

KDD080 - Application for Financial Consolidation

Status	Approved
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Stakeholders	MADJARIAN, Gilles Mario Tondo

Issue

A decision is required on the future Financial Consolidations Application.

Recommendation: Implement the S/4HANA Financial Consolidation module called Group Reporting.

A review performed demonstrated that Group Reporting functionality can meet Syensqo's business requirements.

In addition, Group Reporting has additional value adding benefits.

Benefit Summary:

1. One source of truth resulting from the fully integrated solution with data tightly linked to the underlying financial documents, and the FI universal journal.
2. Drill down capabilities, from financial results within GR to the underlying postings.
3. Removal of the need to submit packages as is the case currently with BFC.
4. The use of the "Versions" functionality to support various views of the financial results, including: IFRS, Underlying, RSB, additional currencies (USD) and simulations.
5. The use of integrated master data (Profit Centre, Company, Custom Fields) to support GBU, Operating Segment, Market, Geographic /Regional view of financial results.
6. The use of Transaction Types (flows) aligned with the underlying financial posting, with no human intervention, to assist with financial reporting like Cashflow.
7. Improved Cashflow Reporting. Automated and dynamic by providing extensive user defined set-up capabilities. Group Reporting can also support the business requirement to produce the "Simplified Cashflow" by GBU.
8. Group Reporting Data Collection (GRDC) - allows input of data from other SAP & non-SAP Systems. This will be utilized to bring data from the China system, and can also support integrating data for consolidation for any future acquisitions.
9. Flexibility with currency valuation, allowing different currency valuation at a granular level (e.g. GL account).
10. Supports the comparison to Budget and Forecast.
11. Integration with the Intercompany Matching & Reconciliation (ICMR) - for detailed reconciliation of Intercompany transactions.
12. Inherit integration with Datasphere and SAP Analytics Cloud (SAC) for additional analysis and reporting capabilities.
13. Support integration with S/4 Green Ledger (carbon accounting) based on use case assessment.
14. Automation opportunities - for example the execution of the financial consolidation process at period end, group journal postings and workflows.

Background & Context

In conceptual design, [KDD006](#) was completed relating to the [deployment approach](#) for the Financial Consolidations.

A key assumption within [KDD006](#) relating to the tool selection for Consolidations has been extracted and re-stated below.

Tools:

- *Group Reporting is the current/latest SAP tool for consolidation processes, and is on the SAP Roadmap for the future.*
- *With the Syensqo consolidations tool implementation occurring in a later Release of the deployment comes additional time in the detailed design Release. The final decision on the Consolidation tool will not be made at this stage, and is not a key decision of this document.*
- ***Simplification and synergies can be gained utilizing a fully integrated SAP Module, and it is assumed Group Reporting will be utilized unless there are major gaps in the business requirements.***

A review was conducted during the detailed design phase from April to June 2025. This review included a Proof Of Concept (POC), partly within the EML sandbox, and also via documented supporting slides. The POC focused on determining whether there were any major gaps between Group Reporting functionality and Syensqo business requirements relating to financial consolidation activities for the organization. The outcome of the review is that there are no major gaps between Syensqo business requirements and Group Reporting (GR) functionality.

Refer to the [evaluation section](#) for review of business requirements and the fit with S/4HANA Group Reporting.

Workshops with key SMEs were conducted. The POC presentation pack can be viewed in the below link.

Link to POC Slide Deck: [Here](#)

Assumptions

NA

Constraints

As highlighted in the [Deployment approach KDD006](#), BFC product support by SAP ends in 2030. The current plan will implement Group Reporting prior to this date.

Impacts

Impacts are positive as Group Reporting is fully integrated within S/4HANA.

Business Rules

There are no business rules to highlight at this point in time.

Options considered

Not applicable: The approach for tool selection was to perform a gap analysis.

Evaluation

Gap Analysis:

The outcome of the review is that there are no major gaps between Syensqo business requirements and Group Reporting (GR) functionality.

Business Requirements Analysis:

Business Requirements	Details for the Current State	How this requirement is addressed in S/4HANA Group Reporting
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Reporting Data Category	Reporting Data are determined based on a combination of BFC dimension Category, Scope, Variant and Flow as shown below: - IFRS Data derived based on: - Category - ACTUAL2 - Scope - SYENSQO - Variant - IFRS - Flow - F99 (Closing) - Underlying Data derived based on - Category - ACTUAL2 - Scope - SYENSQO - Variant - IFRS - Flow - F99X (Closing) - RSB – FX Scenarios Syensqo consolidates in group currency EUR. Currently BFC does not have consolidation in additional Group Currency.	BFC Reporting Categories to be defined as Versions in Group Reporting. In SAP S/4HANA for Group Reporting, a version represents a specific data area within the consolidation database, used to differentiate between various sets of financial data, such as actual data, plan data, or different scenarios like restatements and simulations. It allows for the parallel processing of these different data sets within the same system The Version stacking feature will be used to optimize data and process. In Version stacking multiple extension versions can be linked to a single standard version, forming a "version stack," allowing for the analysis of different scenarios built on the same foundational data. Group Reporting Versions identified that cover existing business requirements are as follows: - Standard Version (e.g. IFRS) - Extension Version (e.g. Underlying, APM/MPM) - Reference Version (e.g. for restating using different exchange rate) Additional consideration. - Group Currency Extension Version (e.g. USD)- this can be automated to consolidate in USD in the background. The version can share master data, configuration and rules and at the same time it is possible to use different methods or rules for achieving the specific Consolidation effect, including elimination rules, validation rules or reporting rules in the specific version.																	
Single Consolidation Group	Syensqo consolidates all legal entities from the perspective of top group SYENSQO. The intercompany transactions are eliminated completely irrespective of whether the partner is part of the GBU or region. There is no sub-consolidation performed in BFC.	Group Reporting can manage the existing consolidation approach\level performed in BFC. Following the current approach, SYENSQO as a Consolidation Group will be created in Group Reporting consisting of all the company codes. The intercompany transactions will be eliminated from group perspective at Company Code level. This is also the simplest approach to consolidation. At present, there is no requirement for Syensqo to perform sub-consolidation, however this will be reviewed and confirmed in Detailed Design. If required, Group Reporting can support sub-level consolidation, by utilizing Profit Centre to determine sub-levels.																	
Additional View: Global Business Unit (GBU) Reporting	GBU is derived based on the BFC dimension called Activity. The dimension "Activity" is derived from the Business Area field in ECC based on naming convention and updated in the data package load for BFC. The "Data Package" is prepared in a csv file for upload in BFC. Example: <table border="1" data-bbox="318 1266 727 1633"> <thead> <tr> <th>BFC Activity</th><th>Group of Activity</th><th>BFC GBU</th></tr> </thead> <tbody> <tr> <td>49</td><td rowspan="2">Specialty Polymers</td><td rowspan="3">SPECIALITY POLYMERS</td></tr> <tr> <td>10</td></tr> <tr> <td>41</td><td>SP Inorganics</td></tr> <tr> <td>CMAA</td><td rowspan="2">Composite Materials</td><td rowspan="4">COMPOSITE MATERIALS</td></tr> <tr> <td>CMAS</td></tr> <tr> <td>CMTP</td><td>Thermoplastics</td></tr> <tr> <td>CMNR</td><td>Corp Unallocated</td></tr> </tbody> </table> In BFC, the Activity is a manual input field which is derived from the naming convention of Business Area in ECC.	BFC Activity	Group of Activity	BFC GBU	49	Specialty Polymers	SPECIALITY POLYMERS	10	41	SP Inorganics	CMAA	Composite Materials	COMPOSITE MATERIALS	CMAS	CMTP	Thermoplastics	CMNR	Corp Unallocated	- A Global Business Unit is a semi-autonomous division or subsidiary of Syensqo group that focuses on a specific vertical market, product line, or set of products, services, and functions within a global operation. - Each GBU is a roll-up of Profit Centres. Each Profit Centre belongs to single GBU - Group Reporting can utilize the Profit Centre Hierarchy to report financials by GBU. Single Level Consolidation - Eliminations and financial consolidation are performed at the <u>entity</u> level. - Intercompany eliminations are not performed at <u>GBU</u> level. - Report to be utilized to view inter-GBU sales \ transactions. - Depending on the design, the report can be standard within Group Reporting or via SAC. Sub Level Consolidation - Eliminations and financial consolidation are performed at <u>Profit Centre</u> level - GBU is represented by Profit Centre. - Intercompany eliminations between GBUs are visible within the sub-level Consolidation. - The intercompany elimination represents the inter GBU sales\transactions.
BFC Activity	Group of Activity	BFC GBU																	
49	Specialty Polymers	SPECIALITY POLYMERS																	
10																			
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CMTP	Thermoplastics																		
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Additional View: Operating Segment	Syensqo reports financials by Operating Segment which are derived by roll-up of GBU's in BFC. <table><tr><td>BFC GBU</td><td>Group of GBUs</td><td>Operating Segment</td><td>BFC Filter (after new Segment organization)</td></tr><tr><td>Speciality Polymers</td><td>GSP</td><td rowspan="2">MATERIALS</td><td rowspan="2">MATERIALS</td></tr><tr><td>Composite Materials</td><td>GCM</td></tr><tr><td>Novacare</td><td>GCS</td><td rowspan="2">CONSUMER & RESOURCES</td><td rowspan="2">PERFORMANCE & CARE</td></tr><tr><td>Technology Solutions</td><td>GTS</td></tr><tr><td>NB</td><td>NBD</td><td rowspan="2">CORPORATE & BUSINESS SERVICES</td><td rowspan="2">CORPORATE & BUSINESS SERVICES</td></tr><tr><td>CB</td><td>CBS</td></tr></table> GBUs are roll-ups of BFC Activity that are captured in manual data packages	BFC GBU	Group of GBUs	Operating Segment	BFC Filter (after new Segment organization)	Speciality Polymers	GSP	MATERIALS	MATERIALS	Composite Materials	GCM	Novacare	GCS	CONSUMER & RESOURCES	PERFORMANCE & CARE	Technology Solutions	GTS	NB	NBD	CORPORATE & BUSINESS SERVICES	CORPORATE & BUSINESS SERVICES	CB	CBS	An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity) (IFRS). Syensqo has the following target operating segments: - Performance & Care - Materials - Corporate Business Services (Residual, not reported as Operating Segment) Single Level Consolidation - Eliminations and financial consolidation are performed at the <u>entity</u> level. - Intercompany eliminations are not performed at <u>Segment</u> level. - Report to be utilized to view inter-Segment sales \ transactions. - Depending on the design, the report can be standard within Group Reporting or via SAC. Sub Level Consolidation - Eliminations and financial consolidation are performed at <u>Profit Centre</u> level - Segment is represented by Profit Centre. - Intercompany eliminations between Segments are visible within the sub-level Consolidation. - The intercompany elimination represents the inter Segment sales\transactions.
BFC GBU	Group of GBUs	Operating Segment	BFC Filter (after new Segment organization)																					
Speciality Polymers	GSP	MATERIALS	MATERIALS																					
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Technology Solutions	GTS																							
NB	NBD	CORPORATE & BUSINESS SERVICES	CORPORATE & BUSINESS SERVICES																					
CB	CBS																							
Additional View: Regional Reporting	At Syensqo, the region is a grouping of company codes based on Country of incorporation. The financials by country or region are reported using dimension "Scope" by selecting relevant values.	The Consolidation units (mapped to Company Code) will be grouped into regions based on country of incorporation in a hierarchy called Region Hierarchy for reporting Syensqo Consolidated data by region.																						
Sales Reporting for external result publication	Syensqo requires additional sales information for result publication. - Net sales by country and region based on the customer's location - External net sales by segment - External net sales GBU - Information per segment: - Net sales (including inter-segment sales) - Inter-segment sales - Net sales (external)	- The design for the region based on "ship to" will be based on S/4HANA finance fields for example Customer Source Country (Sold to Country). - Sales Reporting requirement and solution will be assessed in the Detailed Design, where that outcome from Group Reporting or SAC needs to be determined.																						
Flow Type	Syensqo uses BFC Flow Type to classify and categorize financial transactions within its consolidation process. Flow types are further designated to be used for different set of accounts for example - Mutual Flows / Open for all B/S accounts - Fixed Assets - Gross Values - Fixed Assets - Depreciation & Impairment - Goodwill - Investment and Shares - LT loans & Other LT Receivables - Deferred Tax - Assets & Liabilities - Financial Instruments - Assets & Liabilities - Inventories - Short Term Receivables-Cash & Cash Equiv. - Equity - Provisions - Current and non-current - LT Financial Debts & Other LT Liabilities - Other Current Payables Example of BFC Flows: Flow for all accounts/Mutual flows: F00 OPENING F99 CLOSING F15 VARIATION F50 RECLASS	In Group Reporting Subitems are used to classify and categorize financial transactions by providing further breakdown of values recorded on financial statement items / accounts. The breakdown is categorized by transaction types or functional areas commonly known as sub-assignments. - Transaction Type (TTY) subitems for Balance Sheet accounts - Functional Area subitems for P&L accounts Group Reporting offers Breakdown Category to classify transaction type/functional areas needed for financial statement (FS) items/account. It determines which sub-assignments must be recorded for each FS item. Example of Breakdown category that can be configured in the system are - BS00 - B/S Accounts (e.g. allowing Mutual TTYs) - BS10 - Fixed Assets - GBV (e.g. allowing mutual TTYs+ Assets TTY) - BS20 - Fixed Assets - Depreciation (e.g. mutual TTYs + Acc Depn TTY) Below is a list of pre-delivered Transaction Types in Group Reporting that as an example can be adapted or additional transaction types created to meet consolidation and reporting requirements. 900 Opening balance 901 Incoming units 902 Cons Mthd Chg(Old) 903 Cons Mthd Chg(New) 904 EquityMth Rate Chg 906 Dividends 909 Change in accounting policies																						

F60 OTHER VARIATION	915 Net variation
F70 SPECIAL OPERATIONS	920 Increase/Purchase
F80 FOR.EX. DIFF.	925 Increase in depreciation
F01 PERIMETER INFLOW	930 Decrease /Disposal
F90 CHG METH. (NEW)	935 Decrease in depreciation
F91 VAR INTEG RATE	940 Capital increase/decrease
F98 PERIMETER OUTFLOW	950 Reclassification
Flow for Fixed Assets- Gross Values:	955 Fair Value
F20 INCREASE	970 Internal Merger
F30 DECREASE	980 Currency translation adjustment
F33 ASSETS OUT OF SERVICE	992 Change in ownership interest
F34 ASSETS BROUGHT INTO SERVICE	998 Outgoing unit
Flow for Fixed Assets- Depreciation and Impairment:	9R0 Opening Restatement
F25 ALLOWANCE	Further, transaction types and functional areas are supported for hierarchy set-up to enable movements report for example Fixed Assets Movements Report.
F36 WRITE BACK (NOT USED PROV.)	
F30 DECREASE	
F33 ASSETS OUT OF SERVICE	
F34 ASSETS BROUGHT INTO SERVICE	
Rest of flows:	
F05 NET INC N-1	
F06 DIVID PAID	
F10 NET INCOME	
F24 ALLOWANCE	
F26 RESEARCH ALLOW	
F27 REV PREV MEASURES	
F28 NEW MEASURES	
F31 SHORT TERME TRANSFERT	
F32 ACTUALIZATION / CURRENCY	
F35 W.B. (USED PROV.)	
F37 WRITE BACK (NOT USED PROV.)	
F40 CHG CAP	
F51 EQ. COMP. FIN. INST	
F52 SHARE-BASED PAIEMENTS	
F53 ASSETS CREATED WITHIN GROUP	
F55 FAIR VALUE DIFF.	
F56 ACCRETION OF DISCOUNT	
F57 EFFECT OF HIGH INFLATION	
F61 RECYCLING CFH	
F89 CHG METH (FORMER)	
F92 PROFIT SHARE INCREASE	

Finance Integration – Company Codes	BFC Reporting Units are not automatically integrated with the ECC system. The integration is done manually while preparing the csv file called data package. The data package has some mandatory and optional dimensions. Example: Mandatory BFC dimensions: • Category = Always set to "ACTUAL2" • Period • Reporting Unit - reporting company • Currency • Audit ID - Always set to "0LIA01" • Account • Flow • Currency - Company Reporting Currency • Amount in Local Currency Optional BFC dimension: • Partner 1 & 2 • Activity /Activity 2 • Activity Partner • Sales Movement • Administrative Zone - 4 possible values: EUR, AMNC, ASIA or AMSU • Comment	The Company Codes in Finance will be integrated as Consolidation Units in Group Reporting for seamless data integration. The integration takes place in source with Core Consolidation Fields populated for every transactional line item in Universal Ledger/table ACDOCA. The core consolidation fields are: • Consolidation Unit - mapped to Company • Partner Consolidation Unit - mapped to Trading Partner • Financials Statement (FS) Item - mapped to GL account • Subitem - Transaction Type - as per Group Reporting design • Subitem - Functional Area - as per Group Reporting design The core consolidation fields in the finance ledger creates a tight and seamless integration layer which is used for pulling data via release mechanism into the consolidation database /table ACDOCU. Example of Consolidation Data base: • Version = as per Group Reporting design • Period: posting period /year of the data extracted • Consolidation Unit = company code • Partner Consolidation Unit - where available • Profit Center • FS Item = GL account • Subitems = transaction types or functional areas or blank per design • Transaction Currency - from FI \ Universal Journal • Amount in Transaction Currency - from FI \ Universal Journal • Local Currency - from FI \ Universal Journal • Amount in Local Currency - from FI \ Universal Journal • Group Currency - as per design of "Versions" • Amount in Group Currency - as per design of currency translation rule • Posting Level - # (default by system) • Document Type- e.g. 0F (to be determined in design). • Custom Field as per design • Username - User who executed data release task • Timestamp - When data was extracted from accounting
Finance Integration – Chart of Accounts	Syensqo has a disparate chart of accounts between accounting and consolidation. Operating GL chart of account is mapped to BFC Reporting items and uploaded in BFC via data package.	Group Reporting will use the same Chart of Account as General Ledger Operating Chart of Account. The Operational Chart of Accounts will be mapped as a Financial Statement (FS) item on one to one basis in Group Reporting.
Finance Integration – Additional Master Data	Additional Master Data for reporting are created as custom fields in BFC for data loading and reporting.	Group Reporting can integrate and read additional fields from S/4HANA accounting for reporting. For example: • Functional Area as a subitem • Material Group (Product Sold) • Customer Source Country (Sold to Country) • Segment • Market etc. Note: Additional Custom fields can be set up to meet consolidation and reporting requirements to be determined in detail design phase.
Finance Integration – Drilldown to GL Document	Drill down from BFC to ECC is not possible.	Group Reporting provides functionality for analysis and processing with full drilldown to source data at its origin. Note: Drill-down to source will not be available in other S/4 instances (e.g. the China system), however common charts of account and system design will still enable easy access to detailed information in the China system.
Finance Integration – Intercompany Matching and Reconciliation (ICMR)	No integration to BFC available	S/4HANA Intercompany Matching and Reconciliation (ICMR) a built-in and integrated solution will be used to automate and streamline the intercompany matching and reconciliation process. It supports real-time matching and reconciliation of financial data, eliminating the need for separate load processes. ICMR can also connect to the separate S/4HANA system in China.
Integration with separate ERP System in China	China is not in a separate system. Although BFC could manage this via the existing manual data package loads.	SAP Group Reporting Data Collection (GRDC) App will be used to integrate with the China instance of S/4HANA for collection of data. GRDC is specifically designed to integrate with SAP S/4HANA for Group Reporting , allowing for seamless data transfer and consolidation.

Cash Flow	BFC used cash flow codes (CFxxxx) and rules based on account and flow to produce automated cash flow reports with some manual adjustments. BFC produce below two cash flow reports : 1. Management Cash Flow /Simplified Cash Flow by GBU 2. IFRS Cash Flow Report (Group) - comprising of a. Operating Cash Flow b. Investing Cash Flow c. Financing Cash Flow	Group Reporting offers functionalities that can help develop Cash Flow Reporting through " Reporting Rules". These include a range of mathematical operators to instruct the system on how to compile data for each line in the cash flow statement. Group Reporting's reporting rules provided extensive user defined set-up capabilities, including account movements (transaction types/functional areas), journal entries (document types), consolidation units and reverse sign indicators among others. This solution can be used to prepare multiple versions of fully automated cash flow reports in Group Reporting. This can be set-up by the business user themselves 1. Management Cash Flow -Simplified Cash Flow by GBU 1. IFRS Cash Flow Report (Group) - comprising of a. Operating Cash Flow b. Investing Cash Flow c. Financing Cash Flow The system flexibility can be built to adjust cash flow line items by manual journal entries. The report can drill-down to underlying FS items and transaction types aiding in understanding the composition of balance and reconciliation. The cash flow reports can be executed for Syensqo, Operating Segments, GBU's and to the lowest unit for example Consolidation Unit/Company codes or Profit Centre. In addition, validation rules/controls can be built to ensure accuracy and consistency of cash flow reporting using Group Reporting Validation Rules.
Currency Translation	Syensqo used BFC currency translation features to translate reported local currency into EUR and re-state for RSB versions.	Group Reporting has standard currency translation features using S/4HANA exchange rate table to translate trial balance of entities as per configurable translation rules and methods. Translation Rules can be set-up for FS items (GL account), providing extensive flexibility, for example; • Non-Historic Balance Sheet items - Closing Rate • Historic Balance Sheet items - Opening balance unchanged, movements at average rate • Income Statement - Average rate Translation Method can be configured to: • Record any resulting translation difference in the appropriate accounts. • Assign appropriate Exchange Rate Type. • Assign Translation Method to Versions. Apply different exchange rates for versions. Example version specific rules can be maintained to produce RSB for example Last year data at Current Rate using specific exchange rate settings for version.

Audit ID and Ledger Dimension	BFC uses Audit ID to identify the source of data stored in the consolidation database for example: • Packaged data • Journal entry (uses “Ledger” dimension along with Audit ID) • Auto Journal entry (elimination /reclassification) Audit ID also enable to build control such as • Whether or not a manual journal entry is authorized for an Audit ID • Whether Audit ID is available in the package • Currency of the Journals • Scope and variant restriction There are approx. 175 Audit IDs set-up in BFC. Example: • 0LIA01 - Packaged Data • 1LIA10 - Local adjustments • 1RET95 - Reclassification • 2AJU10 - Inter-company accounts adj. • 2CONV10 - Other adjustments • 2ELI10 - Elimination of inter-co accounts • 2NRI10 - Elimination of inter-company dividends • 2NRI40 - Elimination of margin on inter-company stocks	Group Reporting uses Posting Level and Document Type to identify source of data and their purpose within the consolidation process. Posting level enables to distinguish posting entry types and select data accordingly. They are not user-defined, but rather built-in to the solution. • Local close: Consolidation unit-dependent, group independent ◦ # Blank: Reported data / Trial Balance from S/4 ◦ 00: Flat File load for non-integrated companies ◦ 0C: Reported data correction ◦ 01: Manual journal before consolidation ◦ 10: Standardizing entries • Pairwise eliminations : Dependent on the pair of consolidation unit and partner unit, group-independent ◦ 20: Two-sided elimination • Group-dependent eliminations/entries ◦ 30: Consolidation entries that represent postings that are explicitly made on consolidation groups. For example, consolidation of investment - elimination of investment and equity, goodwill and NCI postings. ◦ 02,12 and 22: Entries to accommodate the consolidation group change Document types identify the type and source of data. For example, reported data is stored on different document types than elimination data. Document types have various attributes assigned, including data source for example manual or automatic posting, file upload or API, deferred income tax handling, automatic reversal and currencies to be used in posting. Document types are always assigned to a posting level thus document type in conjunction with posting level help identify source and type of data. Document type is user defined, however SAP also delivers some pre-defined document type for our use. Example: • 0F – Read from Universal Journal (Posting level #) • 00 – Flexible Upload (Posting level 00) • 0B – Consolidation of investment (Posting level 00) • 07 – External reported data using API (Posting level 00) • 08 – External plan data (Posting level 0C) • 01 – Manual correction of universal journal (Posting level 0C) • 02 – Manual correction of reported data (Posting level 01) • 10 - Manual correction for goodwill (Posting level 10) • 12 - Manual standardizing, deferred tax, auto reversal (Posting level 10) • 2E - Interunit elimination of sales (Posting level 20) • 2F - Interunit elimination of balance sheet (Posting level 20) • 3A - Consolidation of investment (Posting level 30)
Manual Journals	BFC uses dimension “Ledger” to control and classify manual journal entries. Manual Journal entries (for example top entries) are copied, adjusted and posted using the BFC ledger feature. Currently there is no workflow/approval process for manual journals in BFC. The manager needs to be intimated offline for review when a journal is posted in BFC.	Group Reporting allows manual journal positing by document type (equivalent of ledger in BFC) which can be configured to track and manage financial data for consolidation purposes. Document Type, a familiar concept in accounting, can be designed for easy identification of manual journals, classification of postings and checks and control can be built on it. Manual Group Journal can be submitted via; • Post Group Journal Entries App - Journals are entered on the screen for relevant version, fiscal year, posting period and document type. • Import Group Journal Entries App - Journals are prepared in an excel template and imported into the system. Reporting on Manual Journal via Display Group Journal Entries App - This is a report to display a list of documents based on parameters such as consolidation units/groups and the fiscal year/period. Group Reporting also provides Standard Workflow which can be configured for group manual journal entries to automate review and approval (or rejection) of manual journals.
Data Package	There is no automatic system integration between BFC and ECC systems. The data for ECC or non ECC entities are mapped and prepared outside the system in a csv file data package and loaded into the BFC system. Similarly if there is new acquisition made, the trial balance is prepared in csv file and loaded via Data Package in BFC for consolidation.	Group Reporting is fully integrated within the S/4HANA platform. This integration allows for real-time extraction of accounting journals from S/4HANA finance system. Group Reporting is integrated with the Group Reporting Data Collection (GRDC) tool that facilitates the collection of data from various sources, including both SAP and non-SAP systems for use in group reporting and consolidation processes. 1. S/4 entities on Rest of World (ROW) S/4 instance – Accounting Journal data is released into Group Reporting based on tight integration between financial accounting and group Reporting 2. S/4 entities on the China S/4 instance - GRDC tool can integrate with Group Reporting 3. Other entities /recently acquired companies - Flexible upload of data into Group Reporting or integration via the GRDC tool.

Inter Co Eliminations	BFC uses Audit Ids for intercompany elimination postings. Example: • 2ELI10 - Elimination of inter-company accounts • 2IMP25 - Elimination of internal provisions • 2IMP30 - Elimination of internal gains/losses • 2NPI10 - Elimination of I/C prov. on securities • 2NPI20 - Elimination of I/C RC provisions • 2NRI10 - Elimination of inter-company dividends • 2NRI40 - Elimination of margin on inter-company stocks (covered separately under PISE Elimination) • 2NRI50 - Elimination of gain/loss on I/C assets • 2NRI60 - Depn gain/loss on disposals of I/C fixed assets • 2TIT10 - Elimination of securities	Group Reporting provides a reclassification function for interunit elimination. Using the reclassification function, automatic elimination tasks will be created for intercompany business transactions. Examples of elimination tasks each with specific method/rule and unique document type will be created for inter company elimination; • Elimination of intercompany sales • Elimination of intercompany other income/expenses • Elimination of intercompany profit in inventory (see section "PISE") • Elimination of intercompany dividends • Elimination of intercompany balance sheet The above broader category can be further split by group of business transactions. For example, elimination of intercompany balance sheets can be split into the following sub-group with each group having its own elimination tasks. • Short Term Loans • Trade Receivable & Payable • Non-trade Current Receivable & Payable • Non-trade Non-current Receivable & Payable • Interest Receivable/Payable • Inter-co Dividend Receivable/Payable • Long term loans • Provisions
Inter Co Matching and Reconciliation	Intercompany matching and reconciliation is performed in the source ECC system. Consolidated elimination mismatch report is available in BFC.	Group Reporting offers pre-delivered "Reporting Item" solutions which can be configured for Intercompany reconciliation reports. In addition, a fully integrated ICMR (Inter Company Matching & Reconciliation) tool can be used not only for matching and reconciliation but also for elimination posting in Group Reporting.
Consolidation of Investment – Subsidiary, associate	BFC uses Audit ID to perform elimination of investment in subsidiaries and related equity.	Group Reporting offers two design options for consolidation of investment. Option 1: Rule based: The system performs C/I calculation and postings by processing a sequence of reclassification steps defined in reclassification methods. Option 2: Activity based: The system performs C/I calculation and postings by processing one automatic posting task of category Consolidation of Investments. The behavior of the task is influenced by configuration settings which are predefined and delivered by SAP. Activity Based Consolidation of Investment provides automated posting for: • First Consolidation – Investment, Equity Elimination and NCI posting • Subsequent Consolidation – Periodic NCI Calculation • Step Acquisition • Increase in Capitalization • Decrease in Capitalization • Partial Divestment • Total Divestment • Partial Transfer • Total Transfer • Horizontal Merger • Vertical Merger Each Consolidation Units is assigned a Consolidation Method based on IFRS consolidation requirement. Available methods are: • Parent • Purchase Method • Equity Method • Proportionate Method
Balance Carry forward	The balance carry forward is performed in BFC using which creates opening balance for balance sheet account on opening flow F00.	Group Reporting offers standard Balance Carry Forward Task to pull the balances of relevant financial statement (FS) items from the previous financial year to the current financial year. The system records these balances as opening balances on specified transaction type in period 00. The balances are carried forward based on the FS item type of account: • AST: Asset item: carried forward to the same account as in the previous year • LEQ: Liability/equity item: carried forward to the same account as in the previous year • INC: Profit and Loss statement item: not carried forward • STAT: Statistical item: not carried forward unless specified explicitly. Example cash flow account are not carried forward In addition, it is also possible to define a source document type and a destination document for a specific time frame as a result closing balances at year-end are carried forward from the source document type to the destination document type.

Profit in Stock Elimination (PISE)	Stock Margin custom program executed by shared service team is used in BFC to remove profit from intercompany stock.	Group Reporting has following options: Option 1: Directly source group valuation ledger as a basis for financial group statements 1. Assign group valuation ledger as group preparation ledger to GR version. 2. Directly retrieve margin free amounts from the Group Preparation ledger. 3. User Delivered Reclassification Rule to eliminate the Gross Margin which was posted in Valuation Clearing account. Option 2: Keep legal valuation as consolidation ledger and use group valuation to calculate elimination postings. 1. Assign legal valuation ledger as group preparation ledger to GR version. 2. Legal Valuation of Inventory values sourced from legal ledger. 3. Group Valuation of inventory sourced from group valuation ledger into statistical FS items (inventory and markup) using SAP GRDC. 4. Group Reporting reclassification calculate elimination postings on PL20 on top of legal valuations (inventory/COGS). Option 3: As this area is still evolving under future innovation further solution may be possible in future releases such as extension version/reference version/stack. The options require further study and analysis during the detailed design phase.
Excel Retrieve	Integrated Excel retrieve is available in BFC	Integrated Excel retrieve will be available with Group Reporting.
Blocking Controls and Validation Rules	BFC has blocking controls on specific accounts for example provision accounts where only specific flows are allowed and one cannot post with non-allowed flow.	Line Item Validation: Group Reporting has Breakdown Category Check on account which defines whether transaction type (flows), functional area and trading partner are mandatory and within the list of permissible transaction types. This is checked during postings in group reporting and error is issued if not complied. In addition, validation will be built in S/4HANA on a specific set of GL accounts with a permissible list to control postings of transaction types/functional areas. In addition to Line Item Validation, Group Reporting also offers validation rules at different postings levels. Validation Rule for Entity Data (up to posting level 10) Validation Rule for Consolidated Data (up to posting level 30) Example of validation rule that can be set up: • Total assets must equal total liabilities • The depreciation expense charged to P&L equals depreciation credited in the Balance Sheet. • The gross value of Land and Buildings must be > or = depreciation at closing.
Tax Reporting	Tax Reporting is currently completed utilizing BFC to bring data together. Source information comes from the ECC systems. Some calculations are performed in Excel. Country Finance reps submit data.	Options have been identified for Tax Reporting. Options will be reviewed and assessed as part of the tax sub stream. Tax Reporting design is separate to the Group Reporting tool decision.
Year End Disclosure		Group Reporting & S/4HANA can provide supporting data for year end disclosure. Existing data can be replicated, with the aim to streamline and simplify.
Shareholdings	Managed by an external application called Khephren	The view at this stage is to continue to utilize Khephren.
Reporting		Reporting requirements will be covered in the detailed design phase. Group reporting has standard reporting features, however for additional \ custom reports, the project wide approach is to utilize SAP Analytics Cloud (SAC).

See also

File

Modified

PDF File Approval from Chris.pdf Approval from Chris

Nov 10, 2025 by CHIEW-ext, Yock Sang

Change log

Version	Published	Changed By	Comment
CURRENT (v. 20)	Apr 07, 2026 12:23	WENNINGER-ext, Sascha	Removed CUI instance - CR0279
v. 19	Jul 21, 2025 16:00	WENNINGER-ext, Sascha	
v. 18	Jul 08, 2025 08:21	ZAPONNE-ext, Antonio	
v. 17	Jul 08, 2025 08:08	ZAPONNE-ext, Antonio	
v. 16	Jul 08, 2025 07:59	ZAPONNE-ext, Antonio	
v. 15	Jul 08, 2025 06:43	ZAPONNE-ext, Antonio	
v. 14	Jul 07, 2025 10:42	ZAPONNE-ext, Antonio	
v. 13	Jul 04, 2025 18:07	DANKIR-ext, Soukaina	
v. 12	Jul 04, 2025 17:42	ZAPONNE-ext, Antonio	
v. 11	Jul 04, 2025 17:39	ZAPONNE-ext, Antonio	

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Workflow history

This view shows the 5 most recent entries. The complete workflow log is available from the 'Document Activity' menu item.

Apr 07, 2026	Actor	Type	Activity	Version
Approved	WENNINGER-ext, Sascha	Edit	updated the page at 12:23 pm Removed CUI instance - CR0279	
		State	changed state to Approved at 10:23 am	v20
Edited following Approval	WENNINGER-ext, Sascha	State	gave <i>Minor change</i> approval at 10:23 am removed CUI instance as per CR0279	
		State	changed state to Edited following Approval at 10:23 am	v20
Nov 27, 2025				
Approved	 CHIEW-ext, Yock Sang	State	changed state to Approved at 7:11 am	v19
Pending SteerCo Review	 CHIEW-ext, Yock Sang	State	gave <i>Final Approval</i> approval at 7:11 am Project director confirmation	
Nov 10, 2025				
	 CHIEW-ext, Yock Sang	State	changed expiry date to '24 Nov, 2025 01:01 pm' at 1:01 pm	

