

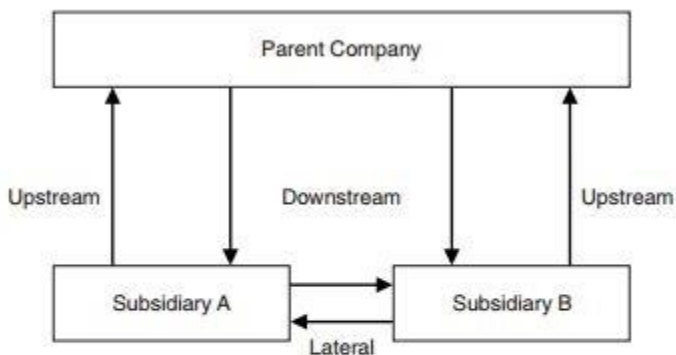
In this article we will understand the concepts of AGIS, its basic setup , and one simple transaction flow.

Now a days many companies are going global to gain new customers and access new markets.This would mean we would have multiple legal entities/subsidiaries catering to the different nation's/local rules and regulations of those regions.And in a larger more diverse country or area, it might also be required to have multiple legal entities and multiple business units.

Let's say that we have a datawarehouse in china and two other subsidiaries located in US and UK.And the datawarehouse in china provides the materials for the US and UK subsidiaries.In this case an intercompany transaction has occurred.And there can also be scenarios when the materials are transferred between the US and UK subsidiaries based on the market demand. In this case also an intercompany transaction has occurred. Now the above intercompany transactions are recorded in US and UK financials records of the subsidiary legal entities.But from the consolidated entity's perspective there is no transaction as no unrelated entities are involved and hence the changes in the account balances caused by these kind of journals needs to be eliminated

Let us take one more example, where a shared payables service is there and the invoices against all the business group subsidiaries is to be paid by this single legal entity. This would also result in intercompany transactions.

Thus intercompany transactions can happen across legal entities and across ledgers too.The following diagram depicts all the directions in which the intercompany transactions can happen between the parent and the subsidiaries



In addition, we can have multiple business units in a diverse country or area under a single legal entity. The transactions can happen between these business units too and these kind of transactions would become Intracompany transactions.

We can capture these intercompany/intracompany transactions effectively using AGIS (Advanced Global Intercompany System). Let us see the setup that is needed to implement the AGIS and the one complete AGIS intercompany transaction flow in the below mentioned pdf document.

The legal entity which is initiating/providing service is initiator/transacting entity and the other entities which are utilizing the service are called recipients/trading partners.

AGIS Setup:

Navigate to Intercompany setup -> System Options

Option	Value
Intercompany Batch Numbering	System Generated
Intercompany Transaction Currency	GBP
Minimum Transaction Amount	0
Minimum Transaction Amount Currency	GBP
Conversion Rate Type	Corporate
Allow Recipient to Reject Transactions?	Yes
Transfer Transactions to General Ledger	Batch
Transfer Transactions to Payables and Receivables	Batch
Intercompany Calendar	(None Entered)
Derive Intercompany Accounts from Intracompany Balancing Rules	Yes

Intercompany Batch numbering : This option determines whether the intercompany batches have to be automatically generated or manually entered every time while creating the AGIS batches.

Intercompany transaction Currency : If specified all the AGIS transactions between all the subsidiaries has to be done in the same currency and user will not be able to change while entering the AGIS batches. If this is left blank then we will be able to perform foreign intercompany transactions

Transfer transactions to payables and Receivables/General ledger : For this two options batch and online are available. If "online" is chosen these transactions will be transferred to AP and AR and GL also (transferred directly to GL in cases where we don't need invoices) as soon as they are approved. If "batch" we need to submit concurrent programs Transfer to AR, Transfer to AP, Transfer to GL based on the transaction type definition which we will see later.

And there is one more option which enable us to specify if the transaction can be rejected by recipients (Allow recipient to reject intercompany transactions)

We can also create and specify the intercompany calendar and use the Periods tab to opening/Closing of the intercompany periods. Only AGIS transactions belonging to the open intercompany periods can be entered in the system. If this intercompany calendar option is not specified then the system creates transactions based on the GL periods.

Now that we have specified the system options, lets determine which organizations or legal entities are enabled for intercompany transactions. Query for the existing organizations and enter 'YES' in the intercompany classification field for these organizations in the Organizations tab. If the organizations is not yet created, we can create one from here itself .

The next step is to define the transaction types in AGIS as below. Here we can mention if these transactions should be recorded in the initiator and recipient's receivables and Payables system respectively based on the option selected in Invoicing field .

The screenshot shows the 'Transaction Types' setup screen in the WOLSELEY system. The table below represents the data visible in the interface:

*Name	Description	*Code	Invoicing	Manual Approval	Enabled
AGIS_TRX_TYPE1	agis first transaction type	AGIS1	Required	Required	Yes

The interface also includes a 'Privacy Statement' link at the bottom left and a copyright notice 'Copyright (c) 2006, Oracle. All rights reserved' at the bottom right.

Invoicing need not be selected as required , if we don't want transactions created in Receivables/Payables. However as per many legal authority statutory requirements these intercompany transactions have to be recorded or documented and hence we need to create the transactions in AR/AP as per business needs.

And we can also define if the recipient has to manually approve the transaction for this transaction type before it goes into Approved status.

Now that transaction types are defined , we need to assign these transaction types to required organizations which would be using these transaction types. This is achieved from the Receivable assignments in Invoicing options tab. And the below mentioned are the seeded values provided by Oracle for intercompany transaction types (Invoice Type, Receivables Memoline, Credit Memo Type)

Receivables Assignments

Customer and Supplier Associations

Receivables Assignments

Operating Unit

* Indicates required field

* Operating Unit

Default Invoice Type **Intercompany**

Default Receivables Memo Line **Global Intercompany**

Default Credit Memo Type **Intercompany CM**

Transaction Types

✓ TIP Click Remove to revert to the default assignments for the selected Operating Unit and Intercompany Transaction Type.

Select one or more Receivables Assignments and ..

[Select All](#) | [Select None](#)

Select Transaction Type Name	Invoice Type	Receivables Memo Line	Credit Memo Type
<input type="checkbox"/> AGIS_TRX_TYPE1	Intercompany	Global Intercompany	Intercompany CM

Since we are required to create a transactions between these intercompany organizations, we need to define a customer and supplier associations between initiator and recipient intercompany organizations/legal entities.

In the below screen shot ,the existing customer supplier relationships can be queried from trading partners tabs .Here Wolseley UK Limited organization is the initiator and we have created a customer second_le with 2le1 account number for this organizations, which represents the second_le organization under 2_le legal entity.

Home | Transactions | Setup | Reconciliation

Periods | Accounting | Security | Organizations | **Invoicing Options** | Transaction Types | System Options

Receivables Assignments

Customer and Supplier Associations

Legal Entity Customers and Suppliers

Customer And Supplier Association **Trading Partners**

Search Associations

* Initiator Organization

* Recipient Organization

Details	Usage	Organization	Legal Entity	Operating Unit
<input type="checkbox"/> Hide	Initiator	Wolseley UK Limited	Wolseley UK Limited LE	Wolseley UK
		Party Name second_le Party Number 238185 Customer Account Name 2le1	Customer Account Number 177666 Bill To Site 2le1loc	
<input type="checkbox"/> Show	Recipient	2le1	2_le	seclleorg

A new relationship can be created from the customer and Supplier association tab from the below screen.

WOLSELEY Advanced Global Intercompany System
The name the world builds on

Home | Transactions | Setup | Reconciliation | Navigator | Favorites | Home | Logout | Preferences

Periods | Accounting | Security | Organizations | Invoicing Options | Transaction Types | System Options

Setup: Invoicing Options: Receivables Assignments > Legal Entity Customers and Suppliers >

Create Associations: Select Trading Partners

* Legal Entity * Operating Unit * Organization

Continue Cancel

Select All to create an association for all Intercompany Organizations within this Legal Entity.

View and Select Trading Organizations

TIP Select the Legal Entity, Operating Units, or Organizations with which this Legal Entity or operating unit is selected as a trading partner, then all its organizations are automatically selected when creating associations.

Select All | Select None | Expand All | Collapse All

Select Focus	Type
<input type="checkbox"/> Vision Enterprise	
<input type="checkbox"/> 2_le	Legal Entity
<input type="checkbox"/> UK LE One	Legal Entity
<input type="checkbox"/> UK Le two	Legal Entity
<input type="checkbox"/> Wolseley UK Limited LE Legal Entity	

The next step is to create the intercompany transactions. But can all the users belonging to these organizations create intercompany transactions. No that is not allowed. We can actually assign the users/Persons (Person defined in HR responsibility) who will be able to make the intercompany transactions for that organization from security tab as shown below.

Home | Transactions | Setup | Reconciliation | Security | Organizations | Invoicing Options | Transaction Types | System Options

Intercompany Organization Assignments

Search

Select a person from the list of values to search for or create new organization assignments.
* Indicates required field

Person Name User Name Intercompany Organization

Access to Transactions Allowed

Go

Intercompany Organization Assignments

Create Assignments

Select one or many assignments and... Update Assignments

Select All | Select None

Select Intercompany Organization	Legal Entity	Local Instance	Access to Transactions	Send Approval Notification	Enabled
<input type="checkbox"/> 2le1	2_le	Yes	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Yes
<input type="checkbox"/> UK LE One	UK LE One	Yes	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Yes
<input type="checkbox"/> UK LE two	UK Le two	Yes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Yes
<input type="checkbox"/> Wolseley UK Limited	Wolseley UK Limited LE	Yes	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Yes
<input type="checkbox"/> second_le	2_le	Yes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Yes

Now the last step to consider before creating the AGIS transactions is to create intercompany/intracompany balancing rules and intercompany accounts are correctly setup. The

Intracompany accounts are defined for pairs of Balancing Segment Values (BSV) within the same legal entity.

And, In order to enter Intercompany Accounts you need use Legal Entity Configurator to define your Legal Entities and map them to ledgers and/or BSV. You then define accounts to use when certain pairs of Legal Entities trade.

This is a part of standard General Ledger accounting setup. However we can also define it from Intercompany setup. Use Define Accounts Page to define Intercompany Receivables and Payables accounts. For each of these account types you must define at least one account. Define these for both the legal entities that will be involved in the intercompany transactions

Intercompany Accounts

Legal Entity

Transacting Legal Entity **Wolseley UK Limited LE** Trading Partner Legal Entity **2_je**
 Transacting Ledger **Wolseley UK Limited** Trading Partner Ledger **Wolseley UK Lin**
 Transacting Balancing Segment Value **999** Trading Partner Balancing Segment Value **101**

* Indicates required field

Intercompany Receivables Accounts

View Reciprocal Accounts

Additional Information Context

Account	Account Description	*Start Date	End D
10.999.99999.311511.100.00000.00	Wolseley UK.Old Disc.Old Disc Other-999.Goods Received Not Invoiced.Opening Balance.Default.Default.Default	14-Mar-2015	

Add Another Row

Intercompany Payables Accounts

View Reciprocal Accounts

Additional Information Context

Account	Account Description	*Start Date	End D
10.999.99999.221713.100.00000.00	Wolseley UK.Old Disc.Old Disc Other-999.Trade Receivables Sales Rebate Provision.Opening Balance.Default.Default.Default	14-Mar-2015	

Add Another Row

This completes the AGIS setup and it is assumed that we have the basic payables, receivables and general ledger setup in place.

AGIS Transaction Creation:

The user belonging to the initiator LE/organization would login to Intercompany responsibility and navigate to Transactions (Outbound tab)

Batch

Batch Number: 4
 Status: New
 * Initiator: Wolseley UK Limited
 Legal Entity: Wolseley UK Limited LE
 Distribution Mode: Manual Automatic

* Transaction Type: AGIS_TRX_TYPE1
 * Batch Date: 17-Mar-2015
 * GL Date: 17-Mar-2015
 Currency: GBP
 * Conversion Rate Type: Corporate

Recalculate Amounts | Add/View Attachments | None | Add...
 Control Amount:
 Actual Amount:
 Amount Difference:
 Reversal Reference: (None Exists)

Description:
 Notes:

Transactions

Transaction Number	Recipient	Legal Entity	Debit	Credit	Attachments	Delete
1	2le1	2_le	100			
2						
3						
4						
5						
Total			0	0		

Buttons: Cancel | Save for Later | Continue

It can be observed that batch number is automatically generated in this case as it is dependent on system options that were defined earlier. Similarly currency is also defaulted from system options setup and can not be updated .

User might have been assigned to multiple intercompany organizations. Hence we need to select the initiator organizations for which the current transaction is being created. And then select the transaction type of this transactions from the LOV

It can be observed that we can enter transactions against multiple recipient organizations in single batch. We can also attach the relevant support documents against each line for the recipients reference.

Outbound | Inbound

Transactions: Outbound > Update Batch: 5. >
 Update Batch: Distributions.

Batch Number: 5
 Status: New
 Transaction Type: AGIS_TRX_TYPE1
 Automatic Distribution

Initiator: Wolseley UK Limited
 Legal Entity: Wolseley UK Limited LE
 Currency: GBP

Batch Date: 17-Mar-2015
 GL Date: 17-Mar-2015
 Actual Amount: 100.00

Buttons: Cancel | Back | Save for Later | Submit

Initiator Accounting | **Recipient Accounting**

Select Transaction Number	Recipient	Debit	Credit
<input checked="" type="radio"/> 1	2le1	100.00	

Transaction 1: Accounts

The Intercompany accounting lines will be generated after the recipient approves the transaction.

Account	Debit	Credit	Description	Delete
9999.111111.100.00000.0000.0000	100			
Total		0.00	0.00	

Buttons: Cancel | Back | Save for Later | Submit

Add distribution lines for the Initiator receivables transaction. Optionally enter the recipients distribution lines also which the recipient can update/adjust/approve/reject at a later stage. Now submit the batch that has been created. The status of the transaction in the initiator organization will change to 'Submitted'

Now login with the user who have been assigned the recipient intercompany organizations. In the Home tab , the user can check for the intercompany notifications that needs his action. And the status of the above transaction for the user in the recipient organizations will be 'Received'

The screenshot shows the Oracle Intercompany user interface. At the top, there are navigation tabs: Home, Transactions, Setup, and Reconciliation. The user is logged in as 'me'. The main content area is titled 'Welcome to Intercompany, AKUMAR' and features the 'apps2fusion Training Experts' logo. Below the welcome message, there is a section for 'Open Notifications' with a 'Full List' button. A table lists notifications with columns for From, Type, Subject, Sent, and Due. One notification is visible: 'Wolcen Intercompany Recipient Main Workflow' with subject 'Inbound Batch 5, Transaction 1 from Wolseley UK Limited requires recipient accounting', sent on 17-Mar-2015. Below this, there are two tips: 'TIP Vacation Rules' and 'TIP Worklist Access'. The 'Inbound Transactions' section contains a table with columns: Batch Number, Transaction Number, Initiator, Recipient, Transaction Type, and Update. One transaction is listed: Batch Number 5, Transaction Number 1, Initiator 'Wolseley UK Limited', Recipient '2le1', and Transaction Type 'AGIS_TRX_TYPE1'. An update icon (pencil) is visible in the Update column for this transaction. The footer of the page includes 'Home Transactions Setup Reconciliation Home Logout Preferences Diagnostics', 'Privacy Statement', and 'Copyright (c) 2008, Oracle. All rights reserved.'

Click on the update icon of the related batch, it will redirect the control to the inbound tab.

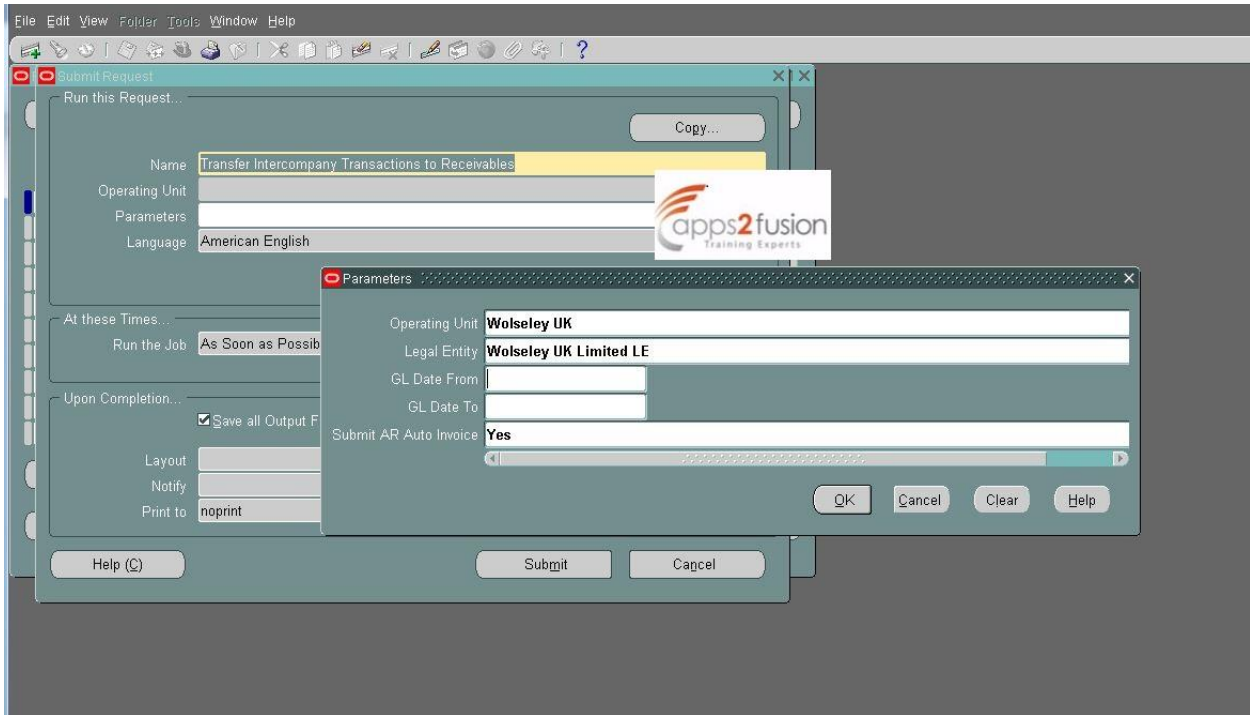
Create the distribution lines in the recipient accounting section and approve the transaction.

Based on the AME approval rules that are setup for intercompany , this might require more approvals. If the current user is the final approver then the transaction status changes to 'Approved' status in both the initiator and recipient organizations.

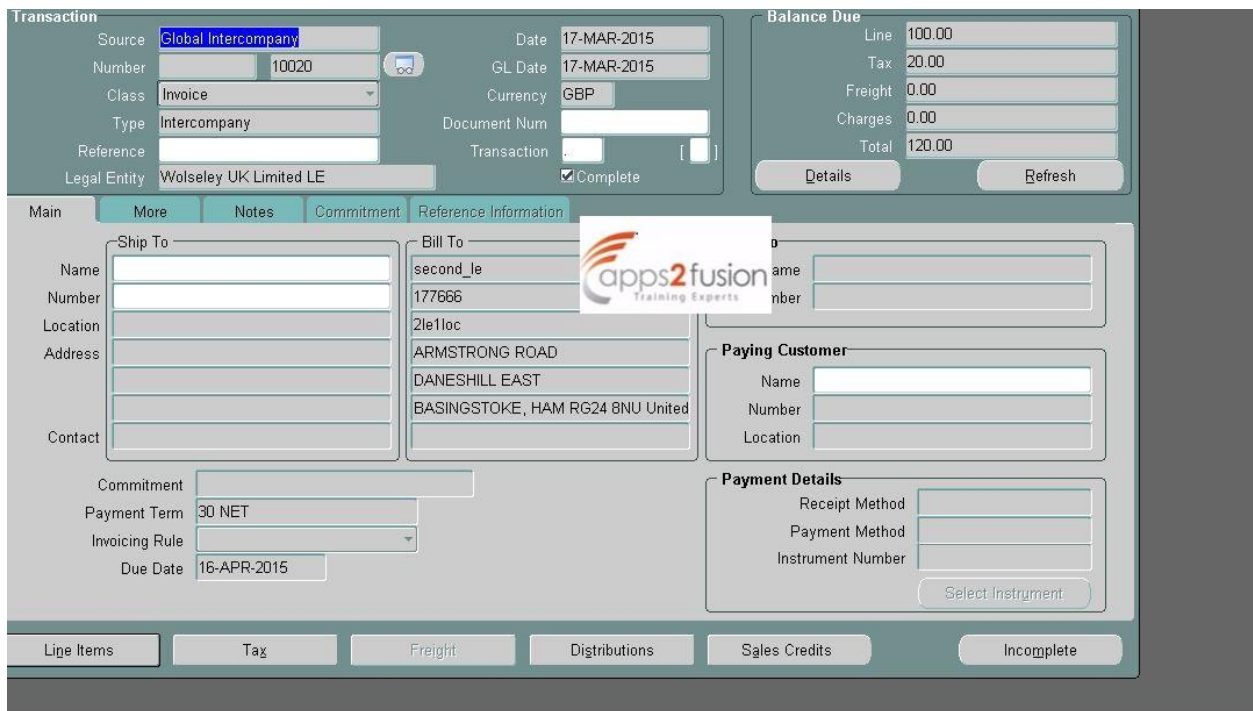
Intercompany transactions that do not need invoices are directly transferred to General Ledger once approved. Transfer Intercompany Transactions To General Ledger program in the Schedule Request page to transfer or schedule and transfer the transactions to General Ledger in batch mode

But in this scenario , since we need the invoices , we need to run the following programs :

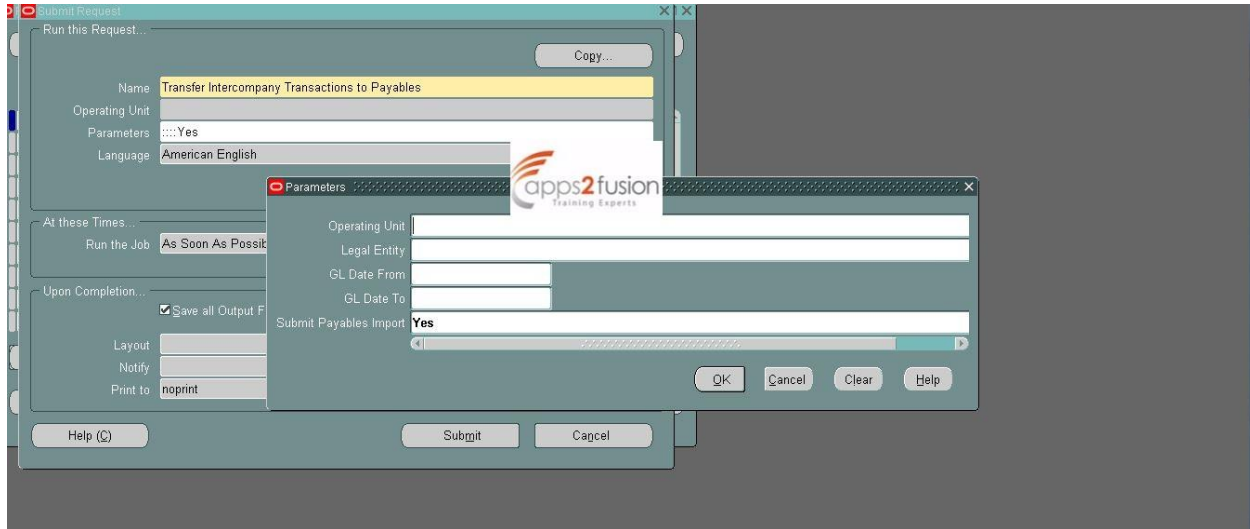
Since the transfer to AR/AP has been selected as Batch, One needs to run Transfer intercompany transaction to Receivables program to move the transaction to initiator's receivables(ensure the submit auto invoice import program parameter is entered as 'yes')system. Once this is successfully transferred to the AR, the status would change to 'Transferred to Receivables'



We can query and check if the transaction has been created in AR :



Now we can run the Transfer Intercompany transactions to payables program to transfer the transactions to recipient's payables system. Submit Payables import has to be entered as Yes while submitting the program. Once the invoice gets created in payables, the Intercompany transaction status changes to Transferred to Payables. We can also query for the invoice that got created from the Payables responsibility of recipients organization.



If the intercompany transaction has occurred across two different ledgers we would have two more additional statuses XFER_INI_GL and XFER_REC1_GL.

This completes the AGIS transaction flow and transaction status would change to 'Complete' after this.

