

Advances in the SAP® General Ledger Relevant to Joint Venture Accounting

Upstream System Integrators, LLC



Contents

Classic Ledger	3
Special Ledger	3
New General Ledger	3
New General Ledger EHP 6 with JVA	4

The following paper is a brief and general history of SAP's progression in the general ledger as it relates to the oil and gas industry. **PLEASE DO NOT MISS THE LAST SECTION FOR JOINT VENTURE CUSTOMERS!**

Classic Ledger

The Classic GL has been used at least since the early releases of 3.0 and is still in use today for earlier customers that have chosen not to migrate to the New GL. The Classic GL major elements include the company code and the GL account. The balances are kept in summary fashion with the fiscal year as a major row key. Reconciliation with Controlling (management) module is not available real-time, so this is a period-end activity. Line of business reporting (profit center reporting) is also a separate ledger so another reconciliation exists (if PCA is implemented).

Special Ledger

Special ledgers are largely customizable according to customer requirements. For oil companies, where an emphasis is on the joint venture, additional ledgers are needed to keep up with the venture. This entails a venture data collection ledger and a billing cutback ledger. A balancing concept is available to allow splitting financial documents (accounting entries) so that balanced books by venture are available. This is OUTSIDE of the Classic ledger. For reporting and reconciliation the customer has to consider Classic and special ledgers.

New General Ledger

The New General Ledger, available originally in ECC 5 and more robustly in ECC 6 installations, is a "standard" special ledger with different scenarios allowing many other key elements including management and financial elements like profit center, segment and functional area AND the associated partner functions (think of transactions across these elements, such as a cross-company code recording, a cross-profit center recording, etc.). Document splitting in the GL is also possible in a full array of customizable elements, allowing balanced books by these elements. No separate profit center ledger is required. Reconciliation with the Controlling (management) module is also real-time. This vastly improved capabilities in financial reporting and consolidation as well as management and segment reporting. Furthermore, the New GL facilitates different currency requirements and accounting standards. **The joint venture is NOT available here, however, so special ledgers and redundant processes remain in order to accommodate balanced books by venture.**

New General Ledger EHP 6 with JVA

SAP has finally brought it all together with enhancement pack 6. Now, the New GL accommodates joint venture accounting! Several JVA transactions now post financial documents instead of special ledger documents only. Real-time integration of the New GL with Controlling includes JVA fields. Instead of needing two competing splitting engines for balanced books, a single engine is used. Note there are some restrictions on the parallel accounting approach which are overcome with additional GL accounts (impacts the ledger approach to multiple accounting standards).

Contact **Upstream System Integrators** today to get started on your SAP Implementation!