



# Introduction to the Subledger Accounting Engine on Oracle R12

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### **Agenda**

- Introduction
- Subledger Accounting
- Standard Payables Accounting vs. The **Business Need**
- Configuring Subledger Account in Payables
- Conclusion
- Q & A





#### Introduction

- Thomas Simkiss, Jr., J.D., CPA
  - 11 years Oracle Experience as an end user and implementation consultant
  - Financials, Supply Chain, Discoverer, DBI
  - Vice-President of Operations and Managing Partner with BizTech
  - CPA in NJ, Member PA and NJ Bar Association
- BizTech
  - Certified Advantage Partner
  - Offices in King of Prussia, PA, Alexandria, VA, and Bridgewater, NJ
  - Clients in CT, NH, NJ, NC, NY, DE, MD, and VA
  - Applications Implementations
  - Custom Development







## **Subledger Accounting**

- 3 C's have been replaced by the 4 C's
  - Chart of Accounts
  - Calendar
  - Currency
  - Convention
    - Accounting Convention





## Subledger Accounting (Con't)

- Accounting Convention
  - Accrual Basis
  - Cash Basis
  - Encumbrance Accounting
  - IFRS





## Subledger Accounting (Con't)

- Accounting Methods Builder (AMB)
  - Journal Line Types
  - Journal Line Description
  - Mapping Sets
  - Account Derivation Rules
  - Journal Line Definition
  - Multiperiod Accounting
  - Application Accounting Definition
  - Subledger Accounting Method







## Subledger Accounting (Con't)

- Assets
- Cost Management
- Payables
- Projects
- Purchasing
- Receivables





## **Standard Oracle Payables** Accounting vs. The Business Need





## Standard Payables Accounting

- What accounting can Payables create?
  - Liability Account
    - Default from Payables Options or Supplier Site
  - Automatic Offset
    - None
    - Balancing
    - Account





#### **Automatic Offset**

Chart of Accounts	Balancing Segment	Cost Center	Natural Account	Future1
Liability Account from Financial Options	100	000	2210	000
Liability Account from Supplier Site	100	000	2210	000

	Account	Amount
Invoice Distribution 1	100.200.5010.000	\$100
<b>Invoice Distribution 2</b>	200.300.5010.000	\$100
Automatic Offset Method		
None	100.000.2210.000	<\$200>
Balancing	100.000.2210.000	<\$100>
	200.000.2210.000	<\$100>
Account	100.200.2210.000	<\$100>
	200.300.2210.000	<\$100>





#### The Business Need

- Multiple Legal Entities
  - 10 Legal Entities
  - Each with its own balancing segment
- 3 'Invoice Owning' Legal Entities
  - Each pays the invoices for other entities
- Requirement:
  - One liability account for each invoice, BUT, the account can change depending on the Invoice Owning Legal Entity







## The Business Need (Con't)

#### **Standard Functionality**

<b>Desired</b>	<b>Function</b>	ality
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Invoice Owning Legal Entity	500	
	Account	Amount
Invoice Distribution 1	100.200.5010.000	\$100
<b>Invoice Distribution 2</b>	200.300.5010.000	\$100
<b>Invoice Distribution 3</b>	500.100.5010.000	\$100
Automatic Offset Method		
None	100.000.2210.000	<\$300>
Balancing	100.000.2210.000	<\$100>
	200.000.2210.000	<\$100>
	500.000.2210.000	<\$100>
Account	100.200.2210.000	<\$100>
	200.300.2210.000	<\$100>
	500.100.2210.000	<\$100>

Invoice Owning Legal Entity	500	
	Account	Amount
Invoice Distribution 1	100.200.5010.000	\$100
<b>Invoice Distribution 2</b>	200.300.5010.000	\$100
<b>Invoice Distribution 3</b>	500.100.5010.000	\$100
Automatic Offset Method		
ANY	500.000.2210.000	<\$300>





#### The Solution

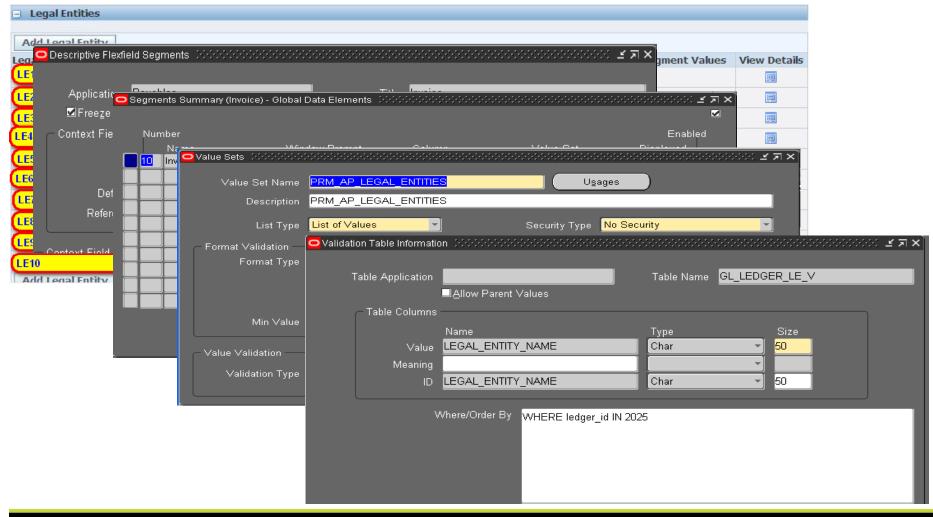
- Oracle Subledger Accounting
  - Identify Each 'Invoice Owning' Legal Entity
    - Descriptive Flexfield on Invoice Header
  - Configure Subledger Accounting to create the desired accounting based on the Invoice Owning Legal Entity







#### **Configure the Descriptive Flexfield**



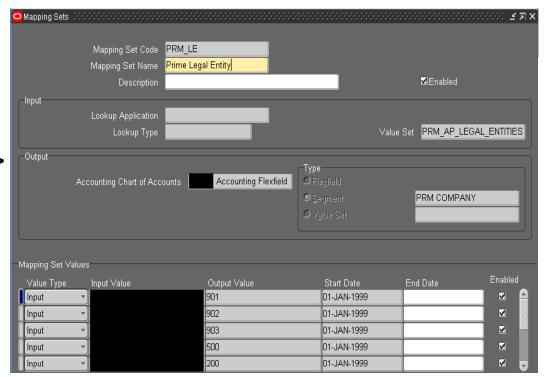




## **Create the Mapping Set**

#### **Navigation**

Payables> Set Up> Accounting Setups> Subledger Accounting Setup: Transaction **Accounting Builder** Setup> Mapping Sets> New (B)





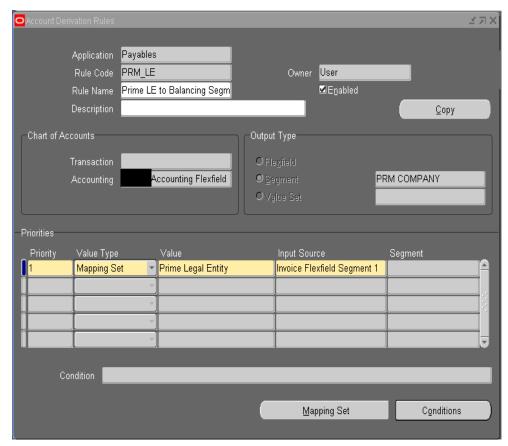




#### **Create the Account Derivation Rules**

#### **Navigation**

Payables> Set Up>
 Accounting Setups>
 Subledger Accounting
 Setup: Transaction
 Accounting Builder
 Setup> Account
 Derivation Rules> New
 (B)







#### **Create a New Journal Line Definition**

Unmodified Journal Lines – Account Automatic OffSet

#### **Navigation**

Payables> Set Up>
 Accounting Setups>
 Subledger Accounting
 Setup> Accounting
 Methods Builder>
 Methods and Definitions>
 Journal Lines Definitions

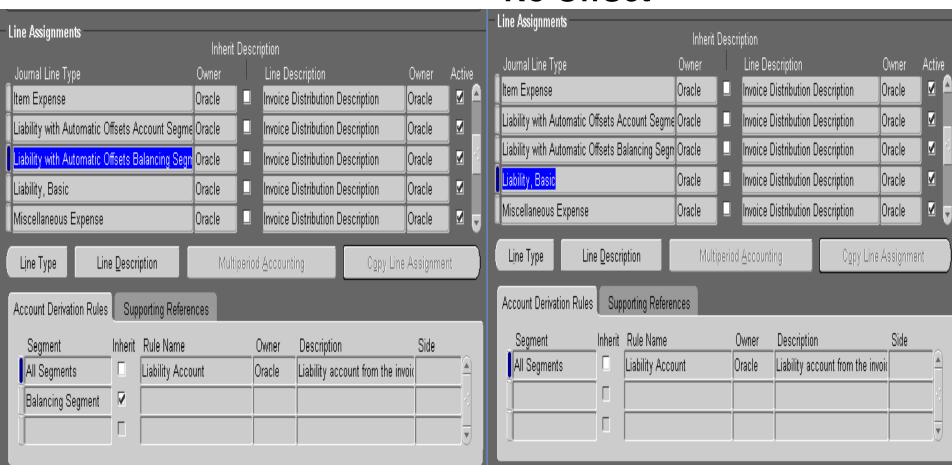
Journal Lines Definitions >>>	0.			-0.000.000.000.000.000.000		⇔∺ ≝⊼×
Application Event Class Definition Code Definition Name Description Chart of Accounts Transact	Payables Invoices ACCRUAL_INVO Accrual, Invoices Oracle Payables	All	ting Definitic		All Oracle ☑ Enabled ☑ Budgetary	Control
Line Assignments		Inherit Des	cription			
_ Journal Line Type		Owner	Line Des	scription	Owner	Active
Item Expense		Oracle 🔲	Invoice D	istribution Description	Oracle	
Liability with Automatic Offse	ets Account Segme	Oracle 🔲	Invoice D	istribution Description	Oracle	
Liability with Automatic Offse	ets Balancing Segn	Oracle	Invoice D	istribution Description	Oracle	<b>☑</b> 🛭
Liability, Basic		Oracle	Invoice D	istribution Description	Oracle	
Miscellaneous Expense		Oracle $\Box$	Invoice D	istribution Description	Oracle	<b></b> ✓
Line Type Line D	escription Supporting Refere		od <u>A</u> ccounti	ng Cop	y Line Assign	nment
Segment Int	nerit Rule Name	ral Account Seg	Owner Oracle	Description Natural account segm	Side	





#### **Unmodified Journal Lines – Balance Automatic OffSet**

#### **Unmodified Journal Lines –** No OffSet







#### **Modified Journal Line Definition**

Definition CodeACCRU	AL_INVOIC	Owner Use	r
Definition Name Accrual, In	nvoices All	⊠E	nabled
Description		■B	udgetary Control
Chart of Accounts			
Transaction		Accounting	Accounting Flexfield
Line Assignments			
	Inherit Desci	ription	
Journal Line Type	Owner	Line Description	Owner Active
Item Expense	Oracle	Invoice Distribution Description	Oracle 🗹 📤
Liability with Automatic Offsets Account Segme	Oracle	Invoice Distribution Description	Oracle 🔽
Liability with Automatic Offsets Balancing Segn	Oracle	Invoice Distribution Description	Oracle 🗹
Liability, Basic	Oracle	Invoice Distribution Description	Oracle 🔽
Miscellaneous Expense	Oracle	Invoice Distribution Description	Oracle 🗹 🐷
Line Type Line Description	Multiperio	d <u>Accounting</u> Copy Li	ne Assignment
Account Derivation Rules Supporting Referen	nces	Liability, Basic journal line	
Segment Inherit Rule Name		derive All Segments from to Owner account, and the PRM Con	
All Segments Liability Acco		Dracle from the Prime to Balancii	
	Balancing Segr	Jser	
	-	1	
Account Derivation Rule	Supporting	References <u>C</u> opy	Definition





## Create the Application Accounting Definition Unmodified Accounting

**Navigation** 

Payables>Set
 Up>Accounting
 Setups>Subledger
 Accounting Setup>
 Accounting Methods
 Builder> Methods and
 Definitions> Application
 Accounting Definitions

		<u> </u>						
Application Accounting Definitio	ns (AAAAAAAAA	*******		+0	);;;;;;;;;;;;;;;;;;;;;;;;;;;;;;;;;;;;;		999999 <u>¥</u>	л×
Application	Payables							
Definition Code	ACCRUAL				Owner	Oracle		
Definition Name	Accrual Basis			V	ersion			
Description	Oracle Payable	es Accrual Bas	is Ac	counting Defin	ļ	<b>⊻</b> Enabled		
Chart of Accounts								
Transaction				Ассо	unting			
Event Class and Event Type As	ssignments							
Event Class	Event Type		Valid	lation Status	Creati	e Accounting	Locked	
Credit Memos	All		Valid	ation Status		✓ ✓		
Debit Memos	All		Valid	Valid		V		-:
Future Dated Payments	All		Valid					ы
Invoices	All		Valid		] 	<u> </u>		
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## **Modified Application Accounting Definition**

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Chart of Accounts  Transaction		Ассоі	anting Accounting Flexfield
Hallsaction		Accor	tecounting Flexicia
−Event Class and Event Type As	ssignments		
_ Event Class	Event Type	Validation Status	Create Accounting Locked
Credit Memos	All	Valid	
Debit Memos	All	Valid	
Future Dated Payments	All	Valid	
Invoices	All	Valid	
			Heager Assignments
-Journal Lines Definition Assi	ignments		
_ Journal Lines Definition Nam	e Owner	Description	
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	rsing the user defined journa tandard Oracle journal lines		:
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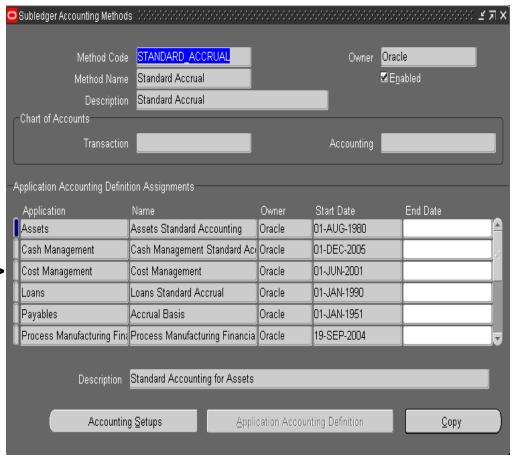


#### Create the Subledger Accounting Method

#### **Navigation**

Payables> Set Up>
 Accounting Setups>
 Subledger Accounting
 Setup> Accounting
 Methods Builder>
 Methods and Definitions>
 Subledger Accounting
 Methods

#### **Unmodified SLA**

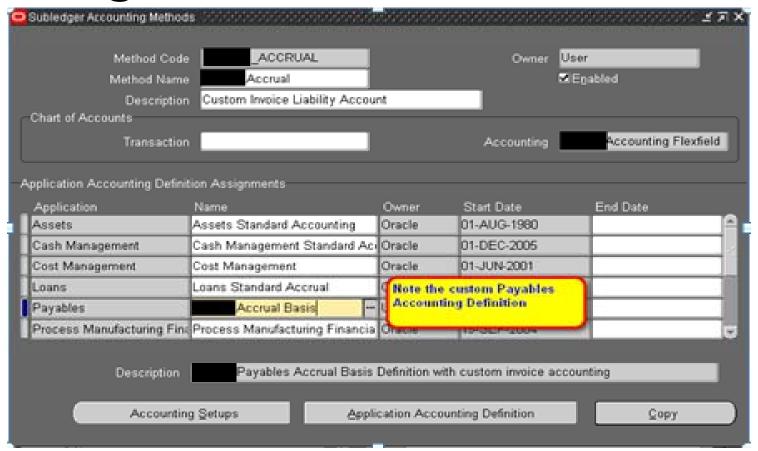








### **Configured SLA**







## **Modify the Accounting Method**

Payables> Set Up> Accounting Setups> Ledger Setups> Define> Accounting Setups> Find the Ledger to Modify > Update Accounting Options > Update Primary Ledger

Standard Information		
the second secon		
* Ledger	PGL Primary Ledger	
	Ledger name must be unique	
* Short Name	PGL Primary2025(USD)	
	Ledger short name must be unique	
Description		
Currency		
Chart of Accounts	Accounting Flexfield	
Accounting Calendar		
Accounting Calendar	PRM_MONTHLY	
Period Type	Monthly	
First Ever Opened Period	JAN-99	
* Number of Future Enterable Periods	Production of the last of the	3
Subledger Accounting		
TIP These fields are only required if using	Oracle Subledger Accounting.	
* Subledger Accounting Method Prime		Open Subledger Accounting Method
Subledger Accounting Method Owner	User	
* Journal Entry Language	American English	9
Entered Currency Balancing Account		動
	COMPANY.COST CENTER.NATURAL ACCORDED TO THE REPORTING COUNTERPARTY.PRODUCT OF	
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## Validate the Subledger **Accounting Method**

Submit the Validation Program

			3.5			
Request Detail - 305052						×
Name	Validate Application	Accounting Definition	ns			
Operating Unit						
Parameters	PGL Primary Ledger:	Yes:Payables::Use	er			
	Completed			Status N	lormal	
Parameters DOM	900000000000000000000000000000000000000	0.0.0.0.0.0.0.0.0.0.0.0.0.0.0.0	0-0-0-0-0-0-0-0-0-0-0-0-	0-0-0-0-0-0-0-0-0-0-0-	0+0+0+0+0+0+0+0+0+0+0+0	4404040 ×
	Ledger	PGL Primary Led	ger			
Und	compiled Status Only	Yes		J		
	Application	Payables				
Sche Application	Accounting Definition					
Application Accour	nting Definition Owner	User				
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#### Conclusion

- Subledger Accounting (SLA)
  - Powerful, flexible tool for modifying and creating accounting definitions
  - Oracle SLA Modules
    - Assets
    - Cost Management
    - Payables
    - Projects
    - Purchasing
    - Receivables



## Q&A