

# STANDARD GROUP ACCOUNTING MANUAL

for Industry, Trade and Service Groups

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The standard group accounting manual for industry, trade and service groups serves as solid basis for the elaboration of your group accounting manual. This summary offers you an overview over the general structure and content of the group accounting manual, including brief descriptions and examples.

## CONTENT

### **A Preface from group management**

- Purpose of the group financial reporting
- Integration of companies and employees
- General directives

### **B Introduction**

- Purpose of the group accounting manual
- Information about the individual components of the manual
- Application guidelines (e.g. IFRS, HGB, UGB, Swiss GAAP FER, OR)
- Compliance with guidelines

### **C Scope of consolidation**

- Definition of the scope of consolidation

### **D Principles of proper accounting**

- Completeness of the financial statements
- Understandability and materiality of the financial statements
- Principle of going concern
- Principle of prudence
- Principle of consistency in presentation and valuation
- Principle of not offsetting
- Valuation on an item-by-item basis
- Traceability
- Principle of imparity
- etc.

### **E Valuation principles**

- Appropriate and unbiased valuation
- Historical cost principle
- Capitalization limits
- Useful life and depreciation/amortization methods
- General valuation principles of balance sheet items
- Options for recognition as an asset/liability

**F Consolidation principles**

- Scope and methode of consolidation
- Translation of foreign currency financial statement
- Capital consolidation
- Treatment of intercompany transactions
  - Receivables and payables
  - Intercompany inventories
  - Non-current-assets
  - Income and expenses
  - Income from investments
- Deferred taxes

**G Other principles**

- Consistent reporting periods
- Responsibility
  - Board of directors/supervisory board
  - Consolidation department
  - Individual companies

**H Organization principles**

- Group organization chart
- Responsibilities within the group
  - Board of directors/supervisory board of the holding
  - Group management
  - Individual companies
- Reporting responsibilities within the group
  - Board of directors/supervisory board of the holding
  - Group management
  - Individual companies
- etc.

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## CHART OF ACCOUNTS

### Balance sheet

#### 1 Assets

- 100 Unpaid share capital
- 110 Intangible assets
- 120 Property, plant and equipment
- 130 Financial assets
- 140 Inventories
- 150 Accounts receivable and other assets
- 160 Marketable securities
- 170 Cash and cash equivalents
- 180 Prepaid expenses and accrued income

#### 2 Liabilities and equity

- 200 Share capital
- 210 Provisions
- 220 Liabilities
- 240 Accrued expenses and deferred income

### Income statement

- 600 Sales
- 640 other operating income
- 340 Raw materials, components and trade goods

#### Grossprofit

- 400 Personnel expenses
- 420 Depreciation and amortization
- 440 Other operating expenses

#### Operating result

- 700 Financial result

#### Result from ordinary activity

- 800 Extraordinary result

#### Result before taxes

- 820 Income and other taxes

#### Result for the period



## DESCRIPTION OF ACCOUNT

**Account Nr.**

### Exemple of al balance sheet account

1500/1505

**Description**

Trade receivables from third parties

**Classification**

Balance sheet/assets/current assets/accounts receivable and other assets

**Contents**

- Trade receivables from delivery of goods or services to third parties
- Trade notes receivable, resulting from delivery of goods or services
- Accounts receivable due from affiliated or associated companies should be recorded on the relevant accounts (1510 or 1520)
- Amounts due from related parties should be recorded on the relevant account (1530)
- Receivables from non-recurring delivery of goods or services should be recorded on account 1550 «other assets»
- Products and goods sold may only be recorded as accounts receivable when the risks and rewards of ownership have passed to the purchaser
- Credit balances within accounts receivable should be disclosed as «other liabilities» (account 2390) in the balance sheet

**Valuation**

Accounts receivable are recognized at the nominal value. Doubtful and unrecoverable receivables should be shown in the balance sheet at the amount which is likely to be recovered. For the amounts which have not been individually impaired, the following general provision (as a percentage of the nominal value) should be applied:

<b>Aging</b>	<b>General provision in percent</b>
Not past due:	3.0
Past due 1 - 3 months	20.0
Past due 4 - 6 months	50.0
Past due 7 - 12 months	75.0
Past due >12 months	100.0

The increase respectively reversal of the bad debt allowance is to be recorded on account 4400 «other operating expenses», or on account 6400 «other operating income» as long as these allowances do not significantly exceed the normal volume over the past four years. The portion of the bad debt allowance which exceeds the normal volume must be charged to account 4300 «write down of current assets».

**Related accounts**

4300 Write down of current assets  
 4400 Other operating expenses  
 6400 Other operating income

**Information to consolidation department**

e.g., aging of balance sheet value, change in bad debt allowance

**Applicable guidelines**

Reference to applicable guidelines

**Remarks**

Regulations of the consolidation department

## DESCRIPTION OF ACCOUNT

**Account no.**

### Example of an profit an loss statement account

6000/6100

**Description**

Sales third parties/affiliated companies

**Classification**

Income statement/gross profit/operating result

**Content**

Sales from ordinary operating activities, less value-added tax. Sales deductions (i.e., price reductions such as rebates, discounts and sales bonuses, etc.) are to be recorded on account 6150 «sales deductions». Credit notes must be issued for returned goods. Delivery and service costs that can be recharged directly without change to the customer, are to be recorded as sales.

Only those invoiced deliveries and services that relate directly to the company's normal activities are included as sales. Non-recurring transactions are not considered as sales. They are included, together with deliveries and services outside the normal operations of the business under «other operating income» (account 6400).

The following sources of income are included as sales:

- Sales of goods including replacement parts
- Sales of waste and scrap
- Proceeds from repairs
- Proceeds from subsequently recharged freight and packing
- Proceeds from other service

Sales are recognized from the full or partial completion of a delivery or service. The recognition of a sale from a partial delivery or service is only possible if an accurate cut off is possible and separate remuneration was agreed.

Income from third parties, affiliated companies, associated companies and related parties are to be shown separately.

Income by geographical and business area (segment information) is to be disclosed in the notes.

**Related accounts**

1500 Trade receivables due from third parties  
1510 Trade receivables due from affiliated companies

**Informations/Details**

Forms 28/29/30

**Applicable guidelines**

Reference to applicable guidelines

**Remarks**

Reference to regulations of the consolidation department

## REPORTING PACKAGE

Selection of most important forms:

- Balance sheet
- Profit and loss statement
- Statement of changes in equity
- Cash flow statement
- Analysis of investments in group companies
  - Details of intercompany transactions
  - Investments in group companies
  - Receivables and payables
  - Intercompany inventories
  - Income and expenses
  - Income from investments
  - etc.
- Movement schedule non-current assets
- Movement schedule for provision
- Movement schedule for liabilities
- Sales analyses
- Notes with additional information
- etc.

## SCOPE OF DELIVERY AND PRICES

Standard Group Manual **including** set of forms

German or English	CHF 12'000.-
German and English	CHF 18'000.-

Standard Group Manual **without** form set

German or English	CHF 7'000.-
German and English	CHF 11'000.-

The prices quoted are exclusive of the statutory value-added tax and, if applicable, shipping charges. These will be invoiced separately.

Prices may be changed at any time without prior notice.

The legally signed confidentiality agreement as well as the payment of the price for the standard corporate manual must be received by us prior to the delivery of the work.



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