance sheet accounts to be revalued with the correct currency as at the balance sheet date.

Please remember that exchange rate entry can be set up for automatic entry in Standard ERP.

Next let's see what consolidation looks like. For that we'll return to the Mother Company.

ACTION: Go to Companies > Mother Company > Module: Consolidation > Reports > open the list.

I will now show you the wide range of reporting possibilities available in Standard ERP's Consolidation module.

ACTION: Go to Reports > Profit and Loss Consolidated

First it's worth noting that your options for running a report are not changed when running consolidated. You can still compare your report to prior periods and to budgets or revised budgets. But most importantly you can still run live in the system.

There is no need to export out to an external system or server for processing.

This is important because we retain the ability to drill-down and get information that is fully live and up to date.

ACTION: Run report consolidated and show ability to drill down to underlying records.

However, it's important to note that for consolidation there are additional requirements such as offsets that need to be done for internal accounts and Standard ERP can do this in an automated way.

ACTION: Go to Companies > Mother Company > Settings > Auto Eliminations > show just browse window.

An easy way to eliminate internal costs and income is to use the Auto Eliminations Setting together with the 'Account Auto Elimination' Maintenance function. In this Setting, specify the two accounts whose balances have to be eliminated, in just a few quick steps:

ACTION: Go to Companies > Mother Company > Settings > Auto Eliminations > open: 'Profit Loss Elimination' > circle the accounts 135 and 235 with a cursor.

Then run the 'Account Auto Elimination' Maintenance. It will reverse the balances of the accounts specified in the Auto Eliminations Setting.

ACTION: Mother Company > Routines > Maintenance > Account Auto Elimination > open just for a second.

In addition we have added other maintenances for the end of year audit so your auditor for the consolidated accounts can easily trace the figures back to the signed trial balances for each of the daughter companies.

ACTION: Go to Consolidation > Routines > Export > Trial Balance consolidated.

This creates a spreadsheet export for all the underlying calculations to be clearly visible by the auditor, making for a quick and easy end of year review.

I hope you have enjoyed the demonstration and are clear in all the efficiencies that our consolidation module offers.

Thank you,