NewGL Basic Overview

Objective of New GL
SAP has the following objectives behind the introduction of the New General Ledger:

- Efficiently handle Financial Reporting, according to both local and international accounting principles
- Facilitate increased convergence between financial and management accounting
- Considerably accelerate your period-end closings
- Flexibly perform reporting tasks based on data reconciled in real time

Advantages of New GL

- Introduction and portrayal of new business models within a single solution, thus avoiding separate ledgers like Cost of Sales Ledger, Profit Center Ledger, special purpose ledger etc.
- Data is stored in a single totals table eliminating data redundancy.
- No need for additional reconciliation activities during closing
- Easy to make adjustments to business specific requirements, such as the introduction of customer fields as part of flexible reporting.

Why use the NEW GL?

The following table gives the business requirements at the backend which prompts the finance department of the company to go for NEW GL implementation.

<table>
<thead>
<tr>
<th>S.N</th>
<th>Business Requirements</th>
<th>New GL Functionality</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Reporting as per different GAAP</td>
<td>Concept of multile ledgers- leading and non leading ledgers</td>
</tr>
<tr>
<td>2</td>
<td>Unified Management &amp; legal reporting</td>
<td>Profit Centre integrated with the New ledger</td>
</tr>
<tr>
<td>3</td>
<td>Requirement of segmental reporting (in line with US GAAP)</td>
<td>Segment can be defined as an enterprise element</td>
</tr>
<tr>
<td>4</td>
<td>Financial statement below company code level</td>
<td>Document split functionality</td>
</tr>
<tr>
<td>5</td>
<td>Reporting as per cost of sales accounting</td>
<td>Functional area included</td>
</tr>
</tbody>
</table>

Each one of these functionality is unique and elaborate and has the features ingrained to meet the different requirements emerging for the external reporting purpose.

Concept of Ledger

A leading ledger is defined and additional ledgers are defined for parallel accounting or management reporting by assigning different characteristic values and fiscal-year definitions

Additional ledgers can be defined - Leading Ledger & Non-leading ledgers are created and maintained, with only one accounting entry.

The new general ledger uses the special-purpose ledger techniques to save total values.

All Company Codes are assigned to a Leading ledger for each client, which contains the group-valuation view. Additional ledgers can be defined for each company code.

Additional ledgers can be used for parallel accounting or management reporting by assigning different characteristic values and fiscal-year definitions.

For general-ledger account postings that have a specified cost center, the system always reconciles the profit center and general-ledger account simultaneously, since the data is stored in the same table.

Two views of the new General Ledger:

Ø Regular entry view &
Ø General-Ledger view
Real time integration

- Integration with Controlling
  - Transfer of cross-entity controlling postings to the new GL in real time.
- Integration with Asset Accounting
  - Depreciation postings are done to all the ledgers, with the concept of delta depreciation.
- Integration with Consolidation
  - Transfer of financial data to EC-CS, real time, as Business partners, Transaction types are defined at the time of GL Posting itself.
  - Extract / Transfer of data from GL to BI / CS.

Fast period end closing

Elimination of following activities

- Maintenance & use of Reconciliation Ledger
- Balance Sheet adjustment / P & L Adjustment
- Maintenance & use of Special Purpose ledger
- Segmental reporting is also available.
- Different ledgers are available to freely define management reporting too

Segment Reporting

- Segment is provided in addition to Business area / Profit center.
- It is one of the standard account assignment object available for running analyses of objects below the company code level.
- The objective is to give a detailed look at the various business activities (markets / products) at a broad based enterprise.

Parallel Accounting

- Parallel accounting can be done using the ledger approach instead as an alternative to the account approach.
- No additional account assignments are required as all account assignment components are defined as Scenarios for each ledger.

Document Splitting

Document splitting means the document is split according to the proportions of the account assignments in the expense or revenue lines of the original document. Examples: Cash discounts and realized exchange rate differences are split according to the source document.

- Document-splitting is built at 2 technical points:
  - Document creation - The controlling functions in the SAP are updated accordingly and reconciled with the general-ledger accounting information
  - Accounting interface -
    - Account assignment projection - Account assignment are copied from base rows to target rows.
    - Inheritance - Subsequent process of business transaction such as clearing.
  - It is a tool for determining missing account assignments according to cause in common accounting processes in SAP software (invoices, payments or clearing)
  - It applies account-assignment information to non-assigned accounts according to assignment rules set in the customizing area.
  - The functionality can help one to create balance sheets for entities that exist beyond the scope of the company code.

*Example:* Creation of balance sheets at the segment or profit-center level or balance sheets based on company-specific or industry-specific entities

New Tables

Three new tables in the new general ledger handle totals, store general-ledger and specific line items, and calculate valuations for year-end closings in parallel ledgers

Two new tables (FAGLFLLEXA & FAGLFLLEXP) store the ledger-specific line items (Actual & Planned) & contain additional information for use in the entry view. The tables help in updating different characteristics and document splitting information, different period shifts, and different currencies in specific ledgers for individual documents. Helps in preparing reports for specific dimensions at item level.

The third table (BSEG_ADD) contains documents that are posted in connection with valuations for year-end closing in selected parallel ledgers. However, these documents are inapplicable if one do not use parallel accounting or use the accounting approach to portray parallel accounting.

In addition to the three tables, own table can be defined using FAGLFLLEXT as template
The new totals table contains additional standard fields for storing totals. This standard table can activate support for many scenarios by customizing the software. It supports Segment Reporting, Profit-Center updating, Cost-of-Sales accounting, Cost-center updating, Preparation for consolidation and Business-area updating.

**Customization**

Customization of the NewGL is reusing the nodes of the original GL, but now has additional branches. e.g. Ledgers. The shell transaction is FAGL_FLEXGL_IMG.