

SAMVADYA SOLUTIONS is into SAP App development. We help enterprises achieve greater efficiency and productivity by enabling them with solutions that add to scale and extensibility of their existing systems at an optimal cost and with a quick turnaround.

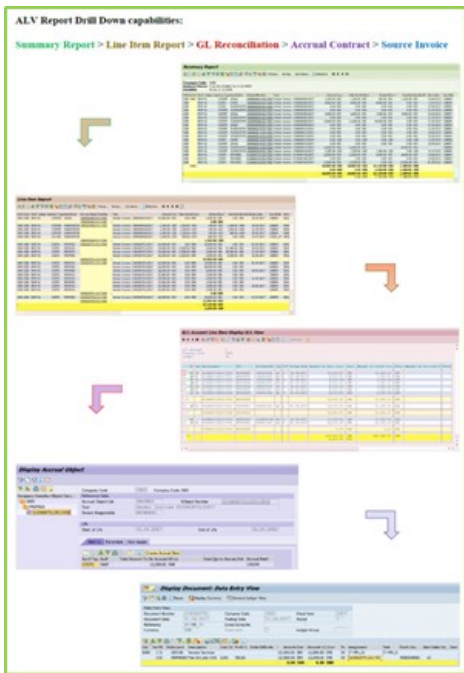


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Disclosure Accounting

The periodic cycle of financial closure to disclosure has an important aspect from accounting point of view. Current digital wave with changed business dynamics has brought in new standards of disclosure where plug & play solutions with mobile capabilities will play a major role.

Amortization of Accruals is a process of amortization and deferment of a transaction that cut across duration for more than a reporting period. The solution is an add-on to SAP Accrual Engine through which this business process is automated and financial close is accelerated.

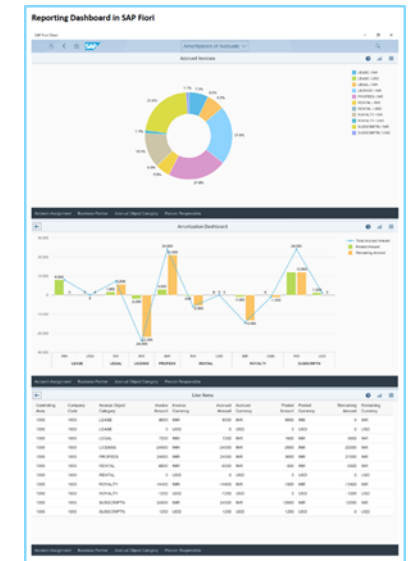


Customer Benefits

- * Plug & Play add-on to SAP Accrual Engine
- * Compliance with reporting standards including IFRS
- * Cost and Efforts savings due to accelerated period-end
- * Risk mitigation due to proactive transactional processing
- * Detailed analytics and effective reporting with Fiori

Key Features

- * Auto-accrual object creation from vendor and customer invoice via Data transfer interface utility
- * Historical exchange rate compliance for foreign accruals along with custom premature termination process of periodic contracts
- * Dynamic drill down reporting mechanism at any given point of time along with backward-forward integration with Financials
- * Consolidated console for **Prepaid Expenses, Provisions, Deferred Revenue and Reversals** with device independent reporting capabilities via SAP Fiori



Published in [SAP CSD](#) & [SAP App Center](#)

Integrates with SAP Business Suite > Financial Accounting > Accrual Engine > Manual Accruals

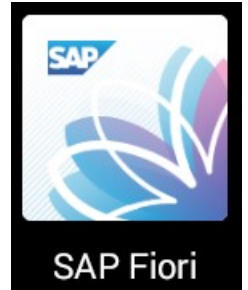
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Particulars	Standard Functionality	Amortization of Accruals
Business Process		
Data Transfer Utility	Development	Plug & Play
Provisions & Revenue Accruals	x	✓
IFRS compliance for Historical exchange rate	x	✓
Premature termination of Periodic contracts	x	✓
Reporting		
Information system	LDB based	HANA ready
User Interface	Desktop based	Device Independent
Fiori Analytics	x	✓
Backward-forward integration with Financials	x	✓
Dynamic key date based reporting mechanism	x	✓
Unified console for positive & negative accruals	x	✓
Real time reconciliation with FI-GL	x	✓
Integration with Controlling	x	✓
Integration with Business Partner (AR-AP)	x	✓
Deployment		
Consulting efforts	Significant	Plug & Play
IT efforts	Significant	Plug & Play
Business efforts	Significant	Plug & Play
User training	Significant	Plug & Play

- ◆ *Add-on App - Amortization of Accruals is geared towards accounting standards compliance and intuitive mobile reporting using SAP Fiori.*
- ◆ *It's built on SAP Accrual Engine framework and is designed to work as complementary solution and not a substitute to Standard functionality.*
- ◆ *Add-on deployment will work both on existing and fresh implementation of SAP Accrual Engine > Manual Accruals component of SAP Financials.*
- ◆ *Key features of Standard functionality is based on the position as on 1st Jan 2018 in SAP ECC 6.0 EHP 7 delivered through EA-APPL component.*

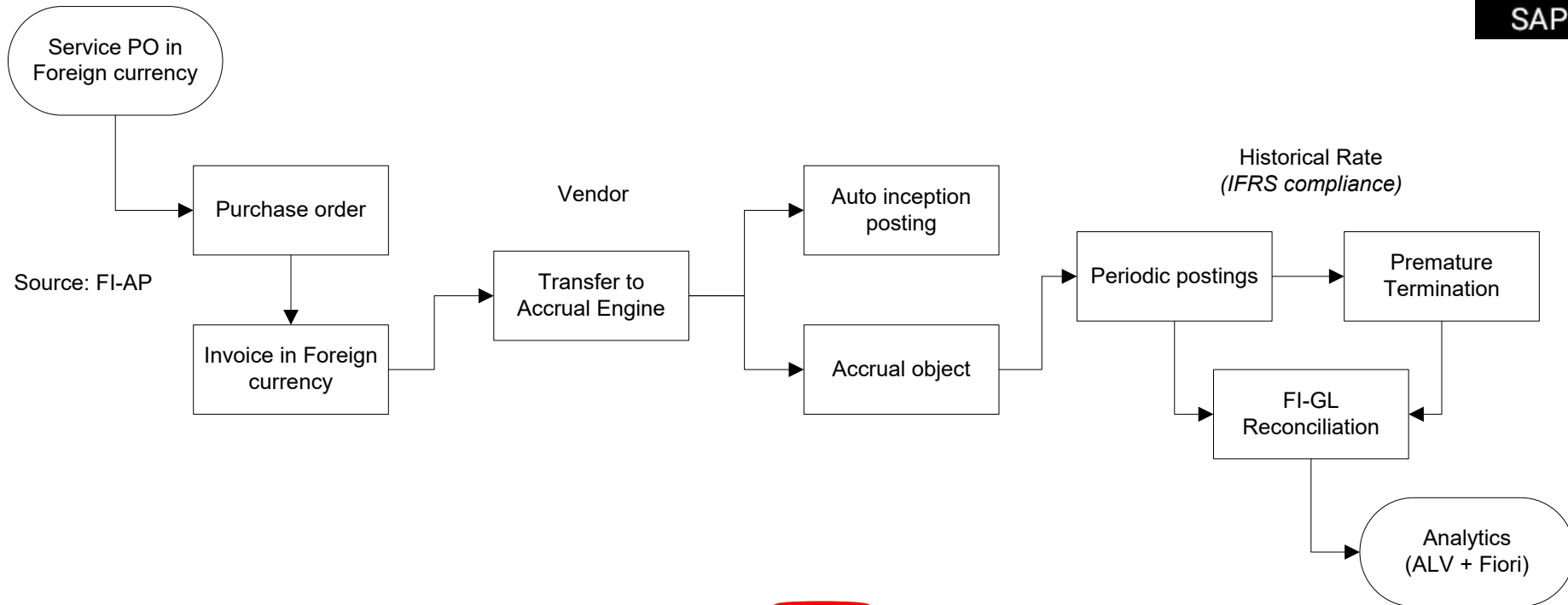
Business Case: Some of the questions that will help in making a better judgement

- 1) How's the net working capital in relation to accruals is affecting overall cash flow and is there any opportunity to reduce prepaids and increase revenue for faster cash realisation, e.g. yearly revenue plans with promotional schemes such as complimentary month with one time yearly subscription charges?
- 2) Are you able to pinpoint origin of the accruals in relation to business partners and responsibility centres and accordingly take necessary proactive action? Is there is a need for having a consolidated console for both accrued costs and revenues in a single dashboard for a better reflection of B2B transactions?
- 3) How much of the time is being spent on maintaining spread sheets for various prepaid contracts and then processing them as journal entries during month-end? Will an automation tool help in accelerating month-end by eliminating manual maintenance, clearing procedures and reconciliation activities?
- 4) Is the transaction processing cost too high with usage of more complicated tools designed for specialized industry solutions such as ERS, RA, RaR, VF44 etc and a need for a more simplified process to take care as a periodic activity rather than carrying out as day to day business activity?
- 5) Are any accruals - deferrals falling within same financial year getting missed recording in respective periods due to absence of automation tools hence resulting in less comparative quarterly financial statements?
- 6) Is the absence of a central governance tool for managing accruals causing a process bottleneck and hence resulting in resorting to workarounds for statutory compliance such as maintaining foreign accruals in local currency thus limiting effective management analysis?
- 7) Is the senior management spending too much time and efforts on minor transactional analysis due to missing bigger picture and looking for a concise real time analytics for accruals with device independent capabilities for quick consumption?



Amortization of Accruals

Cost Accruals / Prepaid Expenses

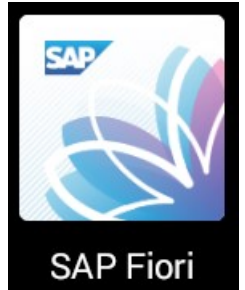


Accounting treatment

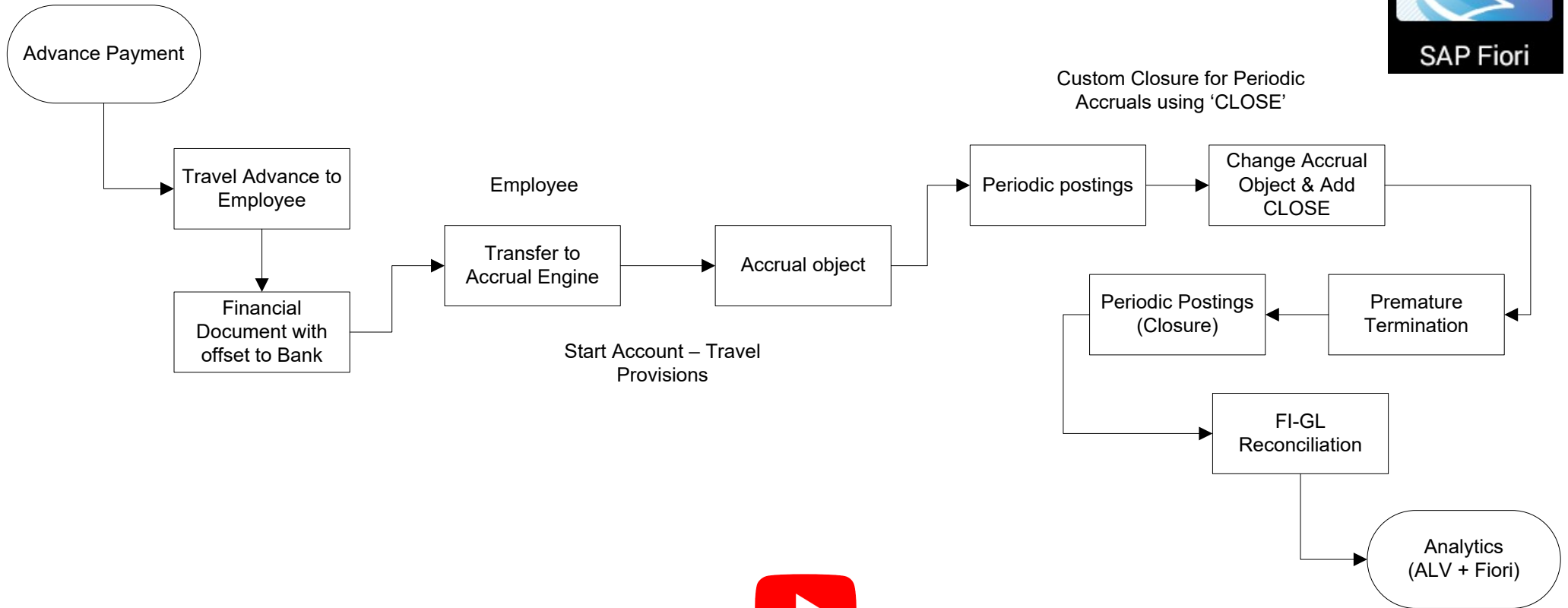
- ⇒ Prepaid expense in P&L will get transferred to Balance sheet (opening entry)
- ⇒ Amortization of amount lying in Balance sheet to P&L (periodic entry)
- ⇒ Balance in Balance sheet transferred to P&L account (closing entry)

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Amortization of Accruals



Provisions / Employee Advance

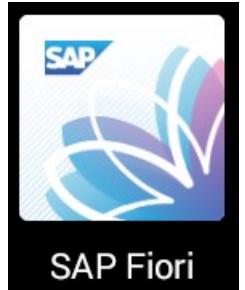


Accounting treatment

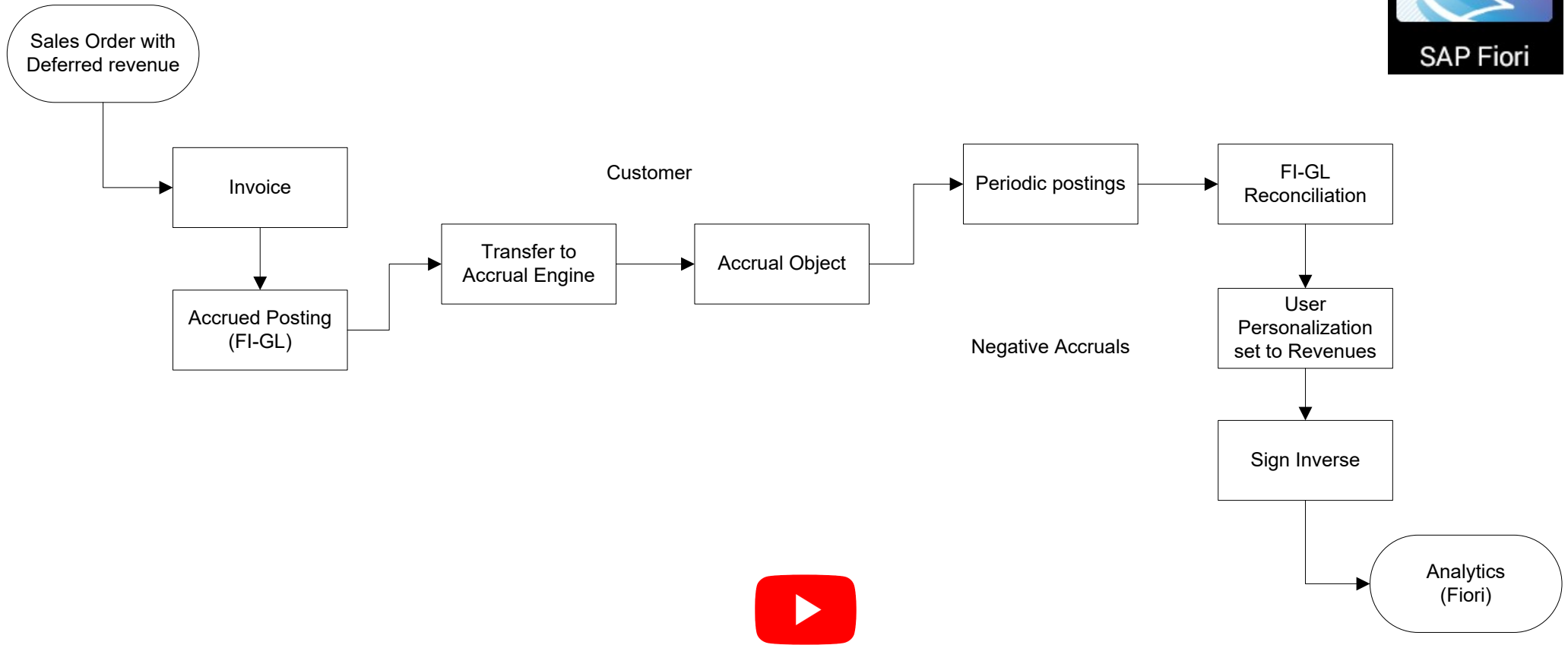
- ⇒ Accrual object created as Provisions with reference to base document (e.g. advance)
- ⇒ Amortization of amount lying in Balance sheet (provisions) to P&L (periodic entry)
- ⇒ Balance in Balance sheet (provisions) transferred to P&L account (custom closure)

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Amortization of Accruals



Deferred Revenue



Accounting treatment

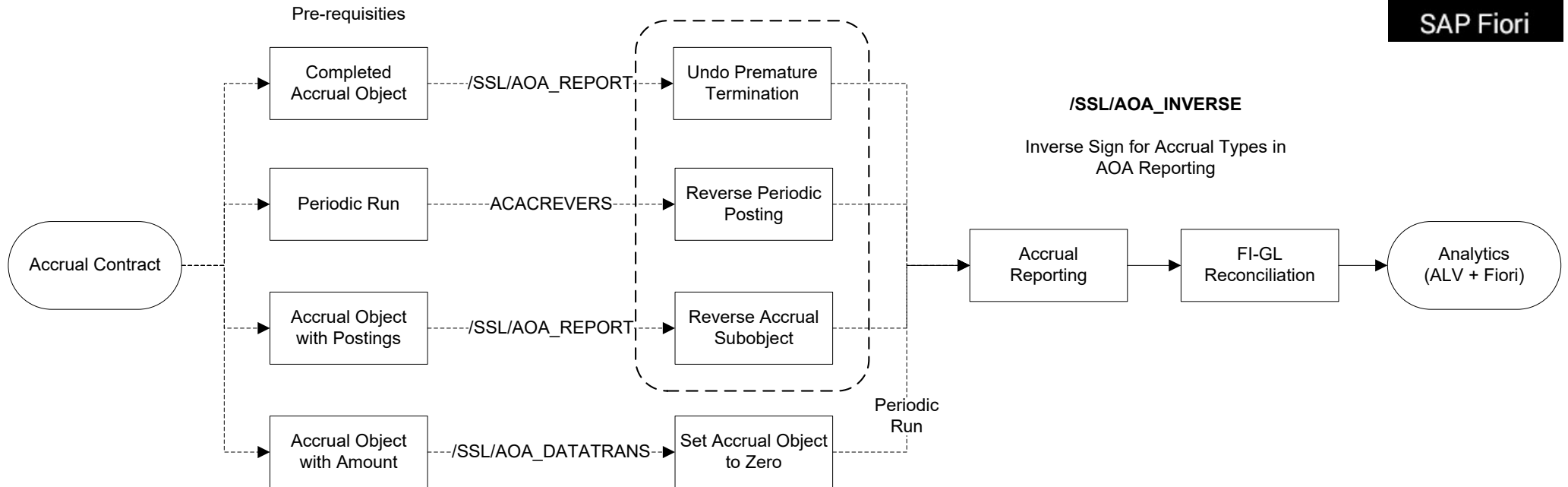
- ⇒ Deferred revenue in P&L will get transferred to Balance sheet (opening entry)
- ⇒ Amortization of amount lying in Balance sheet to P&L (periodic entry)
- ⇒ Balance in Balance sheet transferred to P&L account (closing entry)

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Amortization of Accruals

Reversals



Accounting treatment

- ⇒ Amount transferred to P&L from Balance sheet will be reversed (reverse closing entry)
- ⇒ Amount amortized at periodic intervals will be reversed (reverse periodic entry)
- ⇒ Amounts transferred between P&L and Balance sheet will be reversed (reverse accrual contract)
- ⇒ Amounts in accrual object will be reversed (amounts will be initialized & reversal passed during periodic run)

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