

Financial Management



1. Financial Management

1.1 Budgets and Accounting

1.1.1 Functional domains

- General ledger
- Account payable / Account receivable / Cash
- Cash management
- Cost accounting
- Expenditures
- Budget and Commitments
- Financial reporting
- Fixed Asset management

1.1.2 Financial Data model

General context

- Enterprise Management is multi-language, multi-company, multi-site, multi-currency, multi ledger, and multi-legislation by design.
- Multi-language: Ability to speak the language of users and partners. It includes the user interface and descriptions.
- Multi-company: Ability to manage several companies in the same database. It enables an organization to share the same repository while dedicating some data to one or several site/companies.
- Multi-site: Ability to manage several structures within a company, due to business, organizational, or geographic needs.
- Multi-currency: Ability to manage transaction currency. The amounts in this transaction currency are translated into a 'ledger' currency.

- Multi-ledger: Ability to define several ledgers for one company. Ledgers can be shared or dedicated.
- Multi-legislation: Ability to manage several companies located in different countries. In this case, local rules are applied depending on the context. These rules can be defined using user-designed settings or may include dedicated processes.

Models and ledgers

- Each company is linked to an accounting model that defines the ledgers used (up to 10).
- A ledger is characterized by one currency, one calendar, one chart of accounts and analytical dimensions
- Up to 9 analytical dimensions may be defined for a ledger, up to 20 analytical dimensions for a model
- The charts of accounts and dimensions can be shared or specific to several entities

Companies & sites

- Multi-site, multi-company
- Group of sites and companies may be defined for an aggregate crossed view (by activity, function, geographical location), in inquiries or reports
- Each company is associated with one accounting model and one legislation
- Automation of inter-site transactions
- Automated inter-company transactions in purchases and sales modules

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Currencies

- Unlimited number of currencies and exchange rates, manually entered or imported
- Unlimited number of rate types – daily, monthly, average, budget...
- Currencies may be linked to accounts and business partners
- Transactions entered in foreign currency, converted into the ledger currency
- Automatic rounding
- Automatic exchange variances when matching
- Asset / liability conversion at end of period/year; actual or simulated

Calendars

- A calendar per ledger; Up to 24 periods per calendar
- Year-initial period for carry forward and year-end period for closing adjustments
- Monthly and annual closing process, with automatic recognition of upstream transactions, accruals, and functional controls

Journals

- Unlimited number of journals
- Pre-defined types (sales, purchases, inventory, miscellaneous operations, carry-forward, closing), shared or specific to a ledger
- Validity date-controlled
- Close journals independent of period closure
- Site, company, group of sites allowed
- Frequent accounts, dis-allowed accounts

Accounts

- Length of account fixed or variable, numeric or alphanumeric, configurable
- Validity date-controlled
- Restriction by site, company, group site
- Financial and quantity elements recorded
- User definable management rules (class, matchable, centralized, collective, dimension(s), tax management, default sense, normal sense of balance, transactions for debit/credit, intercompany partner etc.)
- Propagation rules between ledgers
- Up to 9 dimensions (e.g. department, cost center, product line, etc.)
- Multi-level structures (pyramids), up to 99 levels, unlimited number of pyramids

Business partner

- Unique business partner identification, additional information based on roles (customer, supplier, carrier, factor, sales rep.)
- Rules (payment terms, tax management) distributed per company and per role
- Miscellaneous business partner, such as bank or bank accounts
- Unlimited number of addresses (Ordering, delivery, billing, payment, etc.)
- Unlimited number of bank identification numbers per address
- Linked business partner such as customer ship-to, bill-to, and pay-by as well as supplier buy-from, invoice-from, and pay-to, factor, group and risk
- Risk management (commercial, financial), user definable controls on values outstanding

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Dimensions

- Validity date-controlled
- Site, company, group of sites allowed
- Restricted combinations of accounts and dimensions, restricted combinations of dimensions and dimensions
- Financial and quantity
- Multi-level structures (pyramids), up to 99 levels, unlimited number of pyramids

Intercompany partner and flow

- Debit or credit default flow, according to the account
- Inter-company partner management
- Pre-consolidated balance sheet and ledger justifying inter-company transactions and aggregating the accounts according to the rules for the consolidation chart of accounts

1.1.3 G/L Accounting

General characteristics

- Status (temporary, definitive)
- Simulated active or inactive
- Model templates
- User definable transactions, defined by/for the users, automating default values and controls
- Manual journal entries, batch entries
- User-defined templates automating recurring journal entries
- Automatically reversing journals
- Automatic inter-site transactions and balancing of accounts on linked accounts

- Automatic inter-company transactions and balancing of accounts on linked accounts
- Recurring journal entries (fixed, variable), with automatic balance calculation
- Automatic journal entries reversing at a user defined date
- Automatic rounding rules in currency conversions
- Currency conversions selectable among fixed rate, lower-value, and higher value
- Manual or automatic matching (by reference, description, ledger amount, currency amount, by passing balance).

Matching is accompanied by the following automatic functions:

- Automatic generation of matching variance below a user definable threshold
- Automatic generation of exchange variance for currency transactions
- Archiving of matching to restore the situation of matchable accounts to date

Closing

- Automation of accruals: Invoices to be received, invoices to be issued, etc.
- User definable controls of closing reports: Completeness of records, checking balances, etc.
- Fiscal year-end closing
 - per site or per company
 - Automatic generation of adjustment journal entries account to account (optional)
 - Automatic generation of the result and the carry-forward
 - Generation of automatic journal entries from model templates with amounts calculated by user definable formulas (e.g. quoted part's account balance multiplied by a coefficient)

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Declarations

- Tax management
 - On debit, on payment
 - Tax prorate management
 - Suspension of tax
 - Services
 - EU VAT
 - VAT on pre-payment, on unpaid items
 - Para-fiscal taxes
 - Report for goods tax declaration (EU Intrastats)
 - Report for services tax declaration (EU Intrastats)
 - Tax reporting management
 - Tax declaration process activation per legislation

1.1.4 Accounts payable / receivable

Invoicing

- Invoice types (invoice, credit note, debit note, proforma)
- Unique numbering (supplier invoices)
- Legal information management
- Automatic calculation of open items based on the payment terms
- Automatic tax calculation (VAT, parafiscal)
- Withholding taxes calculation
- Allocation of charges to dimensions
- Automatic inter-site transaction management

- Automatic inter-company transaction management
- Recurring invoice management with alerts, workflows and traceability

Open items management

- Automate the calculation of open items for invoices, from the shipment date and the payment term
- Payment schedule management (unlimited number of open items for one invoice)
- Definable transactions for changing open items, according to user rights (Payment mode, due date, pay approval, dispute, etc.)
- Consolidation or expand open items
- Approval for payment, with definable workflows

Credit management

- Payable/receivable, factor, group and risk business partner management, which may or may not be the same
- User definable rules for calculating business and financial risk
- User definable rules for calculating due amounts, workflow validation
- Charges/discount management
- Aged balance through inquiries with full upstream / downstream traceability, or through reports
- Collection of due amounts by reminder campaign management
- User defined reminder campaign management rules, by representative, risk, group business partner, statistical family, etc.
- Mark business partners as remindable / non remindable and set minimum threshold, by currency
- Global reminder, global per level, global per delay, detailed per invoice

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- Letter, e-mail, telephone, fax, link to the customer service management to create tasks automatically
- Up to 9 levels of reminder, with definable text for each level
- Calculation of charges for delayed payments
- Credit policy management and credit level messaging

Payment process

- Definition of banks and cash, unlimited number
- Bank or cash entries
- Automated payment processing, including international context:
 - User definable processes, defining steps and controls
 - Automation of specific operations such as prepayments made/received, compensation, payment variances, bank charges
 - Automatic user definable posting and matching
 - Transfer/debit automation by automatic proposals submitted for validation
- Quick entry by picking open items
- Automation of inter-site, inter-business partner, inter-collective transactions
- Payment in foreign currency, Payment in a currency other than the billing or bank currency. Automating cross-currency journal entries
- Payment balance declaration to prepare periodic statistical declarations on non-resident payments and receivables/liabilities
- Automatic discount/charge and exchange variance management
- Prepayments with tax management and reports
- Prepayments on order, with full/partial matching against the invoice
- Automation of unpaid postings:

- bank charges management, charges
- re-invoicing, transfer to doubtful
- collective, tax adjustments
- Taking into account the local specific legal and fiscal rules for the country: Letter-check, draft, direct debit, domiciliation, transfer to be made, deposit
- User definable function to describe bank formats, delivering a library of formats ready for use
- Compliance with SEPA SCT and SDD for the Euro SEPA payment transactions
- Mandate management for direct debits (SDD), including managing mandates and integrating mandates into sales and accounts receivable process
- Define XML bank files for direct debit or credit transfer when required by banks
- Integration with Sage Pay to manage online, face-to-face, and phone payments (Available in the UKI only)

Bank reconciliation

- Reconciliation (Bank G/L entries mark)
- Bank statement reconciliation
- Bank statement entered or imported. Structure of the bank statement file is user definable with a dedicated function. It is also easy to include new formats.
- Automatic bank statement reconciliation (Statement vs ledger)
- Tools for manual reconciliation: sorting and searching by amount, type, description, date, reference (N° check, etc.)

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Advanced Bank Statement

- Import bank statement files. Structure of the bank statement file is user definable with a dedicated function.
- Run a process to automatically match each bank operation in the statement to open items according to user-defined search criteria
- Review the result of the automatic matching and process additional manual matches/entries if necessary
- Generate payments after completion of the matching
- Post these payments using the standard payment functions (Payment entry/Remittance generation)

Factoring

- Receipt generation and printing
- Receipt posting
- Magnetic file generation
- Payment notification
- Outsource payment collections from customers

Employee expenses

- Personal information entries
- Decentralized expenses entries – access rights and confidentiality
- User definable cost types (Travel, hotel, taxi, etc.)
- User definable caps on reimbursement, user defined thresholds for reimbursement (e.g. km, etc.)
- Tax management
- Reports

- User definable workflow for validation
- Automatic user definable posting
- Control reporting

Cash forecast and bank positions

- Translation of sales and purchase documents in future cash issue/entry
- One-off and recurring additional events (payroll, taxes, etc.) with rules management
- Analysis of the future cash position by aggregating issues or entries with the current bank positions

Extension to expert modules

- Transfer to treasury cash flow forecasts, with user definable information
- Short term open items: payments processed
- Medium term open items: Image of unbalanced open items
- Transfer of cash balance to accounting

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1.1.5 Budgets

Analytical budgets

- Definition of budgets, unlimited number, based on:
 - Level: company or site
 - Currency
 - Calendar, which can be different from the G/L calendar (period, start and end).
 - Chart of budget accounts, which may be dedicated, or shared or derived (grouping) from G/L or analytical ledger
 - Up to 9 crossed dimensions that may be dedicated, or shared or derived (grouping) from G/L or analytical ledger
- For a budget, unlimited number of versions, with a status (development, active, closed)
- Budgets transactions by direct entry or by updated records for tracking the changes
- User definable transactions
- Automatic distribution of an annual budget per period, with seasonally adjusted distribution rules
- Automatic procedure for creating a budget version from another version, or a budget by another. Definition of budget formulas (deferral of the initial budget, actual, reassessment by coefficients, etc.)

- For charges:
 - Budget control from commitments, simultaneously on up to 10 budgets
 - User definable workflow validation of commitments, with signature approval cycle depending on whether the budget is exceeded or not
 - Management of key responses and actions, if no appropriate response, if the required response time is exceeded, escalation, etc.
- Standard inquiries comparing the budget, commitments and actuals, with a configurable level of detail, audit trail justifying accumulation by detail, financial data extraction including budget records, implementation of business intelligence standard universes

Operational budgets

- Setting budget structures and roles (managers, recipients, hierarchical structure of control, reporting and approval)
- Split budget by projects, envelopes, exercises, budget lines. Annual or multi-year envelopes. Multi-year budgets are particularly usable for investment budgets.
- Configurable workflow for approving various budget levels
- Reserves management, outcome amounts
- Expense control from commitments, electronic approval
- Revisions, transfers between budgets
- Procedure for closing with user definable carry-forwards
- Off-budget lines management

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Expenses commitments

- User definable function – input or import
- Linked to the purchase transactions, optional generation of pre-commitments (from purchase requests), generation of commitments (from purchase orders)
- On request/order date or receipt forecast date
- With/without non-deductible tax
- Pre-commitments balance while ordering, commitment balance while receiving or invoicing
- Commitment control, with user definable signature workflow, which may be different depending on whether the budget is exceeded or not
- Carry-forward of commitments from one year to another
- User definable reporting comparing budget, pre-commitment, commitment and actual

1.2 Fixed assets

1.2.1 Fixed asset management framework

Fixed asset management in accordance with IAS/IFRS

Depreciation context and plans

- Depreciation context based on Accounting data model, to manage a Fixed assets data model in a currency, according to a financial year and interim period schedule
- Accounting and fiscal depreciation context linked to the Company accounting data model:
 - Chart of accounts to determine economic depreciation
 - fiscal plan to determine accelerated depreciation or claw back

- fiscal plan to determine deferrable depreciation and manage deferred depreciation
- IAS/IFRS depreciation context linked to the IAS/IFRS accounting repository (consolidated accounts)
- Ability to manage up to 15 depreciation plans per fixed asset

Depreciation methods

- Large list of depreciation methods (Straight line, Declining, Residual, Gradual, Production Unit, Constant, Accelerated, etc.)¹
- Depreciation method management by non-financial unit, determined by the rate of fixed asset usage
- Option to configure other depreciation methods
- Depreciation basis and method specific to each plan

Association of values

- Consistency of depreciation methods via an identification system depending on the value:
 - of the Fixed asset accounting code
 - or the Fixed asset family

Extended fixed asset record

- Dual valuation and dual account posting, according to the Company accounting repository and according to the Group accounting repository
- Identification of Type of holding: "Owned", "Leased", "Rented", "Franchised", "Projected"
- Business sector to manage VAT deduction rules
- Visibility of the various depreciation plans on a configurable timescale: option of automatic depreciation plan calculation
- Traceability of physical and analytical movements

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- Traceability of renewals for “Franchised” assets
- Link to related physical element(s) for barcode registration and control stock count purposes
- Link to contract for “Leased” and “Rented” assets
- Link to production plan for assets depreciated by Non-financial unit
- Management of data relating to vehicles in order to produce a preparatory statement for declaration

1.2.2 Fixed asset life cycle

- Traceability of Capitalized expenditure
- Taken from records of purchase invoices and third-party supplier invoices
- Creation of Fixed assets from Capitalized expenditure
- Splitting of Capitalized expenditure
- Grouping of Capitalized expenditure
- Fixed asset breakdown management
- Discounting of depreciable costs and depreciation bases, due to additional credit notes or invoices or due to adjustments of VAT deductions
- Commissioning of fixed assets
- Allocation of Fixed assets: geographical and analytical
- Creation and updating of depreciation plans
 - Change of method: duration, mode, prospective or retroactive, in accordance with plan standards

- Impairment management, for recording a loss in addition to the loss recorded through depreciation
- Revaluation management, according to market value or by application of a coefficient
- Splitting of fixed assets, for reallocation or partial issue
- Intra-group transfers: spinoff, merger and demerger operations. Option of simulation before execution.
- Asset issue (sale, disposal, loss), with calculation of capital gain or loss
 - These actions can be carried out individually in a Fixed asset record, or applied in batch mode to a selection of assets
 - Ability to run closing process in simulation mode

1.2.3 Interim statements and closing

- Interim statements according to the period breakdown of the Accounting repository, for provisional or final posting of the depreciation and movements for the period
- Traceability and reporting of fixed asset and depreciation transactions by account and by heading
- Journal of detailed account entries
- Closure of fiscal year after application of annual VAT deduction adjustments for partial taxpayers and registrants
- Option of processing the first interim statements for the following fiscal year before closure of the current fiscal year
- Ready-to-use reports to obtain your fixed asset position and movements; BI universe with reports

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1.2.4 Fixed asset stock count

- Records of registered physical elements
- Physical element bearing the barcode registration, linked to the fixed asset: n physical elements per fixed asset
- Allocation and movement management at Physical element level, with a validation phase to pass the movement on to the fixed asset: Change of location; Asset issue
- Manage control stock counts, to check the validity of fixed asset accounts
 - Collection of registrations with a Pocket PC (Windows mobile) fitted with a barcode reader and Sage Inventory Tools software to manage stock counts
 - Automatic comparison of stock count file and Physical elements records in order to identify and correct variances or suggest updates

1.2.5 Fixed asset financing

- For leased or rented equipment: management of the lease or rental contract:
 - Identification and characteristics of the contract; payment schedule
 - Generation of account entries for the company accounts and consolidated accounts: reprocessing of the fee if the asset is depreciated in the IAS/IFRS accounting data model
 - End of contract management: equipment returned to lessor or purchase option exercised by acquisition of the equipment
 - Production of financial commitment reports
- Management of equipment subsidies
- Calculation of subsidies allocated to investment projects, posting to fixed assets, calculation and posting of the reintegration

1.2.6 Franchised asset management

- For equipment made available to the company by a franchisor, generally a local authority:
 - Management of franchise contracts and riders: extension of the franchise with effect on fixed assets
 - Calculation and posting of provisions for renewal
 - Financial depreciation
 - Renewal of franchised assets and traceability of renewals
 - Customer invoice creation on sale of fixed asset