Localizing NetSuite for China

Everything you need to know

TRIGGER NETWORKS

Contents

Localizing NetSuite: General FAQ

1. Why do I need to localize NetSuite for China GAAP?
2. What kinds of changes are needed for financial reports to comply with China GAAP?
3. How can I generate China GAAP-compliant reports automatically from NetSuite?
4. What reports need to be localized for China GAAP?
5. How do I obtain a certificate of compliance from the local tax authorities?
6. Does the compliance certificate for our tax reports need to be updated every time we update a new account?

About Trigger Networks' China GAAP Solution for NetSuite

1. How does Trigger Networks' China GAAP solution work?
2. Will Trigger Networks' solution affect normal report generation on NetSuite?
3. What ongoing support does Trigger Networks provide to users of their China GAAP solution?
4. If the application is built on NetSuite's platform, how does Trigger ensure that the solution is not affected by NetSuite's regular software updates?
5. What are the advantages of a China GAAP solution built directly on NetSuite's Cloud platform?
6. What kind of investment plan can we expect for Trigger Networks' China GAAP solution?

Solution Implementation FAQ

1. What data access does Trigger Networks require on our NetSuite system to deploy the China GAAP solution?
2. Do our finance teams have to translate journal descriptors manually or is there an automated solution?
3. How long does it take to implement the China GAAP Solution?
4. How do we map new accounts after the initial implementation is complete?
5. What is Trigger Networks' implementation methodology?
6. What do you suggest for PRC GAAP Accounts that don't have a clear mapping to our Custom Accounts in NetSuite?
7. What about the vice-versa, if there are non-mapped PRC GAAP accounts that don't apply to us, do we need to signal them as such?

Part One

China GAAP General FAQ

TRIGGER NETWORKS

Localizing NetSuite: General FAQ

Why do I need to localize NetSuite for China GAAP?

IF you are using NetSuite to manage finances for a subsidiary in China, you may require a solution to adapt your Chart of Accounts, report language and report templates to comply with China GAAP requirements. China's Ministry of Finance requires all business entities in China to provide financial reports according to a specific template, including a stipulation that all accounting vouchers should contain a P.R.C. GL account number and its Chinese description.

***Example**: 1001 - The first 4 digits of the Petty Cash Account*

NetSuite's standard functions cannot fully satisfy the requirements of this financial report template, so Chinese entities with significant volumes of financial data will require a data automation solution to generate report templates from NetSuite that satisfy China GAAP requirements.

Localizing NetSuite: General FAQ

What kinds of changes are needed for financial reports to comply with China GAAP?

Income statements and balance sheets must be in a specific format. Additionally, the following are example changes that are required to ensure vouchers comply with China GAAP:

- Translating voucher descriptions to Chinese
- Converting to PRC Account Name
- Separating Debit AMT / Credit AMT
- Creating a PRC voucher number
- Converting to PRC voucher date format

Because tax reports require quite detailed changes to fit the desired format, converting reports manually can be an extremely time consuming task for financial staff using NetSuite in China.

Report Template Adjustment Sample:

Balance Sheet

View Detail

Financial Row	Amount
Current Assets	
Bank	
100036 - Petty Cash - BGT	-¥5,045,239.77
100236 - Cash at Bank - BGT	¥10,721,229.62
Total Bank	¥5,675,989.85
Accounts Receivable	
110000 - Trade Debtors	¥4,053,893.87
110200 - Provisions for Bad or Doubtful Debts	-¥162,143.65
Total Accounts Receivable	¥3,891,750.22
Other Current Asset	¥712,431.74
Total Current Assets	¥10,280,171.81
Fixed Assets	¥3,584,176.08
Other Assets	¥12,754,249.84
Current Liabilities	
Accounts Payable	¥320,357.60
Other Current Liability	¥46,767,088.67
Total Liabilities	¥47,087,446.27
Current Assets Less Current Liabilities	¥36,807,274.46
Total Assets Less Current Liabilities	¥20,468,848.54
Total Assets Less Total Liabilities	¥20,468,848.54
Capital and Reserves	¥20,468,848.54

编制单位　　资产负债表　　单位:RMB

2013-05-31

资　产	行次	年初数	期末数	负债和所有者权益(或股东权益)	行次	年初数	期末数
流动资产:				流动负债:			
货币资金	1	682,145.95	394,246.15	短期借款	68	-	-
交易性金融资产	2	-	-	应付票据	69	-	-
应收票据	3	-	-	应付账款	70	1,616,539.61	2,138,204.65
应收股利	4	-	-	预收账款	71	-	-
应收利息	5	-	-	应付工资	72	-	-
应收账款	6	1,839,697.22	2,451,728.91	应付福利费	73	-	-
其他应收款	7	3,646.00	2,349.60	应付股利	74	-	-
预付账款	8	-	-	应交税金	75	413,711.16	421,809.64
应收补贴款	9	-	-	其他应交款	80	-	-
存货	10	299,124.47	436,758.47	其他应付款	81	262,557.23	334,806.49
待摊费用	11	-	4,521.74	预提费用	82	-	-
一年内到期的长期债权投资	21			预计负债	83	113,592.23	148,583.53
其他流动资产	24	-	-	一年内到期的长期负债	86	-	-
流动资产合计	31	2,824,613.64	3,289,604.87	其他流动负债	90		
长期投资:							
长期股权投资	32	-	-	流动负债合计	100	2,406,400.23	3,043,404.31
长期债权投资	34	-	-	长期负债:			
长期投资合计	38	-	-	长期借款	101	-	-
固定资产:				应付债券	102	-	-
固定资产原价	39	57,521.27	57,521.27	长期应付款	103	-	-
减:累计折旧	40	41,410.44	42,783.84	专项应付款	106	-	-
固定资产净值	41	16,110.83	14,737.43	其他长期负债	108		
减:固定资产减值准备	42	-	-	长期负债合计	110	-	-
固定资产净额	43	16,110.83	14,737.43	递延税项:			
工程物资	44	-	-	递延税款贷项	111	-	-
在建工程	45	-	-	负债合计	114	2,406,400.23	3,043,404.31
固定资产清理	46	-	-				
固定资产合计	50	16,110.83	14,737.43	所有者权益(或股东权益):			
无形资产及其他资产:				实收资本(或股本)	115	1,132,964.97	1,132,964.97
无形资产	51	4,258,626.83	4,222,166.83	减:已归还投资	116	-	-
长期待摊费用	52	-	-	实收资本(或股本)净额	117	1,132,964.97	1,132,964.97
其他长期资产	53	-	-	资本公积	118	3,669,996.40	3,669,996.40
无形资产及其他资产合计	60	4,258,626.83	4,222,166.83	盈余公积	119	-	-
				其中:法定公益金	120		
递延税项:				未分配利润	121	-104,998.56	-314,844.81
递延税款借项	61	5,011.74	5,011.74	所有者权益(或股东权益)合计	122	4,697,962.81	4,488,116.56
资产合计	67	7,104,363.04	7,531,520.87	负债和所有者权益(或股东权益)总计	135	7,104,363.04	7,531,520.87

Localizing NetSuite: General FAQ

How can I generate China GAAP-compliant reports automatically from NetSuite?

Trigger Networks provides a solution developed on NetSuite's cloud platform that allows companies to generate China tax reports directly from NetSuite with several button clicks. Reports generated using our solution are displayed in a format that fully complies with the tax reporting requirements stipulated by China's Ministry of Finance.

Localizing NetSuite: General FAQ

What reports need to be localized for China GAAP?

The following localized reports must be provided to the tax authorities to comply with China tax law and financial audit requirements.

These reports include:

Balance Sheets

- Profit/Loss reports
- Voucher Print Out
- Ledger Print Out, including:
  - General Ledger
  - Sub Ledger
  - Diary Ledger

Localized versions of each of these reports can be generated from within NetSuite using Trigger Networks' China GAAP solution.

Localizing NetSuite: General FAQ

How do I obtain a certificate of compliance from the local tax authorities?

A certificate of compliance, referred to in Chinese as “Bei An 备案” is required for all entities paying tax in China. Trigger Networks’ finance localization services include the option to assist companies with the application of China’s tax compliance certificate.

This compliance certificate does need to be updated every time you update a new account?

No this is not necessary

Part Two

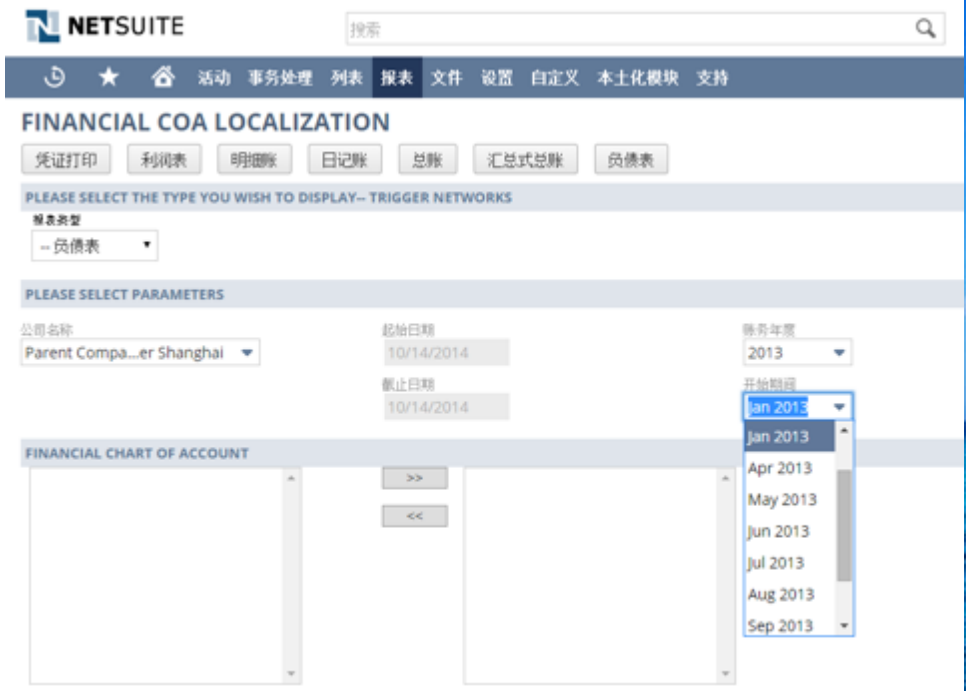
About our China GAAP Solution

TRIGGER NETWORKS

About Trigger Networks' China GAAP Solution for NetSuite

How does Trigger Networks' China GAAP solution work?

Our solution works by automatically mapping data in a standard NetSuite financial account (including account ID in NetSuite and account number) to a local China chart of accounts, maintained directly on NetSuite's system. Once the mapping logic is set up in your NetSuite system, end users can generate the required China tax reports in PDF format by following a series of simple steps directly within NetSuite's browser interface.



TRIGGER NETWORKS

About Trigger Networks' China GAAP Solution for NetSuite

Will Trigger Networks' solution affect normal report generation on NetSuite?

No. Our solution is designed as a software code bundle that runs in parallel with the normal standard financial reporting functions available on NetSuite. The solution will not affect any of the normal report generation tasks performed using NetSuite, including consolidated report generation or report generation for subsidiaries in different global regions.

What ongoing support does Trigger Networks provide to users of their China GAAP solution?

We update our China GAAP solution at least once a year and maintain a roadmap listing the functions we plan to add to our solution in the future to ensure users continue to enjoy a best-in-class tax reporting solution for China. We also offer ongoing support plans to help users with new staff training, assistance with adding new accounts and other technical support.

If the application is built on NetSuite's platform, how does Trigger ensure that the solution is not affected by NetSuite's regular software updates?

Trigger Networks is a member of NetSuite's SuiteCloud Developer Network (SDN). As an SDN partner we are committed to complying with NetSuite's standards for application development and coordinate closely with NetSuite's technical team to ensure our application can accommodate NetSuite's yearly major software updates.

About Trigger Networks' China GAAP Solution for NetSuite

What are the advantages of a China GAAP solution built directly on NetSuite's Cloud platform?

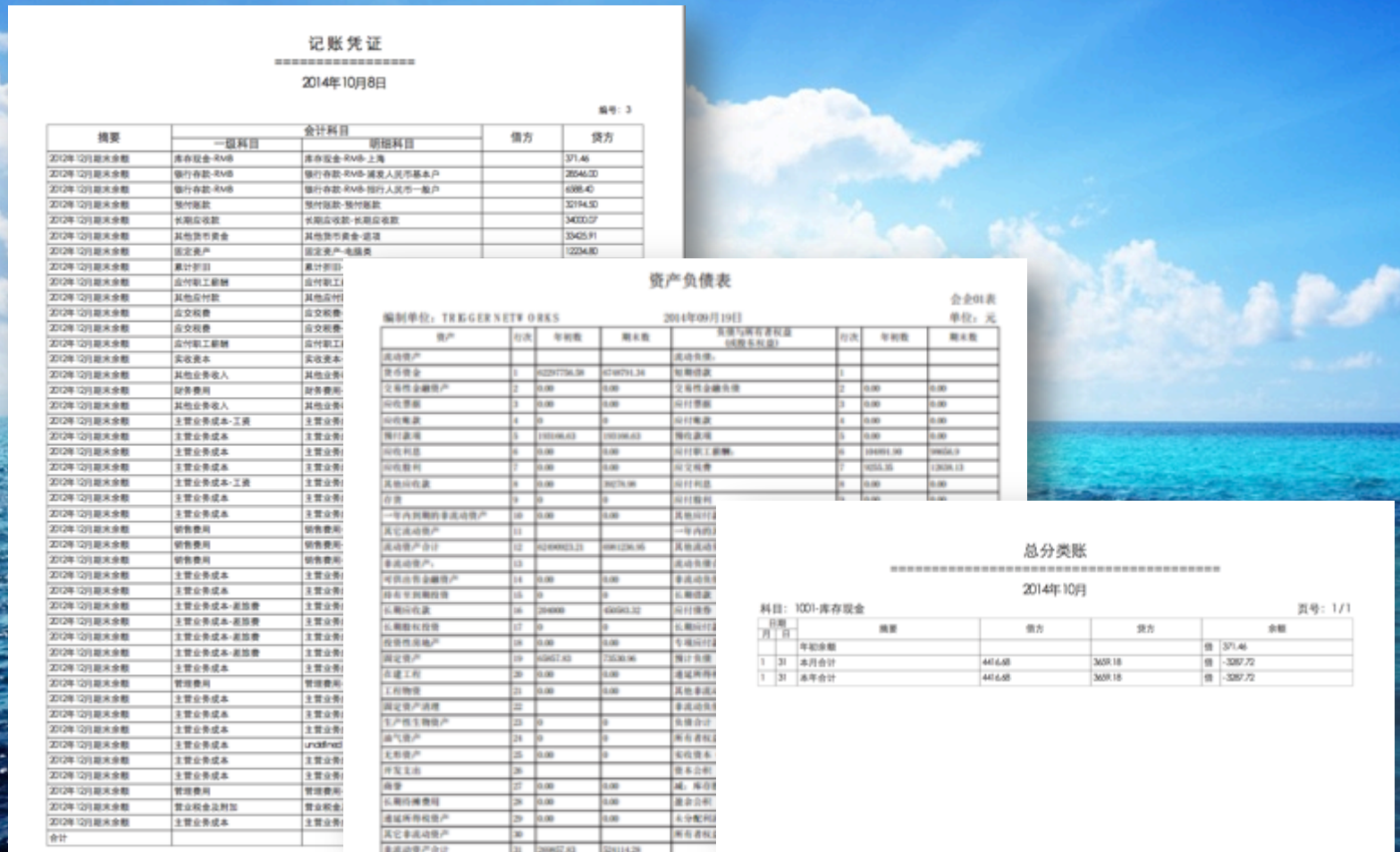
Because our solution is built directly on NetSuite, users can generate China tax reports without having to log in to a separate application. Our solution allows NetSuite users to keep all their financial data on a single platform, rather than transferring data between NetSuite 3rd party applications.

This eliminates concerns related to data synchronicity between two systems. Because the solution is built on NetSuite, it also allows us to take full advantage of NetSuite's software infrastructure, including security standards, data back up measures and system availability guarantees, all of which are much more robust than anything that can be provided by a solution installed on local hardware.

What kind of investment plan can we expect for Trigger Networks' China GAAP solution?

Our China GAAP solution is currently billed as a stand-alone project implementation, with an optional yearly support plan. The number of subsidiaries that require China GAAP a tax reporting solution will also directly impact the workload of this project and associated costs. To anticipated investment requirements, it is therefore important for us to understand how many subsidiaries will require the solution for the initial implementation and in the future.

China GAAP reports generated on NetSuite with our solution:



记账凭证

2014年10月8日

编号：3

摘要	会计科目 一级科目	会计科目 明细科目	借方	贷方
2012年12月期末余额	库存现金-RMB	库存现金-RMB-上海		371.46
2012年12月期末余额	银行存款-RMB	银行存款-RMB-浦发人民币基本户		28546.00
2012年12月期末余额	银行存款-RMB	银行存款-RMB-招行人民币一般户		6588.40
2012年12月期末余额	预付账款	预付账款-预付账款		32194.50
2012年12月期末余额	长期应收款	长期应收款-长期应收款		34000.07
2012年12月期末余额	其他货币资金	其他货币资金-退项		33425.91
2012年12月期末余额	固定资产	固定资产-电脑类		12234.80
2012年12月期末余额	累计折旧	累计折旧-		
2012年12月期末余额	应付职工薪酬	应付职工		
2012年12月期末余额	其他应付款	其他应付		
2012年12月期末余额	应交税费	应交税费		
2012年12月期末余额	应交税费	应交税费		
2012年12月期末余额	应付职工薪酬	应付职工		
2012年12月期末余额	实收资本	实收资本		
2012年12月期末余额	其他业务收入	其他业务		
2012年12月期末余额	财务费用	财务费用		
2012年12月期末余额	其他业务收入	其他业务		
2012年12月期末余额	主营业务成本-工资	主营业务		
2012年12月期末余额	主营业务成本	主营业务		
2012年12月期末余额	主营业务成本	主营业务		
2012年12月期末余额	主营业务成本	主营业务		
2012年12月期末余额	主营业务成本-工资	主营业务		
2012年12月期末余额	主营业务成本	主营业务		
2012年12月期末余额	主营业务成本	主营业务		
2012年12月期末余额	销售费用	销售费用		
2012年12月期末余额	销售费用	销售费用		
2012年12月期末余额	销售费用	销售费用		
2012年12月期末余额	主营业务成本	主营业务		
2012年12月期末余额	主营业务成本	主营业务		
2012年12月期末余额	主营业务成本-差旅费	主营业务		
2012年12月期末余额	主营业务成本-差旅费	主营业务		
2012年12月期末余额	主营业务成本-差旅费	主营业务		
2012年12月期末余额	主营业务成本-差旅费	主营业务		
2012年12月期末余额	主营业务成本	主营业务		
2012年12月期末余额	管理费用	管理费用		
2012年12月期末余额	主营业务成本	主营业务		
2012年12月期末余额	主营业务成本	主营业务		
2012年12月期末余额	主营业务成本	主营业务		
2012年12月期末余额	主营业务成本	undefined		
2012年12月期末余额	主营业务成本	主营业务		
2012年12月期末余额	主营业务成本	主营业务		
2012年12月期末余额	管理费用	管理费用		
2012年12月期末余额	营业税金及附加	营业税金		
2012年12月期末余额	主营业务成本	主营业务		
合计				

资产负债表

会企01表

编制单位：TRIGGERNETWORKS　　2014年09月19日　　单位：元

资产	行次	年初数	期末数	负债与所有者权益（或股东权益）	行次	年初数	期末数
流动资产				流动负债：			
货币资金	1	62297756.58	67489791.34	短期借款	1		
交易性金融资产	2	0.00	0.00	交易性金融负债	2	0.00	0.00
应收票据	3	0.00	0.00	应付票据	3	0.00	0.00
应收账款	4	0	0	应付账款	4	0.00	0.00
预付款项	5	193198.63	193198.63	预收款项	5	0.00	0.00
应收利息	6	0.00	0.00	应付职工薪酬	6	104891.90	98656.9
应收股利	7	0.00	0.00	应交税费	7	9255.35	12638.13
其他应收款	8	0.00	39278.98	应付利息	8	0.00	0.00
存货	9	0	0	应付股利	9	0.00	0.00
一年内到期的非流动资产	10	0.00	0.00	其他应付款			
其它流动资产	11			一年内到			
流动资产合计	12	62490923.21	69812236.95	其他流动			
非流动资产：	13			流动负债			
可供出售金融资产	14	0.00	0.00	非流动负			
持有至到期投资	15	0	0	长期借款			
长期应收款	16	204000	450583.32	应付债券			
长期股权投资	17	0	0	长期应付			
投资性房地产	18	0.00	0.00	专项应付			
固定资产	19	65857.63	73530.96	预计负债			
在建工程	20	0.00	0.00	递延所得			
工程物资	21	0.00	0.00	其他非流			
固定资产清理	22			非流动负			
生产性生物资产	23	0	0	负债合计			
油气资产	24	0	0	所有者权			
无形资产	25	0.00	0	实收资本			
开发支出	26			资本公积			
商誉	27	0.00	0.00	减：库存			
长期待摊费用	28	0.00	0.00	盈余公积			
递延所得税资产	29	0.00	0.00	未分配利			
其它非流动资产	30			所有者权			
非流动资产合计	31	269857.63	524114.28				

总分类账

2014年10月

科目：1001-库存现金　　页号：1/1

日期 月	日期 日	摘要	借方	贷方	余额	
		年初余额			借	371.46
1	31	本月合计	4416.68	3659.18	借	-3287.72
1	31	本年合计	4416.68	3659.18	借	-3287.72

TRIGGER NETWORKS

Part Three

Solution Implementation FAQ

TRIGGER NETWORKS

Solution Implementation FAQ

What data access does Trigger Networks require on our NetSuite system to deploy the China GAAP solution?

We require users to assign an administrator role to the appointed implementation consultant in both the production and (if purchased) sandbox instances.

Do our finance teams have to translate journal descriptors manually or is there an automated solution?

At the present time we consider it advisable to translate Chinese descriptors manually. Trigger has experimented with automated translations (establishing a dictionary on the system to maintain commonly used vocabulary) but we are still working on a solution that renders translations in a way that is acceptable to the local government format requirements.

How long does it take to implement the China GAAP Solution?

A from-scratch implementation of our solution can be completed in under a month, but project lead times depend heavily on available client-side resources and the number of subsidiaries that require implementation. A conservative estimate of lead times for any China GAAP implementation project is just under 3 months.

***NB**: if you are already using another system to generate China GAAP reports, it is advisable to keep both systems running simultaneously for 3 months to ensure all is working as expected*

Solution Implementation FAQ

What is Trigger Networks' implementation methodology?

Our implementation methodology closely follows the approach taken for full ERP implementations and includes the following steps:

- Requirements Analysis and Mapping
- Solution Implementation
- User Acceptance Testing
- GoLive Training
- Ongoing Support

The main deliverables of this project are:

- One GAAP localization software bundle, added to NetSuite
- One China GAAP localization Training Guide

Solution Implementation FAQ

How do we map new accounts after the initial implementation is complete?

New mapped accounts can be set up easily using our solution with a simple 3-step process detailed in our Solution User Guide provided after implementation is complete. Staff training on how to map new accounts is also included during the GoLive stage of the implementation project.

What do you suggest for PRC GAAP Accounts that don't have a clear mapping to our Custom Accounts in NetSuite?

Normally local accountants in China will be very familiar with the chart of account mapping, but if there are still some questions or areas that are unclear, we will work closely with the tax advisor of your company during the implementation phase on how to do the mapping and what is the safest way to avoid risk for tax reporting.

What about the vice-versa, if there are non-mapped PRC GAAP accounts that don't apply to us, do we need to signal them as such?

Users only need to maintain mapping from their NetSuite Account to the Local PRC Account. Other standard PRC Local Accounts are not required during for the account mapping process, because your accountant will not use these accounts for booking in the transactions. This will not cause any risk for tax reporting and finance audit either.

For any further questions, please email james.cowan@triggerasia.com

THANKS FOR READING!

TRIGGER NETWORKS