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Premium Pre-designed Solution (PPS™ IPSAS) Financial Reporting in the Public Sector



Suddenly you get the big picture.

Premium Pre-designed Solution (PPS™ IPSAS) for the IT-based preparation of financial reporting in the public sector in accordance with the international accounting guidelines IPSAS.

Zanetti & Partners AG, Zurich, supports corporate groups for more than 20 years in the set-up and extension of their group financial reporting. During this time, we have mainly been active in the German, Swiss, and Austrian markets and provided more than 150 groups in the industry, trade, chemistry and pharmaceutical, service, financial services and real estate sector. Members of our Executive Committee also audited public sector entities.

Based on a detected demand we developed a comprehensive 'Premium Pre-designed Solution' (subsequently abbreviated with PPS™ IPSAS) in the software solution 'BusinessObjects Financial Consolidation' from SAP. The PPS™ IPSAS is based on the accounting guidelines IPSAS (International Public Sector Accounting Standards).

The development work incorporates the results of our numerous performed assessments of the internal control system within the group financial reporting at different groups.

In preparing a comprehensive PPS™ IPSAS, we ensure that the input forms, the core definitions of the accounting rules as well as the required analyses are implemented within the customers' software in a standardized way, extensively tested.

The advantage for you is that the required period of time to implement the solution can be considerably reduced due to the fact that the PPS™ IPSAS has been set up in a professional and comprehensive manner. In addition, possible with the implementation associated risks can be minimized.

Another benefit relates to our hotline services. All our consultants are able to support you directly which also has a positive influence on response time.

When implementing the new financial reporting solution, we can concentrate on the solution of requirements regarding the internal financial reporting such as financial and liquidation planning, budgeting, ratio analyses and so forth.

The professional and very efficient manner of implementation of a new group financial reporting solution speaks in our favour as your implementation partner.

Such applications must always be customized to the reporting requirements of the individual public sector company.

Range of functionalities

The PPS™ IPSAS includes the following functionalities:

Single company/reporting unit

Data entry / transfer

Data entry/automated data transfer from the local bookkeeping systems

Single companies receive via Internet/Intranet the following input screens for the manual data input respectively the automatic data transfer from the local bookkeeping systems with an easy to use interface module:

- Statement of financial position
- Statement of financial performance
- Statement of changes in net assets/equity
- Cash flow statement
- Movement schedules
 - Non-current assets
 - Provisions
 - Liabilities
 - etc.
- Additional comprehensive information regarding notes
 - Composition of pension costs
 - Finance leases
 - Details to financial instruments
 - Other information
- Intra-group transactions

Based on the documents listed above, the cash flow statement for single companies can optionally be calculated and booked automatically.



In addition, there exists the possibility to record journal entries in the reconciliation between statutory and local accounts in group reporting format. Relating to these entries the software calculates and records deferred income taxes if necessary. These entries are automatically taken into account in the statement of financial position and the statement of financial performance as well as the movement schedules and cash flow statement. Journal entries and the related deferred income taxes are brought forward to the subsequent periods.

Administration of first-time consolidation values takes place at the level of the single company in its local currency. These values are presented in detail with clear reports.

Besides the ordinary input forms, hospitals, universities, technical colleges, cultural institutions, etc. can also be provided with individual input screens.

Checks

Plausibility checks of entered data

A variety of plausibility checks are built into the PPS™ IPSAS. For example, checks are carried out on the debit/credit equivalence, the values of the movement schedules are reconciled with those of the statement of financial position and the statement of financial performance, balances carried forward from previous periods are checked, etc. The results of these checks are documented in concise reports.

Foreign currency translation

Foreign currency translation of individual financial statements

Individual financial statements in foreign currencies are translated into the group presentation currency as follows: assets and liabilities are translated at the closing rate, revenues and expenses are translated at average rate. Translation differences arising from the conversion are calculated automatically and shown in the consolidated statement of financial position.

Intra-group transactions

Reconciliation of intra-group transactions

The results of reconciliations of intra-group transactions in the statement of financial position, the statement of financial performance, movement schedules, etc. are presented in clear, easy-to-understand analyses.

Analysis

Analysis of single companies/reporting units

The PPS™ IPSAS includes analyses of all data entered or imported, such as the statement of financial position, statement of financial performance, movement schedules, etc. Efficient, state-of-the-art analysis tools are also available, allowing users to structure the required presentation according to their individual needs.

Consolidated accounts for sub-groups/global group

Summarized financial statements

The values in the individual financial statements, converted into group presentation currency, are transferred into the summarized financial statements, taking into account the consolidation method (i.e., full, proportionate, at equity) used by the respective companies for the selected subgroups/group.

Automatic entries

Consolidation activities

Subsequently, based on the data from the single companies automatic journal entries of the following consolidation activities are carried out:

- Capital consolidation using the purchase method, including first-time consolidation and deconsolidation activities
- Elimination of short- and long-term receivables and liabilities (differences recognized in statement of financial performance)
- Subscribed share capital, not fully paid in (i.e., called / not called)
- Recording of the equity valuation according to the reported values
- Elimination of unrealized intra-group results in non-current assets according to the submitted values regarding inter-company additions and disposals of non-current assets
- Elimination of income from investments (i.e., deferred and simultaneously as well as interim dividends)
- Elimination of intra-group income and expenses
- Elimination of income and expenses from intra-group profit transfers
- Consideration of deferred income taxes on consolidation activities with and without impact on the statement of financial performance
- Carry forward of consolidation activities in the subsequent periods

These consolidation activities are also included in the consolidated statement of changes in net assets/equity, the cash flow statement, and the other movement schedules. Other data may also be displayed flexibly according to the client's needs.

Analysis

Analysis of consolidated accounts of subgroups/global group

The PPS™ IPSAS includes a wide range of consolidated standard reports (see detailed list under 'Data entry / transfer'), which enable detailed reconstruction of the figures reported in the consolidated accounts.

Moreover, the user can utilize the tools provided to assemble an individual analysis library. This may include comparisons of several periods, analyses of variances, the financial position and performance as well as a range of other graphical illustrations.

Segment reporting

Segment reporting may be displayed by means of allocating single companies / reporting units to alternative consolidation structures (e.g., business functions, etc). All functionalities are available for consolidating these alternative structures. In addition, it is possible to generate extended segment reporting by allocating information to analytical dimensions (e.g., consumer segments, distribution channels, etc).

Financial group management

Internal group reporting

Apart from preparing the legally required consolidated accounts, the software can also be used easily to create and analyze budgeting, forecasting, and planning schedules as well as liquidity and finance plans etc. The software also allows you to efficiently prepare the monthly financial reporting.



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