



zanetti &
partners

Premium Pre-designed Solution (PPS™) Group Financial Reporting



Suddenly you get the big picture.

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

Zanetti & Partners AG, Zurich, supports corporate groups for already 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, financial services, real estate, and public sector with our services.

Most of our customers prepare their consolidated financial statements in accordance with the accounting standards IFRS and Swiss GAAP FER as well as German GAAP (HGB).

We have developed a comprehensive and sophisticated 'Premium Pre-designed Solution' (subsequently abbreviated with PPS™) in the software solution 'BusinessObjects Financial Consolidation' from SAP for the preparation of group financial reporting. The PPS™ is based on the accounting guidelines IFRS (International Financial Reporting Standards), HGB (German Commercial Code), DRS (German Financial Reporting Standards), and Swiss GAAP FER (Swiss Generally Accepted Accounting Principles).

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

In preparing a comprehensive PPS™, 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™ 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 user.

Range of functionalities

The PPS™ includes the following functionalities:

Single company/reporting unit

Data entry/automated data transfer from the local bookkeeping systems

Single companies receive via Internet/ Intranet the following input screens (which vary according to accounting standards) for the automatic data transfer from the local bookkeeping systems with an easy to use interface module or the manual data input:

- Balance sheet
- Income statement
- Non-current asset movement schedule for:
 - Intangible assets
 - Property, plant and equipment
 - Investment properties (fair value and cost model)
 - Financial assets (amortized cost, available for sale)
- Movement schedule for provisions
- Inventories
- Movement schedule for liabilities
- Statement of changes in equity
- Additional comprehensive information regarding notes
 - Tax reconciliation
 - Composition of pension costs
 - Finance leases
 - Derivative financial instruments
 - Share-based payments
 - Other information
- Intra-group transactions



Based on the documents listed above, the cash flow statement for single companies is calculated and recorded automatically.

In addition, there exists the possibility to record manual 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 balance sheet and income statement 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.

Checks

Plausibility checks of entered data

A variety of plausibility checks are built into the PPS™. For example, checks are carried out on debit/credit equivalence in the balance sheet and income statement, the values of the movement schedules are reconciled with those of the balance sheet and income statement, 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 balance sheet.

Intra-group transactions

Reconciliation of intra-group transactions

The results of reconciliations of intra-group transactions in the balance sheet, income statement, movement schedules, etc. are presented in clear, easy-to-understand analyses.

Analysis

Analysis of single companies/reporting units

The PPS™ includes analyses of all data entered or imported, such as the balance sheet, income statement, 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, translated 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 subgroup / 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 income statement)
- Subscribed share capital, not fully paid in (i.e., called / not called)
- Unrealized intra-group results in the inventory, considering profit margins defined on single company level respectively by entry of the absolute inter-company results
- 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 expenses and income
- Elimination of expenses and income from intra-group profit transfers
- Consideration of deferred income taxes on consolidation activities with and without impact on the income statement
- Carry forward of consolidation activities in the subsequent periods
- Automatic recording of first time consolidation and deconsolidation transactions in the cash flow statement

These consolidation activities are also included in the consolidated statement of changes in 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™ 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 and assets, finance and income situations 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., client segments, sales 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
- Planning schedules
- Liquidity and finance plans
- etc.

The software also allows you to efficiently prepare the monthly financial reporting.

In addition, the software can be used in an efficient and easy way to create simulations, analyses, etc.

Based on the database architecture reconciliations between the internal group statements and the legally consolidated financial statements can be generated with the same database.



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