Oracle® Financial Consolidation Hub

User's Guide

Release 11*i*

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Oracle Financial Consolidation Hub User's Guide, Release 11*i*

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Preface

Intended Audience

Welcome to Release 11*i* of the *Oracle Financial Consolidation Hub User's Guide*.

This guide contains the information needed to implement and use Oracle Financial Consolidation Hub.

See Related Documents on page x for more Oracle Applications product information.

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Structure

Related Documents

You can choose from many sources of information, including online documentation, training, and support services, to increase your knowledge and understanding of Financial Consolidation Hub.

If this guide refers you to other Oracle Applications documentation, use only the Release 11i versions of those guides.

Online Documentation

All Oracle Applications documentation is available online (HTML or PDF).

- Online Help – Online help patches (HTML) are available on Oracle*MetaLink.*
- About Documents – Refer to the About Document for the mini–pack or family pack that you have installed to learn about new documentation or documentation patches that you can download. About Documents are available on Oracle*MetaLink*.

User Guides Related to this Product

- **Oracle General Ledger User Guide:** This guide contains the information you need to implement and set up Oracle General Ledger. Also included in the guide is descriptive information on the following areas: entering and posting journal entries, creating budgets, performing inquiries, using reporting tools, using Global Consolidation System to consolidate multiple companies, using multi-currency and encumbrance accounting, using average balance processing features, using standard reports and listings, and performing maintenance tasks.
- **Oracle Enterprise Performance Foundation User's Guide:** This guide helps you understand and use Oracle Enterprise Performance Foundation. It describes how to use the dimension and hierarchy management features available through Oracle Enterprise Performance Foundation and describes the tasks related to schema administration in Oracle Enterprise Performance Foundation. Additionally, the

guide introduces the Oracle Enterprise Performance Foundation interface architecture and its use of external data loaders.

- **Oracle Enterprise Planning and Budgeting User's Guide:** This guide describes how to administer Enterprise Planning and Budgeting, set up and monitor enterprise-wide business processes, enter data, and define reports.
- **Oracle XML Publisher User's Guide:** This guide instructs users on how to use Oracle XML Publisher to create customized reports from the Oracle E-Business Suite.
- **Oracle Web Applications Desktop Integrator User Guide:** ADI is an integral part of the Oracle General Ledger application. ADI is a spreadsheet–based extension of General Ledger. and Oracle Assets, that offers full–cycle accounting within the comfort and familiarity of a spreadsheet. This guide describes how to use Applications Desktop Integrator's (ADI) Budget, Journal, Create Assets, Reconcile Physical Inventory, Import Assets, and Report Wizards. You can use these spreadsheet–based tools for entering journals, entering and revising budgets, maintaining your asset inventory, and creating financial reports. The guide also describes how to use the Request Center to submit and monitor concurrent requests, then download the report output for publishing to a spreadsheet or a web page.
- **Oracle Applications Flexfields Guide:** This manual provides flexfields planning, setup, and reference information for the General Ledger implementation team, as well as for users responsible for the ongoing maintenance of Oracle Applications product data. This manual also provides information on creating custom reports on flexfields data.

User Guides Related to all Products

- **Oracle Applications User's Guide:** This guide explains how to enter data, query, run reports, and navigate using the graphical user interface (GUI) available with this release of Financial Consolidation Hub (and any other Oracle Applications products). This guide also includes information on setting user profiles, as well as running and reviewing reports and concurrent processes. You can access this user's guide online by choosing Getting Started with Oracle Applications from any Oracle Applications help file.

Installation and System Administration

- **Oracle Applications Concepts:** This guide provides an introduction to the concepts, features, technology stack, architecture, and terminology for Oracle Applications Release 11i. It provides a useful first book to read before installing Oracle Applications. This guide also introduces the concepts behind Applications–wide features such as Business Intelligence (BIS), languages and character sets, and Self–Service Web Applications.
- **Installing Oracle Applications:** This guide provides instructions for managing the installation of Oracle Applications products. In Release 11i, much of the installation process is handled using Oracle Rapid Install, which minimizes the time to install Oracle Applications and the technology stack by automating many of the required steps. This guide contains instructions for using Oracle Rapid Install and lists the tasks you need to perform to finish your installation. You should use this guide in conjunction with individual product users' guides and implementation guides.
- **Upgrading Oracle Applications:** Refer to this guide if you are upgrading your Oracle Applications Release 10.7 or Release 11.0 products to Release 11i. This guide describes the upgrade process and lists database and product–specific upgrade

tasks. You must be either at Release 10.7 (NCA, SmartClient, or character mode) or Release 11.0, to upgrade to Release 11i. You cannot upgrade to Release 11i directly from releases prior to 10.7.

- **Maintaining Oracle Applications:** Use this guide to help you run the various AD utilities, such as AutoUpgrade, AutoPatch, AD Administration, AD Controller, AD Relink, License Manager, and others. It contains how–to steps, screenshots, and other information that you need to run the AD utilities. This guide also provides information on maintaining the Oracle Applications file system and database.
- **Oracle Applications System Administrator's Guide:** This guide provides planning and reference information for the Oracle Applications System Administrator. It contains information on how to define security, customize menus and online help, and manage concurrent processing.
- **Oracle Alert User's Guide:** This guide explains how to define periodic and event alerts to monitor the status of your Oracle Applications data.
- **Oracle Applications Developer's Guide:** This guide contains the coding standards followed by the Oracle Applications development staff. It describes the Oracle Application Object Library components needed to implement the Oracle Applications user interface described in the Oracle Applications User Interface Standards for Forms–Based Products. It also provides information to help you build your custom Oracle Forms Developer 6i forms so that they integrate with Oracle Applications.

Other Implementation Documentation

- **Oracle Workflow Administrator's Guide:** This guide explains how to complete the setup steps necessary for any Oracle Applications product that includes workflow–enabled processes, as well as how to monitor the progress of runtime workflow processes.
- **Oracle Workflow Developer's Guide:** This guide explains how to define new workflow business processes and customize existing Oracle Applications–embedded workflow processes. It also describes how to define and customize business events and event subscriptions.
- **Oracle Workflow User's Guide:** This guide describes how Oracle Applications users can view and respond to workflow notifications and monitor the progress of their workflow processes.
- **Oracle Workflow API Reference:** This guide describes the APIs provided for developers and administrators to access Oracle Workflow.
- **Oracle eTechnical Reference Manuals:** Each eTechnical Reference Manual (eTRM) contains database diagrams and a detailed description of database tables, forms, reports, and programs for a specific Oracle Applications product. This information helps you convert data from your existing applications and integrate Oracle Applications data with non–Oracle applications, and write custom reports for Oracle Applications products. Oracle eTRM is available on Oracle*MetaLink*.
- **Oracle Applications Message Reference Manual:** This manual describes all Oracle Applications messages. This manual is available in HTML format on the documentation CD–ROM for Release 11*i*.

Do Not Use Database Tools to Modify Oracle Applications Data

Oracle STRONGLY RECOMMENDS that you never use SQL*Plus, Oracle Data Browser, database triggers, or any other tool to modify Oracle Applications data unless otherwise instructed.

Oracle provides powerful tools you can use to create, store, change, retrieve, and maintain information in an Oracle database. But if you use Oracle tools such as SQL*Plus to modify Oracle Applications data, you risk destroying the integrity of your data and you lose the ability to audit changes to your data.

Because Oracle Applications tables are interrelated, any change you make using an Oracle Applications form can update many tables at once. But when you modify Oracle Applications data using anything other than Oracle Applications, you may change a row in one table without making corresponding changes in related tables. If your tables get out of synchronization with each other, you risk retrieving erroneous information and you risk unpredictable results throughout Oracle Applications.

When you use Oracle Applications to modify your data, Oracle Applications automatically checks that your changes are valid. Oracle Applications also keeps track of who changes information. If you enter information into database tables using database tools, you may store invalid information. You also lose the ability to track who has changed your information because SQL*Plus and other database tools do not keep a record of changes.

1

About Financial Consolidation Hub

Financial Consolidation Hub Overview

Oracle Financial Consolidation Hub brings together financial data from disparate sources to create a single, global view of financial information across the entire enterprise. By providing one consistent view of your enterprise's financial position across complex organizational boundaries, it enables you to confidently comply with financial reporting requirements, adapt to changing business conditions, and establish a basis for ongoing, enterprise-wide performance management. Financial Consolidation Hub is a key component of Oracle Corporate Performance Management, a comprehensive solution for improving performance across all facets of your business.

Complies with Financial Reporting Requirements

Enterprises today are under constant pressure to speed the process of closing their books, striving to comply with more stringent financial reporting requirements while seeking faster access to critical business information. Compounding these pressures are disparate financial systems; complex ownership structures; and multiple business units, cost centers, or consolidation structures that make consolidating financial data a manual, time-consuming, and resource-intensive process. Financial Consolidation Hub provides faster processing and deeper visibility into a single source of consolidated results to significantly help with accelerated reporting, expanded disclosures, and certified internal controls.

Adapts to Dynamic and Complex Business Conditions

After spending the last decade cutting costs and missing revenue targets, executive offices worldwide are now pursuing a diversified and sustainable mix of top-line growth initiatives. Strategies such as tapping into expanding markets or market segments, moving into adjacent markets, or investing in completely new markets require flexible, adaptable systems that can keep pace with a business environment unprecedented in its rate of change. Financial Consolidation Hub is built to adapt to changing business requirements, offering an open architecture that rationalizes data from disparate systems into a single, actionable source of truth.

Provides a Basis for Enterprise-Wide Performance Management

Today's financial organizations are being called upon to achieve both strategic and operational excellence. After all, the best plans in the world are futile without effective execution; likewise, effective execution is wasted if it's based on flawed strategy. Achieving such corporate alignment requires a single, enterprise view of the firm's financial position. Financial Consolidation Hub creates this view by integrating

multiple subsidiaries and investments from a variety of countries with disparate accounting systems, ownership structures, charts of accounts, and currencies. By providing accurate, timely, and enterprise-wide information, Financial Consolidation Hub provides a foundation, upon which financial organizations can establish and evaluate business strategies.

2

The Financial Consolidation Hub Solution

Quick Reference

This chapter provides a quick reference to the common issues encountered in the implementation of a consolidation system. It is a starting point where you can review the issues, gain a high level understanding of how Financial Consolidation Hub handles the issues, and find a reference to the section in this user's guide where you can obtain further information. For ease of presentation, we have organized the issues into three categories: data submission, consolidation processing, and reporting and analysis.

Data Submission

Issue	Functionality	Reference
Use data from Oracle General Ledger.	Direct access to data in Oracle General Ledger is provided.	• Setting up Enterprise Performance Foundation, page 4- 1 , see Activating Dimension Columns, page 4- 3 • Submitting Data for Oracle Entities, page 13- 3
Load data from other systems.	Spreadsheet-based uploads over the Web are supported.	• Spreadsheet Loader, page 13- 5
Standardize data.	Complete transformation, validation, and chart of accounts standardization capabilities are included.	• Submitting Data, page 13- 1 Submitting Data for External Entities, page 13- 4 Transformation Rule Sets, page 13- 4 Validation Rule Sets, page 13- 4 • Setting up Enterprise Performance Foundation, page 4- 1 Task 3: Creating Value Sets, page 4- 4 Task 7: Creating Value Set Maps, page 4- 6
Enforce security.	The ability to restrict data submission and separate it from data access is provided.	• Secure by Role, page 5- 2 • Specifying Security Options, page 12- 2 • Role-Based Security, page 18- 1

Consolidation Processing

Issue	Functionality	Reference
Consolidate based upon different structures and accounting methods.	Consolidation hierarchies model different structures and methods.	• Consolidation Hierarchies Based on Different Accounting Methods, page 12- 4 • Setting Up Consolidation Methods, page 7- 1 • Consolidation Rule Steps, page 8- 2

Issue	Functionality	Reference
Support date-effective structures.	Consolidation hierarchies are date-effective.	• Updating Consolidation Hierarchies, page 12- 3
Automatically track changes.	If Oracle General Ledger data changes, consolidation informs the user. Hierarchy changes display impact on screen and in notifications.	• Oracle Entities Example, page 13- 5 • Updating Consolidation Hierarchies, page 12- 3 • Process Status, page 14- 1
Incremental consolidation processing.	Incremental consolidation processes only areas impacted by changes.	• Submitting Consolidations, page 14- 3
Monitor consolidation in real time.	On screen icons display up to the minute status for all subsidiary and consolidation points.	• Process Status, page 14- 1
Compare and audit results.	Details are stored for every consolidation run and can be audited through drill-down reports.	• Process History, page 14- 2
Allow adjustments.	Spreadsheet uploads are provided for consolidation and operating adjustments.	• Creating Adjustments, page 15- 1
Automate intercompany eliminations.	Intercompany rules automate both intercompany and intracompany eliminations.	• Matching, page 9- 1
Automatically create consolidation entries.	Entries can be automatically created via consolidation rules.	• Consolidation Rule Steps, page 8- 2
Perform currency standardization.	Automatically performed any time an entity's currency differs from that of its parent.	• Overview, page 11- 1
Reconcile legal and management results.	Both results are created as part of a single consolidation.	• Creating and Sharing Reports, page 17- 4
Lock results.	Results can be locked against changes at any level.	• Locking Results, page 14- 2
Enforce security.	The ability to secure running consolidation or locking results by hierarchy is provided.	• Role-Based Security, page 18- 1 • Locking Results, page 14- 2

Reporting and Analysis

Issue	Functionality	Reference
Distribute consolidation results.	Automatic distribution of online reports containing consolidation results is included.	• Defining a Notify Task, *Oracle Enterprise Planning and Budgeting User's Guide*
Allow ad-hoc analysis and drill-down.	Integrated multi-dimensional reporting provides online drill-down, select, rotate, and graph capabilities.	• Working with Crosstabs, *Oracle Enterprise Planning and Budgeting User's Guide*
Align budgets and actuals.	Both sets of data reside in the same database, use the same dimensions, and are viewed in the same reports.	• Task 1: Activating Dimension Columns, page 4- 3 • Creating and Sharing Reports, page 17- 4 • About Business Process Administration, *Oracle Enterprise Planning and Budgeting User's Guide*
Support date-effective reorganizations.	Easily edit and view multiple organization hierarchies in the same data model.	• Creating Dimension Hierarchies, page 4- 5
Enable time series and variance analysis.	Administrators or end-users can define and save formulas for use in reports.	• Working with Calculations, *Oracle Enterprise Planning and Budgeting User's Guide*
Provide alerts.	Notifications can be sent based upon performance triggers.	• Defining an Exception Alert Task, *Oracle Enterprise Planning and Budgeting User's Guide*
Export to common formats.	Reports can be exported to Excel, HTML, XML, and Oracle reports formats.	• Exporting Data from Crosstabs, *Oracle Enterprise Planning and Budgeting User's Guide*
Security	Detailed security settings can be applied to each reporting user.	• Administering Security, *Oracle Enterprise Planning and Budgeting User's Guide*

3

Setting Up Financial Consolidation Hub

Financial Consolidation Hub Setup Overview

The table below shows the Oracle Financial Consolidation Hub setup checklist. All required setup steps in this checklist must be completed in the sequence indicated.

Financial Consolidation Hub Setup Checklist

Step Number	Setup Step	Step Type	Description
Oracle Applications System Administrator or Oracle User Management			
1.	Set Up Roles, page 18- 1	required	Used for notifications and security
Oracle Financial Consolidation Hub			
2.	Set Up Enterprise Performance Foundation, page 4- 1	required	Used to define dimensionality and reference data
3.	Set Up Entities, page 5- 1	required	Used to hold general ledger data
4.	Set Up Categories, page 6- 1	optional	Used to designate business processes within consolidation
5.	Set Up Consolidation Methods, page 7- 1	optional	Used to group consolidation rules together
6.	Set Up Consolidation Rules, page 8- 1	optional	Used to automate consolidation entries
7.	Set Up Intercompany Rules, page 9- 1	optional	Used for intercompany and intracompany eliminations

Step Number	Setup Step	Step Type	Description
8.	Set Up Calendar Maps, page 10- 1	optional	Used to designate the consolidation calendar and standardize other calendars
9.	Set Up Translation, page 11- 1	optional	Used to translate or remeasure data to a parent's currency. Skip this step if are implementing a single currency.
10.	Set Up Consolidation Hierarchies, page 12- 1	required	Used to organize entities for consolidation

4

Setting Up Enterprise Performance Foundation

Overview

Oracle's Corporate Performance Management applications, including Financial Consolidation Hub, share a common data model called Enterprise Performance Foundation (EPF). EPF provides a storage area for managing reference data, which contains dimensions, dimension members, hierarchies, and business data. Financial Consolidation Hub, Enterprise Planning and Budgeting, Profitability Manager and Regulatory Capital Manager use this reference data. Oracle General Ledger users can transfer their reference and financial data into EPF. Other customers can load reference and transactional data from non-Oracle systems using spreadsheet loaders and open interfaces.

EPF comes with a set of pre-defined fact tables; a table called FEM_BALANCES (Balances table), which is used to store financial balances loaded from Oracle General Ledger or any other financial system, and 20 tables called FEM_DATA1 to FEM_DATA20, which can be used for other purposes. Financial Consolidation Hub uses the Balances table in two key ways: It reads from the table to access the financial data from an enterprise's subsidiaries and it writes consolidated results back to the table. This provides you with a single data source when performing any financial or management reporting.

Each fact table includes a number of dimension columns. These dimensions are used to model your business and are analogous to the segments of an Oracle General Ledger chart of accounts. Since Oracle's many analytical applications share a common data model, some of these dimensions may be relevant to Financial Consolidation Hub while others may not.

Required Dimensions for Financial Consolidation Hub

1. Entity: Entities are the building blocks of consolidation hierarchies. You define entities to represent the legal entities or business units that you want to consolidate. For information on entities, see Overview, page 5- 1 .

2. Company Cost Center Organization: This dimension is the main organizational dimension by which you record accounting data. Company cost center organizations are subsets of entities. When you define entities in Financial Consolidation Hub, you specify the company cost center organizations associated with each entity.

   Oracle General Ledger users typically specify a balancing segment, often called company or legal entity, and a cost center segment in their chart of accounts. Since management reporting is often driven by the combination of these two segments, EPF offers the ability to combine these two segments in a single dimension.

3. Intercompany: This dimension is used to identify and eliminate intercompany activity. It shares the same values as the company cost center organization dimension. Financial Consolidation Hub uses the intercompany dimension, together with the company cost center organization dimension, to identify balances that should be eliminated.
4. Line Item: This dimension is used to categorize the type of financial balance. Oracle General Ledger users typically specify a natural account segment in their chart of accounts. The line item dimension is analogous to this segment. Most consolidation eliminations, such as intercompany and minority interest, are based on this dimension, and most financial reporting is based on this dimension as well.
5. Calendar Period: This dimension is based on the accounting calendar for your organization. You typically run consolidation one or more times in each period.
6. Currency: This dimension identifies the currency for each balance. Each entity typically has one base currency and the financial data loaded for that entity is denominated in that currency. If an entity is consolidated to a higher-level entity with a different currency, Financial Consolidation Hub automatically translates from one currency to the other.

Optional Dimensions for Financial Consolidation Hub

1. Channel: This dimension can be used to identify the channel associated with a financial balance. Most customers do not consolidate by channel, but this is available if needed.
2. Customer: This dimension can be used to identify the customer associated with a financial balance. Most customers do not consolidate by customer, but this is available if needed.
3. Financial Element: This dimension is used to identify the type of financial balance. Common examples are ending balance, average balance, and statistical balance. It is widely used in the financial services industry, and it is used heavily by Oracle Financial Services Applications (OFSA), which share the EPF data model. If you consolidate average balances and/or statistics, you must enable this dimension, since these types of balances are identified by the financial element.
4. Natural Account: This dimension is similar to the line item dimension. It is available in addition to line item because you may need to track two different types of natural account. For example, one for legal reporting and one for management, or one for local GAAP and one for corporate GAAP. This dimension can be used in conjunction with line item for these purposes.
5. Product: This dimension can be used to identify the product associated with a financial balance. Most customers do not consolidate by product, but this is available if needed.
6. Project: This dimension can be used to identify the project associated with a financial balance. Most customers do not consolidate by project, but this is available if needed.
7. User Dimension 1 to 10: These dimensions can be enabled for any purposes not addressed by the above mentioned dimensions.

Dimensions Used Internally by Financial Consolidation Hub

1. Object: This dimension is used to identify the step, also known as category, in the consolidation process that produced a given consolidated balance. Examples include intercompany, minority interest, and aggregation. You can use the object dimension to view this granularity during reporting, but for consolidation processing, the object dimension is handled internally.

   For information on categories, see Setting Up Categories.

2. Currency Type: This dimension is used to distinguish financial data that is entered in a specific currency from balances that are translated to a specific currency.

3. Data Set: This dimension is used to group different types of data. Financial Consolidation Hub automatically creates a data set for each hierarchy and balance type as needed.

4. Ledger: This dimension is used to identify the set of books (also known as ledger) from which a financial balance was loaded.

Dimensions not Used by Financial Consolidation Hub

1. Activity: Financial Consolidation Hub does not support this dimension. Do not enable it.

2. Cost Object: Financial Consolidation Hub does not support this dimension. Do not enable it.

Tasks

Before you can proceed with consolidation-specific setup steps, you must first complete all required tasks for EPF setup on the Foundation page.

Task 1: Activating Dimension Columns

For Task 1, you are identifying the set of dimensions that are used for loading source data. For example, if your financial balances that are being loaded from other systems are dimensioned by company cost center organization, line item, intercompany, product, period, currency, entity, and user dimension 1, you must specify that here. This set must include all dimensions required for Financial Consolidation Hub, as well as any optional dimensions that you use. For information on dimensions required by Financial Consolidation Hub, see Required Dimensions for Financial Consolidation Hub, page 4- 1 .

From this set of dimensions, you must then specify those to be used for consolidation processing. It is possible that you may load financial data by a dimension that you are not interested in for consolidation purposes. For example, your general ledger data may contain product-level information, and it may be used in other EPF applications. However, including product-specific information in your consolidation process may be unnecessary. In this case, Financial Consolidation Hub aggregates across all values of this dimension during processing.

From the set of processing dimensions, you must then specify those to be used for reporting and analysis. Again, it is possible that you may consolidate by a dimension, but not need to report against it.

To define the dimensionality of your source data, click the Add Keys button within the task and select the appropriate columns.

> **Caution:** Before completing Task 1, review your dimension column selections. After creating consolidation hierarchies and entities, you cannot change your column selections.

Task 2: Creating FEM Balances Index

For Task 2, System Administrators must manually create a unique index on the Balances table. The FEM_BALANCES_U1 must be dropped and a unique index created, which contains all the dimension columns selected in Task 1.

Task 3: Creating Value Sets

> **Note:** This step can be omitted if all account data brought into EPF from external systems is based on a single chart of accounts or data is synchronized from Oracle General Ledger to EPF. For information on transferring data from General Ledger to EPF, see Using Oracle General Ledger with EPF, page 4- 7 .

For Task 3, you are creating value sets for dimensions. A value set is a list of dimension members that belong to a particular dimension. Value Sets are used to separate dimension members into meaningful sets. For example, a company may perform accounting according to local and corporate standards. It can create a value set for each, such that natural account 1110 may correspond to Cash in the local value set, whereas it corresponds to Accounts Receivable in the corporate value set.

Since consolidation needs to operate on standardized data, you specify a single value set to use for each dimension. However, the data you load from source systems may use many different value sets for a given dimension. In Task 3, you must define all value sets for which data will be loaded.

Financial Consolidation Hub offers a default value set for each dimension. Additionally, if you use Oracle General Ledger, all of the value sets associated with your chart of accounts structures will be automatically synchronized into EPF. Therefore, you only need to create additional value sets in EPF if you are loading data from non-Oracle financial systems that use different sets of values. If all financial data brought in through external systems is based on a single chart of accounts, or is transferred from Oracle General Ledger, this step may be omitted.

To transfer data from Oracle General Ledger to EPF, see Using Oracle General Ledger with EPF, page 4- 7 .

Task 4: Selecting a Consolidation Global Value Set Combination

For Task 4, you are selecting a single global value set combination for the system to use for consolidated results, which represents your corporate account structure. The global value set combination in EPF is analogous to a chart of accounts. This determines the value set used for consolidation for each dimension. Any data that is loaded from external systems using different value sets must be mapped to the global value set combination. This mapping is performed automatically by Financial Consolidation Hub in the Data Preparation step of the Consolidation Process, based on mappings defined by the user.

You may select the seeded default global value set combination or you may create a global value set combination if needed. If you are using Oracle General Ledger, a global value set combination is automatically created for each chart of accounts that you transfer to EPF.

To transfer data from Oracle General Ledger to EPF, see Using Oracle General Ledger with EPF, page 4- 7 .

> **Caution:** Before completing Task 4, review your selection. After creating consolidation hierarchies and entities, you cannot change your global value set combination selection.

Task 5: Adding Dimension Members

For Task 5, you are adding dimension members to dimensions. A dimension is a classification scheme used to categorize or group business data. For example, data can be grouped by the following dimensions: line item, product, geographical area, customer, natural account, or time. A dimension contains dimension members. For example, the Line Item dimension might have dimension members of Total Assets and Fixed Assets.

If you use Oracle General Ledger, then the segment values for the relevant charts of accounts are automatically synchronized into EPF as dimension members. If you do not use Oracle General Ledger, or if you need additional dimension members for analytical or consolidation purposes, you can create them using spreadsheet loaders.

The spreadsheet loaders include columns for display code, name, description, and value set. Additionally, if you are working with the following dimensions, the spreadsheet loaders include additional columns:

- Line Item: An additional column is available to select the account type
- Natural Account: An additional column is available to select the account type
- Company Cost Center Organization: Additional columns are available to enter the company and cost center associated with each organization. Company is required but cost center is optional

  > **Note:** Creating members for the Entity dimension is done in a separate setup step. For information on creating entities, see Overview, page 5- 1 .

Task 6: Creating Dimension Hierarchies

For Task 6, you are creating dimension hierarchies for processing and reporting. A dimension hierarchy is a structure of dimension members that is organized by parent/child relationships. Dimension hierarchies can have multiple versions, all of which have an effective date range.

If you are using Oracle General Ledger, then the segment value hierarchies for the relevant charts of accounts are automatically synchronized into EPF as dimension hierarchies. For information on transferring dimension hierarchies from Oracle General Ledger to EPF, see Using Oracle General Ledger with EPF, page 4- 7 .

If you do not use Oracle General Ledger or if you need additional hierarchies for analytical or consolidation purposes, you can create them using spreadsheet loaders. The spreadsheet loaders enable you to enter hierarchies as an unlimited number of parent-child pairs. You can version hierarchies, for example, to take reorganizations into

account. When you run consolidation, Financial Consolidation Hub uses the appropriate version based on the effective date for which you are consolidating.

> **Note:** Creating consolidation hierarchies for the Entity dimension is done in a separate setup step. For information on creating consolidation hierarchies, see Setting Up Consolidation Hierarchies, page 12- 1 .

Task 7: Creating Value Set Maps

For Task 7 you are creating value set maps. A value set map specifies the relationship between dimension members in child value sets to dimension members in the consolidation value sets. Each dimension can have only one value set map, but each value set map can have multiple date effective versions. Value set maps are created so the system can convert data in multiple value sets to the single global value set combination you selected in Task 4.

Standardizing on a single chart of accounts is one of the challenges you encounter when you load data from subsidiaries running different accounting systems in different regions of the world. Financial Consolidation Hub enables you to standardize on a chart of accounts using value set mapping capabilities.

Value set maps enable Financial Consolidation Hub to automate the standardization of data from multiple charts of accounts to a single consolidated chart of accounts. If your organization uses a single global chart of accounts, you have one value set per EPF dimension and you do not need to create value set maps. However, if you have multiple charts of accounts and consequently have multiple EPF dimension value sets, you must create value set maps for each dimension that contains more than one EPF value set.

To create a value set map, you use a spreadsheet to map the child display code values to the values in the consolidation global value set. To upload the spreadsheet to the system, navigate to the Oracle menu, select Upload, and click the Upload button. Mappings are created on a dimension-by-dimension basis. Therefore, you can only map values from a subsidiary's natural account dimension to the parent's natural account dimension. You cannot map the subsidiary's natural account dimension to the parent's line item dimension.

During the Data Preparation step of the consolidation process, Financial Consolidation Hub maps the source values into the specified parent values.

You can version value set mappings, for example to take reorganizations into account. When you run consolidation, Financial Consolidation Hub applies the appropriate version based on the effective date for which you are consolidating.

Task 8: Specifying XML Publisher Templates

For Task 8, you are specifying the XML Publisher templates you wish to use for formatting reports. Financial Consolidation Hub uses XML Publisher for ad-hoc reporting. XML Publisher enables you to easily change the formatting of your reports by modifying them using common desktop applications like Microsoft Word. For detailed information on using XML Publisher, see Creating an RTF Template, *Oracle XML Publisher User's Guide*.

Financial Consolidation Hub provides the following report templates:

- Consolidation Entries Template: Used to view manual adjustments, consolidation entries, and notifications.

- Consolidation Trial Balance Template: Used to view detailed consolidation worksheet reports.
- Data Submission Load Data Template: Used to view data loaded by each submission.
- Data Submission Trial Balance Template: Used to view the current data in EPF for an entity. This may differ from the Data Submission Load Data Template because it represents the cumulative effect of all data submissions for a given entity in a given period.
- Acquisition and Disposal Trial Balance Template: Used to view the trial balance loaded for acquisition or disposal purposes.

> **Note:** You can use the default report templates as a baseline to create reports with customized formatting, but you cannot modify the report templates.

Task 9: Setting Up Analytical Reporting

For Task 9, you are mapping Financial Consolidation Hub columns in EPF to reporting dimensions to enable multi-dimensional reporting and analysis.

First, you must specify a data table in EPF, which is used to push consolidation results into another repository to archive the results. Secondly, you must specify a line item dimension hierarchy to determine the aggregation points across the line item dimension. This hierarchy must include all line items within the consolidation chart of accounts to guarantee all consolidation results are available in reporting and analysis.

> **Note:** In Task 1, if you selected the Object, Financial Element, or Intercompany columns to be available as reporting dimensions, you must now specify a dimension map to use for these columns. For example, map the Object dimension to User-Defined Dimension 1.

For information on analytical reporting, see Setting Up Analytical Reporting, page 17- 1 .

Using Oracle General Ledger with Enterprise Performance Foundation

Financial Consolidation Hub facilitates the synchronization of data from Oracle General Ledger. This comprises the following setup components: ledger assignments, dimension rules, hierarchy rules, and balances rules. For information on balances rules, see Setting Up Data Submission for Oracle Entities, page 13- 1 .

To use Oracle General Ledger with Financial Consolidation Hub, you must perform the following setup steps:

- assign ledgers for analytic processing in EPF
- define and run dimension rules
- define and run hierarchy rules
- define and run balances rules

To access the setup steps, select the Enterprise Performance Administrator responsibility and navigate to the Data Rules tab.

Ledger Assignments

To use Oracle General Ledger data in EPF, you must select ledgers to transfer to EPF.

Defining Dimension Rules

Dimension rules define how General Ledger charts of accounts relates to EPF dimensions.

The General Ledger chart of accounts structure is segment-based, whereas all data stored in EPF is dimension-based. Before General Ledger balances can be transferred to EPF, all applicable dimension values need to be defined within the EPF architecture using account-based dimension and dimension hierarchy rules. These dimension rules map the General Ledger chart of accounts segments to EPF dimensions. An account-based dimension rule specifies how a particular dimension in EPF is derived from the segments of a General Ledger Chart of Accounts. Specifically, the account-based dimension rule specifies how dimension members are derived from segment values.

Setting Up Dimension Rules

Each chart of accounts that you selected to be transferred to EPF must be mapped to EPF dimensions. You can then synchronize segment values and hierarchies into EPF as dimension members and hierarchies. For each dimension within EPF, a mapping option must be defined and executed. The dimension mapping has the following options for each dimension:

- Copy Values from Single Segment
- Assign a default value
- Concatenate Values from Multiple Segments

Financial Consolidation Hub recommends particular consideration be given to the mapping options for the dimensions listed in the table below.

Selected General Ledger Dimensions with Mapping Option Requirements

Dimension	Description	Financial Consolidation Hub Requirements and Recommendations
Company Cost Center Organization	The Organization dimension enables you to copy values from a single segment, either Company or Cost Center, or the combination.	Financial Consolidation Hub requires that at least the segment is mapped to the Organization dimension. Although, you can combine the company and cost center segments with the Organization dimension, it is recommended to map the company segment to the Organization dimension and the cost center segment to a user-defined dimension for reporting purposes. For information on analytical reporting, see Setting Up Analytical Reporting, page 17- 1 .
Intercompany	The Intercompany mapping is dependent upon the Organization mapping.	If your chart of accounts has an intercompany segment, assign the intercompany segment to the Intercompany dimension. If you do not have a qualified intercompany segment, then assign a specific value.
Line Item	The Line Item mapping can copy values from a single segment or concatenate up to three segments.	The natural account segment must be mapped to the Line Item dimension. Financial Consolidation Hub recommends concatenation of segments to the Line Item dimension only if you have dependent segments on the natural account segment.

Dimension	Description	Financial Consolidation Hub Requirements and Recommendations
Natural Account	The Natural Account mapping can copy a single segment or concatenate up to three segments.	The natural account segment must be mapped to the Line Item dimension. Financial Consolidation Hub recommends concatenation of segments to the Natural Account dimension only if you have dependent segments on the natural account segment.
Entity	The Entity dimension can be assigned a single value or a single segment copy of the balancing segment value.	The Entity dimension can be assigned a single value or a single segment copy of the balancing segment value. If your balancing segment is used as a legal entity segment, the single segment copy provides an easy way to create the necessary Financial Consolidation Hub entities based on your balancing segment values. Otherwise, you can assign a default value and create entities within Financial Consolidation Hub.

Note: FEM requires that for each row of balances data, each dimension column must be populated with a value. Therefore, dimension rules must be defined for all processing as well as non-processing dimension keys. For dimensions that are non-processing keys in your implementation, you must use the mapping option of assigning a single default value to such dimensions.

Running Dimension Rules

After defining a mapping for a dimension, the dimension rule must be run to automatically generate dimension values and value sets. Running a dimension rule only adds values to EPF that are not already there. It will not affect any existing values in EPF. If a dimension member already exists in EPF, the dimension rule does not overwrite the existing dimension member, even if some of the attributes are different.

Note: You must execute all mappings before transferring data from General Ledger to EPF. Once you execute a dimension rule, it cannot be updated or deleted.

Defining Dimension Hierarchy Rules

After segment values have been linked to dimension members, you can transfer segment hierarchies used in Oracle General Ledger to EPF by defining and running dimension hierarchy rules. Dimension hierarchy rules define dimension hierarchies in EPF, based on General Ledger segment value hierarchies. Hierarchy rules apply only to dimensions that are related to the General Ledger chart of accounts structure. Each hierarchy rule is based on a particular dimension rule so the system can use the correct list of dimension members to construct the dimension hierarchy.

Note: The hierarchy mapping option is only available for dimension mappings that are based on a single segment copy.

Financial Consolidation Hub enables you to define new hierarchy rules and new dimension hierarchy rule versions. Definition of a new rule creates a new hierarchy definition within EPF, and creating a new version of the rule creates a new hierarchy version within EPF. When defining the hierarchy rule, you must specify the top segment value. A hierarchy is available in EPF with the top segment values and all of its children.

Running Dimension Hierarchy Rules

Dimension hierarchy rule versions must be run to automatically generate dimension hierarchies based on General Ledger segment value hierarchies. The selected hierarchy rule version creates a dimension member hierarchy. If you wish to keep a version of the previous dimension hierarchy, you must define a new dimension hierarchy rule version.

Calendar Period

You can synchronize your calendar definitions in EPF with Oracle General Ledger.

5

Setting Up Entities

Overview

Entities are designed to provide a flexible framework to separate and organize operational data, consolidation processing, and consolidation results. Entities are the building blocks used to construct consolidation hierarchies.

For information on setting up consolidation hierarchies, see Setting Up Consolidation Hierarchies, page 12- 1 .

The types of entities designed to easily organize operating, elimination, and aggregation data for analysis and consolidated financial reporting are the following:

- operating entity
- consolidation entity
- elimination entity

Operating Entity

An operating entity contains operating balances, which are loaded from General Ledger or other financial systems via data submission. An operating entity may own other consolidation or operating entities, but does not consolidate that ownership structure.

For more information on data submission, see Submitting Data for Oracle Entities, page 13- 3 .

Controlling Entity

A controlling entity is an operating entity that is associated with a consolidation entity. The consolidation entity-controlling entity relationship is not one of ownership; instead it separates the consolidated data of a company from the operational data.

Consolidation Entity

A consolidation entity contains consolidated balances. A consolidation entity may own other consolidation or operating entities, and aggregates its immediate children. Each consolidation entity includes a unique elimination entity, and optionally a unique controlling operating entity.

Elimination Entity

An elimination entity holds entries and adjustments produced during the consolidation process. A unique elimination entity is automatically created for each consolidation entity.

Example

In the sample hierarchy shown below, Vision: Corporate Group is a consolidation entity. It has a controlling entity, Vision: Corporate Ops. It's associated elimination entity is Vision: Corporate Group Elims. Vision: Canada is an operating entity.

Sample Consolidation Hierarchy

Focus	Entity	Entity Type	Ownership (%)	Currency Code	Consolidation Method	Translation Method	Details
	Vision : Corporate Group	Consolidation Entity		USD			
	Vision : Corporate Ops	Operating Entity	Controlling	USD			
	Vision : Americas Group	Consolidation Entity	100	USD	Full Consolidation		
	Vision : Americas Ops	Operating Entity	Controlling	USD			
	Vision : North America Group	Consolidation Entity	100	USD	Full Consolidation		
	Vision : USA	Operating Entity	Controlling	USD			
	Vision : Canada	Operating Entity	80.6	CAD	Proportional	Remeasurement	
	Vision : Mexico	Operating Entity	70	MXP	Full Consolidation	Translation	
	Vision : North America Group Elims	Elimination Entity		USD			
	Vision: South America Group	Consolidation Entity	80.65	USD	Full Consolidation		
	Vision: Brazil	Operating Entity	Controlling	USD			
	Vision : Colombia	Operating Entity	100	COP	Full Consolidation	Translation	
	Vision : Mexico	Operating Entity	12	MXP	Not Consolidated		
	Vision: South America Group Elims	Elimination Entity		USD			
	Vision : Americas Group Elims	Elimination Entity		USD			
	Vision : Corporate Group Elims	Elimination Entity		USD			

Related Topics

Selected User Interface Elements for Setting Up Entities, page 5- 2

Selected User Interface Elements for Setting Up Entities

Selected user interface elements are described below.

Contact

The selected contact is the recipient of Workflow notifications related to the entity.

For information on contacts, see Impact Analysis, page 14- 1 .

Secure by Role

If you choose to secure the role, only the roles that you specify will be able to access and update the entity. If the entity is an operating entity, only the assigned roles will be able to submit data and adjustments for that entity. If the entity is a consolidation entity, only the assigned roles will able to submit consolidations for that entity.

For information on role-based security, see Role-Based Security, page 18- 1 .

Image File

You may optionally upload an image file to represent the entity. The image file must be in GIF format and be no larger than 16 x 16 pixels.

Enable Entity

If an entity is disabled, you cannot include the entity in new hierarchies. Disabling an entity has no effect on an existing hierarchy where the entity is already included.

> **Note:** If a consolidation entity's controlling entity is disabled, the consolidation entity is treated as though it were disabled.

Source System

Choose a source system for the operating entity. This is the system used for managing the entity's operational activity and account balances throughout the accounting period. Whether you select an Oracle General Ledger or a non-Oracle data source system determines some of the fields that must be entered for the entity.

Ledger

If you are trying to create an operating entity with an Oracle General Ledger source system, you must select a set of books (also referred to as a ledger) in Oracle General Ledger from which to pull balances.

Balances Rule

If you are trying to create an operating entity with an Oracle General Ledger source system, you must select a Balances Rule to specify which balances are pulled from the ledger selected for the entity.For information on balances rules, see Setting Up Data Submission for Oracle Entities, page 13- 1 .

Value Set Combination

If you are creating an operating entity with a non-Oracle General Ledger source system, you must select a value set combination based on the chart of accounts used in that source system.

For information on creating value sets, see Creating Value Sets, page 4- 4 .

Calendar Hierarchy

If you are creating an operating entity with a non-Oracle General Ledger source system, you must select a calendar hierarchy. The calendar hierarchy describes the periodicity of data you will load for the operating entity.

Functional Currency

If you are creating an operating entity with a non-Oracle General Ledger source system, you must select a functional currency for the entity. When an entity is included

in a hierarchy, it automatically defaults to this currency, but the currency may be changed within the hierarchy.

Transformation Rule Set

If you are creating an operating entity with a non-Oracle General Ledger source system, you can optionally select a transformation rule set. A transformation rule set transforms the data when it is submitted.

For information on data transformation see Transformation Rule Sets, page 13- 4 .

Validation Rule Set

If you are creating an operating entity with a non-Oracle General Ledger source system, you can optionally select a validation rule set. A validation rule set checks the data when it is submitted.

For information on validation rule sets, see Validation Rule Set, page 13- 4 .

Company Values

If you are creating an operating entity, you must select company values that the entity will represent. This serves as the linkage between the company segment of General Ledger operational balances and Financial Consolidation Hub entities.

Base Organization

If you are creating an operating entity, you must select a base organization for the entity. The base organization must be one of the organizations of the selected companies. The base organization is used during consolidation processing as a default for automatic creation of consolidation entries.

Elimination Entity

If you are creating a consolidation entity, you must enter a unique name for the elimination entity. The elimination entity is automatically created with that name.

Controlling Entity

If you are creating a consolidation entity, you can optionally select an existing operating entity to be the controlling entity for the consolidation entity.

Spreadsheet Loader

The spreadsheet loader enables you to create multiple entities at the same time. You can download a spreadsheet template, fill it out, and then upload it.

The first worksheet of the workbook corresponds to operating entities with non-Oracle General Ledger source systems. The second sheet corresponds to operating entities with Oracle General Ledger source systems. The third sheet corresponds to consolidation entities.

> **Note:** An operating entity can be created and assigned as a controlling entity to a consolidation entity at the same time within the spreadsheet.

If there are errors in the spreadsheet, the spreadsheet is rejected. All errors must be corrected before a load is performed.

6

Setting Up Categories

Overview

Categories control how a consolidation is processed and reported. They provide a means of grouping process logic, as well as specifying parameters impacting the output of such logic. Customers can leverage categories to track and analyze the consolidated results.

The following table shows seeded categories in default sequence.

Seeded Categories

Default Sequence	Category
1.	Data Preparation
2.	Intracompany
3.	Translation
4.	Intercompany
5.	Acquisition and Disposal
6.	Minority Interest
7.	Aggregation

User-Defined Categories

You can optionally define categories as needed. The following situations illustrate scenarios where you may choose to define categories:

- You need to adjust your investment in subsidiary accounts through the equity method of accounting. In this case, for example, you might create a category called Equity Pickup after the Translation category. If you needed to reverse those adjustments, you could create an additional category called Equity Pickup Elimination and insert it after Minority Interest.
- You want to keep your adjustments separate from the operating balances imported into Financial Consolidation Hub. In this case, for example, you might create a category called Operating Adjustments after the Data Preparation category.

Category Definitions

This section describes the seeded categories.

Data Preparation

Data Preparation is the first category executed in the Consolidation Process. It prepares operating data for consolidation by transforming the data to a standard consolidation chart of accounts and calendar. Additionally, it aggregates data to the consolidation processing dimensions in cases where consolidation processing does not use all the dimensions of the submitted data.

During Data Preparation, if Financial Consolidation Hub determines that an operating entity is using a global value set combination that is different from the consolidation value set combination, it will convert the entity's dimension values into its counterparts in the consolidation value set combination. This conversion, or mapping, occurs automatically.

For information on how to set up value set mappings, see Creating Value Set Maps, page 4- 6 .

Intracompany

The Intracompany category eliminates balances from transactions that occur between different organizations within an entity. The Intracompany category is always sequenced before Translation.

To specify how intracompany balances are identified, select Yes or No in the Identify Intracompany Transactions When They Differ From a Specific Value drop-down list.

The table below shows an example of how the option selected impacts Intracompany. Assume that 00 is the constant value.

Impact of the Selected Option on Intracompany Balance Identification

Option Selected	Organization	Line Item	Intercompany Organization	Intracompany Transaction
No	01	2300	01	No
Yes	01	2300	01	Yes

Translation

Translation occurs after all categories that affect the child's balances have been executed. The Translation category picks up all data from a child entity and translates it to the parent's currency. Translation only runs at points in the consolidation hierarchy where a child's currency differs from that of its parents.

For information on setting up translation, see Translation Method, page 11- 1 .

Intercompany

The Intercompany category eliminates balances from transactions that occur between entities in the consolidation hierarchy. Eliminations are written to the elimination entity

of the first common parent in the consolidation hierarchy. The Intercompany category is always sequenced after Translation.

For information on setting up intercompany rules, see Intercompany Rule, page 9- 1 .

Acquisition and Disposal

The Acquisition and Disposal category enables users to automate accounting entries or input manual entries as a result of acquisition and disposals.

For information on creating acquisition and disposal entries, see Creating Consolidation Entries, page 16- 1 .

Minority Interest

The Minority Interest category holds the consolidation accounting entries needed to recognize non-controlling interest on consolidated financial statements. You can create entries in the Minority Interest category by entering adjustments or by using consolidation rules. The Minority Interest category is always sequenced after Translation.

For information on setting up consolidation rules for minority interest calculation, see Consolidation Rule Steps, page 8- 2 .

Aggregation

The Aggregation category creates consolidated financial results for each consolidation entity. It writes to the consolidation entity the summation of data for all children across all categories. The Aggregation category always occurs last.

> **Note:** It is possible to include entities in a consolidation hierarchy that are not consolidated. This is typically done for entities that are only partially owned, which must be included for calculation purposes, but should not actually be consolidated up the hierarchy. These entities are assigned a consolidation type of None. Aggregation does not include these entities in summing across child entities.

Related Topics

Selected User Interface Elements for Setting Up Categories, page 6- 3

Selected User Interface Elements for Setting Up Categories

Selected user interface elements for the Set Up Category functionality are described below.

Output Entity

An output entity is the target entity where the results of a consolidation rule or a manual adjustment are written. The output entity can be the source entity, the parent entity, or the elimination entity as follows:

- Source entity: The adjustment or entry updates the balances of the originating entity. A common example of this is operational adjustments that should be reflected on the entity's operational books, but to be expedient, they are done in consolidation.

- Parent entity: The adjustment or entry updates the balances of the parent entity. A common example of this is equity pickup. The parent entity needs to write up, or down, its investment in a subsidiary based on the subsidiary's profitability.
- Elimination entity: The adjustment or entry updates the balances of the elimination entity, which does not affect the operational balances of any of the operating entities. This is the case for most consolidation-only adjustments, such as intercompany eliminations and minority interest.

All categories that have the Output Entity field specified as source entity, must be placed before the Translation category. This enables the Translation category to pick up all operating entity data when it runs. All categories that have the Output Entity field specified as elimination entity or associate parent, must be placed after the Translation category.

Track Each Child Separately

The Track Each Child Separately feature determines the granularity of a consolidation rule output. If you select Yes, you can analyze and report on consolidation results by child. If you select No, all consolidation calculations are aggregated within reporting.

Net to Retained Earnings at Year-End

The Net to Retained Earnings at Year-End feature determines whether year-end processing should be applied to manual adjustments and consolidation rule entries for this category. The default setting is No. If you select Yes for the Net to Retained Earnings at Year-End drop-down list, any income statement adjustments or consolidation rule entries for the applicable category will be closed to retained earnings when crossing the fiscal year.

Reprocess for Multiple Parents

Certain formulas need to be recalculated each time the overall effective ownership of a child changes. This occurs when a child is partially owned by multiple parents within a consolidation hierarchy. Minority interest is a common example. A consolidation entity may own 70% of a subsidiary, but the remaining 30% is owned by another entity within the same hierarchy. While it is customary to recognize minority interest for the consolidation entity which owns 70%, this minority interest needs to be backed out at upper levels of the hierarchy in which the effective ownership of the subsidiary is 100%. For information on using this attribute for the multiple-parent scenario, see Setting Up Consolidation Hierarchies, page 12- 1 .

7

Setting Up Consolidation Methods

Overview

A consolidation method is a mechanism that defines the accounting method applied during consolidation. Consolidation rules are assigned to each consolidation method. A consolidation method is assigned to each parent child/relationship within the Consolidation Hierarchy user interface.

For information on setting up consolidation hierarchies, see Setting Up Consolidation Hierarchies, page 12- 1 .

Related Topics

Selected User Interface Elements for Setting Up Consolidation Methods, page 7- 1

Selected User Interface Elements for Setting Up Consolidation Methods

Selected user interface elements are described below.

Consolidation Types

Consolidations types specify the method of consolidation. Financial Consolidation Hub provides the following consolidation types:

- full consolidation
- proportional consolidation
- none consolidation

Full Consolidation

Full consolidation is a consolidation method where 100% of the subsidiary's balances are brought into the consolidated statements. If the subsidiary is not 100% owned, then the percentage that is owned by other parties, known as minority interest, is eliminated. Full consolidation is commonly performed when a majority of the subsidiary is owned and/or the subsidiary is effectively controlled by the parent.

Proportional Consolidation

Proportional consolidation is a consolidation method where a proportionate share of the entity's balances are brought into the consolidated statements based on the ownership percentage. This is done in some cases where the ownership is not large enough to

exercise complete control, but large enough that the ownership stake cannot be viewed as an investment.

For information on setting up the Data Preparation category, see Category Definitions, page 6- 2 .

None Consolidation

None consolidation is a consolidation method where an entity's balances can be used as input into a consolidation rule, but the actual balances are not brought into the consolidated statements. Typically, this method is used with the equity method of accounting. This is commonly done in investment-only cases when less than 20% of a subsidiary is owned.

Enable Consolidation Method

If you select Yes for the Enable Consolidation Method drop-down list, the consolidation method can be assigned as a relationship attribute between the entities included in a consolidation hierarchy.

If you disable a consolidation method, you cannot use it to create new relationships in a consolidation hierarchy, but prior existing relationships are not affected.

Consolidation Rules Table

The consolidation rules table enables you to view all the consolidation rules assigned to the consolidation method.

For information on setting up consolidation rules, see Consolidation Rule Steps, page 8- 2 .

From Ownership (%)/To Ownership Percentage (%)

You can optionally specify an ownership percentage range for the consolidation method. The consolidation method is automatically defaulted when the ownership percentage falls within the range in creating a consolidation hierarchy. For example, you can setup rules such that, by default, full consolidation is used for entities which are majority-owned and proportional consolidation is used for entities which are 20-50% owned. You can then override this, in specific cases, as needed. An example would be where an entity is 45% owned, but you have effective control over it.

8

Setting Up Consolidation Rules

Overview

A consolidation rule is a user-defined mechanism that enables you to automate the creation of consolidation entries during consolidation processing. Typical examples of entries generated by consolidation rules include the following:

- minority interest
- equity accounting

Selected User Interface Elements for Setting Up Consolidation Rules

The following are selected user interface elements for setting up consolidation rules.

Category

A consolidation rule is assigned to a category, which determines when the rule is performed and where the results are written. All consolidation rules in the same category are performed simultaneously. Consolidation rules may be applied to the Acquisition and Disposal, Minority Interest, and User-Defined categories.

For information on setting up categories, see Category Definitions, page 6- 2 .

Enabled

If a consolidation rule is disabled, the consolidation rule is not performed during consolidation processing.

Consolidation Method

A consolidation rule is assigned to consolidation methods. For information on consolidation methods, see Overview, page 7- 1 and Selected User Interface Elements for Setting Up Consolidation Methods, page 7- 1 .

From Method/To Method

If the consolidation rule is in the Acquisition and Disposal category, you must specify the original and new consolidation methods. For information on acquisitions and disposals, see Creating Consolidation Entries, page 16- 1 .

Consolidation Rule Steps

A consolidation rule contains one or more consolidation rule steps. A consolidation rule step is comprised of a formula and a formula scope.

Note: The sequencing of rule steps does not impact processing.

Formulas

A formula is a combination of tokens and mathematical operators used to calculate the balance of the consolidation entry. Tokens are variables whose values are resolved during consolidation processing based upon the consolidation hierarchy. To create formulas, you use the add (+), substract (-), multiply (*), divide (/), and parentheses [( )] mathematical operators to group calculations in combination with variables.

Financial Consolidation Hub provides 11 variables. The variables available for a consolidation rule are determined by the category to which the rule is assigned. The tables below shows available variables and the categories that use them.

Seeded Variables Used with the Minority Interest and User-Defined Categories

Variable	Description	Category
ELIMTB	Elimination Entity Balances	• User-Defined Category • Minority Interest
CHILDTB	Child Entity Balances	• User-Defined Category • Minority Interest
%OWN	Ownership Percentage at Consolidation	• User-Defined Category • Minority Interest
%MI	Minority Interest Ownership Percentage	• User-Defined Category • Minority Interest

Formula Scope

The formula scope identifies the source and target accounts for the formula.

Source

You can optionally restrict source values by dimension. You can specify valid values from a list of all possible values or from a hierarchy. Each account that meets the source requirements is used in the calculation.

Target

You specify the dimension values of the account to which the consolidation entry is written. For each dimension, the user specifies a specific value, otherwise the system uses the same value as the source account.

Offset

You can optionally specify an offset account if you did not specify the same as source option for any target values. If you specify an offset account, then an offset balance is written to the offset account to balance any consolidation entries created by the rule step.

Balancing a Consolidation Rule

Each consolidation rule is checked to see if it produces balanced entries. You can design consolidation entries to balance or optionally use the offset functionality to automatically balance the consolidation rule for you. If the consolidation rule is not balanced, Financial Consolidation Hub uses the suspense handling defined for the applicable consolidation hierarchy. For information on consolidation hierarchies, see Setting Up Consolidation Hierarchies, page 12- 1 and Creating Consolidation Hierarchy Structures, page 12- 2 .

Example of How a Consolidation Rule Works

The following example illustrates how a consolidation rule is applied during a consolidation process. The figure below illustrates the hierarchy for the example.

Sample Consolidation Hierarchy

Focus	Entity	Entity Type	Ownership (%)	Currency Code	Consolidation Method	Translation Method	Details
	Vision : Corporate Group	Consolidation Entity		USD			
	Vision : Corporate Ops	Operating Entity	Controlling	USD			
	Vision : Americas Group	Consolidation Entity	100	USD	Full Consolidation		
	Vision : Americas Ops	Operating Entity	Controlling	USD			
	Vision : North America Group	Consolidation Entity	100	USD	Full Consolidation		
	Vision : USA	Operating Entity	Controlling	USD			
	Vision : Canada	Operating Entity	80.6	CAD	Proportional	Remeasurement	
	Vision : Mexico	Operating Entity	70	MXP	Full Consolidation	Translation	
	Vision : North America Group Elims	Elimination Entity		USD			
	Vision: South America Group	Consolidation Entity	80.65	USD	Full Consolidation		
	Vision: Brazil	Operating Entity	Controlling	USD			
	Vision : Colombia	Operating Entity	100	COP	Full Consolidation	Translation	
	Vision : Mexico	Operating Entity	12	MXP	Not Consolidated		
	Vision: South America Group Elims	Elimination Entity		USD			
	Vision : Americas Group Elims	Elimination Entity		USD			
	Vision : Corporate Group Elims	Elimination Entity		USD			

Minority Interest Consolidation Rule

Suppose that you want to back out the minority interest for the relationship between Vision: North America Group and Vision: Canada. Since the relationship is a Full consolidation type, 100% of the balances in Vision: Canada are aggregated to Vision: North America Group. However, since Vision: North America Group only owns 80.6% of Vision: Canada, you want a resulting entry that removes 19.4% of the balances of Vision: Canada.

Assume that the minority interest consolidation rule is in the minority interest category that enables the track each child separately functionality and writes to the elimination entity. Suppose that the rule is the following:

Minority Interest Consolidation Rule

View Consolidation Rule

Name **Minority Interest Rule** Description **Performs Minority Interest Calc**
Category **Minority Interest** Enabled **Yes**

Consolidation Method	Description
North America Group-Canada Relationship	

Rule Steps

Show Available Formula Tokens

Select	*Name	*Formula
◉	MI Calculation	%MI * (CHILDTB + ELIMTB)

Formula Scope

TIP If the Target field is left blank, the Target value is set to be the same as the Source value.

Dimension	Source	Target	Offset
Line Item	4100-Product Revenue.....	3600-Minority Interest (B/S)	5300-Minority Interest

The minority interest consolidation rule finds any balances in the source and elimination entity whose Line Item is 4100-Revenue or 5200-Expense and creates a consolidation entry that is equal to Minority Interest Ownership multiplied by those balances. The consolidation entry is written to the specified account combination in the elimination entity and an offset entry is written to balance the consolidation entry.

Suppose that the company cost center organization 11.100 is assigned to Vision: Canada and that Vision: Canada has the following balances:

Vision: Canada's Balances

Company Cost Center Organization	Line Item	Balance
11.100	1100-Cash	500
11.100	2100-Debt	-200
11.100	3100-Equity	-100
11.100	4100-Revenue	-500
11.100	5200-Expense	300

During consolidation, the consolidation rule produces the following entry:

Entry Produced by Consolidation Rule

Company Cost Center Organization	Line Item	Balance
11.100	3600-MI (Balance Sheet)	-38.8
11.100	5300-MI (Profit and Loss)	38.8

The consolidation rule identifies the balances with line items 4100-Revenue and 5200-Expense as source balances. The other balances in Vision: Canada are not identified as sources because their line items are not included in the consolidation rule formula scope. The consolidation rule produces a consolidation entry with Line Item 3600-MI (Balance Sheet) for the sources, whose value is: 0.194 * (-500 + 300) = -38.8. Additionally, the consolidation rule produces an offset entry with Line Item 5300-MI (Profit and Loss) to balance the consolidation entry.

9

Setting Up Intercompany Rules

Overview

An intercompany rule is a mechanism that identifies intercompany activity to be matched and eliminated. Intercompany rules are applied during both intercompany and intracompany processing. During intracompany processing, rules eliminate activity within an operating entity. During intercompany processing, the rules eliminate activity between two entities.

You use intercompany rules to specify:

- line items to match and eliminate
- accounts to use when creating suspense entries for unbalanced eliminations
- a suspense threshold tolerance for unbalanced eliminations

An intercompany rule applies to all the consolidation hierarchies defined for your instance. This eliminates the need to repeatedly define and assign identical intercompany elimination rules to multiple hierarchies.

Related Topics

Intercompany Category Example, page 9- 2

Matching, page 9- 1

Suspense Handling, page 9- 2

Matching

Matching is the process of grouping intercompany balances together to consider whether the balances offset completely and therefore require a suspense entry for balancing. Matching may be done by Company pair or by Organization pair, as specified in the Match Intercompany By drop-down list of the hierarchy.

Intercompany Elimination Entry

Intercompany elimination entries eliminate balances between entities to ensure that they are not included in consolidated results. When matching balances are found, the appropriate entries are created to eliminate the intercompany balances. The resulting entry is made to the elimination entity of the first common parent entity of the two entities.

To eliminate a balance under intercompany processing, it must:

- contain a line item that is in an enabled intercompany rule
- originate from an entity and counterparty entity, each of which have a path to a common parent entity that does not include a consolidation type of None.

Intracompany Elimination Entry

Intracompany elimination entries offset transactions occurring between different business units or companies within the same operating entity.

To eliminate a balance under intracompany processing, it must be:

- a line item that is in an enabled intercompany rule
- a balance for elimination via the intercompany dimension
- from the same operating entity

> **Note:** Identification of balances for elimination during intracompany processing is determined by an intracompany category setting. For information on the intracompany category, see Intracompany, page 6- 2 .

Suspense Handling

When you define an intercompany rule, you specify a threshold amount for suspense handling. Suspense handling refers to a balancing entry made to the suspense account when balances to be eliminated do not offset completely.

> **Note:** A balancing entry is written to the suspense account for any out of balance amounts, whether or not they exceed the user-specified threshold amount.

If the out of balance amount exceeds the threshold amount specified in the intercompany elimination rule, a warning is generated, but the consolidation is allowed to continue. You can inspect the entries in the Consolidation Process Status page and make appropriate adjustments if necessary.

Intercompany Example

Example

The table below presents a sample intercompany rule. This example assumes the hierarchy Match Intercompany by option is Company and the Colombian Peso to U.S. dollar translation rate is 2400.

> **Note:** Intercompany eliminations always occur in the currency of the common parent.

Sample Intercompany Rule

Intercompany Receivables	Intercompany Payables	Suspense Handling
1201 Accounts Receivable	2201 Accounts Payable 2203 Accounts Payable Discounts	Threshold Currency: U.S.$ Threshold Amount: 100 Line Item: 3201 AR/AP Suspense

The figure below illustrates a consolidation hierarchy with its various entities.

Sample Consolidation Hierarchy

Focus	Entity	Entity Type	Ownership (%)	Currency Code	Consolidation Method	Translation Method	Details
	Vision : Corporate Group	Consolidation Entity		USD			
	Vision : Corporate Ops	Operating Entity	Controlling	USD			
	Vision : Americas Group	Consolidation Entity	100	USD	Full Consolidation		
	Vision : Americas Ops	Operating Entity	Controlling	USD			
	Vision : North America Group	Consolidation Entity	100	USD	Full Consolidation		
	Vision : USA	Operating Entity	Controlling	USD			
	Vision : Canada	Operating Entity	80.6	CAD	Proportional	Remeasurement	
	Vision : Mexico	Operating Entity	70	MXP	Full Consolidation	Translation	
	Vision : North America Group Elims	Elimination Entity		USD			
	Vision: South America Group	Consolidation Entity	80.65	USD	Full Consolidation		
	Vision: Brazil	Operating Entity	Controlling	USD			
	Vision : Colombia	Operating Entity	100	COP	Full Consolidation	Translation	
	Vision : Mexico	Operating Entity	12	MXP	Not Consolidated		
	Vision: South America Group Elims	Elimination Entity		USD			
	Vision : Americas Group Elims	Elimination Entity		USD			
	Vision : Corporate Group Elims	Elimination Entity		USD			

The following table illustrates balances submitted for two entities in the consolidation hierarchy.

Submitted Balances

Entity	Line Item	Org.	Intercompany	Currency	Debits	Credits
Vision: USA	1201	USA.Sales	Columbia. Finance	USD	500	0
Vision: Colombia	2201	Columbia. Finance	USA.Sales	USD	30000	500000
Vision: Colombia	2201	Columbia. Finance	USA. Marketing	USD	0	90000
Vision: Colombia	2201	Columbia. Finance	USA. Marketing	USD	600000	0

The Intercompany Category Eliminations table below shows balances and resulting entries from processing the intercompany rule, given the sample consolidation hierarchy. Since Vision: Colombia and Vision: USA are both consolidated under Vision: Americas Group, the intercompany elimination is posted against the eliminations entity for Vision: Americas Group. On the other hand, intercompany eliminations for activity between Vision: Colombia and Vision: China would be posted against Vision: South America Group Elims.

Intercompany Category Eliminations

Entity	Line Item	Org.	Intercompany	Currency	Debits	Credit
Vision: Americas Group Elims	1201	USA.Sales	Columbia. Finance	USD	0	500
Vision: Americas Group Elims	2201	Columbia. Finance	USA.Sales	USD	208.3	12.5
Vision: Americas Group Elims	2201	Columbia. Finance	USA. Marketing	USD	37.5	0
Vision: Americas Group Elims	2201	Columbia. Finance	USA. Marketing	USD	0	250.0
Vision: Americas Group Elims	3201	Columbia. Finance	USA.Sales	USD	516.7	0

10

Setting Up Calendar Maps

Overview

A calendar map is a user-defined mechanism that defines the relationship between the periods of two different calendars. The calendar map is used during consolidation processing when the operating entity calendar is different from the consolidation hierarchy calendar.

Each consolidation hierarchy is assigned a consolidation calendar. If an operational entity has trial balances based on a different calendar, you define a calendar map to relate the two calendars.

A calendar map is defined between a source calendar and group and a target calendar and group. A group is analogous to a period type such as monthly, quarterly, or yearly. A calendar map is defined for the first year and then used for all subsequent years. Therefore, you only need to define a calendar map for the first year and the Consolidation Process extrapolates the appropriate mapping for subsequent years.

Mapping Example

Suppose an operational entity is loading data based on their monthly calendar, while the consolidation process uses a quarterly calendar. A calendar map could be defined to convert the monthly balances into a quarterly format. You could define a map which groups January through March and maps them to Quarter One. April through June would be mapped to Quarter Two, July through September would be mapped to Quarter Three, and October through December would be mapped to Quarter Four. Execution of calendar maps occur within the Data Preparation category.

11

Setting Up Translation

Overview

Different entities can operate in different currencies, but for consolidation purposes, it is critical to standardize to a common currency. During consolidation processing, Financial Consolidation Hub automatically translates any entity's balances from the base currency to the parent's base currency if the two currencies are different.

Translation is performed according to the rules specified in a translation method. You can define as many translation methods as needed due to differences in translation practices across different industries, countries, or ownership relationships.

> **Note:** Financial Consolidation Hub translation methods address both translation and remeasurement in accordance with FAS 52 and IAS 21.

Translation Method

A translation method is a collection of settings that determines the currency processing that is applied to a parent/child relationship during consolidation.

Translation methods include settings for the following:

- equity translation method
- income statement translation method
- translation adjustment account
- ending rate type
- average rate type

Assigning Translation Methods

Translation methods are assigned at the level of the relationship between two entities. When you create or update a consolidation hierarchy, you must specify a translation method for any child entity whose base currency differs from its parent's base currency.

For information on creating consolidation hierarchies, see Creating Consolidation Hierarchy Structures, page 12- 2 .

> **Note:** Once a relationship has been part of a consolidation process, the translation method can no longer be updated.

Selected User Interface Elements for Setting Up Translation Methods

Selected user interface elements are described below.

Ending Rate Type and Average Rate Type

Ending rates are generally used to translate balance sheet accounts. Average rates are generally used to translate income statement accounts. Since Oracle Applications offer the ability to enter multiple conversion rates for a given currency pair, you must specify which conversion rate type to use for ending rates and which types to use for average rates. Common examples of rate types are Corporate and Spot, though you can define additional rate types as needed. You should have rate types which represent the ending and average rates needed for translation.

For more information on currency rates, see Currency Rates Manager, *Oracle General Ledger User Guide*.

Equity Mode

You can specify whether you want Financial Consolidation Hub to use the Year-to-Date (YTD) balances or period activity (PTD) to translate equity accounts, such as retained earnings and other equity accounts.

A YTD specification translates ending balances using the ending rate. The period activity is then calculated from the difference between the current period's ending balance and prior period's ending balance.

A PTD specification translates current period activity using the average rate. The ending balance is then calculated by summing the translated period activity and the prior period's ending translated balance.

The most common option in accordance with FAS 52 and IAS 21 is to use the YTD option for equity accounts.

> **Note:** Regardless of the equity mode you choose, if you enter an historical rate or amount for a given equity account, Financial Consolidation Hub translates that account using the historical rate or amount. Historical rates or amounts thus override ending and average rates.

Income Statement Mode

You can specify whether you want Financial Consolidation Hub to use the YTD or PTD to translate income statement account balances.

A YTD specification translates ending balances using the ending rate. The period activity is then calculated from the difference between the current period's ending balance and the prior period's ending balance

A PTD specification translates current period activity using the average rate. The ending balance is then calculated by summing the translated period activity and the prior period's translated ending balance.

The most common option in accordance with FAS 52 and IAS 21 is to use the PTD option for income statement accounts.

> **Note:** Regardless of the income statement mode you choose, if you enter an historical rate or amount for a given income statement account, Financial Consolidation Hub translates that account using the

historical rate or amount. Historical rates or amounts thus override ending and average rates.

Use as Default

A translation method can be designated as the default by selecting an option from the Use as Default drop-down list in the Create Translation Method page.

When a consolidation hierarchy is constructed, the default translation method is automatically assigned to the relationship attributes between a consolidation entity and its child operating entities. The default translation method can be changed.

Enable Translation Method

If you select Yes from the Enable Translation Method drop-down list in the Create Translation Method page, the translation method you defined is active and available to be assigned to a consolidation relationship when you create or update a consolidation hierarchy.

If you select No from the Enable Translation Method drop-down list in the Create Translation Method page, the translation method you defined is unavailable when you create a consolidation hierarchy. If a translation method is disabled, it can no longer be used in the construction of a new consolidation hierarchy.

> **Note:** A disabled translation method will continue to be used in existing consolidation hierarchies that already include it and will continue to be processed during the Consolidation Process.

Entering Ending and Average Rates

Ending and average rates are exchange rates expressed in decimal form that are used to translate the balances in one currency into another. Typically, ending rates apply to balance sheet accounts. Average rates typically apply to income and expense accounts.

> **Note:** Currency Rates Manager stores daily rates. When you run a consolidation, Financial Consolidation Hub uses the rate assigned to the last day of the period being processed.

You enter ending and average rates using Currency Rates Manager. To access Currency Rates Manager, select the General Ledger SuperUser responsibility or have your System Administrator add this functionality to any other responsibility. Navigate as follows: Setup > Currencies > Currency Rates Manager.

To define rate types, select Rate Types from the menu to open the Rate Types page. To define ending or average rates, select Daily Rates from the menu to open the Daily Rates page.

For more information on currency rates, see Currency Rates Manager, *Oracle General Ledger User Guide*.

Related Topics

Historical Rates, page 11- 4

Historical Rates

Historical rates or historical amounts apply to a specific account and, if they exist, are automatically used by Financial Consolidation Hub instead of the ending or average rate. The historical rate or amount assignment is specific to an account associated with an entity that is assigned to a consolidation hierarchy. Historical rates and amounts are user-defined rates or amounts, generally for the following:

- non-monetary assets
- non-monetary liabilities
- owner's equity accounts
- revenues or expenses associated with non-monetary assets or liabilities

Non-monetary assets include both tangible items, such as land, and intangible items, such as rights. They can also be associated with income statement accounts with a non-monetary basis, such as Cost of Goods Sold and Depreciation. Non-monetary items are not readily convertible to cash, hence their values are associated with their historical worth.

Defining Historical Rates

Before you can run a consolidation process that uses historical rates, you must define historical rates where applicable. You enter historical rates or amounts for specific combinations of dimension values. For example, you may have a line item called Land, which you use to track the investment in land for each organization and/or entity. The historical amount for land will likely vary from organization to organization based on the value of the land, when it was acquired, and so on. You therefore enter a specific historical rate for land for each relevant organization. During translation, Financial Consolidation uses historical rates or amounts wherever they are defined. Thus, historical rates or amounts override ending and average rates.

Selected User Interface Elements for Defining Historical Rates

Financial Consolidation Hub provides a spreadsheet interface for calculating and entering historical rates. This interface is accessible from the Translation Rates Page (Setup > Rate) by clicking the Create Historical Rates button.

For each combination of dimension members, you should enter *either* an historical rate or amount. Historical rates are multiplied by the base currency balances to calculate translated balances. Historical amounts are not multiplied; they are used as is. Rate Type defaults to Historical and you should not change this when you are entering historical rates.

If you enter an historical rate for an asset or liability account in one period, it is rolled forward automatically to the next period with a rate type of Prior. Historical rates for equity accounts are also rolled forward if the YTD specification is specified for the Equity Mode. Thus, if you use the same historical rate throughout a year, you only need to enter it once.

Financial Consolidation Hub automatically calculates an historical rate for retained earnings accounts in the first period of each new year, based on the prior year's profitability when you use the YTD specification for your equity accounts. These rates are created with rate type Calculated.

You can always update historical rates using the spreadsheet loader.

Translation Example

Vision: Canada uses Canadian Dollars (CAD) as its functional currency, but consolidates to Vision: North Americas Group which is based in USD. Thus, Financial Consolidation Hub translates from CAD to USD during the consolidation process.

Vision: Canada is assigned a currency type of Translation, which uses an ending rate type called Ending, an average rate type called Average, PTD mode for income statements, and YTD mode for equity. It posts translation adjustments against the Cumulative Translation Adjustment line item. Assume Vision: Canada's trial balance for January 2005 is as follows:

Vision: Canada's Trial Balance for January 2005

Entity	Line Item	Dr (CAD)	Cr (CAD)
Vision: Canada	Cash	1000	400
Vision: Canada	Accounts Receivable	1200	500
Vision: Canada	Accounts Payable	500	700
Vision: Canada	Paid-in Capital	0	400
Vision: Canada	Retained Earnings	0	300
Vision: Canada	Revenue	0	2000
Vision: Canada	Cost of Goods Sold	1100	0
Vision: Canada	Salaries	400	0

The ending rate in January is 0.8. The average rate is 0.7. Since the translation method uses YTD mode for equity accounts and PTD mode for income statement accounts, Financial Consolidation Hub uses the ending rate for the balance sheet and the average rate for the income statement. However, there is an historical rate of 0.84 for Retained Earnings and Paid-in Capital, and this overrides the ending rate for those accounts.

Rates Used by Translation for Vision: Canada

Entity	Line Item	Dr (CAD)	Cr (CAD)	Rate
Vision: Canada	Cash	1000	400	0.8
Vision: Canada	Accounts Receivable	1200	500	0.8
Vision: Canada	Accounts Payable	500	700	0.8
Vision: Canada	Paid-in Capital	0	400	0.84
Vision: Canada	Retained Earnings	0	300	0.84
Vision: Canada	Revenue	0	2000	0.7
Vision: Canada	Cost of Goods Sold	1100	0	0.7
Vision: Canada	Salaries	400	0	0.7

Since the balance sheet was multiplied by the ending rate and the income statement by the average rate (and equities by an historical rate), the ending USD balances require a credit of 26 posted to Cumulative Translation Adjustment to ensure proper balancing.

Translated Results for Vision: Canada

Entity	Line Item	Dr (CAD)	Cr (CAD)	Rate	Dr (USD)	Cr (USD)
Vision: Canada	Cash	1000	400	0.8	800	320
Vision: Canada	Accounts Receivable	1200	500	0.8	960	400
Vision: Canada	Accounts Payable	500	700	0.8	400	560
Vision: Canada	Paid-in Capital	0	400	0.8	0	336
Vision: Canada	Retained Earnings	0	300	0.84	0	252
Vision: Canada	Revenue	0	2000	0.7	0	1400
Vision: Canada	Cost of Goods Sold	1100	0	0.7	770	0
Vision: Canada	Salaries	400	0	0.7	280	0
Vision: Canada	Cumulative Translation Adjustment	0	0	N/A	0	26

In February, there is some activity, so you now look at both the PTD and YTD balances.

Vision: Canada Trial Balance for February

Entity	Line Item	PTD Dr (CAD)	PTD Cr (CAD)	YTD Dr (CAD)	YTD Cr (CAD)
Vision: Canada	Cash	0	0	1000	400
Vision: Canada	Accounts Receivable	200	0	1400	500
Vision: Canada	Accounts Payable	0	0	500	700
Vision: Canada	Paid-in Capital	0	0	0	400
Vision: Canada	Retained Earnings	0	0	0	300
Vision: Canada	Revenue	50	400	50	2400
Vision: Canada	Cost of Goods Sold	100	0	1200	0
Vision: Canada	Salaries	50	0	450	0

The January balances plus the February PTD balances equal the February YTD balances. You can now translate the February balances at the appropriate rates for February. Note the historical rate for equities has not changed, but the ending and average rates have.

Translation Rates for February

Entity	Line Item	PTD Dr (CAD)	PTD Cr (CAD)	YTD Dr (CAD)	YTD Cr (CAD)	Rate
Vision: Canada	Cash	0	0	1000	400	0.81
Vision: Canada	Accounts Receivable	200	0	1400	500	0.81
Vision: Canada	Accounts Payable	0	0	500	700	0.81
Vision: Canada	Paid-in Capital	0	0	0	400	0.84
Vision: Canada	Retained Earnings	0	0	0	300	0.84
Vision: Canada	Revenue	50	400	50	2400	0.72
Vision: Canada	Cost of Goods Sold	100	0	1200	0	0.72
Vision: Canada	Salaries	50	0	450	0	0.72

Since the translation method uses YTD mode for balance sheet accounts and PTD mode for income statement accounts, you multiply the YTD balances by the ending rate for balance sheet accounts and the PTD balances by the average rate for income statement accounts.

Intermediate Translation Results for February

Entity	Line Item	PTD Dr (CAD)	PTD Cr (CAD)	YTD Dr (CAD)	YTD Cr (CAD)	Rate	PTD Dr (USD)	PTD Cr (USD)	YTD Dr (USD)	YTD Cr (USD)
Vision: Canada	Cash	0	0	1000	400	0.81			810	324
Vision: Canada	Accounts Receivable	200	0	1400	500	0.81			1134	405
Vision: Canada	Accounts Payable	0	0	500	700	0.81			405	567
Vision: Canada	Paid-in Capital	0	0	0	400	0.84			0	336
Vision: Canada	Retained Earnings	0	0	0	300	0.84			0	252
Vision: Canada	Revenue	50	400	50	2400	0.72	36	288		
Vision: Canada	Cost of Goods Sold	100	0	1200	0	0.72	72	0		
Vision: Canada	Salaries	50	0	450	0	0.72	36	0		

Financial Consolidation Hub then calculates the PTD debits and credits for balance sheet accounts by subtracting the prior period's YTD debits and credits from the current period's YTD debits and credits.

The YTD debits and credits for income statement accounts are calculated by adding the current period's PTD debits and credits to the prior period's YTD debits and credits.

Final Translation Results for February

Entity	Line Item	PTD Dr (CAD)	PTD Cr (CAD)	YTD Dr (CAD)	YTD Cr (CAD)	Rate	PTD Dr (USD)	PTD Cr (USD)	YTD Dr (USD)	YTD Cr (USD)
Vision: Canada	Cash	0	0	1000	400	0.81	10	4	810	324
Vision: Canada	Accounts Receivable	200	0	1400	500	0.81	174	5	1134	405
Vision: Canada	Accounts Payable	0	0	500	700	0.81	5	7	405	567
Vision: Canada	Paid-in Capital	0	0	0	400	0.84	0	0	0	336
Vision: Canada	Retained Earnings	0	0	0	300	0.84	0	0	0	252
Vision: Canada	Revenue	50	400	50	2400	0.72	36	288	36	1688
Vision: Canada	Cost of Goods Sold	100	0	1200	0	0.72	72	0	842	0
Vision: Canada	Salaries	50	0	450	0	0.72	36	0	316	0

Again, since different rates are used for different accounts, there is a remainder which must be posted as Cumulative Translation Adjustment.

Final Translation Results for February

Entity	Line Item	PTD Dr (CAD)	PTD Cr (CAD)	YTD Dr (CAD)	YTD Cr (CAD)	Rate	PTD Dr (USD	PTD Cr (USD)	YTD Dr (USD)	YTD Cr (USD)
Vision: Canada	Cash	0	0	1000	400	0.81	10	4	810	324
Vision: Canada	Accounts Receivable	200	0	1400	500	0.81	174	5	1134	405
Vision: Canada	Accounts Payable	0	0	500	700	0.81	5	7	405	567
Vision: Canada	Paid-in Capital	0	0	0	400	0.84	0	0	0	336
Vision: Canada	Retained Earnings	0	0	0	300	0.84	0	0	0	252
Vision: Canada	Revenue	50	400	50	2400	0.72	36	288	36	1688
Vision: Canada	Cost of Goods Sold	100	0	1200	0	0.72	72	0	842	0
Vision: Canada	Salaries	50	0	450	0	0.72	36	0	316	0
Vision: Canada	Cumulative Translation Adjustment					N/A	0	29	29	0

12

Setting Up Consolidation Hierarchies

Overview

A consolidation hierarchy is a user-defined, date-effective structure that represents the parent/child relationships of entities that are processed during consolidation. When submitting a consolidation hierarchy for processing, the hierarchy relationship structure used is that effective on or before the last day of the period being processed.

You can define multiple consolidation hierarchies to meet a variety of consolidation needs, including hierarchies for statutory, U.S. GAAP, local GAAP, taxation, what-if, and other reporting purposes. The same entity may be used in multiple consolidation hierarchies. Data submitted for an entity is available across all hierarchies in which the entity is used.

Consolidation Hierarchy Structure

A consolidation hierarchy structure is comprised of consolidation entities, elimination entities, and operating entities. Each entity, other than the top entity, has relationship attributes that define the nature of its association with its parent or parents.

Setting Up Consolidation Hierarchies

The tasks described below are relevant to setting up consolidation hierarchies.

Defining Consolidation Hierarchy Attributes

The first step in creating a consolidation hierarchy is to define the consolidation hierarchy attributes that apply to the entire hierarchy. Defining consolidation hierarchy attributes includes specifying:

- security options
- intercompany options
- balancing options
- retained earnings
- suspense handling

Specifying Security Options

The secure by role setting provides the ability to restrict access to hierarchies. For information on securing consolidation hierarchies, see Securing Consolidation Hierarchies, page 18- 2 .

Specifying Intercompany Options

The Match Intercompany By drop-down list specifies how intercompany balances are matched. For information on matching, see Matching, page 9- 1 .

Specifying Balancing Options

In addition to default entity balancing, you can optionally specify balancing by organization or up to one additional dimension, such as product, geography, customer, or channel. Balancing is enforced during consolidation. Before upload, adjustments must be balanced by the hierarchy settings. Consolidation rule-based entries always balance through the use of the hierarchy suspense dimensions.

Entities can participate in more than one consolidation hierarchy. Therefore, submitted data need only balance by entity. Hierarchy settings are used during Data Preparation to balance entries.

> **Note:** Balancing options do not apply to intracompany and intercompany consolidation entries, since they balance by entity only.

Specifying Retained Earnings

Dimension members for retained earnings are used to close profit and loss activity into retained earnings accounts at year-end. This occurs in the Translation category, and for recurring entries and adjustments that cross the year-end boundary. In addition, user-defined categories, with the exception of Intercompany and Intracompany, may also be set up to close entries to retained earnings. For information on retained earnings, see Net to Retained Earnings at Year-End, page 6- 4 .

Specifying Suspense Handling

You can specify a threshold amount and currency for suspense handling notifications and warnings. To specify the suspense account that the balancing entity is written to, select the appropriate dimension members.

Creating Consolidation Hierarchy Structures

A consolidation hierarchy is constructed by defining relationships between entities using the following attributes:

- ownership percentage
- consolidation method
- translation method

During initial creation, consolidation hierarchy structures can be defined manually in the user interface, or by uploading the information from a spreadsheet.

Uploading Hierarchy Structures

Hierarchy structures can be created using a spreadsheet hierarchy loader.

The following rules apply to the hierarchy loader:

- If default translation or consolidation methods are defined, these columns are optional.
- If a child entity's currency is the same as that of its parent, a translation method is not required.
- A consolidation entity, elimination entity, and its controlling entity are treated as one entity, under the name of the consolidation entity.
- After you upload the spreadsheet to Financial Consolidation Hub, you can further modify and add to the hierarchy using the Create Consolidation Hierarchy: Define Structure page.

  Warning: The existing structure for the hierarchy you are creating will be replaced by a spreadsheet upload.

Hierarchy Loader Errors

After submission, the hierarchy structure is validated before it is accepted and made available. If there are any errors, an error message is displayed and the entire structure is not accepted. You can view the upload errors by downloading the spreadsheet. Invalid spreadsheet cells are marked with red and the descriptions of the errors are written in the error message column of the spreadsheet. After you fix the errors, you can resubmit the spreadsheet. The successfully uploaded hierarchy appears in the Create Consolidation Hierarchy: Define Structure page.

Updating Consolidation Hierarchies

Additions and deletions of entities within a hierarchy are date effective, as are updates to relationship attributes. The effective date field in the Update Consolidation Hierarchy Page enables you to view the hierarchy as of any date specified. It also determines the date upon which changes entered will become effective.

Caution: When entering changes to a hierarchy, ensure that you specify the correct effective date at the top of the page.

Updates to consolidation hierarchies generate impacts that are visible via special icons on the Consolidation Process page, and also can be configured to send notifications to appropriate entity contacts. For information on impacted consolidation processing, see Process Status, page 14- 1 .

Hierarchy changes are tracked to provide an audit trail accessible via the Acquisition and Disposal tab. You also have the option to create an acquisition or disposal accounting entry to associate with the change. For information on creating eliminations for acquisition and disposal transactions, see Creating Consolidation Entries, page 16- 1 .

Note: You cannot update hierarchies using the hierarchy loader.

Duplicate Hierarchies for Restatements and What-if Analysis

The Consolidation Hierarchy page enables you to duplicate hierarchies. Hierarchies can be duplicated for a variety of purposes, including restatements and creation of what-if scenarios. Duplicating a hierarchy creates a snapshot of the hierarchy as of the date

specified in the Copy Hierarchy as of field of the Duplicate Consolidation Hierarchy page. The change history of the source hierarchy is not copied into the duplicate.

The Duplicate Consolidation Hierarchy: Define Attributes page enables hierarchy attributes to be modified before the duplicate is created. As part of this process, you can move the hierarchy snapshot forward or backwards in time by changing the Start Date field. Duplicated hierarchies share no linkage to the source hierarchies from which they are created. A change to one does not impact the other. Therefore, you can create as many duplicate hierarchies as you need and modify them in different ways to reflect various what-if scenarios.

Restatements are an example of when duplicate hierarchies may be useful. For example, you may need to restate financials after a significant year-end merger to provide a view of consolidated results, as if the two companies operated as a single enterprise for the entire year. Therefore, you can create a duplicate as of the end of the year and move the structure back in time to the beginning of the year. Processing consolidation for this hierarchy over the entire 12 months provides consolidated results for all periods in the year using the hierarchy structure as of the end of the year.

Consolidation Hierarchies Based on Different Accounting Methods

To consolidate results using different accounting methods, separate consolidation hierarchies can be created to contain operating entities sourcing from ledgers with different accounting methods. For example, suppose Vision: Brazil accounts for it's results in Local GAAP under company 01 and also reports in U.S. GAAP by including an adjustment company, 02.

To create consolidated results using both Local GAAP and U.S. GAAP, an entity based on company 01 would be included in the Local GAAP hierarchy. A different operating entity based on company 01 and 02 would be included in the U.S. GAAP hierarchy. Submitting consolidation for each hierarchy would then provide the results according to different accounting methods. For information on setting up entities, see Company Values, page 5- 4 .

13

Submitting Data

Overview

Data Submission enables you to submit trial balances for operating entities. Depending on the entity source system, the methods for submitting balances are as follows:

- Oracle Entities: These are operating entities that source from Oracle General Ledger. You can automatically submit financial data from General Ledger to Financial Consolidation Hub for these entities.
- External Entities: These are operating entities that source from non-Oracle source systems. You can copy and paste the trial balance from these systems into a spreadsheet loader provided by Financial Consolidation Hub. You can optionally apply transformation rules as needed to convert data from the external source system into the format you use in Financial Consolidation Hub.

A data submission online interface allows for execution and viewing of data submissions.

Related Topics

Setting Up Data Submission for External Entities, page 13- 3

Submitting Data for External Entities, page 13- 4

Setting Up Data Submission for Oracle Entities, page 13- 1

Submitting Data for Oracle Entities, page 13- 3

Setting Up Data Submission for Oracle Entities

Each Oracle entity must be assigned a balances rule. Balances rules manage the flow of information between Oracle General Ledger and the Enterprise Performance Foundation (EPF). A balances rule works in conjunction with dimension rules to synchronize balances from Oracle General Ledger. For information on dimension integration, see Using Oracle General Ledger with Enterprise Performance Foundation, page 4- 7 .

The following information presents the recommended setup of balances rules for Financial Consolidation Hub.

Selected User Interface Elements for Setting Up Balances Rules

To set up balances rules through the Enterprise Performance Foundation Administrator responsibility, navigate as follows: Data Rules > Oracle Data Sources.

Ledger

Select the ledger from which to pull balances. It is recommended that one balances rule be created per ledger.

Balance Type

Select the Actuals option.

Include Average Balances

If your ledger contains average balances, you are given the option to include average balances, which can be consolidated.

Maintain Quarterly Balances

It is recommended that you not maintain quarterly balances. You can still report on quarter-to-date balances within Financial Consolidation Hub analytical reporting.

Output Dataset

It is recommended that you specify the output dataset as Default.

Execution Mode

Note: It is recommended that you use the execution mode for data submissions.

The incremental mode allows you to perform more than one data submission for a given period. The snapshot mode is intended for one data submission for a given period and currency. For more information on the two execution modes, see Snapshot Mode, page 13- 3 and Incremental Mode, page 13- 3 .

Include Balancing Segment Values

Include all of the balancing segment values you wish to consolidate.

Currency Type

Select the type of balances to synchronize:

- Cumulative Functional: the total balance for the account, summed across all currencies, represented in the functional currency
- Entered and Functional Equivalent: the balances for the account are separated by currency. For each currency, it includes the amount in that currency and the amount converted to the functional currency
- Translated only: optionally you can synchronize translated currencies only.

Include Translated Balances

If you selected Translated Only, select the translated balances you want to synchronize.

Submitting Data for Oracle Entities

For Oracle entities, you perform a data submission for a given entity and period. When you perform a data submission for an Oracle entity, the assigned balances rule is used to access the appropriate balances in Oracle General Ledger.

Snapshot Mode

Note: It is recommended that you not use the snapshot mode for data submissions.

When you perform a data submission for an entity whose balances rule uses snapshot mode, data submissions for all entities which source from that same ledger are automatically performed. If you need to run another data submission for a given period and currency, you must first undo the previous data submission.

To undo the previous data submission, navigate as follows in the Enterprise Performance Foundation Administrator responsibility: Process Management > Requests > Submit Request. Select the program named Executed Rule Removal and specify the request ID of the data submission, which is recorded on the Data Submission page.

Incremental Mode

The first time you submit data for a given entity and period, balances rule runs in snapshot mode, regardless of the execution mode specified. You can make additional submissions to the entity and period, which result in only that entity being synchronized with Oracle General Ledger.

Data Submission Errors

If a data submission fails, it shows an error status. From the Data Submission page, you can view the request log to diagnose the error.

Undo after Data Submission Errors

If you need to resubmit a data load and your balances rule only supports snapshots, you must undo your current set of synchronized data. Additionally, if you want to modify a balances rule, you must undo all your data loads and make the appropriate changes. To undo data, you must run the concurrent process, Executed Rule Removal. The program requires the original load's request_id as a parameter. Specify the Default Folder as the folder.

Setting Up Data Submission for External Entities

Data is submitted for external entities using a spreadsheet loader. You can define rules to transform and check this data by assigning transformation and validation rule sets to entities. For information on assigning transformation and validation rule sets, see Transformation Rule Set, page 5- 4 and Validation Rule Sets, page 13- 4 .

Transformation Rule Sets

You can use a transformation rule set to convert submitted data to a standardized chart of accounts. For information on transformation rule sets, see Setting Up Interface Data Transformer (IDT), *Oracle General Ledger User Guide*.

Validation Rule Sets

Validation rule sets enable you to validate submitted data before upload. Validation rule sets run after transformation rule sets. A validation rule set is comprised of validation rules, which are applied to each row of loaded data.

Validation rules are comprised of the following types:

- conditions
- lookup tables
- PL/SQL functions

If any row of data is invalid, the data is not submitted.

Condition Rule

A condition rule defines a set of conditions that indicate that a trial balance is invalid.

Lookup Table Rule

A lookup table rule defines a table of valid dimension member values for specified dimensions. You can select multiple columns in the lookup table to compare against and specify whether these columns match a column in the data loaded or match a fixed value. If a trial balance does not have a dimension member value that is in the lookup table, then the data submission fails.

Before you can use a lookup table rule for data validation, it must be created and registered. To register lookup tables, see Registering a Lookup Table in Meta-Data Structure, *Oracle General Ledger User Guide*.

PL/SQL Function Rule

A PL/SQL function rule evaluates the validity of each row in the trial balance. The PL/SQL function takes ROWID as the input parameter, and must return SUCCESS for each row so data submission can proceed.

Before you can use a PL/SQL function rule for data validation, it must be created and registered. To register PL/SQL functions, see Registering a PL/SQL Function in Meta-Data Structure, *Oracle General Ledger User Guide*.

Submitting Data for External Entities

For external entities, you submit data for a given entity, period, currency, and balance type. Data is submitted for external entities using a spreadsheet loader, which can be accessed from the Data Submission page.

You can perform multiple data submissions for a period and entity.

Spreadsheet Loader

The spreadsheet loader is a Web ADI spreadsheet that you can use to enter balances data for an entity. If you are submitting data for an entity with an assigned transformation rule set, the spreadsheet will be in the pre-transformation format. Otherwise, the spreadsheet will be in the standard format. For both formats, enter a unique combination of dimension members on each row of the spreadsheet.

> **Note:** If you need to add more rows in the spreadsheet, you must first unprotect it.

Standard Spreadsheet Format

The standard spreadsheet format provides a spreadsheet loader into which you can copy and paste the trial balance from your external system. You can use this format if your trial balance corresponds to your consolidation dimensions and you therefore do not need to apply transformation rules. After you have pasted the trial balance, upload the spreadsheet via the upload option under the Oracle menu. Before the spreadsheet is uploaded, the system verifies that each dimension member is valid and that the entity is balanced.

Pre-Transformation Spreadsheet Format

The pre-transformation spreadsheet format provides a spreadsheet loader into which you can copy and paste the trial balance from your external system. You can use this format if your trial balance does not match your consolidation dimensions and you therefore need to apply transformation rules. After you have pasted the trial balance, upload the spreadsheet via the upload option under the Oracle menu. Before the spreadsheet is uploaded, the system verifies that the entity is balanced. However, Financial Consolidation Hub does not enforce the validity of dimension members because it applies transformation rules.

Data Submission Errors

Typical reasons for errors include a row containing an invalid dimension value or the assigned validation rule set encounters an invalid combination of dimension members.

If a data submission fails, an error status is displayed for the entity on the Data Submission page. You can view the data that you attempted to submit, which will be marked with the errors that caused the submission to fail.

Locking Data

When the upload status is Complete for a data submission, you can lock the data for that entity, period, currency, and balance type. After you lock an entity's data, no one else can upload data for that entity, period, currency and balance type combination.

Oracle Entities Example

Oracle entities can source from any combination of balancing segment values in a ledger in Oracle General Ledger. For example, looking at the sample hierarchy below, suppose that Vision: USA and Vision: Mexico are both Oracle entities that use balances from the Vision: Americas ledger.

Sample Consolidation Hierarchy

Focus	Entity	Entity Type	Ownership (%)	Currency Code	Consolidation Method	Translation Method	Details
	Vision : Corporate Group	Consolidation Entity		USD			
	Vision : Corporate Ops	Operating Entity	Controlling	USD			
	Vision : Americas Group	Consolidation Entity	100	USD	Full Consolidation		
	Vision : Americas Ops	Operating Entity	Controlling	USD			
	Vision : North America Group	Consolidation Entity	100	USD	Full Consolidation		
	Vision : USA	Operating Entity	Controlling	USD			
	Vision : Canada	Operating Entity	80.6	CAD	Proportional	Remeasurement	
	Vision : Mexico	Operating Entity	70	MXP	Full Consolidation	Translation	
	Vision : North America Group Elims	Elimination Entity		USD			
	Vision: South America Group	Consolidation Entity	80.65	USD	Full Consolidation		
	Vision: Brazil	Operating Entity	Controlling	USD			
	Vision : Colombia	Operating Entity	100	COP	Full Consolidation	Translation	
	Vision : Mexico	Operating Entity	12	MXP	Not Consolidated		
	Vision: South America Group Elims	Elimination Entity		USD			
	Vision : Americas Group Elims	Elimination Entity		USD			
	Vision : Corporate Group Elims	Elimination Entity		USD			

Assume that the Vision: Americas ledger has the following balancing segment values:

- 16: United States East
- 17: United States West
- 18: Mexico
- 19: Reporting Adjustments

You create an incremental balances rule that includes the balancing segment values 16, 17, and 18. You do not want reporting adjustments in your consolidation results, so you do not include 19. You assign Vision: USA companies 16 and 17, and assign Vision: Mexico company 18. Additionally, you assign the incremental balances rule to both entities.

Suppose you then want to synchronize the balances for Vision: USA and Vision: Mexico for the first time in the month of February. Through the Data Submission page, you execute a data submission for Vision: USA. Since this is the first submission for the period, the balances rule runs in snapshot mode and synchronizes both Vision: USA and Vision: Mexico.

After the above submission, new journals are posted to company 16 in February. The Data Submission page indicates an Impacted status for Vision: USA. Vision: Mexico's status remains unchanged. To integrate this new data into consolidation, you perform data submission for Vision: USA. This time the balances rule runs in incremental mode and accesses changes in companies 16 and 17. This synchronizes the changes in company 16 into Vision: USA.

Selected User Interface Elements for Submitting Data for Entities

You submit data for an entity and period. You can optionally notify the immediate parents of the entity or all ancestors when the submission is complete.

Selected user interface elements for submitting data for external entities are described below.

Balance Type

You can submit actual or average balances for the data submission.

Measure

For external entities, submit balances using Debits and Credits or Net. If your source system outputs a trial balance with separate columns for debits and credits, choose the Debits and Credits option. If your trial balance includes only a single net balance number for each combination of dimension members, choose Net. In this case, Financial Consolidation Hub expects debit balances to be entered as positive numbers and credit balances to be entered as negative.

Note: Net equals debits minus credits.

Currency Type

If you select the Functional Currency Only option, you must specify a functional currency in the Currency field. In the spreadsheet loader, fill in the trial balances in that currency.

If you select the Transactional Currency option, in the spreadsheet loader you must enter the transactional currency, transactional amount, and the functional amount of each account.

Execution Mode

Data is submitted to the system in one of the following modes:

- Incremental: the loaded balances are aggregated to previously uploaded balances data for that entity, period, currency, and balance type.
- Replace: the system replaces rows where an existing dimension combination is also part of the latest upload, inserts new rows where the two sets do not overlap, but does not remove any rows from previous uploads that do not appear in the latest set.

Amount Type

For the Amount Type drop-down list, you specify whether you are loading period activity or ending balances. If you select ending balances, the corresponding period activity is automatically calculated, and vice versa.

Add Comment

Before submitting data, you can enter applicable comments in the Submit Data: Parameters page. After submitting data, entered comments appear on this page when you click the Status icon in the Data Submission page.

Related Topics

Submitting Data for External Entities, page 13- 4

14

Running Consolidations

Overview

Financial Consolidation Hub enables you to perform statutory and management consolidations with the click of a button. The Consolidation Monitor enables you to monitor your current consolidations, review historical results, submit consolidations, and prepare your results for analytical reporting.

Monitoring Consolidation Status

As the consolidation manager, the consolidation monitor provides you a view of the consolidation points within your hierarchy for a specific period and balance type. The monitor enables you to quickly see the data status of trial balance loads by the subsidiaries, as well as the consolidation process status.

Data Status

The data status is updated automatically whenever a subsidiary loads data or a structural change is made to the consolidation hierarchy. The data status can be Not Started, In Progress, or Completed. The Not Started status is applicable when none of the subsidiaries have loaded their trial balance. In Progress applies when some of the subsidiaries have started to load their data. Completed is applicable whenever all trial balances have been uploaded. Within the monitor, you can drill-down on the data status to see which entities have submitted data or are in the process of submitting data.

Process Status

The process status is updated automatically whenever a consolidation is run. The process status can be Not Started, In Progress, Completed, Warning, or Impacted. The Not Started status is applicable when a consolidation has not been run. In Progress is applicable when a consolidation is being run. Completed means the consolidation finished successfully without any suspense violations or setup errors. Warning implies there are missing setup components, such as missing rates or a suspense threshold violation when performing intercompany eliminations.

The Impacted status enables the consolidation manager to quickly see the changes that have occurred, which will impact the most recent set of results. The following changes are monitored by the system and notifications are sent to the appropriate individuals:

- making changes to hierarchy relationships, such as acquiring a new entity, disposing of an entity, or modifying the consolidation method or ownership of an existing relationship

- creating a manual adjustment for a consolidation hierarchy
- updating a manual adjustment that has already been processed
- creating an acquisition or disposal elimination
- updating an acquisition or disposal elimination, which has already been processed
- changing the translation rates, which have already been used by Translation
- changing historical rates
- updating trial balances for operational entities
- reconsolidating a prior period for which the current period's results have been altered
- running consolidation for one subsidiary, and not across the entire hierarchy

Note: Changes to consolidation rules or intercompany rules will not impact consolidation results.

You can drill-down to the consolidation details for each level of the hierarchy by clicking the appropriate Process Status icon. The Process Details page lists the seven seeded categories provided by Financial Consolidation Hub. Each category has a status associated with it of N/A, Not Started, In Progress, Completed, or Warning. If consolidation entries are not generated by a category, then the status is Not Applicable (N/A). If an error occurred during processing or there were suspense threshold violations, a warning status is applied. You can drill-down into the individual category status even further to see the consolidation entries and diagnose any errors that may have occurred during consolidation.

If you click the Impacted icons, the Pending Changes page appears, which lists all changes which have occurred since the most recent run.

Viewing Results

After the consolidation process completes, you can review the results at each level of the consolidation hierarchy by clicking the appropriate View Results icon. This opens an Excel or PDF report which shows the results for each child at that level, the elimination results, and the consolidated totals, all broken out by line item. More flexible reporting capabilities are offered through Financial Consolidation Hub's analytical reporting, but this is offered as a quick way to spot-check results.

For information on viewing report results, see Creating and Sharing Reports, page 17- 4 .

Locking Results

If the consolidation process completes with no warnings, then the results may be locked. This prevents any re-runs of the consolidation. If you need to reconsolidate locked results, you must unlock them first. Unlocking results is a function that can be secured to a select group of users.

Process History

Consolidation is typically an iterative process. You can run consolidations every day or multiple times per day during the month-end close. Within the Consolidation Monitor, you can access the results of all previous consolidations. Additionally, within

analytical reporting, you can compare changes in your consolidation results from run to run. For information on analytical reporting, see Setting Up Analytical Reporting, page 17- 1 .

Submitting Consolidations

Consolidations can be submitted in two ways: via the Consolidation Monitor or by submitting a concurrent request.

Before submitting a consolidation, you can select one of two consolidation execution modes: Full or Incremental. For the first run in a period, the option is not applicable. For subsequent runs within a period, this option determines whether to reconsolidate the entire hierarchy, or only those parts of the hierarchy that have changed since the last run.

> **Note:** If you change intercompany or consolidation rules between runs, you should run consolidation in Full mode to ensure the new rules are applied uniformly across the hierarchy.

The concurrent program, Financial Consolidation Hub: Submit Consolidation, enables you to schedule consolidation runs for a specific hierarchy, balance type, and period combination. The parameters for the concurrent program are identical to the online interface.

Preparing Data for Analytical Reporting

After a consolidation has been run to the top-most level, results are available for analytical reporting. For information on analytical reporting, see Creating and Sharing Reports, page 17- 4 .

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Adjustments

Overview

Adjustments are one-time or recurring entries that are entered manually. Examples of adjustments include the following:

Example 1

You work in corporate headquarters on the consolidation team. It's quarter end and you have obtained trial balances from all the subsidiaries and started running consolidation. You discover that slight changes need to be made to a subsidiary trial balance, yet the subsidiary controller is unavailable. You use an adjustment to temporarily make the change so it can be reflected in the consolidated results.

Example 2

You need to eliminate intercompany profit or loss in inventories between two subsidiaries. The elimination needs to reflect inventory not yet sold to third parties. The subsidiary's general ledger systems do not capture this information. Therefore, an intercompany rule cannot be executed during consolidation processing to produce the required eliminations. Consequently, you enter an adjustment to eliminate an estimate of these intercompany balances from the parent's results.

Selected User Interface Elements for Creating Adjustments

Adjustments can be entered in a spreadsheet. Selected user interface elements for creating adjustments are described as follows:

Hierarchy

Adjustments are hierarchy-specific and are not propagated across hierarchies.

Category

All user-defined categories, as well as the seeded Minority Interest category, are available for you to enter adjustments.

Entity

The Entity field is dependent on the Consolidation Hierarchy value you selected, as well as on the selected Category value. If the Output Entity of the selected Category is Source

or Parent, only operating entities are available. If the Output Entity is Elimination, only elimination entities are available.

Start and End Period

For recurring adjustments, you can specify the period range in which you want to apply the adjustments.

Apply

You can specify whether an adjustment should be included in the next consolidation run only or in every run for the period. Choose next run only for temporary adjustments. For example, if you enter an adjustment in an entity's operational system and then load it into Financial Consolidation Hub, and you want to see the effects of the adjustment immediately, you can enter it as a temporary adjustment in Financial Consolidation Hub. It will only be incorporated in the next consolidation run.

Updating Adjustments

You can update adjustment entries in the adjustments spreadsheet. Alternatively, if you saved the spreadsheet to your local desktop, you can also launch the spreadsheet from your desktop. After the update, if the original entry has been processed it will be renamed for auditing purposes.

If you update adjustments in a period when consolidations have been run, the consolidation results are impacted. To incorporate the adjustment impact, you must run the Consolidation Process. The adjustments are then incorporated into consolidated balances.

Disabling Adjustments

You can disable an adjustment. Disabled adjustments are not included in succeeding consolidation runs.

Note: After you disable an adjustment, you cannot re-enable it.

16

Accounting for Acquisitions and Disposals

Overview

Accounting for acquisitions and disposals is a way to tie changes in the consolidation hierarchy to consolidation entries. When modifying your hierarchy, you must select Yes to the Create Accounting option. For information on consolidation hierarchies, see Setting Up Consolidation Hierarchies, page 12- 1 .

Creating Consolidation Entries

Consolidation entries are entered manually or calculated using consolidation rules.

Entering Consolidation Entries

You can enter consolidation eliminations through a spreadsheet interface by clicking on the icon under Eliminations, Enter.

Calculating Consolidation Entries

Consolidation rules are used to automatically create the accounting associated with changes in your legal structure. The variables shown in the following table are valid for defining acquisition and disposal elimination rules.

Variables Used to Define Acquisition and Disposal Elimination Rules

Variable	Description
COI	Cost of investment (consideration amount)
NAV	Net asset value (assets less liabilities)
%TO	New ownership percentage
%FROM	Old ownership percentage
ADTB	Acquisition and disposal trial balance
PRETB	Pre-share issue trial balance
POSTTB	Post-share issue trial balance
ELIMTB	Elimination entity balances

When you update the hierarchy, the following transaction types are available: acquisition, disposal, share issue, or share issue with the acquisition. The transaction type, original consolidation method of the relationship, and the new consolidation method of the relationship determine which rule needs to be executed to calculate the elimination.

The input to the calculation is the subsidiary's trial balance. For a share issue with acquisition, two trial balances must be uploaded: pre-share issue trial balance and post-shared trial balance.

The subsidiary's trial balance must be denominated in the parent's currency and the corporate chart of accounts. After uploading the trial balance, the appropriate rule is executed and the elimination entry is available for viewing or editing. The entry is incorporated into your consolidated results the next time consolidation is run.

17

Setting Up Analytical Reporting

Overview

Oracle's Corporate Performance Management Suite uses the analytical capabilities embedded in Oracle 9i and 10g. Analytical reporting enables you to create ad-hoc reports, set performance measures, distribute reports, and pivot and drill on dimensions.

Setting Up Analytical Reporting

Note: The following setup steps are recommended for consolidation data only. If you are using other analytical applications, please refer to the appropriate user guides.

To set up analytical reporting, perform the following procedures.

Setting Up Reporting

Complete Task 9 of setting up Enterprise Performance Foundation (EPF). For information on Task 9, see Task 9: Setting Up Analytical Reporting, page 4- 7 .

Defining Reporting Hierarchies

Ensure reporting hierarchies have been defined for all dimensions enabled for reporting.

For information on reporting hierarchies, see Task 6: Creating Dimension Hierarchies., page 4- 5

Note: If the Object (category) or Financial Element dimension is enabled for reporting, define hierarchies on the user-defined dimension to which they are mapped.

Note: The consolidation hierarchy defined during the hierarchy definition setup step is available within analytical reports.

Specifying Default Hierarchies on Dimensions Enabled for Reporting

This step is required for all dimensions which have more than one hierarchy.

To specify default hierarchies on dimensions enabled for reporting, perform the following steps.

1. In the Enterprise Performance Administrator responsibility, navigate as follows: Configuration Rules tab > Dimension subtab > Definition subtab.
2. Define the default hierarchies per dimension and value set.
3. For your consolidation value set, specify the default hierarchy.

Assigning Responsibilities

To assign responsibilities, perform the following steps.

1. Assign the following responsibilities to the Administrator:
   - Enterprise Planning and Budgeting Controller
   - Enterprise Planning and Budgeting Security Administrator
2. Assign the Enterprise Planning and Budgeting Business Process Administrator responsibility to your consolidation controllers.
3. Assign the Enterprise Planning and Budget Analyst responsibility to your consolidation analysts.

Synchronizing Reference Data with Enterprise Performance Foundation

The analytical reference data, such as members, attributes, and hierarchies is stored in a special manner to ensure optimal performance. Whenever changes are made within EPF, the reference data in EPF must be synchronized in the analytical repository.

To synchronize reference data in EPF, perform the following steps.

1. Select the Enterprise Planning and Budgeting Controller responsibility and navigate as follows: Administrator tab > Dimension Information subtab.
2. Click the Initial Load button. After synchronizing the data, the button label changes to Reload.

Setting Up the Ownership Dimension

To set up the ownership dimension, perform the following steps.

1. Navigate to the Enterprise Planning and Budgeting Security Administrator responsibility.
2. Navigate as follows: Security tab > Setup subtab.
3. It is recommended that you select the Entity Dimension as the ownership dimension.

Assigning Users as Valid Analytical Users

To assign all users with the responsibilities mentioned in the Assigning Responsibilities procedure as valid analytical users, perform the following steps.

1. Navigate to the Enterprise Planning and Budgeting Security Administrator responsibility.
2. Navigate to the New Accounts subtab.
3. Assign the users with the appropriate security.

For information on setting up users and their security, see About Security, *Oracle Enterprise Planning and Budgeting User's Guide*.

Preparing Consolidated Results for Analytical Reporting

To set up analytical reporting, see Preparing Data for Analytical Reporting, page 14- 3 .

Creating a Business Process

You must define a business process to prepare your consolidation data for analysis.

To create a business process, perform the following steps.

1. Navigate to the Enterprise Planning and Budgeting Business Process Administrator responsibility.
2. Under the Business Process subtab, click the Create Business Process button.

You are presented with the following subtabs: General, Data Model, Solve, Tasks, and Schedule.

General

1. Click the Choose Dataset button.
2. Select your dataset, click the Apply button, and save as a draft.

The dataset name for a consolidation hierarchy is the hierarchy name followed by a colon, which is suffixed by Standard Actuals (<hierarchy name>:Standard Actuals). The dataset name for an average balances consolidation hierarchy is the hierarchy name followed by a colon, which is suffixed by Averages (<hierarchy name>:Averages).

Data Model

1. From the Draft page, click the Update Draft button and then the Data Model item.
2. Specify the time dimension values as fixed.
3. To enter both the start and end dates, click the Time Member button. The start and end dates are the consolidation periods for which data has been made available.
4. Under the dimension area, refine the selections for all enabled dimensions.

   It is important to select the hierarchies that you want to aggregate.

   Note: This step is only required for dimensions which have more than one hierarchy.

Solve

1. The default settings need not be changed.

   If you have multiple aggregation hierarchies, you can click the update icon on a line item to verify that the output levels are specified for only a single hierarchy per dimension. Hierarchies without output levels will not be aggregated or available for analytical reporting

2. When finished, click the Apply button or move to Tasks.

Tasks

1. Specify Data Load in the Create Task drop down list and click the Go button.
2. Accept the default parameters and click the Apply button.

3. Repeat the procedure, accepting the default parameters, while creating tasks for Solve and Set Current Process Run.
4. With these three tasks defined, click the Apply button or move to Schedule.

Schedule

1. Select One Time Only in the Frequency Type drop-down list and click Apply.
2. To execute the business process, click the Make Effective button, and then select Yes to confirm execution.

A validation procedure verifies the business process and then it executes. After a few minutes to initialize, you can monitor its progress in the Monitor subtab.

> **Note:** In certain cases, if you execute the business process, you may need to log out and log back in before you can view the results of a business process execution.

Creating and Sharing Reports

After successful completion of a business process, the results can be used in analytical reports and graphs. To create a simple report, perform the following procedures.

When you finish adjusting the content and format of the report, click the Save button. The report can be placed in the public folder or within your private folder. If placed in your private folder, the Report Properties icon on the Reports page can be used to give other users access to the report. When accessing the report, the read access restrictions applicable for other users are automatically applied to the report.

Creating a Report

To create a report, perform the following steps.

1. Log in using the Enterprise Planning and Budgeting Controller Documents responsibility.
2. Under the Reports subtab, click Public Folder, and then click the Create Report button.
3. Specify Crosstab Report using the Content Type radio button and click the Continue button.

Choosing a Set of Data to View

To choose a set of data to view, perform the following steps.

1. From the list of views, select the view that represents the business process you created and the current instance copy.
2. Expand Line Item and select the line items you wish to view in the initial report.
3. When selections are complete, click the Add button and continue.

Selecting the Dimensionality

To select the dimensionality, perform the following steps.

1. For each of the dimensions, ensure that the step description defaults to the top member or members of the hierarchy.
2. For calendar period and any other dimension selections you wish to modify, click the Edit button for the step.
3. Ensure only the appropriate values are in the selected items area, then click the Apply button.
4. When all selections are complete, click the Finish button to display the report.

Analyzing Data

To analyze data, perform the following steps.

1. Manipulate the content of the report by using the page items and the drill-down and drill-up icons next to the dimension values.
2. Use the tools menu see a more extensive set of functionality for formatting, layout, annotation, and calculation creation.

   The Edit and Properties buttons provide access to dimension value selection tools and report page property settings.

Sharing Reports

To share reports, perform the following steps.

1. When you finish adjusting the content and format of the report, click the Save button.

   The report can be placed in the public folder or within your private folder.
2. If you place the report in your private folder, the Report Properties icon on the Reports page can be used to give other users access to the report.

   When accessing the report, the read access restrictions applicable for other users are automatically applied to the report.

18

Security

Overview

Security is a feature that enables individuals to access, load, or consolidate data based on their responsibility within an organization. For example, consolidation managers at corporate headquarters may need access to the entire corporate hierarchy, whereas those at a subsidiary may only be allowed access to the data related to their region. Additionally, consolidation analysts at corporate headquarters may only be allowed to input consolidation adjustments, but not to launch the consolidation process.

Financial Consolidation Hub enables you to secure data using either or both of the following security methods:

- role-based security
- function-based security

Security for Enterprise Planning and Budgeting (EPB) reporting is not discussed in this chapter. Financial Consolidation Hub security does not transfer to EPB. For information on security for EPB reporting, see Administering Security, *Oracle Enterprise Planning and Budgeting User's Guide*.

Role-Based Security

Roles represent one or more users. The following steps must be performed to use the role based security model:

1. Create users, which creates roles automatically.
2. Optionally, group users within roles.
3. Assign roles to entities and/or hierarchies.

Assigning Roles

You can assign entities and consolidation hierarchies to a role in the Role page. Alternatively, you can also assign roles in the following pages:

- operating entities in the Create Operating Entity or the Update Entity page
- consolidation hierarchies in the Create Consolidation Hierarchy or the Update Consolidation Hierarchy: Header page
- consolidation entities in the Create Consolidation Entity or the Update Entity page

Securing Operating Entities

Securing operating entities enables you to grant the privileges of loading data or adjustments for an operating entity to a specific set of users for that entity.

Securing Consolidation Hierarchies

Securing consolidation hierarchies enables you to grant the privileges of viewing, modifying, and running consolidations to a specific set of users for that hierarchy.

Securing Consolidation Entities

Securing consolidation entities enables you to grant the privilege of viewing consolidation results, making adjustments to elimination entities, and executing consolidations to a specific set of users.

> **Note:** The hierarchy and consolidation entity security may be used together, allowing you an even finer level of security.

Example

Consider the consolidation hierarchy below and assume that user Joe Smith has access to it based on role security.

Sample Consolidation Hierarchy

Focus	Entity	Entity Type	Ownership (%)	Currency Code	Consolidation Method	Translation Method	Details
	Vision : Corporate Group	Consolidation Entity		USD			
	Vision : Corporate Ops	Operating Entity	Controlling	USD			
	Vision : Americas Group	Consolidation Entity	100	USD	Full Consolidation		
	Vision : Americas Ops	Operating Entity	Controlling	USD			
	Vision : North America Group	Consolidation Entity	100	USD	Full Consolidation		
	Vision : USA	Operating Entity	Controlling	USD			
	Vision : Canada	Operating Entity	80.6	CAD	Proportional	Remeasurement	
	Vision : Mexico	Operating Entity	70	MXP	Full Consolidation	Translation	
	Vision : North America Group Elims	Elimination Entity		USD			
	Vision: South America Group	Consolidation Entity	80.65	USD	Full Consolidation		
	Vision: Brazil	Operating Entity	Controlling	USD			
	Vision : Colombia	Operating Entity	100	COP	Full Consolidation	Translation	
	Vision : Mexico	Operating Entity	12	MXP	Not Consolidated		
	Vision: South America Group Elims	Elimination Entity		USD			
	Vision : Americas Group Elims	Elimination Entity		USD			
	Vision : Corporate Group Elims	Elimination Entity		USD			

Scenario 1

If Joe Smith only has access to consolidation entity Vision: South America Group, then he has access to the entire branch under Vision: South America Group.

Scenario 2

If Joe Smith only has access to operating entity Vision: Canada, then he can load data and enter operating adjustments for Vision: Canada only.

Scenario 3

If Joe Smith has access to consolidation entity Vision: South America Group and to consolidation entity Vision: North America Group, he has access to the branch under Vision: South America Group, as well as to the branch under Vision: North America Group.

Scenario 4

If Joe Smith has access to consolidation entity Vision: Corporate Group, he has access to the entire consolidation hierarchy, but he cannot submit data or enter manual adjustments for any operating entities.

Related Topics

Overview, page 18- 1

Function-Based Security

Function-based security is related to the responsibility you select when you log in. Responsibilities include specific functions, user interface elements, and menus, which determine the pages to which you have access. If a responsibility you log into does not include specific functions, user interface elements, or menus, those items are not visible to you.

The table below indicates the seeded responsibilities with their associated functions:

Seeded Responsibilities with Associated Functions

Seeded Responsibility	Functions
Legal Entity Controller	• submits data and adjustments for operating entities
Consolidation Manager	• creates and updates all setup elements • submits data for operating entities • submits consolidations • views consolidation reports

> **Note:** For information on responsibilities relating to analysis of consolidation results, see the Setting Up Analytical Reporting, page 17- 1 .

You can create user-defined responsibilities. For example, you can create a responsibility for setup that contains only the functionality under the Setup tab. For information on creating a responsibility, see Defining a Responsibility, *Oracle Applications System Administrator's Guide*.

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