Consolidation

Setup Modules Tools Reports Help

There are four types of entities

Company, which is the operating entity

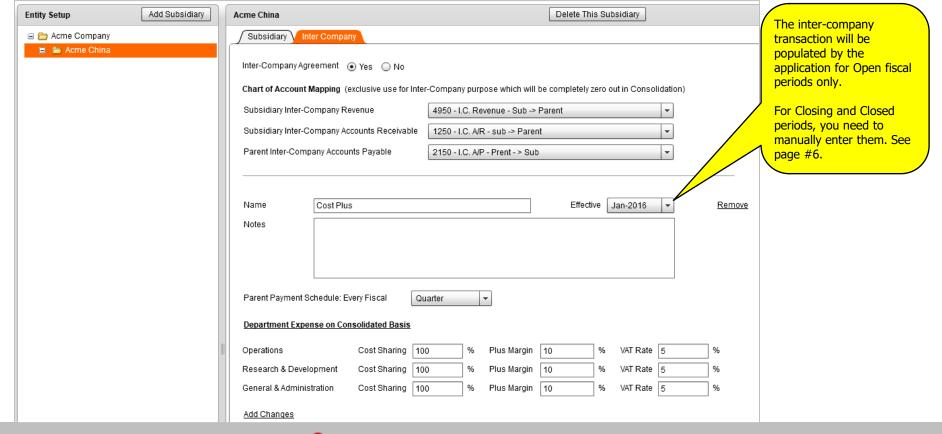
Currency conversion, which is for converting subsidiary functional currency into parent functional currency

Consolidation, which is for eliminating inter-company transactions

Consolidated, which is for final financial statements on consolidated basis

Each subsidiary can have any percentage ownership by its parent, and such ownership percentage will be used by BudgetEngine in the consolidation calculations

Each subsidiary can setup cost plus agreement with its parent, where all the cost plus billings, payments, and elimination can be automatically calculated by BudgetEngine. Such cost plus agreement can be setup via menu, /Setup/Entity/, then select an subsidiary, and select the tab, [Inter Company].



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Each subsidiary can have inter-company transactions with its parent, its subsidiaries, and/or other subsidiaries of the parent.

Such inter-company transactions need to be eliminated during the consolidation process. It is highly recommended to setup Single Purpose chart of account.

For example,

Subsidiary cost plus billing to Parent

4950 - I.C. Revenue - sub -> Parent (to be used by Sub)

5950 - I.C. Cost of Revenue - Parent -> Sub (to be used by Parent)

1250 – I.C. A/R – Sub -> Parent (to be used by Sub)

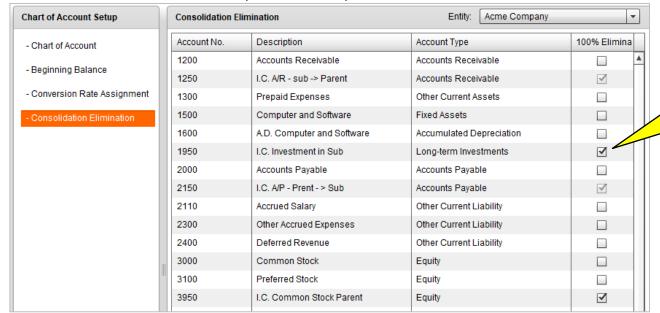
2150 – I.C. A/P – Parent -> Sub (to be used by Parent)

Parent investment in Sub

1950 – I.C. Investment in Sub (to be used by Parent)

3950 - I.C. Common Stock Parent (to be used by Sub)

The consolidation elimination can be setup via menu /Setup/Chart of Account/Consolidation Elimination



The inter-company elimination will be populated by the application for Open fiscal periods only.

For Closing and Closed periods, you need to manually enter them. See page #6

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Each subsidiary can have its own departments. Those departments do not have to be the same as parent's departments.

If there is a cost plus agreement between a subsidiary and its parent, it is highly recommended to setup Single Purpose department.

For example,

Parent Departments

Subsidiary Departments

10 – Operations – Parent

20 - R&D - Parent

30 - Sales - Parent

40 – Marketing – Parent

50 - G&A - Parent

11 – Operations – Sub

21 - R&D - Sub

31 - Sales - Sub

41 - Marketing - Sub

51 - G&A - Sub

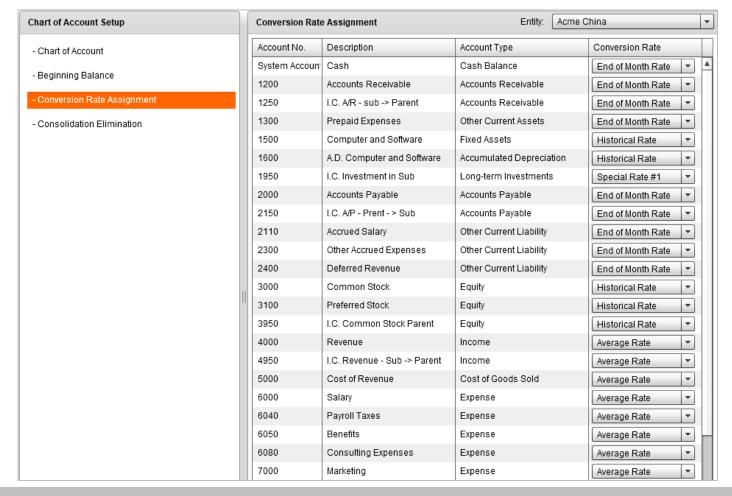
When Subsidiary have cost plus billing to the Parent, such cost plus amount will show in relevant Subsidiary Departments, not in Parent Departments.

This can separate the data between Parent operating entity vs. subsidiary billing to parent. During the consolidation process, the inter-company cost plus billing will be eliminated in Subsidiary Departments. This will make consolidation mush easier to understand and maintain better financial reporting structure. Setup Modules Tools Reports Help

BudgetEngine supports multi currency with the following conversion rates

Average Rate End of Month Rate Historical Rate Special Rate, user-defined

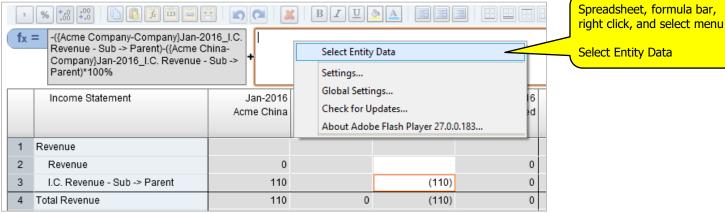
Each chart of account can be assigned one of the above conversion rates. This can be setup via menu /Setup/Chart of Account/Conversion Rate Assignment



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BudgetEngine can automate most of consolidation eliminations. In case you need to create some special elimination, you can use special formula expression

in Consolidation Spreadsheet.

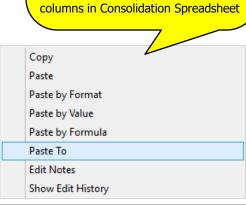


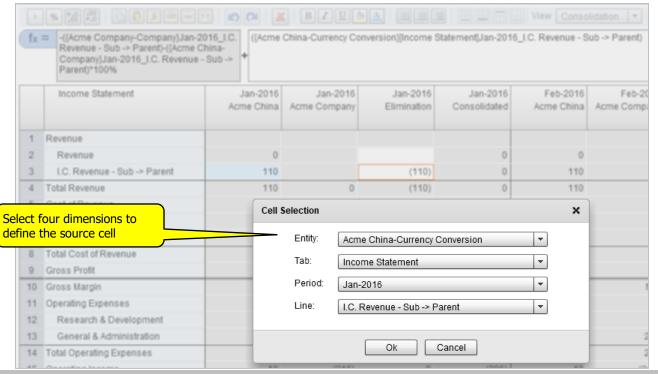
Once a formula expression is defined for one month, you can Copy and Paste to other months.

You can select "Paste To" from the right click menu.

"Paste To" is different from "Paste".

"Paste To" can skip other un-related columns in Consolidation Spreadshee





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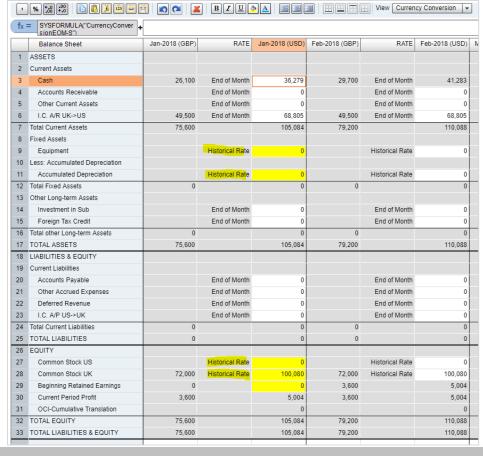
Help

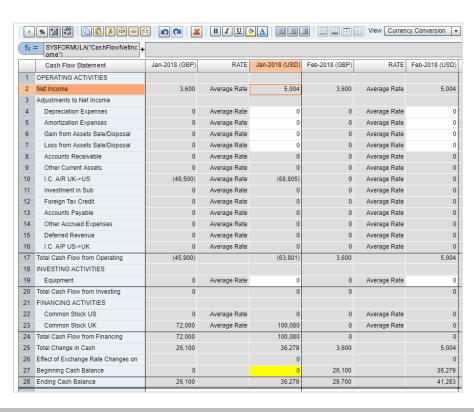
For each subsidiary Company entity, you can enter chart of account beginning balance in local currency in /Setup/Chart of Account/Beginning Balance.

But, for Currency Conversion in each subsidiary, you need to manually enter the following beginning balance in parent currency.

In each subsidiary Financial Statement view, change to Currency Conversion, In the very first month (you only need to enter beginning balance in the very first month)

> Balance Sheet: All the cells with Historical Rate Balance Sheet: Beginning Retained Earnings Cash Flow: Beginning Cash Balance





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For any further questions

Please contact us

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