

# Digital Accounts Production Advanced

A guide to setting up a Group  
and producing consolidated  
accounts

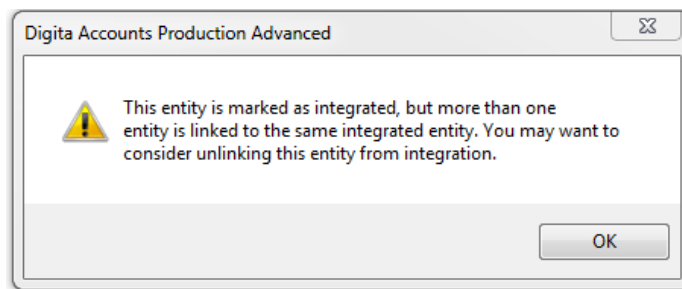
## Summary

In this guide we will go through the best practice of setting up a consolidated entity to produce consolidated accounts. The aim is to provide the best processes to ensure integration with the other Digita programs, reduce the possibility of errors, and minimise difficulties with consolidation and inter-company transactions etc.

## Setting up the group

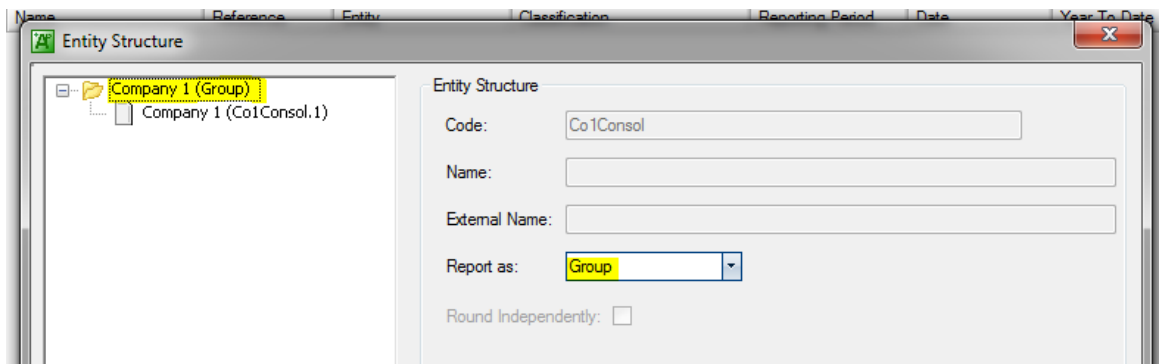
The first step is to set up the entities which make up the group. The subsidiaries and parent company are set up as individual client entities from Practice Management in the usual way. You will then need to set up another entity in which the consolidation is done and the group accounts produced.

- Create the individual companies which are the subsidiaries and parent companies in their own right: go to **File | New**, select the template, select the client from Practice Management, enter the accounting period dates, press **OK**.
- Create a new consolidation entity, giving it a start and end date which is the first period of the group: go to **File | New**, select the template, select the parent client from Practice Management, change the **Entity code**, enter the accounting period dates, press **OK**.
- You will get this warning:

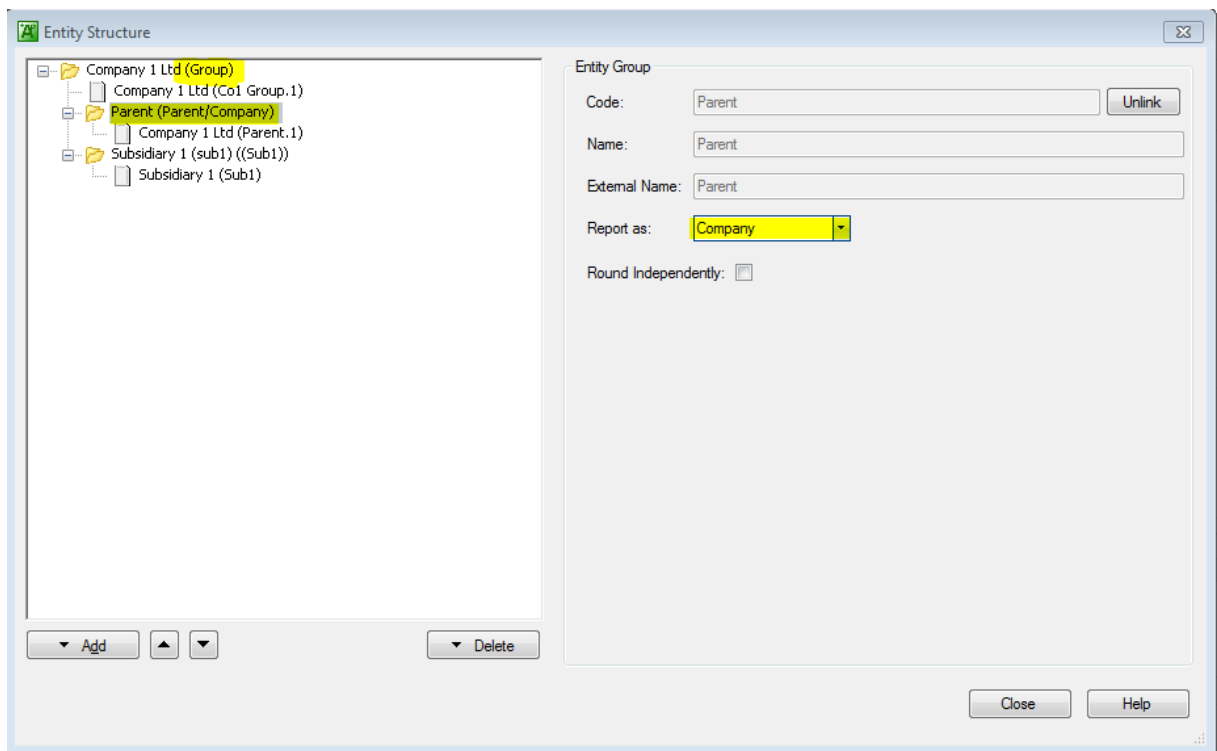


Press OK

- In the consolidated entity click on the **Integration** button at the bottom left and select **Unlink**. We do not want this entity integrated, so any changes to the static information which would normally pull through from Practice Management will need to be updated manually in the consolidated entity
- On the **Summary** tab of the consolidated entity, click on the **General** heading, and select the **Group** option from **Financial Statements required** section. Press **OK**
- If there needs to be comparative select the **Journals** tab and click on the **Add New** tab. Please note you will need at least 2 prior periods for the Cash Flow Statement to calculate some of the figures correctly.
- Next, select the **Entity setup** drop-down menu and select **Entity Structure**.
- Select the folder at the top of the structure on the left.
- To the right of the **Report as** box, select the drop-down menu and choose **Group**.



- Select the page underneath the folder and change the **Report as** box to blank.
- Click on the **Add** button and select **Add external entity** to bring up a list of the available companies.
- Select the parent company and press **OK**.
- In the new window, select the matching accounting period and press **OK** to add the company into the group structure.
- Select the parent company folder and change the **Report As** option to **Company**. Also tick the **Round Independently** option (for the parent company only – not for any of the subsidiaries or the group entity folder)

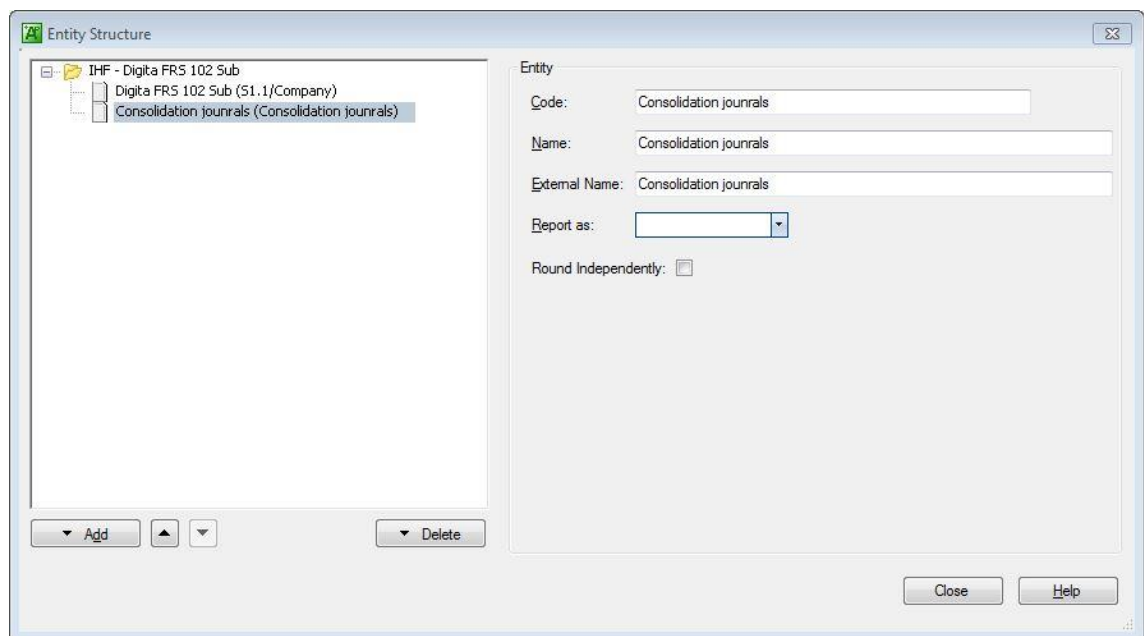


- Click on the **Add** button again and repeat the steps to add in the subsidiary companies.

- Press the **Close** button to close the window and open the window **Copy External Entity Account Assignment**
- Click on the **Select None** button at the bottom left and press **OK**
- The data from the parent and subsidiaries will now be imported and will show in the **Journals** tab

### To post consolidation journals

- In the group accounts, select the **Entity Setup** drop-down menu, **Entity Structure**
- In the bottom left corner of the window, click on the **Add** button, **Add New Entity**.
- A new entity will be created called **New Entity**.
- Select the row **New Entity**.
- On the right; rename the **Code**, **Name** and **External Name** boxes as **Consolidation journals** so that the window looks as per the screen shot below.



- Click **OK** to close the window.
- To post the consolidation journals, select the **Journals** tab.
- Click on the **New** button in the bottom left corner of the window to open a new journal.
- Within the new journal, click on the button to the right of the **Entity** box.
- Select **Consolidation journals** and click **OK**.



## Things to note

1. **Using codes for amounts due to/from group companies:** Please plan ahead when preparing the accounts of the parent company and subsidiaries and consider the group as a whole. We recommend using different codes for each subsidiary's transactions within the group. E.g. if you use code 687.00 "Owed by/(from) parent undertakings" in one subsidiary, we recommend using 687.01 for the next subsidiary etc. Depending on the size of the group, this may mean creating more codes and assigning them as necessary.
2. **Correcting postings to incorrect codes:** it is important in a group that the account assignments remain consistent in all the entities within the group. Therefore, we recommend that account assignments are not changed within the parent entity or any of the subsidiaries. If an amount is posted to an incorrect code, a journal should be made to correct the posting rather than move the code in the account assignments.
3. **Refreshing data in the consolidation entity:** when changes are made in the parent or subsidiaries you will be prompted to update the consolidated entity when you next open it. Sometimes you will be presented with 2 screens. The first will be the prompt to **Update Data From External Entities** in which all the entities should be ticked and you can press **OK**. The next window will be **Copy External Entity Account Assignments**. It is important that you click on the **Select None** button then press **OK**. This should be the procedure every time this window appears.
4. **Integration:** The individual parent and subsidiary entities should be integrated with Digita Practice Management as normal so that data can update from DPM and be imported in to Digita Corporation Tax. However, the consolidated entity should not be integrated with DPM as this will cause problems when DCT is looking to import the accounts data from DAPA. As the group entity is not integrated you will need to update the static information manually in DAPA when necessary.
5. **Updating comparative information:** If you need to amend the prior period figures in the parent or subsidiary you will need to go through the following steps to ensure the information pulls in to the consolidation entity.
  - a. Make the required change in the prior period in the parent/subsidiary entity
  - b. Open the current period. You will be prompted to **Rebuild the comparative data**. Press **Yes** on this window and review the journals in the comparatives.
  - c. Close parent/subsidiary entity and open the consolidation entity
  - d. If you are prompted to **Update Data From External Entities** press **OK** and review the journals in the comparatives
  - e. If you are not prompted to **Update Data From External Entities**, or the journals have not appeared in the comparatives, go to **Entity Setup | Entity Structure**. Select the folder for the company that needs updating. Press the **Unlink** button at the top right, then press it again to **Relink**. Press **Close** and the data will refresh.