

How to solve a problem like financial consolidation

By Darren Cran
COO, AccountslQ

AccountslQ

Introduction

No matter what size business you are, if you have more than one entity you will need to create consolidated accounts. You'll also want to use that consolidated information to make informed decisions and plans.

Until recently, rather than invest in expensive [financial consolidation software](#), most finance leaders of mid-sized organisations chose to create consolidated reports using spreadsheets. Although this approach was error-prone and cumbersome, it was an economical solution. However, a new wave of affordable, Cloudbased accounting apps allows forward-thinking finance leaders to automate consolidation, get accurate data and take a really good look under the hood of their group accounts.

In this report we examine the most common pitfalls groups encounter when using spreadsheets like Excel for consolidation and aim to share some of the solutions posed by developers of Cloud-based accounting apps.





Multi-User Editing Risks and Loss of Control

Access to consolidation spreadsheets is often restricted to members of the finance function, sometimes for reasons of security, but also to allow finance leaders to remain in control.

Extending access to budget holders outside the finance department could result in not only security breaches but also simple mistakes which lead to serious problems. In an era of increasing compliance, regulation and scrutiny, these are risks which need to be addressed.

Modern accounting software by design gives finance leaders the ability to securely extend access to non-finance users and include more effective controls around user access; risk reduction measures and system protocols are

introduced at sub-level to ensure data is protected and errors are reduced.

It can also simplify the system for 'light' users such as budget holders by allowing access only to the parts that they have been given permission to view or use.

The Solution

- Allow multiple users to securely access consolidated information
- System protocols to ensure data accuracy and reduce risk of errors
- Make final consolidated reports available to management in real time



Inaccurate Data, Partial Ownership and Multi-currency Issues

Spreadsheets set up to create consolidated accounts can quickly become over-complicated. Hidden formulae can make it challenging to identify problems and this leaves companies exposed to errors which could exist at any level in the reporting tree.

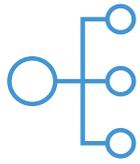
Also, spreadsheets aren't made to handle partial ownership issues that often crop up in group companies such as minority interests and groups within groups.

Further complications include accuracy issues around multi-currency trading and ensuring every subsidiary is using a common, centrally imposed, daily exchange rate throughout the period in question.

A robust, Cloud-based accounting and consolidation application will allow finance leaders to create standard protocols across the group and manage, add or remove group companies as required without disruption. The partial ownership, multi-currency and exchange rate movements that come with large and complex groups will be automatically accounted for.

The Solution

- Capability to manage group companies and partial ownership
- Unlimited consolidated average and period end FX rates



Complicated Inter-company Balances and Charges

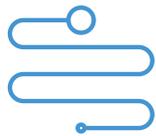
Using spreadsheets, apportioning shared costs throughout a group structure is complicated and cumbersome. Making journal entries throughout your group can take an enormous amount of time, rework and review.

Modern software designed with the needs of the multi-entity businesses in mind allows the user to create inter-company transactions and apportion shared costs across a group structure in a matter of minutes. Intercompany transactions can be

uploaded through an Excel spreadsheet and all relevant journals throughout the group structure will be created for posting.

The Solution

- Facility to easily create inter-company transactions
- Easily apportion shared costs
- Excel upload facility for inter-company transaction



Inefficient Working Practices

Collating data through Excel can be inefficient and often takes a considerable amount of time, effort and resource. By the time the data has been gathered and entered into Excel, it is often out of date.

Cloud accounting software packages typically capture data in real time. With a powerful consolidation module you can automate group reporting in minutes, allowing users to focus on other, more strategic tasks.

The Solution

- Real-time data collection
- Automated consolidated reports
- Releasing senior staff time





Slow and Inaccurate Decision-Making

With finance leaders becoming increasingly strategic within their businesses, the ability to report accurately in real-time has become key.

Good and timely decision-making will give businesses a clear competitive lead. Consolidating data in spreadsheets takes time and results in poor (out of date) data and reduced time for analysis.

Spreadsheet reporting is often overly complicated to set up and run efficiently. Comparing results throughout the group can be difficult and it is often impossible to get a clear and consistent view of individual operating businesses or group trends.

Cloud-based accounting apps such as AccountsIQ are designed to support superior decision-making by increasing data analysis and producing reports in a fraction of the time. Finance leaders are then able to access customised reporting, dashboards and management packs based on near real-time

information, allowing them to update senior managers or fellow board members in good time.

“The most consistent feedback we get from our clients is that it was taking a full week each month of senior finance managers’ time to get the consolidated group accounts done. Now they are able to do their consolidation in minutes...”

— Darren Cran, COO, AccountsIQ

The Solution

- Increased data analysis
- Fast and accurate report generation
- Customised reporting based on real-time data

The benefits of investing in automated financial consolidation

Today’s CFOs and their finance teams are being asked to report group financial results across growing businesses in even shorter time frames. Not only is there increased time pressure but finance need to play the role of ‘key partner’ to the organisation which is often where the added value comes into play.

This means sharing useful insights and being proactive in supporting key decision makers across the business. This work excites finance teams the most but are they getting around to it? Perhaps repetition and manual work is not only tiring the team but wasting valuable ‘key partner’ time for the overall business. Don’t underestimate the intangible negative impact that persisting with old

processes can have. Not only on the finance team, but the wider business as the appetite for adopting digital automation prevails.

As a high performing finance team you are well aware of the need to change and adapt to new conditions by improving and investing in people, business processes and technology. Only then can you actually support the growing needs of your business. Using financial consolidation software ranks high on the agenda of these high performers that need to report across a group of companies and business units and really earn the role of ‘key partner’.

Top ten benefits when you automate your group consolidation with AccountsIQ:

1. Reduce consolidation reporting time across actuals, budgets and forecasts
2. Automate Inter-Company so it's reconciled monthly rather than quarterly or annually
3. Manage complex FX, minority interest and consolidation journals in one place
4. Delight and impress your stakeholders [Board, Investors, Banks, Management, HMRC for Group VAT MTD]
5. Improve reliability, reduce the risk of reporting errors plus a complete audit trail
6. Multi-dimensional analysis with unified group coding [Biz. Unit, Dept, Project, etc.]
7. Start new entities into the group structure with minimal effort
8. Reduce reliance on key staff and spreadsheets
9. Leverage better technology and work practices for your team to use
10. Win credibility as a 'key partner' that is now advising and supporting the key decision makers

“If you always do what you always did you'll always get what you always got” —
[Albert Einstein](#)

By adopting an AccountsIQ close process for your Group you will drive greater accountability and increased visibility into your month end process while reducing the workload of the entire team.

We have identified a list of customers that may be similar to your business and hence give you additional confidence if you are already thinking about making the change.

apera
asset management

ARIX

getech



Apera Asset Management

When consolidation became too cumbersome and international jurisdiction requirements became too complex, AccountsIQ solved the accounting needs of this international group

<https://accountsq.com/case-studies/apera-assetmanagement/>



Arix Bioscience

Arix Bioscience simplifies consolidation and reporting with AccountsIQ and integration creates a paperless finance function

<https://accountsq.com/case-studies/arix-biosciencesimplifies-consolidation-with-accountsq/>



Getech

Moving four legacy systems onto AccountsIQ has resulted in huge time-savings for this global company

<https://accountsq.com/case-studies/getech/>

Practices:



BDO & Digital Partners

BDO implements AccountsIQ for Digital Partners, a new venture created by global reinsurance firm Munich Re, in just four weeks

<https://accountsq.com/case-studies/bdo-digitalpartners-cloud-accounting-platform>



Hibernia REIT

High-performance software at an affordable price that makes group accounting uncomplicated and saves a huge amount of time

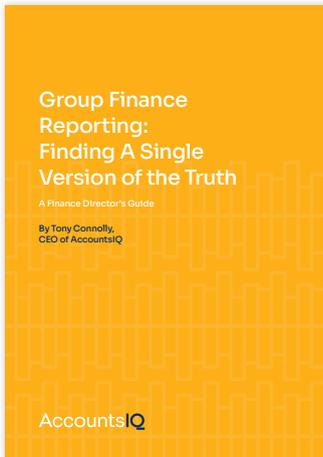
<https://accountsq.com/case-studies/hibernia-reit/>

Linesight

AccountsIQ replaces SAP for Linesight Global Construction Group who had complex accounting requirements

<https://accountsq.com/case-studies/linesight/>

French Duncan



AccountsIQ performed better against French Duncan's list of requirements than either NetSuite or Twinfield

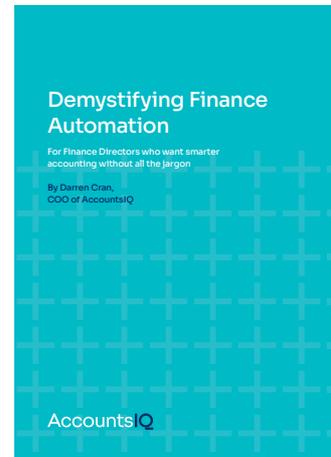
<https://accountsIQ.com/case-studies/french-duncan/>

PwC



AccountsIQ's solution gives businesses advanced business intelligence, reporting & consolidation

<https://accountsIQ.com/case-studies/pwc/>



Further reading

Group Finance Reporting

How to ensure one single version of the truth in your group reporting.

[Download the report](#)

Savvy CFO

The insight that enables CFOs to make better decisions

[Download the report](#)

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AccountsIQ

AccountsIQ is an award-winning financial management platform that simplifies the way finance functions capture, process and report their financial information across multiple locations.

It offers advanced consolidation features, multi-currency accounting and enhanced business analytics and is designed for medium-sized businesses. The platform offers seamless reporting, and integration capability and is fully flexible, with the ability to meet the changing needs of a growing business.

www.accountsiq.com