PUBLIC

How to Perform Parallel Accounting in SAP Business One

Release Family 8.8

Applicable Release:

SAP Business One 8.8 and higher

All Countries

English

January 2011

Table of Contents

Purpose

This document provides a short guide to the parallel accounting in SAP Business One when a company needs to report according to local GAAP as well as IFRS (or any other parallel accounting system). It also contains examples illustrating how SAP Business One facilitates parallel accounting.

Glossary

Term	Abbreviation	Description	Differences in Usage (General – SAP Business One)
IFRS	International Financial Reporting Standards	International Financial Reporting Standards (IFRS) are Standards, Interpretations and the Framework for the Preparation and Presentation of Financial Statements (in the absence of a Standard or an Interpretation) adopted by the International Accounting Standards Board (IASB).	N/A
Local GAAP	Generally Accepted Accounting Principles	Generally Accepted Accounting Principles (GAAP) is the term used to refer to the standard framework of guidelines for financial accounting used in any given jurisdiction.	N/A

Parallel Accounting

Accurate financial reporting in SAP Business One depends not only on the functionality, but also on the correct setup and handling of transactions. Additionally, SAP Business One localizations vary according to different local GAAP requirements. One of the main prerequisites for accurate reporting is the setup of the G/L Accounts. Business transactions can have different meanings and/or valuation for local GAAP and for IFRS purposes. You can create different types of G/L accounts in the chart of accounts to support both local GAAP and IFRS-related postings. If your company needs to report according to both the local GAAP and to IFRS, the chart of accounts can include three types of G/L accounts:

- Local G/L accounts– for local GAAP purposes only

- IFRS G/L accounts– for IFRS purposes only

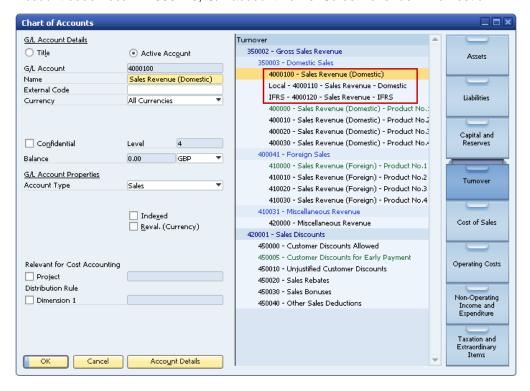- Common G/L accounts– for both local GAAP and for IFRS purposes

The G/L Accounts can be distinguished using a specific G/L Account code and/or G/L Account name.

Examples

Account code: 4000110; G/L account name: Sales Revenue – Domestic
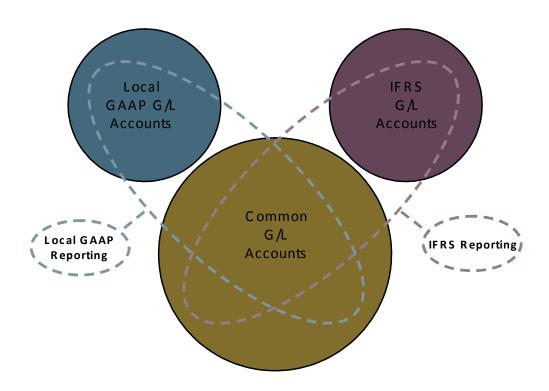
Account code: IFRS – 4000110; G/L account name: Sales Revenue – IFRS

Account code:Local – 4000120; G/L account name: Sales Revenue – Domestic

As a result of the split of the G/L Accounts into three groups, the way of reporting is influenced and can have the following form:
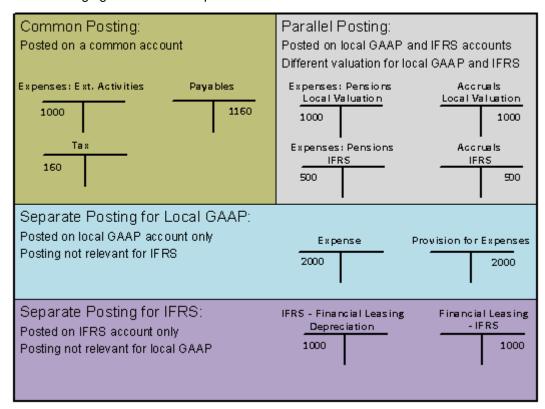
Local
GAAP G/L
Accounts

IFRS
G/L
Accounts

Local GAAP
Reporting

Common
G/L
Accounts

IFRS Reporting

Possible Business Scenarios

SAP Business One allows you to cover the following scenarios in your accounting system:

- A transaction has the same impact for the local GAAP and for the IFRS rules. The transaction is posted to the common G/L accounts; for example, a purchasing invoice for services.

- A transaction has different valuations for the local GAAP and for IFRS. It is posted in parallel to both local and IFRS G/L accounts; for example, depreciation of fixed assets.

- A transaction is required only by local GAAP rules. It is posted to local G/L accounts only; for example, a specific provision.

- A transaction is required only by IFRS rules. It is posted to IFRS G/L accounts only; for example, financial leasing.

The following figure shows examples of these scenarios:

Year-end Postings versus Continuous Postings

You adopt one of the following approaches for parallel postings to local GAAP accounts and to IFRS accounts:

1. Posting only local transactions and marking them as local. At the end of the financial period, filtering the transactions and manually creating relevant postings for IFRS purposes, transaction by transaction.

2. Posting only local transactions, and marking them as local. At the end of the year, filtering the transactions and manually creating relevant postings for IFRS as aggregate transactions.

3. Parallel IFRS posting is created manually by the accountant for each relevant transactions at the time it is recorded in the application.

This requires a second numbering series for each affected document type.

Financial reports preparation

The functionality of 'Financial Report Templates'(SAP Business One -> Financials -> Financial Report Templates)allows preparation of different templates for Financial Statements (such as Balance Sheet, Profit and Loss Statement) in which the setup of different G/L account types can be used. Then the different reporting areas can be covered.

Authorizations

For information about the authorizations required for setup of G/L accounts see the online help as well as the document *How to Define Authorizations,* which you can download from the documentation area of SAP Business One Customer Portal at http://service.sap.com/smb/sbocustomer/documentation.

Other Reference Materials

For more information about IFRS and its application in SAP Business One, see the white paper *SAP Business One in an IFRS Environment* at
http://service.sap.com/~sapidb/011000358700001182792009E.pdf or visit
http://channel.sap.com/sbo/ifrs (Channel Partners only).

Copyrights, Trademarks, and Disclaimers

Disclaimer

The information in this document is proprietary to SAP. No part of this document may be reproduced, copied, or transmitted in any form or for any purpose without the express prior written permission of SAP AG.

This document is a preliminary version and not subject to your license agreement or any other agreement with SAP. This document contains only intended strategies, developments, and functionalities of the SAP® product and is not intended to be binding upon SAP to any particular course of business, product strategy, and/or development. Please note that this document is subject to change and may be changed by SAP at any time without notice.

SAP assumes no responsibility for errors or omissions in this document. SAP does not warrant the accuracy or completeness of the information, text, graphics, links, or other items contained within this material. This document is provided without a warranty of any kind, either express or implied, including but not limited to the implied warranties of merchantability, fitness for a particular purpose, or non-infringement.

SAP shall have no liability for damages of any kind including without limitation direct, special, indirect, or consequential damages that may result from the use of these materials. This limitation shall not apply in cases of intent or gross negligence.

The statutory liability for personal injury and defective products is not affected. SAP has no control over the information that you may access through the use of hot links contained in these materials and does not endorse your use of third-party Web pages nor provide any warranty whatsoever relating to third-party Web pages.

The current version of the copyrights, trademarks, and disclaimers at
http://service.sap.com/smb/sbocustomer/documentation is valid for this document.