Oracle General Ledger Overview – Implementation Perspective

General Ledger Overview

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The Oracle General Ledger is the central repository of accounting information. The main purpose of a general ledger system is to record financial activity of a company and to produce financial and management reports to help people inside and outside the organization make decisions.

General Ledger Overview:
Oracle General Ledger is a comprehensive financial management solution that enables you to:
- Record and Review Accounting Information
- Import data from subsidiary ledgers, or enter journals to record actual or budget transactions directly into Oracle General Ledger.
- Enter encumbrance journals to track encumbrances through the purchase process and to control spending against budgeted amounts.
- Review account balances online or through reports.
- Manipulate Accounting Information
- Correct actual, budget, and encumbrance information.
- Revalue and translate balances denominated in foreign currencies.
- Consolidate balances from multiple sets of books.
- Analyze Accounting Information
- Integrate Oracle General Ledger with Oracle Financial Analyzer, Oracle Discoverer, or Applications Desktop Integrator to simplify the budgeting and forecasting process.
- Quickly prepare what if analyses and pro forma reports.

Functions and Features

Information Access: Access information stored in the General Ledger through online inquiries or reporting and analysis tools. Oracle General Ledger is the repository of your organization's financial information.
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**Financial Controls** Use security features to control access to specific areas and functions of General Ledger.

**Data Collection** Collect data from Oracle subledgers and non-Oracle feeder systems.

**Financial Reporting and Analysis** Select from a variety of Standard Reports and Listings. Use the Financial Statement Generator to build customized reports with reusable report objects. Use Applications Desktop Integrator Report and Analysis Wizards to build reports and drilldown on balances within a spreadsheet environment.

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### Functions and Features

- **Information Access**
- **Data Collection**
- **Financial Controls**
- **Financial Reporting and Analysis**

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### General Ledger Accounting Cycle

1. Open period  
2. Create/reverse journal entries  
3. Post  
4. Review  
5. Revalue  
6. Translate  
7. Consolidate  
8. Review/correct balances  
9. Run accounting reports  
10. Close accounting period

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### Global Accounting Engine

The Global Accounting Engine provides an accounting system for Oracle subledger applications that satisfies legal and fiscal requirements in some countries. The Global Accounting Engine replaces the Transfer to General Ledger program that is used in subledger applications to transfer one subledger to one set of books. The Transfer to General Ledger program transfers invoice and payment accounting information, for example, from the subledger to Oracle General Ledger, where journal entries are accounted and stored. With the Global Accounting Engine, journal entries are created and stored as well as accounted for in the AX subledger before the journal entries are transferred to Oracle General Ledger. Account balances are calculated for each control account by accounting period and third party.

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Accounting Methods

Accounting methods differ significantly around the world. Similar business processes result in different year-end results. Three major differences are:

- Valuation methods
- Accounting events
- Focuses of interest

For example, each European country had its own fiscally and legally binding accounting rules. These accounting methods differ so significantly that similar business processes result in different year-end results and required different reporting.

Accounting Differences

Because each country’s legislation requires companies to create different accounting entries and reports, a company with subsidiaries in five different countries can receive five different year-end statements for identical business transactions. Country legislation differs in the way that accounting entries are recorded for situations such as: Goodwill, research and development, inventory valuation, leasing, deferred tax income, finance charges on inventory or purchase, pension funds, and unrealized gains or loss on currency revaluing. The Global Accounting Engine features address these differences for some European counties.

Global Accounting Engine

Complying with Regulations of Certain European Countries

Some accounting entries are legal in one country but not in another. The Global Accounting Engine lets you choose the right accounting practices for certain European countries.

Defining Accounting Rules per Set of Books

Each set of books has its own accounting rules. The Global accounting engine generates different accounting entries from the same business transaction into different sets of books with different accounting rules.

Complying with Legal and Fiscal Audit Trail Requirements

The Global Accounting Engine creates entries in different sets of books so an entity can report the same transaction in compliance with different legal and fiscal audit trail requirements.

Reconciling your Subledger Accounting System with the Oracle General Ledger

The Global Accounting Engine provides additional reports such as daily journal reports. Reports are used when a company needs to match the amounts in the subledger such as Payables or Receivables, with GLedger.

Creating Journal Entries and Detailed Balances for Control Accounts

Control accounts are General Ledger accounts that you can access only from subledger applications such as Payables and receivables. The balances are calculated for each account with the control account status and third party period and identification. A third party can be a supplier in Payables or a customer in Receivables. The Global Accounting Engine uses these structures to provide legal balance reports that are the same across all applications.

Securing Subledger Accounting Entries

You can either secure accounts individually or secure the procedure to create accounting entries.

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To secure subledger accounting entries, use control accounts to define accounts. A control account is only accessible from the subledgers. Securing your entries ensures a valid audit trail is on paper. The secured posting makes sure that you are only given access to a range of steps involved in the posting cycle. Using Online Drilldown to the Original Documents in the Subledgers and Country-Specific Reporting. You can use the Global Accounting Engine to drill down to the original transactions in your subledgers as well as print reports corresponding to country-specific accounting practices.

**Set-Of-Books**

*Chart of Accounts* Your chart of accounts is the account structure you define to fit the specific needs of your organization. You can choose the number of account segments as well as the length, name, and order of each segment.

*Accounting Calendar* An accounting calendar defines an accounting year and the periods it contains. You can define multiple calendars and assign a different calendar to each set of books.

*Currencies* You select the functional currency for your set of books as well as other currencies that you use to transact business and report in. General Ledger converts monetary amounts entered in a foreign currency to functional currency equivalents using supplied rates.

**Elements Required for a Set of Books**

To create a set of books:

- Create a chart of accounts
- Define accounting calendar
- Enable functional currency

**Chart of Accounts Structure**

With Oracle General Ledger, you:

- Define the account combinations to be used for transactions, journal entries, and budgeting
- Define account hierarchies for reporting and analysis

**Chart of Accounts**

In Oracle General Ledger, you build a chart of accounts using Accounting Flexfields.

**Flexible:** You can design a flexible account structure that meets your reporting needs and anticipates the way you run your organization in the future. **Multiple Rollups:** You can summarize accounting information from multiple perspectives by creating rollup groups.

**Ranges:** With a well-planned account structure, you can use ranges to group accounts in reports, specify security and cross-validation rules, define summary accounts and reporting hierarchies.
Making changes in the future to the structure of your chart of accounts is difficult and not recommended. Plan carefully to create an account structure that meets the current needs of your organization and anticipate future requirements. Tailor your account structure for your industry and reporting requirements. Choose the number of segments, as well as the length, name, and order of each segment.

**Identifying Business Requirements**

Identify the aspects of your business that you need to track and analyze; pay specific attention to aspects that span several applications. Examples include:

- Company, legal entity, fund
- Division, region, territory, state, country
- Location, plant, office, store
- Cost center, department, function
- Natural Account categories:
  - asset, liability, owner’s equity, revenue and expense
- Product, product line, line of business, channel
- Project, phase, task, job, work order

**Identifying Business Requirements** If all the detail for an item is contained in one application or a group of tightly integrated applications, retain the detail in the application itself. Do not add extra segments to the Accounting Flexfield structure for detail that is tracked in your subledgers. For example if you are using Oracle Projects, do not include a project segment in your Accounting Flexfield. Conversely, if you capture details in multiple applications that all pass data to Oracle General Ledger, consider including other elements, such as product, in the Accounting Flexfield.

**Identifying Segment Requirements** Keep each business dimension in a separate segment to avoid complicating your processing and reporting. Combining location and department into one segment may
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lead to difficulties when retrieving data for the same department number across locations and restricting certain departments to specific accounts. Avoid having more than one meaning for each segment. Having more than one meaning can make it difficult to default the segment, to isolate different data for reporting, and to logically assign codes or numbers to segment values. For example, using one generic segment for subaccount, project, and product elements make it impossible to analyze product sales by individual project. Consider creating extra segments to handle any future reporting requirements that may occur. Consider data entry efficiency when ordering your segments. Place segments with defaults at the beginning of your Accounting Flexfield, at the end, or both. When the Accounting Flexfield window opens, the cursor is placed on the first blank, nondefaulted segment. Once users enter all the values for the blank segments, they can press the Enter key to save their work. Use alpha characters only in parent account segments. Users can easily enter numerical child value characters using the ten-key pad when they do not have to shift hand position for alpha characters.

Identifying Segment Requirements

- Assign each business dimension as a separate segment.
- Avoid having more than one meaning for each segment.

Analyzing Reporting Requirements

Review reports currently produced outside of Oracle General Ledger either in stand-alone systems or in spreadsheets. Determine if adding segments to your Accounting Flexfield, or structuring your segment values in a certain way using parent/child hierarchies, allows you to generate those reports directly from Oracle General Ledger.

Creating a Worldwide Chart of Accounts

corporate business needs and comply with country specific regulations. How you accomplish this depends on your organizations needs. There are two possible approaches: Assign Account Ranges and Allow Reporting Units to Define Segments.

Assign Account Ranges

For example, your department segment represents true cost centers, such as factories. You assign a different range of accounts to each cost center to maintain detail information by cost center.

Factory 1: Assigned accounts 200 to 299
Factory 2: Assigned accounts 300 to 399
Factory 3: Assigned accounts 400 to 499

Creating a Worldwide Chart of Accounts

Many companies need to use a unified chart of accounts, but also need to capture different information in different sites and countries based on business needs and statutory requirements.
Creating Vertical Structures

Consider summarizing your data according to your management structure. Create a separate segment for the lowest level in the Accounting Flexfield. Strive to use parent rollups within a single segment for reporting, rather than creating additional segments in the Accounting Flexfield. For example, a child value of Company reports to Western Region which reports to European Division. Only Company is a posting level account in the Accounting Flexfield. Set up Western Region as parent of Company and Western Division as parent of European Region. If your company reorganizes frequently, use parent/child relationships for maximum flexibility. A child value can be in multiple parents. It is better to create new parent structures than to modify existing structures because changes can affect historical reporting. For example, if the Western Region contained five companies, reported year end results, and then had two more companies moved into its child range, then historical reports run after the two additional companies were added would show different results.

Validation and Value Sets

Available validation types are (recommended -> independent validation with the accounting flexfield)
- Independent
- Dependent
- Table

Use independent validation when the meaning of a value does not depend on the value of another segment. Use dependent validation when the meaning of a value depends on the value of another (independent) segment. The independent segment value determines the acceptable dependent segment values. Use table validation when the valid values already exist in a database table.

Points to Consider: If you are validating your value set against a non-Oracle database table, have your System Administrator register the table with Oracle Application Object Library. The validation type of an existing value set cannot be changed. It is strongly recommended that you independent validation type with Accounting Key Flexfield segments. Parent values cannot be defined for dependent segments. The dependent validation type limits ability to use parent values with MassAllocations, MassBudgeting, and Financial Statement Generator (FSG)
Independent Segments: For Accounting Key Flexfields, use independent segments. Do not use the Dependent validation type. It complicates parent/child hierarchies and limits the ability to use parent values with reporting and mass allocation journal entries.

Dependent Segments: Dependent segments separate items that are closely related into individually identifiable segments. Account/subaccount is the most common use for independent/dependent segments (account is the major classification and subaccount provides more detail within the account). With dependent segments, you must set up each combination of independent/dependent values. You do not need to set up cross-validation rules for independent/dependent combinations since you set up each combination individually. Sometimes setting up dependent segments is preferable to maintaining extensive validation rules for combinations of two segments which have many values with no ranges or logic for the valid combinations. Dependent segments limit the values that appear on lists to the dependent values of the independent segment chosen.

Designing Size and Numbering Systems

Numeric and Alphanumeric Values: Numerics are preferable from a data entry perspective because users can use the ten key pad. Sort order is clearer and ranges are easy to use. Alphanumerics may have some logic and meaning to users. If you do use alphanumeric codes, set up the codes in all uppercase to enable consistency and ease of sorting and querying. With an alphanumeric coding system, you can have alphabetic characters for parent values and numeric codes for child values; this allows for visually distinguishing levels of your hierarchy. Regardless of whether you use numbers or alphanumeric characters, you must use the char (character) format type.

Segment Sizes: To make data entry simpler, do not design the segments longer than needed. However, consider your organization’s growth requirements. If your organization currently has 30 departments, but plans to acquire more companies and expand its operations globally, a two character segment size will only accommodate up to 99 different department values. A three character segment size can accommodate up to 999 different department values. If you limit segment descriptions to a maximum of 30 characters, your flexfield pop-up window does not include a horizontal scroll bar.

Coding Schemes: Consider revising your existing coding schemas. Retaining the old logic of historic numbering systems often places unnecessary constraints on the Oracle General Ledger and may create ongoing processing, reporting, and maintenance problems. As Oracle General Ledger often uses ranges, make certain that these ranges are broad enough to create new values in logical sequences.

Creating Accounting Flexfields:

1 Define a value set
2 Define an account structure
3 Define valid segment values
4 Optionally create account combinations
5 Optionally create aliases
6 Optionally define security rules

Define a value set

Use value sets to control the characteristics and format of the Accounting Flexfield segment.

<table>
<thead>
<tr>
<th>Value_set 1</th>
<th>Value_set 2</th>
<th>Value_set 3</th>
<th>Value_set 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Format: Char</td>
<td>Format: Char</td>
<td>Format: Char</td>
<td>Format: Char</td>
</tr>
<tr>
<td>Max size: 2</td>
<td>Max size: 3</td>
<td>Max size: 4</td>
<td>Max size: 2</td>
</tr>
<tr>
<td>Validation: Independent</td>
<td>Validation: Independent</td>
<td>Validation Independent</td>
<td>Validation: Independent</td>
</tr>
</tbody>
</table>

The same value set can be used more than once in the same Accounting Flexfield structure.

(N) Setup > Financials > Flexfields > Validation > Sets
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**What Is a Value Set?**
A value set defines the boundaries for the attributes that you assign to a key or descriptive flexfield segment. Value sets control what types of values can be used as Accounting Flexfield segment values. Value sets determine the attributes of your segments such as length, zero-fill, right-justify, alphanumerics, and value security. Value sets also control how validation is performed. For example, with independent validation, a list of values must be created and used.

**Assigning Value Sets to Segments**
Assign one value set to each Accounting Flexfield segment. Share the same value sets across multiple sets of books to facilitate consolidation. You can use the same value set more than once within the same Accounting Flexfield structure, as noted in the diagram above, where the same value set is used for the Balancing and Intercompany segments.

N) Setup > Financials > Flexfields > Validation > Sets

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**Defining the Accounting Flexfield Structure**
Define your account structure by navigating to the Key Flexfield Segments window.

(N) Setup > Financials > Flexfields > Key > Segments

Each set of books can have its own Accounting Flexfield structure. Select the appropriate symbol in the Segment Separator field. Choose whether to enable dynamic insertion to allow new account combinations to be entered. If dynamic insertion is not allowed, account combinations must be defined using the GL Accounts window. Choose to allow cross-validation rules to control the creation of account combinations. You can also select to enable the flexfield structure and compile changes made to an Accounting Flexfield. Enter a name, description, column and segment number for each segment. Segment numbers must be sequential for the accounting key flexfield, beginning with 1 (such as 1, 2, 3, …). To prevent changes to the Accounting Flexfield structure definition, select the Freeze Flexfield Definition check box.

**Setting Validation Information for Segments**
Assign a value set to each segment. Always enable the flexfield security check box for each segment. Enter a default value from the list of values, or enter another value. Select the Required check box and the Displayed check box.

**Selecting Different Sizes for the Segment Display**
Choose the number of characters to be displayed for the flexfield segment value and its description in the Display Size and Description Size fields. In the Concatenated Description Size field, choose the number of characters to be displayed for each segment value description that makes up the account combination.

**Assigning Flexfield Qualifiers**
In the Flexfield Qualifiers window, assign qualifiers to individual accounting key flexfield segments:
- Natural Account: Each Accounting Flexfield structure must contain only one natural account segment. When setting up the values, you will indicate the type of account as Asset, Liability, Owner's Equity, Revenue, or Expense.
- Balancing Account: Each structure must contain only one balancing segment. Oracle General Ledger ensures that all journals balance for each balancing segment.
- Cost Center: This segment is required for Oracle Assets. The cost center segment is used in many Oracle Assets reports and by Oracle Workflow to generate account numbers. In addition, Oracle Projects and Oracle Purchasing also utilize the cost center segment.
- Intercompany: General Ledger automatically uses the intercompany segment in the account code combination to track intercompany transactions within a single set of books. This segment has the same value set and the same values as the balancing segment.
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Defining Segment Values

Use the Segment Values window to enter values for each segment you create. These are the values that you use when building your account code combinations.

(N) Setup > Financials > Flexfields > Key > Values

Segment Qualifiers

When you define a segment value, you must also assign qualifiers for that value to determine the account type, whether budgeting is allowed, whether posting is allowed, and other information specific to that segment value. You must enter segment qualifier information whenever you define segment values for any value set used to create an Accounting Flexfield combination. Segment qualifiers vary by segment. You can define the following segment qualifiers:

- **Allow Budgeting:** Enter Yes to perform detailed budgeting for accounts with this segment value. If set to No, you cannot assign accounts with this segment value to budget organizations and you cannot define budget formulas for those accounts. If you are defining a parent segment value, enter No.

- **Allow Posting:** If set to No, you cannot use accounts with this segment value to enter journals. If you are defining a parent segment value, enter No because you cannot post to parent accounts.

Attributes for each value include:

- Translated Value
- Description
- Parent
- Group and level
- Segment qualifiers
  - Allow budgeting and posting
  - Account type – natural account segment values
  - Control Account
  - Reconciliation Flag
- Enabled
- Date From and To
Account Type: Defines the account type for the natural account segment value. You can enter only valid account types. Enter the type of proprietary account (Asset, Liability, Owners’ Equity, Revenue, or Expense) or enter the type of budget account (Budgetary Dr or Budgetary Cr). For statistical accounts, enter either Asset, Liability, or Owners' Equity. If you choose an account type of Revenue or Expense for a statistical account segment value, your statistical balance zeros-out at the end of the fiscal year. The default for this field is Expense. To change the Account Type for a value that has not been used, unfreeze all Accounting Flexfield structures that reference the natural account segment. Changing the account type only affects new accounts created after this change is made. Note: Please consult Oracle Support before making a change to a value that has been used or has a balance to prevent problems.

Control Account: Set to calculate account balances for third parties per period in subledger applications such as Payables or Receivables.

Reconciliation Flag: Used for localization and globalization requirements, set this flag to enable designated accounts to be identified as reconciled when their balance is zero.

Note: When you define a value as a Parent, you can not budget or post to this value even if you select the Budget Entry Allowed and Posting Allowed check boxes.

Defining Hierarchies

Define parent/child relationships, including multilevel hierarchies, to facilitate reporting and analysis.

Account Hierarchies: Use various flexible parent/child account hierarchies to view your business according to product lines, geographical regions, organizational lines, or any other combination of factors you deem important. Create your hierarchy with as many vertical and horizontal levels as you need to effectively analyze your business or business segment. It is better to create new parent structures than to modify existing structures because changes can effect historical reporting.

Create Segment Values
Enter Cost center segment & define ranges

**Accont Hierarchy Manager:**
Graphically create, maintain & review account structure hierarchies. Define new parent/child segment values as well as change parent/child dependencies. Create rollup groups from the account hierarchy manager & have your changes reflected automatically in both key segment values & rollup group windows. If you are creating large hierarchies, creating numerous parents and children, or managing the attributes of many parents and children, you can use a spreadsheet template as a planning aid. Model your spreadsheet template after the grid format in the Attributes window.

(N) Setup > Accounts > Manager The Account Hierarchy Manager has security rules that work together. You can control read only or read/write access and control access to hierarchies, segment values, and charts of accounts

- Read Only, Read/Write Security
- Segment Value Security
- Chart of Accounts Security

**Defining an Accounting Calendar**
(Setup > Financials > Calendar > Accounting)
Account Calendar Considerations Define at least one year at a time. By setting up your periods in advance, you can reduce the amount of period maintenance at the start of each accounting period. Foreign currency translations cannot be performed in the initial period opened for your set of books. Choose the earliest period carefully. After you open the first accounting period, prior periods cannot be opened. Set up the number of periods you want to budget for, up to a maximum of 60 periods. When the next accounting period is opened, Oracle General Ledger rolls account balances forward to that period.

**Defining Period Types**
Oracle General Ledger uses the year type to determine the year to assign to a period name in the accounting period system. When defining new period types:

- Choose Calendar to use the year in which an accounting period begins for the period name.
- Choose Fiscal to use the year in which your fiscal year ends for the period name.

**Defining Your First Accounting Period**
When you define a new set of books, choose carefully the first accounting period you want to open. Once you open your first accounting period, Oracle General Ledger does not allow you to open prior accounting periods. Choosing whether to include an adjusting period or not in your calendar is a very important decision. You can have an unlimited number of adjusting periods. Typically, the last day of the fiscal year is used as an adjusting period to perform adjusting and closing journal entries. Once you begin using your accounting calendar, you cannot change its structure to remove or add an adjusting period.

**Accounting Period Statuses**

- Never Opened: You cannot enter or post journals.
- Future Enterable: You can enter journals, but you cannot post. The number of future enterable periods is a fixed number defined in the Set of Books window. You can change the number of Future Enterable periods at any time.
- Open: You can enter and post journals.

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post journals to any open period. An unlimited number of periods can be open, but doing so may slow the posting process and can confuse users entering journals. **Closed:** You must reopen Closed periods before you can post journals. You should manually close periods after finishing your month-end processing. **Permanently Closed:** Permanently Closed periods cannot be reopened. This status is required to archive and purge data.

Each accounting period has one of the following five statuses:

- Never Opened
- Future Enterable
- Open Period
- Permanently Closed Period
- Closed Period

Calender Auditing: Calendar Auditing program reports clearly outlining calendar definition violations such as date omissions, overlapping nonadjusting periods, and nonsequential periods.

Period Types window. (N) Setup > Financials > Calendars > Types
Accounting Calendar window. (N) Setup > Financials > Calendars> Accounting

Creating a Set of Books
Set of Books Considerations When creating a set of books, consider the following:
- Minimize the number of future enterable periods to prevent users from accidentally entering journal entries in an incorrect period.
- Ensure that all currencies you use, including the statistical journal (STAT) currency, are defined and enabled prior to entering transactions in your set of books.
- Define several responsibilities for a set of books to allow for appropriate levels of forms security.

Considerations for Multiple Companies Sharing Books The following is a list of things you should consider if you have multiple companies sharing the same set of books:
- Define the account structure, accounting calendar, functional currency, and set of books.
- Create the account flexfield structure, define the company segment as the balancing segment with multiple values.
- Define the set of books, assign the options you want to use for the set of books. For example, enable intercompany balancing.
- Set up a separate company segment value for your eliminating entries. You can then post elimination entries to this elimination company segment without needing to reverse them later.
- Set up a parent company segment value that includes as children, all the company segment values you want to consolidate. Be sure to include the eliminating entries company you set up in the previous step. For example, if you want to consolidate companies 01 through 07 and your eliminating entries are made to company 08, define a parent company 09 whose children are companies 01 through 08.
- Include the parent company in a rollup group and then define summary templates with this rollup

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Set of Books Options

Allow Suspense Posting: Posts out-of-balance journal entries to a suspense account you specify. Select the Suspense check box and enter a suspense account. If you do not enable this feature, you can only post journal entries that balance.

Balance Intercompany Journals: Allows users to post out-of-balance intercompany journal entries and automatically balance those journal entries against a specified intercompany account. Select the Balance Intercompany Journals check box and enter the intercompany account(s) in the Intercompany Accounts window. If you do not enable this feature, you can only post intercompany journal entries that balance by balancing segment, (usually the company segment).

Budgetary Control: If you are using budgetary control for your set of books, you can set budgetary control options for an assigned account range. You can only assign budgetary control options to account ranges with your functional currency and a budget entry type of Entered.

Enable Track Rounding Differences: Allows you to track rounding differences in currency conversions.

Enable Average Balances: Allows you to use this set of books for average balance processing. For more information, refer to the Oracle General Ledger User Guide and the 11i General Ledger Financial Management Advanced Topic Average Balance Processing.

Enable Journal Approval: Allows you to use the Journal Approval feature in your set of books. When Journal Approval is enabled and a journal entry's source requires approval, the journal must be approved by the appropriate level of management before any further action can be taken. If Journal Approval is not enabled, approval is not required, even if the journal source requires approval.

Enable Journal Entry Tax: Allows you to manually enter taxable journal entries in General Ledger. When you enable this feature for a set of books, the system automatically calculates associated tax amounts and generates tax journal lines.

Set of Books Accounts: You must specify a Retained Earnings account when you define a set of books. You can also set up other special accounts depending on the functionality that you plan to use.

- Retained Earnings Account: General Ledger posts the net balance of all income and expense accounts from the prior year to this account when you open the first period of a fiscal year.
- Suspense Account: If you choose to allow posting of out-of-balance journal entries, General Ledger automatically posts the difference to this account. If you have multiple companies or balancing entities within a set of books, General Ledger automatically creates a suspense account for each balancing entity.
- Rounding Differences Account: Specify an account to track rounding differences that occur during currency conversions. Enable this feature if your foreign currency transactions include different balancing segments to represent multiple companies. General Ledger automatically creates a rounding differences account for each balancing segment.
- Cumulative Translation Adjustment Account: If you translate your functional currency balances into another currency for reporting, or if you revalue foreign currency-dominated balances, you must specify a translation adjustment account.
- Reserve for Encumbrance Account: Allows you to post the difference of out-of-balance encumbrance entries.
- Net Income Account: General Ledger uses this account to capture the net activity of all revenue and expense accounts when calculating the average balance for retained earnings.

When you define a set of books in the Set of Books window, you also specify the accounting practices you will follow for that set of books.
Linking a Set of Books to a Responsibility

Use Oracle System Administration to link a set of books to a General Ledger responsibility. When starting an Oracle General Ledger session, select a responsibility in order to enter and retrieve accounting information for the set of books associated with that responsibility.

1 Define Responsibility: System Administrator N > Security > Responsibility > Define
2 Assign Responsibility: System Administrator N > Security > User > Define
3 Assign Profile to Responsibility: System Administrator N > Profile > System
Responsibility = Demo Vision Operations, USA
Profile = GL Set of Books Name
Defining Shorthand Aliases

**Defining Aliases to Represent Accounts**
An alias can represent the value for a single segment, several segments or an entire account combination. You can define an unlimited number of aliases to represent complete or partial accounts. Define aliases by navigating to the Shorthand Aliases window.

(N) Setup > Financials > Flexfields > Key > Aliases

**Using Journal Entry Sources and Categories**

(N) Setup > Journal > Sources
Journal entry sources indicate where your journal entries originate. General Ledger supplies a list of predefined journal sources for journal entries that originate in Oracle subledger applications, such as Assets or Payables. You can define your own journal sources for non-Oracle feeder systems. For each journal source, specify whether to import detail reference information for summary journals imported from your Oracle subledger applications. This is required if you want to be able to drilldown to the original subledger transaction from balances in General Ledger. With journal sources, you can:

- Define intercompany and suspense accounts for specific sources.
- Run the AutoPost program for specific sources.
- Import journals by source.
- Freeze journals imported from subledgers to prevent users from making changes to any journals that have been transferred to General Ledger from that source. This ensures that transactions from your subledger systems reconcile with those posted in General Ledger.
- Report on journals by source using the Foreign Currency Journals or General Journals reports. If you have journal approval enabled for your set of books, you can use journal sources to enforce management approval of journals before they are posted.

**Journal Categories**

(N) Setup > Journal > Categories
Journal categories help you differentiate journal entries by purpose or type, such as accrual, payments, or receipts. When you create journal entries, you must choose the default or specify a category. Using categories, you can:

- Define intercompany and suspense accounts by category.
- Use document sequences to sequentially number journals by category.
- Define journal categories for accruals and estimates. Use these categories when you define criteria for AutoReverse and AutoPost. Journal categories appear in standard reports, such as the General Journals report. You can run reports by category, by source, or category and source. For example, for month end close, you might run a report listing all journals that were created for the period with a category of accruals. This way you can review the accrual entries created before finalizing your close..
Using Journal Entry Sources and Categories

- Use journal entry sources and categories to differentiate journal entries and to enhance your audit trail
- Select pre-defined sources and categories or define your own

<table>
<thead>
<tr>
<th>Sources</th>
<th>Categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>Accrual</td>
</tr>
<tr>
<td>Purchasing</td>
<td>Adjustment</td>
</tr>
<tr>
<td>Projects</td>
<td>Credit Memos</td>
</tr>
<tr>
<td>AX Receivables</td>
<td>Headcount</td>
</tr>
<tr>
<td>Manual Budget</td>
<td>Receipts</td>
</tr>
<tr>
<td>Journal Payroll</td>
<td>Revaluation</td>
</tr>
<tr>
<td></td>
<td>WIP</td>
</tr>
</tbody>
</table>

Setting Up Statistical Entries: Associate statistical amounts with monetary amount by using statistical units of measure to enter both monetary & statistical amounts in a single journal entry.

<table>
<thead>
<tr>
<th>New York Consulting Revenue Dollars and Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. 04.420.4310.0000.000 $10,000 50 Hours</td>
</tr>
</tbody>
</table>

Setting Up Statistical Entries
(N) Setup > Accounts > Units

Set the profile option, Journals: Mix Statistical and Monetary to Yes in order to be able to enter both monetary and statistical amounts in a single journal entry line. Identify the account segments you want to associate with a statistical unit, such as:

- Payroll account and hours worked
- Building maintenance account and square feet.

In the Statistical Units of Measure window, associate units of measure with accounts.
- Enter only one unit of measure for each account segment.
- You can change this association at any time. Statistical quantities are not included in running totals or control totals.

Set Up Journal Categories (N) Setup > Journal > Categories
Set Up Journal Sources (N) Setup > Journal > Sources
Define Suspense Accounts (N) Setup > Accounts > Suspense
Define Statistical Accounts (N) Setup > Accounts > Units

Overview of Account Hierarchy Editor
You can use Application Desktop Integrator's Account Hierarchy Editor (AHE) to view and maintain your General Ledger accounts. With drag-and-drop ease, you can create, maintain, simulate, view, and print actual and hypothetical account hierarchy structures in a variety of formats. All changes to the account structure can be made through the Account Hierarchy Editor. After saving, these changes are automatically reflected in Oracle GL for use in all reports, windows, and programs. You can also change reporting structures and hierarchies for comparison purposes by using AHE in conjunction with Financial Statement Generator (FSG) reports to look at the financial results for your organization in different ways.

Account Hierarchy Editor Features
- View Accounting Flexfield structure hierarchies
- Change hierarchies to reflect organizational changes
- Create new parent or child segment values
- Copy existing hierarchies to create new ones
- Change segment value descriptions using the Modify Node Descriptions window
Integrating with Oracle General Ledger

**Using the Account Hierarchy Editor**

You must have Applications Desktop Integrator (ADI) installed. Your responsibility must allow you to save changes made to the account structures. Otherwise you can only use the Account Hierarchy Editor to view changes.

**Setting Up Account Hierarchy Editor**

To access Account Hierarchy Editor, you must set the following profile options: • GLDI: AHE Privileges: When enabled, the user can access the Account Hierarchy Editor. • GL AHE: Saving Allowed: This option enables the users to save any changes they make to the account structure from the Account Hierarchy Editor.

**Viewing Segment Values and Hierarchies**

You start the Account Hierarchy Editor by clicking the View Account Hierarchy icon on your ADI toolbar or by selecting Ledger from the ADI toolbar, then selecting View Account Hierarchy from the list of values. The Account Hierarchy Editor window appears. This window includes two drop-down lists, the Chart of Accounts list and the Segment list. You must select values for each of these. The Chart of Accounts list includes all of the Accounting Flexfields that have been defined in Oracle GL. The Segment list is made up of the corresponding segments for a particular Accounting Flexfield.

**Using The Account Hierarchy Manager**

Maintain the General Ledger Chart of Accounts

Account Hierarchy Editor Features
1. View account flexfield structure hierarchies
2. Change hierarchies to reflect organizational changes
3. Create new parent or child segment values

*Ranu Srivastava – Apps Techno Functional Consultant*  
[http://apps2fusion.com](http://apps2fusion.com)
Oracle General Ledger Overview – Implementation Perspective

4 Copy existing hierarchies to create new ones
5 Change segment values descriptions using modify node description window.
6 Define & change parent, child segment values, relationships
7 Create new rollup group, add rollup groups window in GL

Segment values comprise your accounting flexfield to create account combinations. GL account combinations are used to store balances for all your transactions & journal entries. Parent values are non-postable & non-budgetable & are used for financial reporting, mass allocation & in conjunction with summary accounts. Parent level contains a parent value that has one or more child segment values associated with it.

Applications Desktop Integrator > The Account Hierarchy Editor > Parent Levels in an Account Hierarchy

**To Use Account Hierarchy Editor:** You must have ADI installed & responsibility must allow you to modify account structure & Profile GL AHE : **Saving allowed** must be set to Yes

Account Hierarchy Editor Window

Hierarchy Diagram Window - Displays account hierarchies in graphical form in once or more scrolling. Segment values window : Displays all segments and their names for the chart of accounts and segment you chose from the poplist typically balancing segment, cost center, department, account

Applications Desktop Integrator > The Account Hierarchy Editor > The Account Hierarchy Editor Interface

ADI > Ledger > View account Hierarchy

Use this window to create, update, duplicate hierarchy.
Journal Processing in General Ledger

GL supports a variety of journal entry types to meet your business & accounting requirements. In GL there are four basic journal entry types.

### Journal Entry Types

#### Basic Journal Entry
Used for most accounting transactions. Examples include Revenues, Expenses, Adjustments, and Reclassifications.

#### Reversing Journal Entry
Created by reversing an existing journal entry. You can reverse any journal entry and post it to the current or any future open accounting period.

#### Recurring Entries
Defined once then generated for each subsequent accounting period. You can use recurring journal entries to define automatic consolidating and eliminating entries.

#### Mass Allocations
Journal entries that utilize a single journal entry formula to allocate revenues and expenses across a group of cost centers, departments, divisions, and so on.

### Journal Creation Methods

<table>
<thead>
<tr>
<th>Method</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manual Entries</td>
<td>Create adjusting journals and accruals</td>
</tr>
<tr>
<td>Reversing Entries</td>
<td>Reverse an error, revaluation, encumbrance journal, and accruals</td>
</tr>
<tr>
<td>Recurring Entries</td>
<td>Create journals using fixed accounts and amounts and complex formulas. Create multiple journals with the same/similar information.</td>
</tr>
<tr>
<td>Mass Allocations</td>
<td>Allocate from one account to many using a single formula</td>
</tr>
</tbody>
</table>
Journal Components

Journal information is stored in three Oracle General Ledger tables.

Enter Journals →

GL_JE_BATCHES  GL_JE_HEADERS  GL_JE_LINES

Journal Batch Level Information

- Optionally group related journal entries into batches. The batch name is optional.
- All journal entries in a batch share the same period
- If no batch level information is entered, General Ledger automatically creates one batch for each journal entry, default the name and latest open period
- If you do not enter a batch name, you must recall the journal entry by date

Journal Entry level information:
Total debits must equal total credits for journal entry.
Before you can enter journal entries, you must maintain your calendar flow. GL calculates the ending account balances for the current period & rolls them forward as beginning balances for the next period. On choosing open next period, GL calculates the ending account balances for the current period & launches a concurrent process to open next period.
- The current period remains open
- If you open the first period of a new fiscal year, GL automatically transfers the ending balance from the previous net income account & updates the retained earnings account.

**Importing Journal Entries**

- **Transfer in summary or detail**
  - Subledgers
  - GL_INTERFACE
  - Journal Import
- **Automatic or manual**
  - GL_BALANCES
  - Post
  - GL_JE_LINES
  - GL_JE_HEADERS
  - GL_JE_BATCHES

General Ledger > Journal Entry > Integrating General Ledger Using Journal Import
If you are importing from Oracle feeder system AR, AP - data will be automatically loaded in GL_INTERFACE table. If you are importing from other feeder systems - You need to convert data to be readable by SQL loader & the load data in GL_INTERFACE using SQL loader.

**Grouping Journals into Batches**: You can organize journal entries with common attributes into batches eg Journal type, Journal date, Journal preparer. Batch can contain unlimited number of journal entries. All journal entries in a batch must share the same period.

**Manual Journals**: Journal entry that you do directly into Oracle GL & includes following
- Functional currency entries
- Foreign currency entries
- Statistical entries
- Intercompany entries

**Journal components**:
- Journal batch information: GL_JE_BATCHES
- Journal entry information: GL_JE_HEADERS
- Journal entry line information: GL_JE_LINES
Reversing Journal Entries

Enter the original journal entry; amounts are added to relevant account balances. Flag the entry for reversal. Use reversing journal entries to reverse accruals, estimates, errors, or temporary adjustments and reclassifications. After the original entry is reversed, amounts are subtracted from the relevant account balances. In addition to reversing individual journal entries, entire journal entry batches can be reversed.

Enter Journals (n) Journals > Enter (b) New Journal
Enter Statistical Journals (n) Journals > Enter (b) New Journal
Change currency of Unposted Journal
(n) Journals > Enter (b) New Journal (b) Change Currency
Use More actions Window to
1 Reverse journal to reverse the current entry
2 Change period to change the period in real time or any entry
3 Post to launch a concurrent process to update account balances.

Practice refer the Student Guide

Calculating Tax on Journal Entries: You can automatically account for taxes, such as VAT, Sales tax or consumption tax at any of the following levels.
Oracle General Ledger Overview – Implementation Perspective

1. Set of books: You can define a default tax code, rounding rule & tax inclusive or tax exclusive status. If tax type in output the system receives tax information from the same tax code name in AR setup. If tax type in input, information is received from the same tax name in AP setup.

2. Account (DEFAULT): If journal entries for a specific account are usually taxed at a certain rate or tax code, you can assign a default or required tax code for that account.

3. Journal entry: System generates tax amount lines for a group of similar journal lines, rather than generating one tax amount line for each entered amount line.

4. Journal entry line: Each journal line is considered one at a time. If the amount is tax exclusive, system creates a separate, corresponding tax line, debiting or crediting the appropriate tax liability by the calculated tax amount. If the amount is tax inclusive, system creates a separate tax line and reduces the entered amount by the calculated tax amount.

General Ledger > Setting Up General Ledger > Setting Up Automatic Tax Calculation

Posting Journals

Update balances by posting journals.

Use the post journals window to select and post several journal batches.

Use the more actions window to post a journal batch directly.

Use the autopost program to periodically post journal batches.

General Ledger > Journal Entry > Posting Journals

Correcting Unpostable Batches to

1. Control total violations
2. Posting to unopened periods
3. Unbalanced journal entries

Posting to a Prior Period: You can post journal entries to a prior accounting period/fiscal year as long as the prior period is open. When you post to a prior period,

GL updates beginning balances of all subsequent periods
GL adjusts the retained earnings account for the effect on your income and expense accounts when you post a prior fiscal year. Set Profile Enter Prior period Notification to YES

When you post to a period in prior fiscal year, run trial balance to ensure retained earnings are properly reconciled.
Creating Reversing Journals

- Use the More Actions window to reverse any journal entry or journal entry batch with or without a predefined reversal period.
- Use the More Details window to enter a defined reversal period that you can later reverse in the Reverse Journals window.
- Use the Reverse Journals window to generate reversal journals with a predefined reversal period, such as monthly accruals. You can then choose Reverse Journal to generate the reversing entry from the Enter Journals window, or close the window allowing you to generate the reversing entry at a later time from the Reverse Journals window.

**Assigning a Reversal Period to a Journal Entry**
To generate a reversing entry from the enter journal window or later from the reverse journal window:

- Journals > Enter(M) query > (B) Review Journal > (B) More Details

**Reversing Journals with predefined Periods**
By using reverse journal window:

- Journals > Generate > Reversal

**Reversing Journals without predefined Periods**
In the more actions window (reverse entire journal batches):

- Journals > enter(b) Reverse Journals (b) More Actions

*Example*:
Memo from MIS dept requesting to correct charges for computers for latest open period, correct charge is 87k not 85k.

1. Find the journal batch using batch ID for computer purchase
2. Reverse journal entry in latest open period
3. Post the reversed batch to negate effect of original batch
4. Enter new journal batch in latest open period & post

<table>
<thead>
<tr>
<th>Line</th>
<th>Account</th>
<th>Debit (USD)</th>
<th>Credit (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>01-000-1560-0000-000</td>
<td>87,000</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>01-000-1110-0000-000</td>
<td>5,000</td>
<td></td>
</tr>
<tr>
<td>30</td>
<td>01-000-2210-0000-000</td>
<td>82,000</td>
<td></td>
</tr>
</tbody>
</table>

**Reviewing and Correcting Balances**

- Review account balances online or through reports
- Create & post adjusting journals entries to correct errors when needed.
- You can correct errors in unposted journals by querying the relevant journal in enter journal window & make corrections.

(Help) Oracle Financial Applications > General Ledger > Online Inquiries
(Help) Oracle Financial Applications > General Ledger > Standard Reports and Listings
(Help) Oracle Financial Applications > General Ledger > Financial Statement Generator

Variance Inquiries: compare any two balance types in a variance calculation -> Open account inquiry window, complete the primary balance type tab & the secondary balance type tab. Choose the show variance button.
Drilling Down to Journal Detail

Perform an Account Inquiry, and drill down to review detailed information about:

- journals you entered in General Ledger
- journals you imported from Oracle Payables, Receivables, and other subledgers.

T-Accounts

<table>
<thead>
<tr>
<th>Operations - Machinery and Equipment</th>
<th>USD</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5,000</td>
<td>5,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operations - Asset Clearing</th>
<th>USD</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5,000</td>
<td>5,000</td>
</tr>
</tbody>
</table>

You can view General Ledger journals or subledger accounting entries in a graphical T-account format.

Using Applications Desktop Integrator to Enter Journals

Journal wizard allows to create journal entries, customize journal worksheets using excel spreadsheet, save journal worksheet & upload journals to oracle GL.

You can link two or more journal worksheets together, check if the amounts are within a specified threshold. Allow only balanced journals to upload to GL. Enforce fixed conversion rate conversion rates between the EURO and currency units.

Oracle Applications Desktop Integrator > Journal Wizard

Integrating with Oracle General Ledger: Create journals entry in spreadsheet & upload to GL_INTERFACE through ADI. Import journal from GL_INTERFACE to GL to create JE's. When JE's are validated by GL, unposted JE's are created.

To Launch ADI, Choose Windows Start > Programs > Oracle ADI, choose ledger button & select enter journals to launch wizard (detailed in User/Student Guide)

GLDI: Journal wizard privileges
Entry, Upload, Entry, Upload, Entry, Upload
GLDI: Journal Source
GLDI: Create group id
GLDI: Converted entry threshold
GLDI: Balance by accounting date
GLDI: Force journal to balance
GLDI: Force full validation

Journal import from Feeder Systems

Journal import loads data from the GL_INTERFACE table into following tables
GL_JE_BATCHES GL_JE_HEADERS GL_JE_LINES

General Ledger > Integrating General Ledger Using Journal Import Import data from Oracle & Non-Oracle Feeder systems. Oracle Feeder systems AR, AP automatically load data into GL_INTERFACE table. Non-Oracle feeder systems require data conversion into a format readable be SQL loader tp
load data into GL_INTERFACE. Start conversion at the beginning of a fiscal year & enter beginning balances in the last period of the prior fiscal year.

**Importing Descriptive Flexfield** is used to capture extra information that is otherwise not tracked by Oracle GL but can be imported along with journal information. You can choose to import descriptive flexfields with or without validation. If importing with validation, journal import creates journal only if validation succeeds. Oracle feeder system do not automatically populate dff's they need to be manually populated in GL_INTERFACE. If importing dff's do not create summary journals.

**Importing journals**

- (n) Journals > Import > Run
- If **Suspense Posting** is enabled select post errors to suspense to have journal import post entries with invalid account combinations to a predefined suspense account.
- **Summary Journals**: Select create summary journals to have journal import summarize all activity into one debit and credit line for the same account, period, currency. You can not create summary journals if you are importing dff's. Journal import stores the mapping information in GL_IMPORT_REFERENCES.

Review the status of accounting data imported into GL using the journal import execution report. Identify errors that could have interfaced with the journal import that could have interfaced with the journal import process using the journal import execution report error key. Journal import program rejects an entire source & groupid if any journals have errors. Used the journal import verification process to **identify correct journal import** errors.

- (n) Journals > Import > Correct (online correction in case you have less number of errors)
- If you encountered a high number of journal import errors you should delete all imported data for that source & group id, correct errors & repopulate GL_INTERFACE before running journal import.
Journal Entries and the Accounting Cycle
Journal entries are an integral part of the accounting cycle:
• Open period
• Create functional and foreign journal entries.
• Reverse journal entries
• Post
• Review and correct balances
• Revalue foreign currency balances
• Translate foreign currency balances
• Consolidate sets of books
• Review and correct balances
• Run accounting reports
• Close the accounting period

Integrating Journal Entries in Oracle eBusiness
Journal entries transfer accounting transactions to General Ledger for reporting and analysis. You can integrate the following subledgers with Oracle General Ledger:
**Purchasing:** Accrual of receipts not invoiced, purchase orders, final close cancellations
**Payables:** Invoices, payments, realized gain and loss, invoice price variance
**Assets:** Capital asset additions, cost adjustments, transfers, retirements, depreciation, reclassifications, also construction in process
**Work In Process:** Material issues or backflush to WIP, completions, returns, resource and overhead transactions, cost updates
**Inventory:** Inventory, cost of goods sold (COGS), cycle count and physical inventory adjustments, receiving transactions, delivery transactions, intercompany transfers, sales order issues, internal requisitions, subinventory transfers
**Projects:** Cost distribution of labor and non-labor, revenue
**Receivables:** Invoices, payments, adjustments, debit memos, credit memos, cash, chargebacks, realized gain and loss
**Payroll:** Salary, deductions and taxes
**Cost Management:** Cost distributions for inventory and work-in-process transactions.

Performing Journal Entry Functions
Using Oracle General Ledger, Oracle subledgers, and Oracle ADI, you can perform the following journal entry functions:
• Create journal entries in Oracle General Ledger or use ADI to enter journals from a spreadsheet.
• Import journal entries  • Post journal entries  • Inquire on account information and journal entries
• Drill down to subledgers  • Run reports  • Reverse journal entries

Journal Entry Types
Within Oracle General Ledger, you can work with the following types of journal entries:
Oracle General Ledger Overview – Implementation Perspective

**Manual Journal Entries:** The basic journal entry type is used for most accounting transactions. Examples include adjustments and reclassifications.

**Reversing Journal Entries:** Reversing journal entries are created by reversing an existing journal entry. You can reverse any journal entry and post it to the current or any future open accounting period.

**Recurring Journal Entries:** Recurring journal entries are defined once, then are repeated for each subsequent accounting period you generate. You can use recurring journal entries to define automatic consolidating and eliminating entries. Examples include intercompany debt, bad debt expense, and periodic accruals.

**MassAllocations:** MassAllocations are journal entries that utilize a single journal entry formula to allocate balances across a group of cost centers, departments, divisions or other segments. Examples include rent expense allocated by headcount or administrative costs allocated by machine labor hours.

<table>
<thead>
<tr>
<th>Method</th>
<th>Organization Need</th>
<th>Procedure</th>
<th>Procedure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manual Journal</td>
<td>Create adjusting journal.</td>
<td>Enter debits and credits entries and accruals</td>
<td>Reverse the journal encumbrance and accrual</td>
</tr>
<tr>
<td></td>
<td></td>
<td>manually</td>
<td>amounts of a preexisting journal entry</td>
</tr>
<tr>
<td>Reversing Entries</td>
<td>Reverse errors and revaluation journals</td>
<td>Create journals using fixed variable amounts</td>
<td>Create journals using skeleton, standard, or</td>
</tr>
<tr>
<td></td>
<td></td>
<td>and complex formulas. Create multiple</td>
<td>formula template.</td>
</tr>
<tr>
<td>Recurring Entries</td>
<td>Create journals using fixed variable amounts</td>
<td>Multiple journal entries with the same or</td>
<td>Calculate journals using an allocation</td>
</tr>
<tr>
<td></td>
<td>and complex formulas. Create multiple journal</td>
<td>similar information</td>
<td>formula.</td>
</tr>
<tr>
<td></td>
<td>entries with the same or similar information</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MassAllocations</td>
<td>Allocate from one account to many using a</td>
<td>Create journals using skeleton, standard, or</td>
<td>Import journal entry information from</td>
</tr>
<tr>
<td></td>
<td>single formula.</td>
<td>formula template</td>
<td>feeder systems.</td>
</tr>
<tr>
<td>Journal Import</td>
<td>Integrate Oracle General Ledger with other</td>
<td>Calculate journals using an allocation</td>
<td>Import journal entry information from</td>
</tr>
<tr>
<td></td>
<td>applications.</td>
<td>formula.</td>
<td>feeder systems.</td>
</tr>
<tr>
<td>Journal Wizard</td>
<td>Integrate Oracle General Ledger with an Excel</td>
<td>Calculate journals using an allocation</td>
<td>Import journal entry information from</td>
</tr>
<tr>
<td></td>
<td>spreadsheet for journal creation.</td>
<td>formula.</td>
<td>feeder systems.</td>
</tr>
</tbody>
</table>

**Journal Components**

Every journal entry in Oracle General Ledger has three components.

- **Enter Journals**
  - **Batch**: All journal entries in a batch share the same period. Entering a batch control total and description are optional. If you do not enter a batch name, you must recall the journal entry by date.
  - **Header**: The header information identifies common details for a single journal entry, such as name, effective date, source, category, currency, description, and control total. All lines in a journal entry must share the same currency and category.
  - **Lines**: Total debits must equal total credits for a journal entry for all journal entries except budget journal entries and statistical journal entries. Description for each line can be entered optionally.

**Grouping Journals into Batches**
You can organize journal entries with common attributes into batches.

<table>
<thead>
<tr>
<th>Batch</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Mar-02 journal entries</td>
</tr>
<tr>
<td>02</td>
<td>Accrual journal entries</td>
</tr>
<tr>
<td>03</td>
<td>Euro journal entries</td>
</tr>
</tbody>
</table>

**Manual Journal Entries**

A manual journal entry is entered directly into Oracle General Ledger. Typical manual journal entries include the following:

- Functional currency entries
- Foreign currency entries
- Statistical entries
- Intercompany entries

**Manual Journal Entries**

Your functional currency appears as the default currency when you open the Enter Journals window.

**Foreign Currency Journal Entries**

To enter a foreign currency journal, specify the currency you want to use and enter conversion information. Conversion type can be Spot, Corporate, User, or other defined type. Conversion date must be within the accounting period defined for the journal entry. Enter a conversion rate if you enter User as the conversion type.

**Statistical Journal Entries**

To enter a statistical journal entry, select STAT as the currency for the journal entry. Statistical journal entries can be "one-sided" entries. The debits do not need to equal credits for the journals to post.

**Combined Currency & Statistical Amounts**

You can enter a statistical journal entry by itself or combined with currency journal amounts. Set Journals: Mix Statistical and Monetary profile option Yes. Define a statistical unit of measure for any natural account segment values you want to combine statistical and monetary journal entries. When entering the journal lines, use debit and credit amounts for any monetary currency. In the Statistical Amounts region, enter the statistical quantity.

**Intercompany Journal Entries**

Enter the intercompany transaction. General Ledger automatically creates the balancing intercompany journal lines based on the accounts you defined in the Intercompany Accounts window.

**Performing Additional Journal Actions**

You can use the More Actions window to perform additional journal activities.

**Reverse Journal**: You can reverse a journal entry or batch. Select a reversal period if prompted. Select the reversal method: Switch Debit/Credit or Change Sign.

**Change Period**: Select this button to change the period of any entry.

**Post**: Select this button to launch the concurrent process to post a manual journal entry and update account balances. Posting is available in the More Actions window only if the profile option Journals: Allow Posting During Journal Entry is set to Yes.

**Note**: You can also post journal entries by navigating to the Post Journals window. (N) Journals > Post.

**Funds Action**: If you enable budgetary control for a set of books, you have the following additional actions available for manual journal entries:

- Check funds
- Reserve funds
- View results

**Examples**

Create a Journal Batch
Reversing Journal Entries
You can create reversing journal entries to reverse accruals, estimates, temporary adjustments and reclassifications, or correct errors. You can reverse a journal entry in two ways:
• Switch Dr/Cr: Journal entry is reversed by switching the debit and credit amounts.
• Change Sign: Journal entry is reversed by changing the original journal amounts from positive to negative.
A journal entry can be reversed only once. You can reverse a reversing journal entry. You can reverse a journal entry in any period after the journal entry is posted. You control which responsibility can reverse journal entries directly from the Enter Journals or Enter Encumbrance window by excluding the function called Enter Journals: Reverse from the responsibility's menu.

Reversing Journal Batches
You can reverse a single journal entry or an entire batch of journal entries. When you reverse a batch, General Ledger creates a reversing batch with a reversing journal entry for each journal entry in the original batch. General Ledger uses the reversal method assigned to the journal category in the Journal Reversal Criteria window.

Creating Reversing Journals
You have two options for manually selecting journal entries for reversal. You can create the reversal immediately or enter the period and generate the reversal later. Use the More Actions window to immediately reverse any posted or unposted journal entry or batch in the current period or future enterable period.
(N) Journals > Enter (B) Review Journal (B) More Actions
(N) Journals > Enter (B) Review Batch (B) More Actions
Use the More Details window to define a reversal period for a journal entry. Then, select the journal entry at a later time, to be reversed in the Reverse Journals window.
(N) Journals > Enter (B) Review Journal (B) More Details
Use the Reverse Journals window to generate reversal journals with a predefined reversal period, such as monthly accruals, that need to be reversed at the beginning of the following period.
(N) Journals > Generate > Reversal
Note: If you select the Reversal button in the More Details Window, the reversing journal will be created immediately.

Example: Post Journal Entries
Open the Find Journals window. (N) Journals > Enter

select (B) Review Journal.

select (B) More Actions > (B) Reverse Journal to reverse the journal entry.
(B) More Actions > Post to post your new journal entry.
Enter a New Journal Batch

Using ADI to Create Journal Entries (refer student guide ,second round?)
Create a Worksheet

Modify the Worksheet Layout

Select the Lines tab and add the Description optional field.

Close the Create Journal Worksheet window and open the Excel spreadsheet & enter journals
Upload Your Journal Entry

Import the Journal Entry

Click the Ledger icon on the ADI toolbar. Select Submit Process > Journal Import.

Process Type Window Find your journal entry by matching the Group ID you entered in the Group ID
Overview of Importing Journal Entries

The Journal Import process creates journal entries based on accounting information from either Oracle subledger applications or non-Oracle feeder systems. It loads this data from the GL_INTERFACE table into the GL_JE_BATCHES, GL_JE_HEADERS, and GL_JE_LINES tables of General Ledger. It can transfer journal information in detail or summary. Integration with Oracle Subldgers Transferring information from Oracle subledgers is a two-step process:

• Data is pushed into the GL_INTERFACE table from the subledger using a transfer program.
• Then Journal Import pulls the information from the interface table to create valid, postable journal entries in General Ledger. When you initiate the transfer program from Oracle subledgers, such as Oracle Payables or Oracle Receivables, you can choose to also submit the Journal Import process. If you do not choose to run Journal Import from the subledger, you must run Journal Import separately in General Ledger, using the Import Journals window, in order to create postable journal entries. Journal entries in the batches, headers, and lines tables. You do not run Journal Import to transfer asset information to General Ledger.
Integration with Non-Oracle Systems

If you maintain your subledger information in an external, non-Oracle application, you must write a script to convert data into a format readable by SQL*Loader, to load that information into the GL_INTERFACE table. You can also use SQL*Loader to load data into the GL_INTERFACE table to convert historical data, such as General Ledger balances, from a legacy system to Oracle General Ledger.

- Start the conversion at the beginning of a fiscal year. For balance sheet accounts, load year-to-date balances for the first period only or the last period of the previous fiscal year. For subsequent periods, load each period’s net change.
- Oracle General Ledger does not store year-to-date balances. Obtaining year-to-date information, as displayed in a balance sheet, is a reporting solution using Financial Statement Generator that derives Year to Date (YTD) amounts through a calculation. The YTD balance, displayed in the Account Inquiry window, is also a calculated balance that is not physically stored in the GL_BALANCES table. If account balance information is prepared in a spreadsheet, you can use ADI’s Journal Wizard to import journals into General Ledger. Enter Journals also uses the GL_INTERFACE table to create valid, postable journal entries in General Ledger.

Note: Make sure to modify the balance sheet to display the period debit and credit amounts for each account code combination.

Importing Journals (N) Journals > Import > Run

If suspense posting is enabled for your Set of Books, select the Post Errors to Suspense check box. Journal Import posts entries with invalid account combinations to a predefined suspense account or accounts, if you have defined one for each journal source and category. Typical account errors are:
- Detailed posting not allowed.
- Account disabled for this date.
- Disabled account.
- Account code combination is not valid.
- Account code combination ID does not exist.

If you choose not to post errors to a suspense account, Journal Import rejects any source/group ID combination with account errors.
Importing Journal References

You can import subledger transactions into General Ledger in detail. The Journal Import process creates one journal entry line for every transaction line in the subledger. To reduce the size of journal lines and speed the import process, you can choose to summarize journal entry information when you run Journal Import:

• Select Create Summary Journals check box to have Journal Import summarize all transactions for the same account, period, and currency into one debit and credit line.

• When Journal Import creates summary journal lines, all mapping back to the source information is lost. However, you can preserve transaction detail for summary journal lines in the GL_IMPORT_REFERENCES table:

  - Select the Import Journal References check box in the Journal Sources window for each journal entry source you wish to preserve. (N) Setup > Journal > Sources.
  - Oracle General Ledger populates the GL_IMPORTREFERENCE table with one record for every transaction in your feeder system. You cannot import descriptive flexfields if you create summary journals.

Note: If you want to be able to drill down to subledger transaction lines, such as Payables invoices, from General Ledger, select the Import Journal References check box for the subledger source in the Journal Sources window whether you transfer in summary or detail from subledgers.

Reviewing Journal Import Data

Review the status of accounting data imported into Oracle General Ledger using the Journal Import Execution Report. Use the Error Key section on the report to identify the types of errors found. The journal import program rejects all transactions of a Source and Group ID if any of its journals have errors. Use the journal import verification process to identify and correct journal import errors.

Journal Import Verification Process

Journal Import validates all of your data before it creates journal entries in General Ledger. If you allow suspense posting for your set of books, Journal Import assigns lines with invalid accounts to the suspense account. Journal Import rejects all other invalid lines, and they remain in the GL_INTERFACE table, where you can correct them online in the Correct Journal Import Data window or in your feeder systems. Journal Import also prints your error lines in the Journal Import Execution report. Journal Level Validation Journal Import validates the following attributes to ensure that your journals contain the appropriate accounting data:

• Account combinations
• Unbalanced journal entries
• Periods
• Foreign currency errors
• Budget information
• Encumbrance information
• Other miscellaneous items

Correcting Journal Import Errors Online

If your Journal Import results in relatively few errors, you can make online corrections to the data that was rejected, then rerun Journal Import to import the corrected data. (N) Journals > Import > Correct

The Correct Journals Import window displays each field of the GL_INTERFACE table. From this window you can query import lines that have a status of Error or Corrected. Make your corrections.

• If you are correcting Accounts data, you must enter an account segment value or enter a valid Code Combination ID.

• Segment values override Code Combination IDs, so you must first clear all displayed segment values before changing the displayed Code Combination ID. The Status changes to Corrected after you save your changes. Select the Import Journals button to return to the Import Journals window.

Deleting Journal Import Data to Correct Errors

If you encountered a high number of errors from the Journal Import process, you should delete all information from the interface table and rerun Journal Import after correcting the errors. (N) Journals > Import > Delete

If you delete import data that originated from an Oracle subledger, you must correct the data in
Oracle General Ledger Overview – Implementation Perspective

the subledger and reimport it from the original source:
• Delete all import data for your journal entry source and group ID from the GL_INTERFACE table.
• Correct the errors in feeder system.
• Repopulate the GL_Interface table.
• Rerun Journal Import.

Caution: Do not delete journal import data from Oracle subledgers such as Oracle Payables or Oracle Receivables. The Oracle subledgers set flags to indicate the transactions have been sent to Oracle General Ledger. These flags must be reset before the transactions can be resent.

### Posting Journals

You have three methods to post journal batches.

**Batch Posting:** Navigate to the Post Journals window to post a group of journal batches.

**Manual Posting:** Select the More Actions button from either the Journals window or the Batch window to post a journal batch at the time of entry. This option is available only if the profile option Journals: Allow Posting During Journal Entry has been set to Yes. When you post journals, Oracle General Ledger posts all journals in a batch. You cannot post individual journal entries in a batch.

**Automatic Posting:** Run the AutoPost program to post journal batches automatically based on a schedule you define.

**Posting Journal Batches**

You can post actual, budget, and encumbrance journal batches. The Posting Status for the batch must be Postable and the Period Status must be Open for the following balance types:

- Actual: Open period
- Budget: Periods in an open budget year
- Encumbrance: Any period up to the last period in the latest encumbrance year. If applicable, check the Control Total for the journal entry batch. General Ledger does not post journal batches if the total entered debits do not match the control total for the batch.

**Correcting Batch Posting Errors**

Review the batch to identify the posting error. Common explanations for unpostable batches include:

- Control total violations
- Posting to unopened periods
- Unbalanced journal entries

Correct the specific error and post the batch from the More Actions window. Posting Status:

- Unposted
- Pending
- Processing
- Selected for posting
- Posted
- Error
Posting to a Prior Period You can post journal entries to a prior accounting period, as well as to a prior fiscal year, as long as the prior period is open. When you post to a prior period, General Ledger automatically updates the beginning balances of all subsequent periods even if the period is closed. In addition, if you post a journal entry into a prior year, General Ledger adjusts your retained earnings balance for the effect on your income and expense accounts. When you finalize your activity for an accounting period, simply close the period to prevent the entry or posting of additional journal entries.

Displaying Warning Messages To ensure that you do not accidentally enter a journal for a prior period, you can require General Ledger to display a message whenever you try to enter a prior period journal. To use this feature, have your system administrator set the profile option Journals: Enable Prior Period Notification to Yes. Having many accounting periods open affects the time required to run the posting program. Therefore, keep the number of open accounting periods to a minimum. Also, minimizing the number of open periods prevents errors in posting to an incorrect period. You should run a Trial Balance Report whenever you post to a previous fiscal year to ensure that your Retained Earnings account is properly reconciled.

Overview of AutoPost
To facilitate journal batch posting, you can schedule automatic posting based on parameters you specify. You can define multiple criteria sets that include a range of journal effective dates and multiple AutoPost priorities. For example, suppose after running Journal Import, you routinely post journal entries from Payables to record your payments. To automate posting these batches, you can define a set of criteria to select all unposted journal entries with a source of Payables, a category of Payments, and a balance type of Actual for all periods. You can then schedule the AutoPost program to run at the beginning of each week. Oracle General Ledger automatically selects and posts your Payables payment batches to update your cash balances.
Defining AutoPost Criteria Sets
You can define multiple AutoPost criteria sets to automatically post journal entries. For each
criteria set, you can choose to select journal batches for posting based on:
• Journal source  • Journal category  • Balance type
• Period   • Effective date
You can set the priority of the criteria set. The priority number must be a value from 1 to 99, where 1 is
the highest priority and 99 is the lowest. Batches with higher priorities are posted first. You can use the
same priority number more than once. You can also select whether all priority sets are considered for
posting or only sets with a specific priority number:
• Submit All Priorities in Order: Submits the batches for all of your AutoPost priorities in the same AutoPost run based on priority number.
• Submit Only Priorities with Batches in Order: Submits batches with a specific priority number only.
• Note: Select this option when you need to balance the load on your concurrent manager. This may be
necessary since a single AutoPost request that contains multiple priorities can result in numerous
instances of the Posting program running concurrently. The load on the concurrent manager is increased
further if a large number of journal batches are selected by your AutoPost priorities.

Specify the parameters to select journal batches to be posted automatically.

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Days before current date</td>
<td>0 to 1000</td>
</tr>
<tr>
<td>Days after current date</td>
<td>0 to 999</td>
</tr>
<tr>
<td>Priority number</td>
<td>1 to 99</td>
</tr>
<tr>
<td>Source</td>
<td>Specify or All</td>
</tr>
<tr>
<td>Category</td>
<td>Specify or All</td>
</tr>
<tr>
<td>Balance Type</td>
<td>Specify or All</td>
</tr>
<tr>
<td>Period</td>
<td>Specify or All</td>
</tr>
</tbody>
</table>

Running AutoPost
Once you define an AutoPost criteria set, run the AutoPost program to select and post any journal batches that meet the specified criteria. You can run the AutoPost program from:
• AutoPost Criteria Sets window: (N) Setup > Journal > AutoPost
• Submit Request window: Enter the AutoPost criteria set name in the Parameters window. Review the AutoPost Execution Report to verify the journal batches selected for posting.

You can run the AutoPost program from:
• AutoPost Criteria Sets window by selecting the Submit AutoPost button
• Submit Request window
  – Enter the AutoPost criteria set name in the Parameters window

You can easily schedule AutoPost runs to fit the needs of your organization

As soon as possible
Once: Select a date and time
Periodically: Specify interval of minutes, hours, days, or months
On specific days: Select day of week or month
Advanced: Apply a saved schedule
Reversing Journals Automatically

If you routinely generate and post large numbers of reversing journal entries as part of your monthly procedures for closing and opening accounting periods, you can use the Automatic Journal Reversal feature to save time and automate the process. This feature automatically reverses your previous month's accrual journal entries and automatically posts them, if desired. Enable AutoReverse, and optionally AutoPost Reversal, options for journal categories. Enter journals using categories with AutoReverse enabled.

Launch the Automatic Reversal program by:
- Submitting a request from the Submit Request window to run the Automatic Reversal program for all journals that meet the submission requirements, or
- Setting the profile option, GL: Launch AutoReverse After Open Period, to Yes. When you open the next period, the AutoReverse program finds all journal entries that have categories with AutoReverse and, optionally AutoPost, enabled. It creates reversing journal entries and, optionally, posts them.

GL automatically generates and posts reversals for journals entries if:
1. Journal balance type is actual
2. Journal category has autoreverse enabled
3. Journal is posted but not yet reversed
4. Journal reversal period is open or future enterable

Journal Reversal Criteria

(N) Setup > Journal > AutoReverse

When you define journal categories, you have the option of specifying journal reversal criteria for controlling when and how your journal entries are reversed. Once criteria are defined and saved for a category, all journal entries that match the criteria are selected automatically for reversal by General Ledger. You may change the journal reversal criteria assigned to a category at any time. The criteria are:

- Reversal method: Select Switch Dr/Cr or Change Sign
- Reversal period rule: Select a rule to determine which period to create the reversing journal entry. Choose the reversal date if the set of books is using Average Daily Balances feature.
  - No default: Assigns the period you define when you manually enter your original journal entry.
  - Same Period: Assigns the same period of the original journal entry.
  - Next Period: Assigns the period following the period of the original journal entry.
  - Next Non-adjusting: Assigns the non-adjusting period following the period of the original journal entry.
  - Next Day: Assigns the day following the day of the original journal entry. This appears in the list of values only if average balance processing is enabled for the set of books. For more information, refer to the Oracle General Ledger User Guide or 11i General Ledger Financial Management Advanced Topic Average Balance Processing.
- Select AutoReverse checkbox: To mark all journals using this category to auto reverse.
- Select AutoPost Reversal checkbox: Use in conjunction with the AutoReverse checkbox to post the journal after reversal. For example, to automatically reverse your previous month's accrual journal entries, assign the following journal reversal criteria:
  - Category: Accrual
  - Method: Switch Dr/Cr
  - Reversal Period: Next Period

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• Select the AutoReverse checkbox
• Select the AutoPost Reversal checkbox Submitting Request to Automatically Reverse Journals
Select one of the following options to automatically reverse qualified journal entries:
• Run the Open Period program to launch the Automatic Reversal program.
• Note: If you do not want reversals to be generated when a period is opened, set the Profile Option, GL: Launch AutoReverse After Open Period, to No.
• Navigate to the Submit Requests window. Run the Automatic Reversal program.
• (N) Reports > Request > Standard
All reversal journal entries with AutoReverse and AutoPost enabled are generated and posted according
to the reversal criteria that you define. The Automatic Reversal program reverses only journal entries
with a balance type of Actual. You cannot use this program to reverse Budget or Encumbrance type
journal entries. Budget and encumbrance journal entries must be manually reversed.

Example: (N) Setup > Journal > Categories

(N) Setup > Journal > AutoReverse

Post your journal entry.

Run Program - Automatic Reversal.
Financial Reporting

Oracle General Ledger Overview – Implementation Perspective

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Financial Reporting

Standard Reports and Listings

Oracle General Ledger provides several types of reports and listings to meet your business needs. All of the information in these reports and listings is also available online. You can obtain account analysis information, budget information, chart of accounts listing, and many other types of data without customization.

Financial Reporting

Standard Reports and Listings

Oracle General Ledger delivers over 70 standard reports. The following categories provide financial and non-financial information for General Ledger data.

<table>
<thead>
<tr>
<th>Account Analysis</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chart of Accounts</td>
<td>Multi-Company Accounting and Consolidation</td>
</tr>
<tr>
<td>Currency</td>
<td>Financial Statement Generator</td>
</tr>
<tr>
<td>General Ledger</td>
<td>Journals</td>
</tr>
<tr>
<td>Trial Balance</td>
<td>Execution</td>
</tr>
</tbody>
</table>
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R11i Utilizing Standard Financial Reports

Oracle General Ledger gives you a complete set of standard reports. Categories of standard reports and listings include:

- Account Analysis
- Budget
- Chart of Accounts
- Multi-Company Accounting and Consolidation
- Currency
- Financial Statement Generator
- General Ledger
- Journals
- Trial Balance
- Execution
- Other

(N) Reports -> requests -> Standard

Three major categories of standard reports to review account balances are the following:

General Ledger reports: List the beginning & ending account balances and all journal lines affecting each account balance in your functional currency and foreign currencies.

Account Analysis reports: Show the accumulated balances of a range of accounts and all journal entry lines that affect that range.

Trial balance reports: List account balances and activity for functional and foreign currencies for budgets, encumberances and actuals.

Run Financial Reports with ADI

Applications Desktop Integrator (ADI) is an extension to Oracle Applications that offers full cycle accounting within the familiarity of a spreadsheet.

- Journal Wizard
- Budget Wizard
- Report Wizard
- Analysis Wizard
- Account Hierarchy Editor

Applications Desktop Integrator (ADI) has Wizards that let you modify or access specific areas of General Ledger:

- Journal Wizard
- Analysis Wizard
- Budget Wizard
- Account Hierarchy Editor
- Report Wizard
- Request Center
Multiple Reporting Currencies
Oracle General Ledger has full multi-currency functionality to meet the needs of global companies in a global economy. In line with ISO Standard #4217, Oracle General Ledger comes with all ISO currencies predefined. Simply enable the currencies you need to begin using the Multi-Currency Accounting features.

Using Multi-Currency Accounting
- Enter transactions and report in any currency.
- Enter exchange rates online or automatically.
- Perform currency conversion on line and in real time.
- Perform remeasurement and revaluation.
- Calculate realized and unrealized gains and losses.
- Translate actual and budget balances.
- Use daily, period end, average, and historical rates.
- Comply with Generally Accepted Accounting Principles.
- Review entered, converted, and translated balances.
- Produce foreign currency financial statements and reports.

Foreign Currency Concepts
Conversion refers to foreign currency transactions that are immediately converted at the time of entry to the functional currency of the set of books in which the transaction takes place.
Revaluation adjusts asset or liability accounts that may be materially understated or overstated at the end of a period due to a significant fluctuation in the exchange rate between the time the transaction was entered and the end of the period.
Translation restates an entire set of books or balances for a company from the functional currency to a foreign currency.

Integrating with Subledgers Many foreign-denominated transactions are originally entered and then settled in feeder systems such as Oracle Payables and Oracle Receivables. Oracle subledgers share the same General Ledger rate table. Different conversion rate types provide each subledger the opportunity to convert transactions at different rates daily. It is important to implement procedures for entering and maintaining exchange rates to avoid inconsistencies.
Multiple Currency Accounting

Multiple Sets of Books set of books consists of the following elements: an accounting calendar, an account structure, and currency. If one of these elements is different, you must create a separate set of books.

Multiple Reporting Set of Books Multiple Reporting Currencies (MRC) is beneficial for companies who must regularly and routinely report their transactions and financial results in multiple currencies. With MRC, you create a primary set of books then associate several reporting sets of books with different currencies to that primary set of books. Daily transactions are entered in the primary set of books. Then they are posted and transferred to the reporting sets of books where the foreign currency transactions are converted to the reporting set of books functional currency. If your companies do not need to routinely report transactions in multiple currencies, you should maintain and process transactions independently in separate sets of books.

Note: To use MRC, the primary and reporting sets of books must all share the same calendar and chart of accounts structures.

Transactions are entered in the Primary Set of Books in functional or any foreign currency. Foreign currency journals are immediately converted to the functional currency. When the journals are posted in the Primary Set of Books, unposted journals are created in each associated Reporting Set of Books. These journals show the originally entered currency and conversion to the Reporting Set of Books functional currency. After the journals in the Reporting Set of books are posted, reporting and account inquiry can be done in both the Primary and Reporting Sets of Books functional currency as well as the entered currency.
Before you can enter foreign currency transactions you need to complete the following steps. The only currency that is initially enabled is the U.S. dollar (USD). To use a currency other than the U.S. dollar, you must define (if not already defined) and enable the currency in Oracle General Ledger.

1. Define new currencies (N) Setup > Currencies > Define
2. Enable seeded currencies
3. Define rate types
4. Enter daily rates

**Conversion Overview**

You can enter foreign currency journal entries directly in the Enter Journals window or you can enter foreign currency journals in a Microsoft Excel worksheet created in the Journal Wizard and take advantage of the spreadsheet's functionality. If you specify a foreign currency, conversion date, and conversion rate type when entering journals, General Ledger automatically displays the daily rate. Daily rates are defined to convert the entered foreign currency to your functional currency for the specified date and rate type. General Ledger calculates functional debit and credit equivalents by multiplying the debits and credits entered in a foreign currency by the retrieved daily rate.

*Oracle General Ledger converts journal amounts entered in a foreign currency to functional currency equivalents using daily conversion rates.*
Defining Conversion Rate Types

Use conversion rate types to assign a rate when you convert foreign currency journal amounts to functional currency equivalents. When you enter a foreign currency journal, General Ledger displays the predefined exchange rate based on the currency, rate type (unless you are using the User rate type where you must enter the rate), and conversion date you enter.

**General Ledger Predefined Rate Types**

- **Spot**: An exchange rate based on the rate for a specific date. It applies to the immediate delivery of a currency.
- **Corporate**: An exchange rate that standardize rates for your company. This rate is generally a standard market rate determined by senior financial management for use throughout the organization.
- **User**: An exchange rate that you enter during foreign currency journal entry.
- **EMU Fixed**: An exchange rate that is used by countries joining the EU during the transition period to the Euro currency.
- **User Defined**: A rate type defined by the your company to meet special needs.

Entering Daily Rates

After you define your conversion rate types, you can enter daily rates. You can maintain daily conversion rates between any two currencies that you have enabled in your applications instance, regardless of your functional currency. These rates are also available when entering cross-currency transactions in Payables and Receivables. In addition, you can enter inverse rates independently rather than have General Ledger calculate them from the entered rate.

**Rates Shared Across Sets of Books** Daily conversion rates are now shared across all sets of books within an Applications instance. You no longer need to maintain the same rates in multiple sets of books.

**Loading Daily Rates Automatically** General Ledger provides the GL_DAILY_RATES_INTERFACE table to use to automatically insert, update, or delete daily rates in the GL_DAILY_RATES table. General Ledger validates the rows in the interface table before making changes in the GL_DAILY_RATES table.

**Warning**: Always use the interface table to load your daily rates into General Ledger. Do not load rates directly into the GL_DAILY_RATES table. This can corrupt your daily rates data.
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1. Define Conversion Rate Types
   N) Setup > Currencies > Rates > Types

2. Enter Daily Rates
   N) Setup > Currencies > Rates > Daily

3. Enter a Foreign Currency Journal
   N) Journals > Enter (B) New Batch

Post and Review Your Batch
Run a Foreign Currency Journals Report

Journals–Foreign Currency report

Revaluation Overview

Revalue balance sheet account balances denominated in a foreign currency to reflect the change in the foreign currency rate from the date a transaction is entered and the reporting date in compliance with SFAS 52 (U.S.).

Revaluation Example

In this example, the value of the receivable in Euro never changed. The original receivable transaction was entered in Euro and converted to 550 U.S. Dollars. Upon revaluation, the exchange rate changed. The original receivable still stands at 1000 Euro. The converted amount changes to 600 U.S. Dollars. The difference, 50 U.S. Dollars is posted to the Unrealized Gain/Loss Account. At the beginning of the following period, the revaluation journal is reversed.

Revalue account balances to reflect the change in the foreign currency rate from the date a transaction is entered and the reporting date.
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Revaluation Process
Finds defined accounts in which all or a portion of the balance is derived from foreign currency transactions. Revalues the foreign currency portion of the account balance using the Revaluation Rate from the Period Rates table. The Revaluation Rate is the inverse of the Period End Rate (expressed as $1/\text{Period End Rate}$). Calculates the difference between the current cumulative functional balance of these foreign transactions and the revalued functional currency balance calculated using the Revaluation Rate. Creates an unposted journal batch to adjust the account balance to the new revalued balance. The offset account is the Unrealized Gain/Loss account specified when you run the revaluation process. **Note:** After the revaluation process is completed, post the journal entry and then, at the beginning of the next period, reverse the journal.

Running Revaluation
Prerequisites Before you run revaluation, you should do the following:
• Define an unrealized gain/loss account.
• Define a revaluation rate for each currency by period.

Running Revaluation Revaluation is run at the end of each accounting period as part of the close process to revalue balance sheet accounts that are denominated in a foreign currency in accordance with SFAS 52 (US). The journal is then reversed at the beginning of the next period. The process is repeated until the transactions are settled. The Realized Gain/Loss is recorded in the appropriate subledger (Payables or Receivables) and transferred to the General Ledger at the time the obligation is settled.

Currencies Revaluation can be run for a single foreign currency, the Euro and EMU currencies (during the transition period), or for All currencies. When you run revaluation, General Ledger creates a revaluation batch containing a separate journal entry for each revalued foreign currency. **Note** that General Ledger creates the revaluation adjustments in your functional currency. General Ledger automatically defines the reversal period as the next accounting period. Average Balance Sets of Books When you revalue balances in an average balance set of books, General Ledger only revalues standard balances. When you post the revaluation journal entries to update your standard balances, the system recalculates your average balances automatically. For more information, refer to Average Balance Processing in the Oracle General Ledger User Guide or the 11i General Ledger Financial Management Advanced Topic Average Balance Processing.

Multiple Reporting Currencies Under the SFAS 52 remeasurement (the temporal method translation), it is necessary to remeasure foreign currency gains or losses recorded in your primary set of books currency and recorded them in the reporting set of books currency.
Revaluation Example
At the end of the accounting period, the revaluation process creates an unposted journal to record the change in the converted balances to the Unrealized Gain/Loss Account. The journal is posted, and then reversed at the beginning of the next reporting period. In this example:
- The original journal amount entered in Euro remains the same.
- At period end, the exchange rate has changed to .81 US Dollars.
- The receivable is still 10,000 Euro, but is now $8,100 US Dollars.
- The offset of $100 US Dollars is recorded in the Unrealized Gain account.

Period Rates
You must define and enable your currencies before you can enter period rates. General Ledger uses the following rates to perform foreign currency translation in accordance with SFAS #52 (U.S.).

(N) Setup > Currencies > Rates > Period
- Period-Average Rate – Used to translate income statement accounts.
- Period-End Rate – Used to translate balance sheet accounts.
Revaluation Rate: General Ledger enters the inverse of the period-end rate as the revaluation rate. Revaluations are performed on accounts that have foreign currency balances at the end of the period to properly state the balances to the current converted functional currency amount.
Note: Countries joining the European Union, please refer to Revaluation during Transition to the Euro in the Oracle General Ledger User Guide.

(N) Currency > Revaluation
Enter Period Rates (N) Setup > Currencies > Rates > Period
Translation Overview

Translate actual and budget balances from functional currency to foreign currencies for online inquiries, reports, and consolidations. If you have average balance processing enabled, you can translate average balances as well as standard balances. Run translation after you have completed all journal activity for an accounting period. If you post additional journal entries or change your translation rates after running translation for a period, you must retranslate.

**Note:** Additionally, if you change the account type for an account segment value and want to retranslate your actual account balances, you must reenter or change the period end and period average exchange rates for the periods that you want to retranslate.

Foreign Currency Translation Versus Multiple Reporting Currencies (MRC) MRC is specifically intended for use by organizations that must regularly and routinely report their financial results in multiple currencies. MRC is not intended as a replacement for General Ledger's translation feature. For example, an organization with a once-a-year need to translate their financial statements to their parent company's currency for consolidation purposes, but no other foreign currency reporting needs, should use General Ledger's standard translation feature instead of MRC.

Foreign currency translation is a process that lets you restate your functional currency account balances into a reporting currency.
General Ledger selects translation rates based on the GL Account Type and Translation Rate Type:

<table>
<thead>
<tr>
<th>GL Account Type</th>
<th>Period-End</th>
<th>Period-Average</th>
<th>Historic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monetary Assets, Liabilities</td>
<td>✔️</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Monetary Assets, Liabilities</td>
<td></td>
<td>✔️</td>
<td></td>
</tr>
<tr>
<td>Revenue, Expense</td>
<td></td>
<td>✔️</td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td>✔️</td>
<td></td>
</tr>
</tbody>
</table>

**Balances and Rates Used for Translation**

<table>
<thead>
<tr>
<th>Account Type</th>
<th>Balance and Rate Used in Translation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>Cumulative balance and period-end rate</td>
</tr>
<tr>
<td>Liabilities</td>
<td>Cumulative balance and period-end rate</td>
</tr>
<tr>
<td>Revenue</td>
<td>Periodic balances and period average rates</td>
</tr>
<tr>
<td>Expense</td>
<td>Periodic balances and period average rates</td>
</tr>
<tr>
<td>Equity</td>
<td>Cumulative balance and period-end rate unless historical rates are defined for these accounts</td>
</tr>
</tbody>
</table>

**Period End Rates:** The daily rate on the last day of your accounting period.

**Period Average Rates:** The average of your daily rates throughout your accounting period.

**Historical Rates:** The weighted average rate for transactions that occur at different points in time.

**Cumulative Translation Adjustment Account** When you translate your actual balances into another currency, General Ledger automatically adjusts the balance of the Cumulative Translation Adjustment account to the net difference needed to balance your translated chart of accounts. If you have multiple companies or balancing entities within a set of books, General Ledger automatically adjusts the balance of the translation adjustment accounts of each company or balancing entity. General Ledger does not make balancing adjustments to this account when you translate budget balances.

Historical Rates: are a weighted average rate for transactions that occur at different times. Historical rates are used to report journal entry line amounts in the units of money that were current when the transactions took place. Historical balances are the opposite of inflation adjusted balances. More precise than period end rates with respect to equity accounts. Defined before running translation to avoid having to retranslate your balances. Stabilize the translated balances for long-term accounts.
Translation with Historical Rates and Amounts

**Account Balance:** You can assign historical rates or amounts to accounts, either individually or by range. The resulting amount is a Year to Date translated account balance. Generally, you enter historical rates only for specific balance sheet accounts. For example, you can use historical rates to translate non-monetary and selected equity account balances.

**Net Activity:** General Ledger uses the historical amount or rate to translate the net period activity for the account. The amount is added to the previous period's translated balance to arrive at the current period's translated balance.

**Revenue/Expense:** The amount is treated as translated net activity for the period.

**Asset/Liability:** The amount becomes the Year to Date translated balance for the account.

**Owner's Equity:** If the profile option GL: Owners Equity Translation Rule is set to PTD (Period to Date), the amount is treated as translated net activity for the period. If the profile option is set to YTD (Year to Date), the amount becomes the Year to Date translated balance.

- If you have defined historical rates or amounts, Oracle General Ledger selects one of two amounts that is used to arrive at a translated balance for your account:
  - Account Balance
  - Net Activity

- The amount differs depending on the type of account to which the historical rate or amount applies:
  - Revenue/Expense
  - Asset/Liability
  - Owner's Equity

Translating Owners' Equity Accounts

Historical rates are more precise than period-end rates for owners' equity accounts. If you translate your owners' equity account without defining a historical rate, General Ledger warns you that it used a calculated or period-end rate to perform translation. If you receive such a warning, we suggest that you define a historical rate and retranslate your balances using the newly entered rate. The Owners' Equity Translation rule is enabled by the profile option GL: Owners Equity Translation Rule. The default value is PTD (Period to Date).

**Owners' Equity Translation Rules**

- **Period-to-Date Rule (PTD)** for Revenue and Expense accounts
  
  PTD (xlt) = Rate X PTD (func)

- **Year-to-Date Rule (YTD)** for Asset and Liability accounts
  
  YTD (xlt) = Rate X YTD (func)

  Where (xlt) = translated currency
  
  (func) = functional currency

Example: Translating Owner's Equity Rules from Euro functional currency to USD.

PTD balance for Revenue or Expense in USD = Historic Rate X PTD Euro Balance

YTD balance for Assets or Liabilities in USD = Historic Rate X YTD Euro Balance

**Restating Balances Previously Translated with the Year-to-Date Rule**

Older versions of General Ledger always translated owners' equity accounts using the Year-to-Date rule. If you subsequently switch to the Period-to-Date rule, your owners' equity accounts are translated using this rule for new translations only. Previously translated owners' equity balances do not change. If you wish, you can restate your previously translated owners' equity balances.
Automatically Assigned Rate Types

If no historical rate was assigned to an owner's equity account or to an account which had an entered historical rate, General Ledger automatically creates a historical rate and assigns one of the rate types listed below.

**Prior**
General Ledger uses the most recently entered historical rate or amount for your balance sheet accounts, and assigns it the rate type Prior. If you have average balance processing enabled, General Ledger rolls this historical rate or amount forward using the rate type Prior.

**Period**
If you have never defined a historical rate or amount for an owner's equity account, General Ledger creates historical rates using:
- The period-average rate if the profile option GL: Owners Equity Translation Rule is set to PTD (Period to Date).
- The period-end rate if the profile option GL: Owners Equity Translation Rule is set to YTD (Year to Date).

In both cases, General Ledger assigns the rate type Period.

**Calculated**
This rate type is only used when the profile option GL: Owners Equity Translation Rule is set to YTD (Year to Date). It is only applicable to the first period of your fiscal year. If you have never defined a historical rate or amount for your retained earnings account, General Ledger calculates a rate and assigns it the rate type Calculated.

Set Up Historical Rates

(\textit{N}) Setup > Currencies > Rates > Historical

Translate Functional Currency Account Balances

(\textit{N}) Currency > Translation

Foreign Currency Listings

**Daily Conversion Rates Listing:** Lists the daily conversion rates defined for a specific foreign currency and accounting period.

**Historical Rates Listing:** Lists defined historical translation rates and amounts.

**Period Rates Listing:** Lists defined exchange rates for any accounting period, including the period-average and period-end translation rates and revaluation rates.

Foreign Currency Reports

**Foreign Currency General Ledger Report:** For each journal line entered in a foreign currency, the report prints the account affected, the description of the account segment value, the journal line amount in both your functional and foreign currency, and the beginning and ending account balances in both your functional and foreign currency.
Foreign Currency Journals Report: Review journal batches and associated journals for your posted, unposted or error journals entered in a foreign currency. You can run this report with line or source item reference information to help identify the origin of journals created by Journal Import.


Foreign Currency Summary 1 Trial Balance: Review summarized General Ledger balances and activity entered in a foreign currency. The report summarizes balances and activity by account segment value.

Translation Trial Balance: Review your account balances and period activity after running translation.

Foreign Account Analysis Report: Review source, category and reference information to trace your foreign currency transactions back to their original source. You can run this report with entry, line or source item reference information to help identify the origin of journals created by Journal Import.

Foreign Account Analysis Report with Payables Detail: Review foreign currency balances and transactions for any account(s). You can use this report to reconcile asset additions imported into General Ledger from Oracle Payables. To run this report, you must have Oracle Payables installed on your system and you must allow detail posting of invoices from Oracle Payables to General Ledger.

Quick Reference