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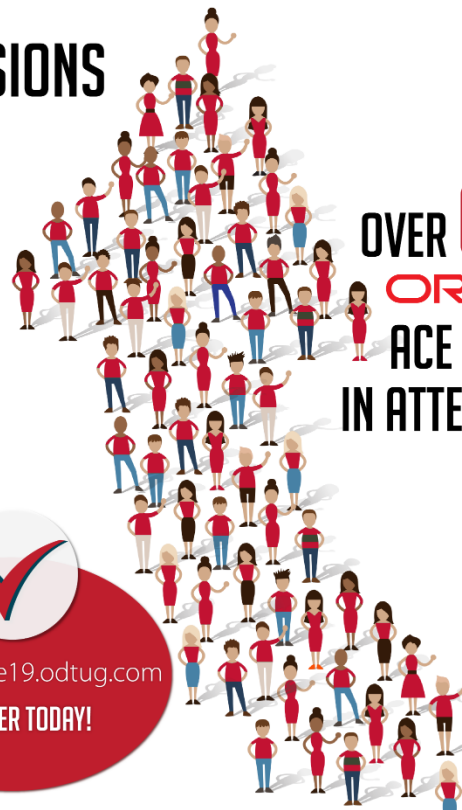
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BACKGROUND

- 20+ Years Hyperion Implementation Experience

- ODTUG Board Member

- Oracle Ace Alumni

- Certified in Hyperion Planning and Essbase

- Prior Practice Lead at Hyperion Partner Firm

- Co-Editor of the Book "Developing Essbase Applications: Advanced Techniques for Finance and IT Professionals"

AGENDA

- **Introduction:** Why use PBCS for Financial Consolidations?

- **Basic Design:** Dimensionality

- **Examples:** Journal Entries

- **Examples:** Locking Periods

- **Examples:** Joint Venture Eliminations

- **Examples:** Intercompany Eliminations

INTRODUCTION

"MODULAR" VS "UNIFIED" SOLUTIONS

- Oracle's EPM solution is considered to have a **modular** architecture, because there are separate products for the various EPM functions. (Financial Consolidations, Planning & Budgeting, Account Reconciliation, etc.)

- Other vendors offer products that leverage a **unified** architecture, where one product covers the various EPM functions.

- This is a **major talking point** that vendors highlight when competing with Oracle in an EPM product "bake-off".

FEAR, UNCERTAINTY AND DOUBT
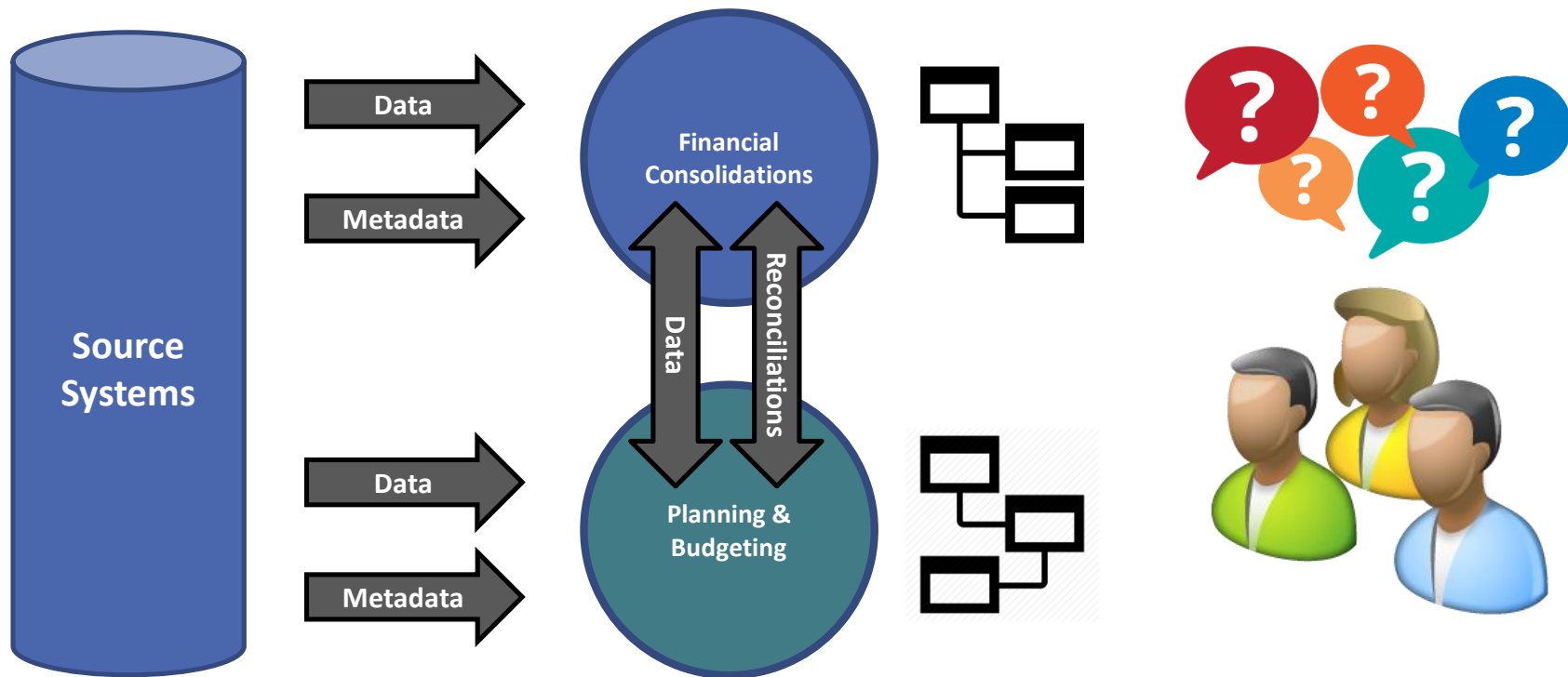
TADA!!!! THE "UNIFIED" SOLUTION
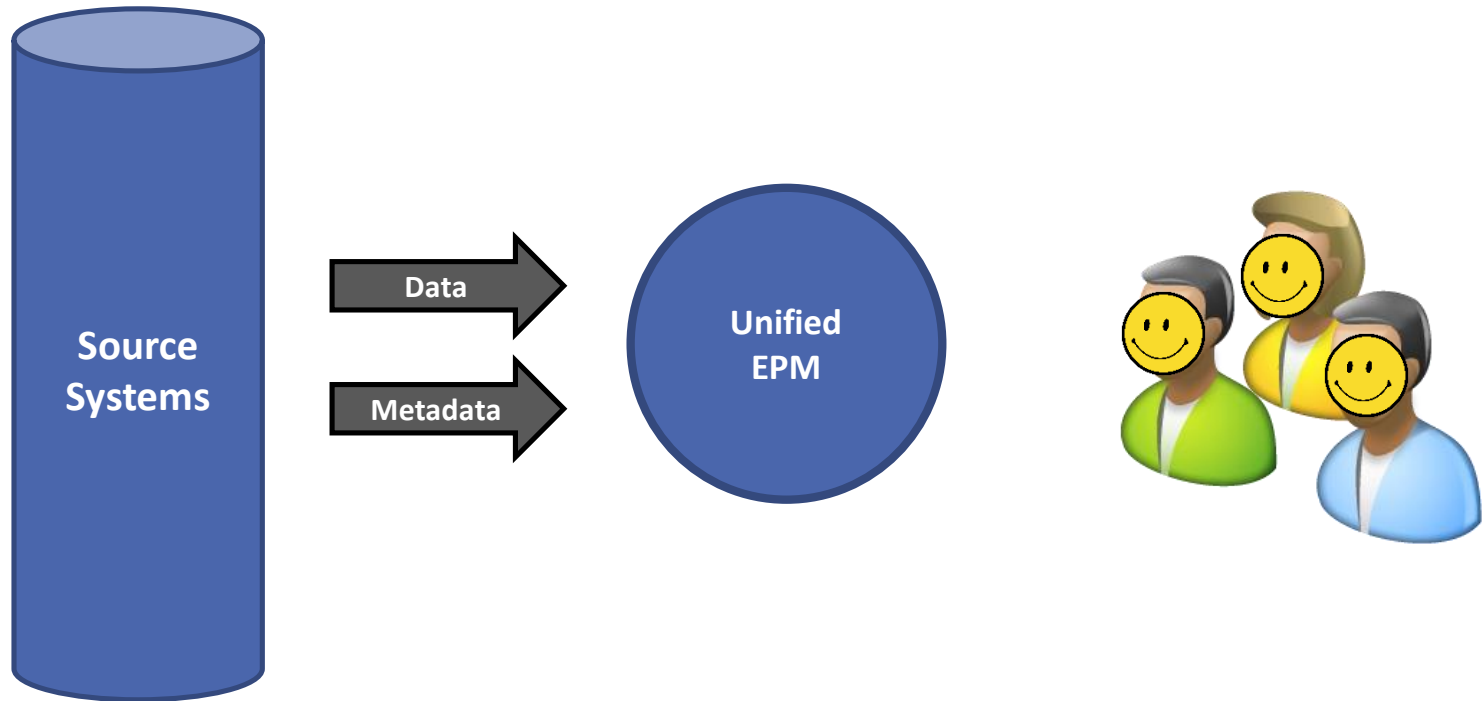
WHY A "UNIFIED" PBCS SOLUTION?

- **Lower Software Cost**

- **Lower Architectural Complexity**

- **Better User Experience**

CONCLUSION

- **For companies with simple to moderately complex Financial Consolidations requirements, building a "unified" solution using only PBCS can make a lot of sense.**

FUNCTIONALITY

FUNCTIONAL REQUIREMENTS

- **Consolidation of Complex Ownership Structures**

- **Intercompany and Minority Interest Eliminations**

- **Currency Conversion**

- **Journal Entries**
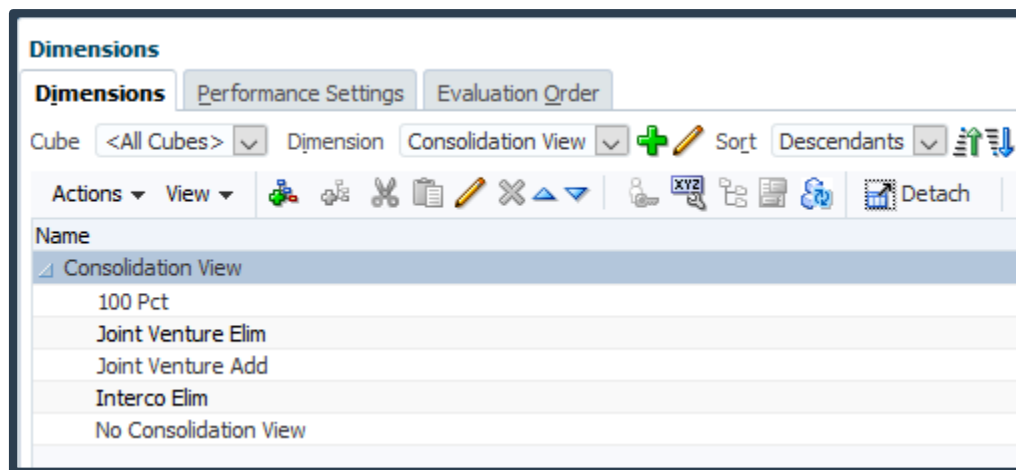
- **Locking Periods**

- **Etc.**

BASIC DIMENSIONS

DIMENSIONS FOR CONSOLIDATIONS

- **The Regulars:** Scenario, Version, Account, Entity, Period, Years

- **Consolidation View:** Separates "whole" numbers from eliminations.

- **Data Source:** From where did the data originate?

- **Data_Type:** Separates data types.

** NOTE: *Data Type* is a reserved word.

CONSOLIDATION VIEW

DATA SOURCE

DATA_TYPE
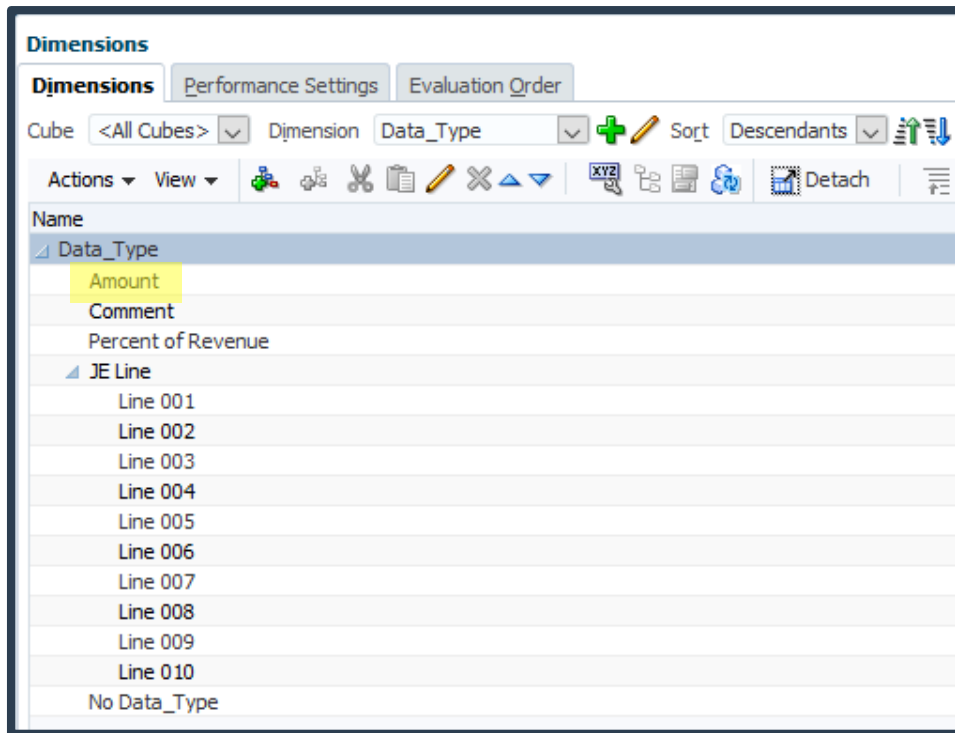
JOURNAL ENTRIES

JOURNAL ENTRIES

- Consolidating journal entries can be useful when loading data from multiple general ledgers into a single financial consolidation app.

- Journal entries are "transactions", which are relational in nature.

- We can "fake" a relational environment in an OLAP database by tucking the various components of our journal entry transactions into our existing dimensions.

JOURNAL ENTRY REQUIREMENTS

- Must be able to store many journal entries.

- Must store multiple lines for each journal entry.

- Must support various "flavors" of journal entries (E.g., IFRS vs GAAP).

- Must store "posted" vs "unposted" journal entries.

- The impact of "posted" journal entries should be represented in the balances on our financial statements. "Unposted" journal entries should not hit the income statement or balance sheet.

JOURNAL ENTRY DETAIL INPUT FORM

Journal Entry Detail ⓘ

Scenario	Version	Data Source	Entity	Years	Period
Actual	Final	GAAP Journal Entry	Journal Entry 01	FY19	Mar

	JE Entity	JE Account	JE Description	Debit	Credit	
Line 001	Bakery Company XYZ (Acquisition)	Goodwill Impairment Expense (A80130)	This acquisition didn't work out as expected.	20,000,000		
Line 002	Bakery Company XYZ (Acquisition)	Goodwill (A19500)	Let's reflect this in our Goodwill.		20,000,000	
Line 003						
Line 004						
Line 005						
Line 006						
Line 007						
Line 008						
Line 009						
Line 010						
Total:				20,000,000	20,000,000	

POSTED vs UNPOSTED
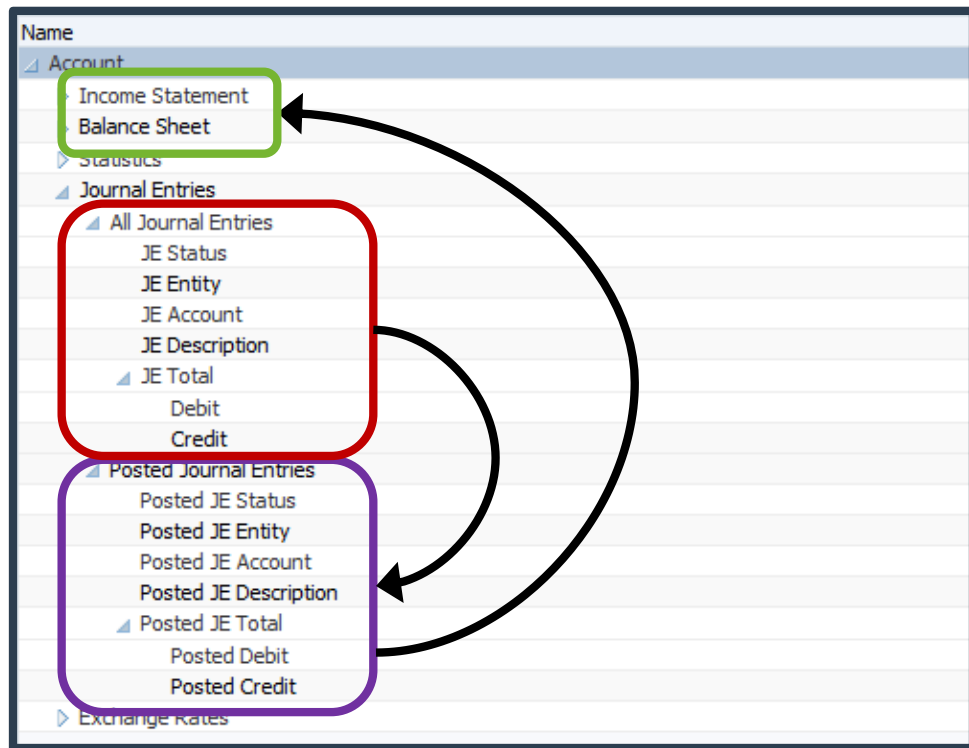
POSTING A JOURNAL ENTRY

POSTING A JOURNAL ENTRY

- There is an important line of code in the business rule that posts the journal entries.

- It translates the selections in the Smart Lists in each line of the journal entry into the "real" member names for Entity and Account.

```
@MEMBER(@CONCATENATE("HSP_ID_",@CalcMgrIntegerToString("JE Entity")))->
@MEMBER(@CONCATENATE("HSP_ID_",@CalcMgrIntegerToString("JE Account")))->"100 Pct"->"Amount" =
```

LOCKING PERIODS

LOCKING PERIODS

- In PBCS and Planning, the editable periods are determined by the start and end periods on a given scenario.

- While this limits where data can be entered, it does not prevent business rules from altering data in a given period.

- Developers can create a form where admins can "lock" periods, and then have each business rule check to see if the period is locked.

- While this does not represent a perfect locking solution, when used in conjunction with the scenario start & end periods, it gets close.

PERIOD LOCK INPUT FORM

PERIOD LOCK CODE

```
Script   Errors & Warnings

1  /*  Check the Period Lock account.  */
2
3  /*  The following line is critical.  Smart List values like "Unlocked" and "Disabled" are set to equal #Missing.  */
4  /*  If the block below is not created, the subsequent IF statement will not evaluate to TRUE.  */
5  "Period Lock" = @CREATEBLOCK("No Entity"->"No Trading Partner"->"No Consolidation View"->"No Currency"->"Input");
6
7
8  /*  IF the period is locked, exit the calculation.  */
9  FIX("No Entity",
10     "No Trading Partner",
11     "No Consolidation View",
12     "No Currency")
13
14     "General Ledger"(
15     IF("Input"->"Period Lock" <> 1)
16         @RETURN(@HspMessage("Calculations cannot be performed on locked periods."), ERROR);
17     ENDIF
18     )
19
20  ENDFIX
21
```

PERIOD LOCK INPUT FORM
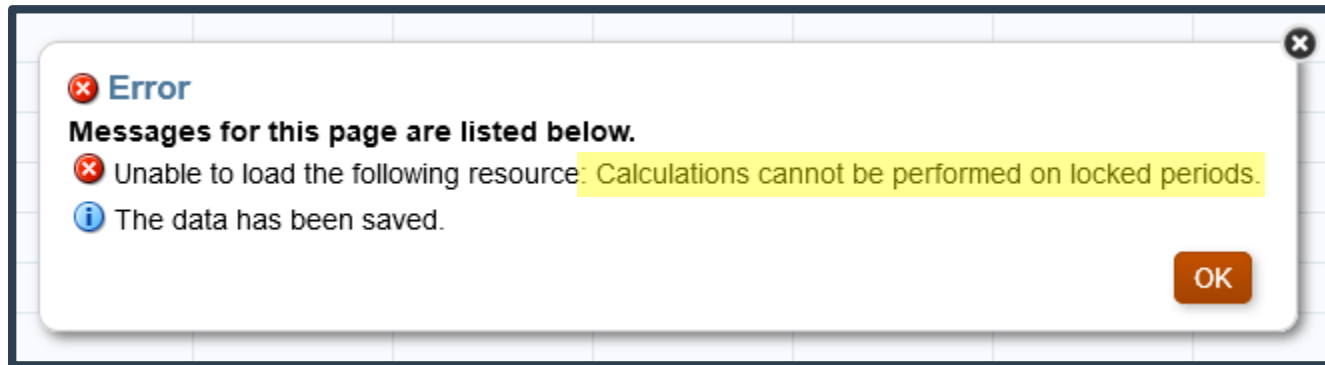
JV Eliminations

JOINT VENTURES

- Two or more companies pool their resources to pursue a shared initiative, often forming a new legal entity under a joint venture agreement.

- Each company retains partial ownership of the new entity.

- Different accounting methods apply, depending upon the influence and control each party has over the new company.

JOINT VENTURE EXAMPLE

- Starbucks has entered into a joint venture agreement with Thibodaux Roasting Company (a *totally* fake example).

- The new entity is called **Thibodaux Roasting Company Equity JV**.

- Starbucks owns **50%** of the new entity.

- Starbucks is managing the books for the joint venture, and has the "100%" numbers before any eliminations are applied related to partial ownership.

EXAMPLE

- An administrative form is required for maintaining the percent ownership of all joint ventures.

- Attributes can be used to track the various types of joint ventures.

JV % Ownership								
				FY19				
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Thibodaux Roasting Company Equity JV	50.00%	50.00%	50.00%					

EXAMPLE

- Eliminate the "unowned" portion of the **Income Statement** in the **Joint Venture Elim** member.

		Actual	Actual	Actual	Actual
		Final	Final	Final	Final
		USD	USD	USD	USD
		Input	Input	Input	Input
		Amount	Amount	Amount	Amount
		No Trading Partner	No Trading Partner	No Trading Partner	No Trading Partner
		FY19	FY19	FY19	FY19
		Mar	Mar	Mar	Mar
		100 Pct	Joint Venture Elim	Joint Venture Add	Consolidation View
Thibodaux Roasting Company Equity JV	Sales	1,547,384	-773,692	0	773,692
Thibodaux Roasting Company Equity JV	Cost of Goods Sold	331,140	-165,570	0	165,570
Thibodaux Roasting Company Equity JV	Advertising	28,000	-14,000	0	14,000
Thibodaux Roasting Company Equity JV	Depreciation	100,928	-50,464	0	50,464
Thibodaux Roasting Company Equity JV	Rent	30,000	-15,000	0	15,000
Thibodaux Roasting Company Equity JV	Payroll Taxes	35,723	-17,862	0	17,862
Thibodaux Roasting Company Equity JV	Salaries and Wages	240,174	-120,087	0	120,087
Thibodaux Roasting Company Equity JV	Supplies	15,837	-7,919	0	7,919
Thibodaux Roasting Company Equity JV	Travel and Entertainment	23,948	-11,974	0	11,974
Thibodaux Roasting Company Equity JV	Net Income	741,634	-370,817	0	370,817

EXAMPLE

- Eliminate the entire **Balance Sheet** in the **Joint Venture Elim** member.

- Add the **Equity in Joint Ventures** back to the **Balance Sheet**. This is essentially the equity in the JV multiplied by the ownership %.

- The **Equity in Joint Ventures** (Asset) is offset with the proportional **Retained Earnings** (Equity).

- Ensure that the **Balance Sheet** still balances.

EXAMPLE

	A	B	C	D	E	F
1			Actual	Actual	Actual	Actual
2			Final	Final	Final	Final
3			USD	USD	USD	USD
4			Input	Input	Input	Input
5			Amount	Amount	Amount	Amount
6			No Trading Partner	No Trading Partner	No Trading Partner	No Trading Partner
7			FY19	FY19	FY19	FY19
8			Mar	Mar	Mar	Mar
9			100 Pct	Joint Venture Elim	Joint Venture Add	Consolidation View
22	Thibodaux Roasting Company Equity JV	Cash	3,049,547	-3,049,547	0	0
23	Thibodaux Roasting Company Equity JV	Accounts Receivable	4,066,062	-4,066,062	0	0
24	Thibodaux Roasting Company Equity JV	Inventory	3,049,547	-3,049,547	0	0
25	Thibodaux Roasting Company Equity JV	Current Assets	10,165,156	-10,165,156	1,065,240	1,065,240
26	Thibodaux Roasting Company Equity JV	Equity in Joint Ventures	0	0	1,065,240	1,065,240
27	Thibodaux Roasting Company Equity JV	Assets	10,165,156	-10,165,156	1,065,240	1,065,240
28	Thibodaux Roasting Company Equity JV	Short Term Debt	2,410,403	-2,410,403	0	0
29	Thibodaux Roasting Company Equity JV	Accounts Payable	4,820,806	-4,820,806	0	0
30	Thibodaux Roasting Company Equity JV	Accrued Liabilities	803,468	-803,468	0	0
31	Thibodaux Roasting Company Equity JV	Liabilities	8,034,676	-8,034,676	0	0
32	Thibodaux Roasting Company Equity JV	Current Year Retained Earnings	2,130,480	-1,065,240	0	1,065,240
33	Thibodaux Roasting Company Equity JV	Shareholders' Equity	2,130,480	-1,065,240	0	1,065,240
34	Thibodaux Roasting Company Equity JV	Balance Sheet	0	-1,065,240	1,065,240	0

INTERCOMPANY ELIMS

INTERCOMPANY ELIMS

- Transactions between **Entities** in the same company must be eliminated:

    - **Elimination of Intercompany Revenue & Expenses**

    - **Elimination of Intercompany Debt**

    - **Elimination of Intercompany Stock Ownership**

- Usually isolated to specific intercompany accounts.
  (E.g., Intercompany Sales)

INTERCOMPANY ELIMS

- Some companies include **Trading Partner** as a segment in their chart of accounts.

- Other companies create specific accounts that reference the **Trading Partner** in the account name. **(E.g., Due To Company XYZ)**

- Eliminations should occur at the first common ancestor.

- Intercompany eliminations generally only occur in reporting currencies (as opposed to input currencies).

- Different solution options for **BSO** vs **ASO**.

EXAMPLE

- Starbucks owns a bakery that sells pastries to their retail stores.

- The **Bakery Company XYZ** sells $10,000 worth of baked goods to the Starbucks at **Teel & Main** in Frisco (my local Starbucks).

	A	B	C	D	E	F	G
1							Actual
2							Final
3							USD
4							FY19
5							Mar
6	Bakery Company XYZ (Acquisition)	TP_Teel & Main St. (8816-93415)	Intercompany Sales (A45000)	100 Pct	General Ledger	Amount	10,000
7	Teel & Main St. (8816-93415)	TP_Bakery Company XYZ (Acquisition)	Intercompany Cost of Sales (A55000)	100 Pct	General Ledger	Amount	10,000

EXAMPLE

- The **Bakery Company XYZ** is in Lousiana.

- The Starbucks at **Teel & Main** is in Texas.

- The first common ancestor is **West South Central**.

- Note the **Elimination Company**.

EXAMPLE

	A	B	C	D	E
1				Actual	
2				Final	
3				USD	
4				100 Pct	
5				General Ledger	
6				Amount	
7				FY19	
8				Mar	
9	Bakery Company XYZ (Acquisition)	TP_Teel & Main St. (8816-93415)	Intercompany Sales (A45000)	10,000	Data Loaded Here
10	Teel & Main St. (8816-93415)	TP_Bakery Company XYZ (Acquisition)	Intercompany Purchases (A55000)	10,000	Data Loaded Here
11					
12	Louisiana	Trading Partner	Intercompany Sales (A45000)	10,000	Data Still Here at Parent
13	Texas	Trading Partner	Intercompany Purchases (A55000)	10,000	Data Still Here at Parent
14					
15	Elim West South Central	TP_Teel & Main St. (8816-93415)	Intercompany Sales (A45000)	-10,000	Data Eliminated at First Common Ancestor
16	Elim West South Central	TP_Bakery Company XYZ (Acquisition)	Intercompany Purchases (A55000)	-10,000	Data Eliminated at First Common Ancestor
17					
18	West South Central	Trading Partner	Intercompany Sales (A45000)	0	Data was Eliminated.
19	West South Central	Trading Partner	Intercompany Purchases (A55000)	0	Data was Eliminated.
20					

THANK YOU!!!

(For loaning me a PBCS pod!)

Jake Turrell

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