

## Configuring Multi-GAAP Reporting in FCCS

### Introduction

GAAP stands for Generally Accepted Accounting Principles. GAAP is Commonly accepted accounting Rules and Standard which are used while preparing Financial Reports i.e., Income Statement, Statement of Financial Positions and Cash Flow Statement

### Types of GAAP:

- **Local GAAP:** Country Specific GAAP where the Legal Entity operates its Business.
- **IFRS (International Financial Reporting Standards):** IFRS is widely accepted GAAP which is used by more than 110 countries across the Globe. This GAAP was designed by International Accounting Standard Board
- **US-GAAP:** US GAAP contains accounting rules and standards accepted by the US Govt for reporting their Financial Statements which operates in US, it was designed by Financial Accounting Standard Board.

Let say Company ABC Ltd operates in India and follows IND-AS as instructed by Indian Authorities and Its Parent Company is XYZ LLC which operates in US. Apart from Preparing their own Standalone Financial Statements, XYZ LLC needs to Prepare Consolidated Financial Statements.

For Consolidation, following conditions needs to be satisfied,

- 1) The Accounting Period should be identical.
- 2) GAAP should be similar.

### Use-cases for Multi-GAAP Reporting:

There might be few discrepancies in GAAP Reporting due to different accounting treatment prescribed by different GAAP. For example, US GAAP Instructs Corporates to Values Inventory as per LIFO (Last in First out) but IND AS Prescribes Companies to Values their Inventory as per FIFO (First in First out).

Under US GAAP Extra ordinary Income or Infrequent Income is separately reported in Income Statement after Income from Continuing operations but as Per IND AS it should be reported in Income statements as Income from Continuing operations.

To address these issues FCCS Provides us an option to enable Multi GAAP reporting option. To avail this facility, we need to Enable “Multi- GAAP” Feature at the time of configuring FCCS Application.

When we enable Multi-GAAP Reporting, Multi-GAAP Dimension will be created as a seeded Dimension. This Dimension tracks the Local GAAP data input as well as and GAAP Adjustments.

If we select Multi-GAAP Dimension, two additional options will be available.

**Enter Adjustment:** when we select this option, we need to enter Adjustments manually. The data for the Local GAAP will be loaded against “FCCS\_Local GAAP” member and adjustments should be entered against “FCCS\_Adjustments” member and then IFRS will be Dynamic calculated member which will be automatically calculated.

**Create Application: Features**

Consolidation

When Consolidation is enabled, you can calculate and adjust data, perform currency translation and run consolidation rules. You can select to enable the features applicable for your application.

Make Period and Movement Dense ☒ (When unchecked, Account will be the dense dimension)

Balance Sheet Hierarchy ☒ Traditional Balance Sheet Approach  
☐ Net Asset Approach  
☐ Basic

Cash Flow ☒ Indirect Cash Flow

**Multi-GAAP** ☒ Yes, with Manual Adjustments  
☐ Yes, with Calculated Adjustments  
☐ No

Consolidation Journal Adjustments ☐ Yes, with Workflow  
☐ Yes, without Workflow  
☒ No  
☐ Unbalanced Journals

Intercompany Data ☒ Yes, with Tracking  
☐ Yes, without Tracking  
☐ No

Intercompany Entities Aggregation ☒ Addition  
☐ Subtraction  
☐ Ignore  
☐ Not Applicable

CTA Account ☒ Balance Sheet

Include Ratio Calculations ☐ Liquidity Ratio

### Multi-GAAP Dimension Structure when we select to manually load Adjustments:

Parent member would be FCCS\_IFRS and then under that two childrens would be created as “FCCS\_Local GAAP” and “FCCS\_Adjustments”.

Name	Alias (Default)	Data Storage	Custom Attributes
Multi-GAAP			
FCCS_No Multi-GAAP	No Multi-GAAP	Never Share	
FCCS_IFRS		Dynamic Calc	
FCCS_Local GAAP	Local GAAP	Store	
FCCS_Adjustments		Store	

In the following Example, when we are loading the Data for 100, data is loaded at member “Local GAAP” for Multi-GAAP Dimension and when we are loading Adjustment it should be loaded at “FCCS\_Adjustment” member of “Multi-GAAP” Dimension and finally we can see the for value arrived for IFRS reporting at “FCCS\_IFRS” member of “Multi-GAAP” dimension.

Let us say Sales in Local GAAP Amounts to 1,10,000 and Adjustments are 10,000 then IFRS\_GAAP will be automatically calculated as  $1,10,000 + 10,000 = 1,20,000$ .

	Local GAAP	FCCS_Adjustments	FCCS_IFRS
	Entity Input	Entity Input	Entity Input
	Data Input	Data Input	Data Input
	No Movement	No Movement	No Movement
	No Intercompany	No Intercompany	No Intercompany
	Entity Currency	Entity Currency	Entity Currency
	Periodic	Periodic	Periodic
	Actual	Actual	Actual
	ABC Ltd	ABC Ltd	ABC Ltd
	FY23	FY23	FY23
	P1	P1	P1
Sales	110000	10000	120000

**Calculated Adjustments:** select this option, if we desire a system to calculate the Adjustments automatically based on Data loaded for Local GAAP and IFRS. Load the data against the “FCCS\_Local GAAP” and “FCCS\_IFRS” members and the Adjustments will be calculated automatically.

**Create Application: Features**

Consolidation

When Consolidation is enabled, you can calculate and adjust data, perform currency translation and run consolidation rules. You can select to enable the features applicable for your application.

Make Period and Movement Dense ☒ (When unchecked, Account will be the dense dimension)

Balance Sheet Hierarchy ☒ Traditional Balance Sheet Approach  
☐ Net Asset Approach  
☐ Basic

Cash Flow ☒ Indirect Cash Flow

Multi-GAAP ☒ Yes, with Calculated Adjustments  
☐ Yes, with Manual Adjustments  
☐ No

Consolidation Journal Adjustments ☐ Yes, with Workflow  
☐ Yes, without Workflow  
☒ No  
☐ Unbalanced Journals

Intercompany Data ☒ Yes, with Tracking  
☐ Yes, without Tracking  
☐ No

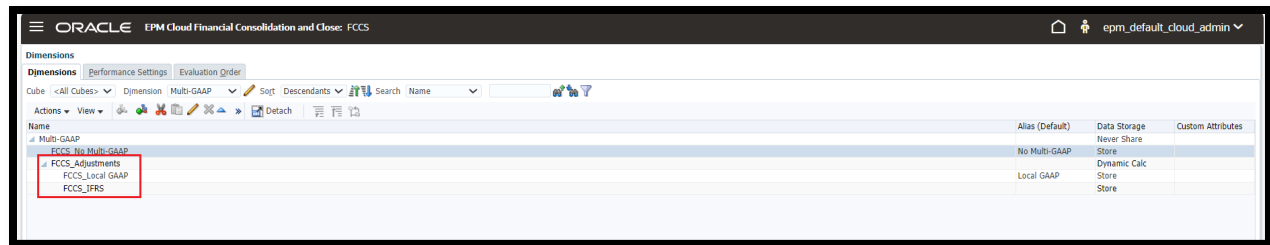
Intercompany Entities Aggregation ☒ Addition  
☐ Subtraction  
☐ Ignore  
☐ Not Applicable

CTA Account ☒ Balance Sheet  
☐ Financial Assets/ Liabilities

Include Ratio Calculations ☐ Liquidity Ratio  
☐ Return & Return on Equity Ratio

**Multi-GAAP Dimension Structure when we select to calculate Adjustments:**

Parent member would be “FCCS\_Adjustments” under which two childrens would be created as “FCCS\_Local GAAP” and “FCCS\_IFRS”.



In the following Example, when we are loading the Data for Entity 100, data is loaded at member “Local GAAP” for Multi-GAAP Dimension and when we are loading IFRS GAAP data it should be loaded at “FCCS\_ IFRS” member of “Multi-GAAP” Dimension and finally we can see the for value arrived for Adjustments at “FCCS\_ Adjustments” member of “Multi-GAAP” dimension.

In the following Example, Sales in Local GAAP Amounts to 1,10,000 and IFRS\_GAAP are 1,20,000 then Adjustments will be automatically calculated as  $1,20,000 - 1,10,000 = 10,000$ .

	Local GAAP	FCCS_ IFRS	FCCS_Adjustments
	Entity Input	Entity Input	Entity Input
	Data Input	Data Input	Data Input
	No Movement	No Movement	No Movement
	No Intercompany	No Intercompany	No Intercompany
	Entity Currency	Entity Currency	Entity Currency
	Periodic	Periodic	Periodic
	Actual	Actual	Actual
	ABC Ltd	ABC Ltd	ABC Ltd
	FY23	FY23	FY23
	P1	P1	P1
Sales	110000	120000	10000

**Important Note:** Once we choose either Adjustments to be manually loaded or Automatically Calculated, it cannot be reverted.