



Legal Consolidation

The TN Planning module for group consolidation fulfills the requirements that a legal consolidation must fulfill, as well as those that result from a management consolidation for internal purposes:

Commercial-law requirements

- **Accounting standards:** The legal consolidation can be configured so that it corresponds to the various accounting regulations: HGB, IFRS, US-GAAP, but also to other national GAAP regulations. Here, multiple regulations can also be used in parallel and they can rely on the same initial data, which then is adjusted for the special regulations if necessary (e.g. various valuation regulations HGB vs. IFRS).
- **Consolidation of P&L:** The consolidation of income and expenses can be automated to the greatest extent thanks to an individually adjustable set of consolidation rules. Here both the cases are covered where the expense items corresponding to intercompany sales are itemized explicitly, as well as the situation where these are derived automatically from intercompany sales.
- **Intercompany elimination of profit:** The intercompany elimination of profit can also be automated to the greatest extent via consolidation rules.
- **Consolidation of debts:** The consolidation of debts is defined via consolidation rules, which apply to the debt relationships within the group. Thus both the debt consolidation not affecting net income and that affecting net income are realized.
- **Capital eliminations:** Capital elimination distinguishes itself from the other consolidation areas since here the entries for the initial consolidation are also repeated in subsequent years with precisely the same values as long as the capital relationships between the companies do not change. Here too, consolidation rules can describe the elimination entries, whereby in addition to the consolidation bases, the real holding amounts

can still be consulted. The resulting accounting entries can be recorded in the form of accounting entry packages and read in automatically during the subsequent consolidations.

- **Currency conversion:** The various permissible procedures can be used for currency conversion. The individual companies can deliver in various currencies, which are then converted automatically, if necessary also on multiple levels. It is especially possible here to trace the concept of the functional currency and to store separate historical acquisition rates, even per item and company. For the currency differences that occur, automatic treatment rules can be specified.
- **Segment reporting:** In addition to the consolidation dimension of the organizational structure and the elimination dimension of the items and accounts, additional dimensions can be considered in the consolidation. Thus eliminations between various segments can be mapped in the course of segment reporting.
- **Accounting journal:** All accounting entries are recorded in a journal, which can in particular be analyzed so that you can document which individual accounting entries caused a particular value in the elimination data. This way, the documentation obligations required by the auditors are fulfilled.

Structural requirements

- **Group structure:** Superordination and subordination of any type can be used to specify the group structure. Each sub-tree of the organizational structure can be declared a sub-group. These must not be strict trees; networks with multiple assignments to various sub-groups are allowed.
- **Alternative group structures:** In addition to the legal group structure, any varying group combinations can be consolidated as parallel hierarchies. Here the group structure can be dynamized, so that the holding relationships change in the course of time and there can be a distinction between plan and actual data for the same point in time. Thus plan and actual data for various group structures can be consolidated.
- **Consolidation bases:** The assignment of the various group companies to the consolidation bases occurs individually and can therefore deviate from the holding relationships (e.g. for non-voting preferred stock).

Process requirements

- **Data procurement:** The delivery of the individual accounts of the group companies can take place in different ways. On the one hand, they can be brought in from operative pre-systems using standard interfaces; on the other hand, TN Planning can also be used as a collection system with which the individual accounts and group internal interdependencies can be collected on a dialog. The latter way is the most natural concept if the group accounts are planned like the individual accounts. For then the unique advantage that planning and consolidation take place in the same database really comes to bear.

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- **Validation:** For the validation of the data input, there is a stock of plausibility checks available that can be expanded individually.
 - **Automatic and manual consolidation entries:** The elimination entries that are made in the course of consolidation can be defined through consolidation rules, which are recorded in similar fashion to the formulas in the Custom Tailor. In addition to these automatic entries, it is possible to record additional manual entries, especially for special cases, via an entry editor.
 - **Repeating entries:** This technology of repeating recorded elimination entries can also be used to depict other re-bookings made regularly, which once upon a time you had to create with the help of the booking dialog for manual entries.
 - **Deferred taxes:** The initial data for the entry of deferred taxes is calculated automatically and processed through a single or a few entries.
 - **Workflow control:** The entire process of group consolidation is mapped via a workflow, so that the process progress is visible per group-company and per sub-group. This workflow can be configured so that it becomes part of an overall workflow with which planning and consolidation are depicted as an overall process.