

# BearingPoint Financial Consolidation



Financial consolidation in  
SAP BPC powered by BearingPoint  
"Financial Consolidation" solution kit

---

**With the BearingPoint «Financial Consolidation» solution kit you get standardized procedures to support a timely and high-quality implementation of financial consolidation.**

**This solution kit helps to reduce the duration of SAP BPC implementation projects to a few months.**

**If you wish to have additional functionalities, we can add them by using an agile development approach taking the solution kit as a basis.**

## Overview

New or changed regulatory requirements, structural market consolidation and digitalization have an ongoing business impact.

In addition, of being exposed to constant cost pressure, management must deal with complex business processes. Supporting processes must be aligned, standardized, and simplified to be able to permanently reduce process costs.

Based on BearingPoint's project experiences there is a high potential to standardize the financial consolidation process. Our predefined solution can be easily integrated into your business processes and structures. To implement the financial consolidation system in short time and to meet high quality expectations we developed a standardized procedure. The basic content and functionalities are described in this solution overview.

The BearingPoint "Financial Consolidation" solution kit components are selected according to your requirements and will be implemented by experienced BearingPoint consultants in your SAP Business Planning and Consolidation (BPC) system.

Deploying the BearingPoint standardization solution kit, in combination with an agile project approach, the implementation time can be reduced to a few months.

Reporting requirements in the context of balance sheet, income statement, and cash flow statement are covered by the consolidation package.

The consolidation kit includes predefined financial consolidation rules, like intercompany elimination, currency translation, and equity consolidation. Full consolidation (proportionate consolidation, and at-equity consolidation) are implemented too.

The consolidation rules and methods are implemented and adjusted satisfying your accounting standard and your system requirements. In case of updates of accounting standards the existing solution can be adjusted accordingly, by signing a support and maintenance contract agreement.

## Current financial consolidation trends

Digitalization is influencing all business processes, as well as financial processes, directly or indirectly.

To keep pace with current changes, companies must concentrate on their core competencies. Supporting processes like finance functions, must be simplified, harmonized, and standardized.

Real-time data processing is one of the key trends in finance management and with the newest technology it is possible to consolidate your financial data in real-time.

Other key trends are the following:

- Integration of the "last mile", means that preparation of reports is integrated into the monthly closing process, reports are updated and text suggestions are generated automatically
- Simple and intuitive reporting, which allows to compare plan data with actuals with a drill down on actuals, from group level to single cost center view.
- Flexible reporting based on various views e.g. management or statutory and detailed analytics e.g. by product group
- Integration of planning processes into group consolidation solution to reduce interfaces and to set up a shared and single data source for group controlling
- Simulations of organizational and procedural changes to support strategic decisions

The consolidation tool plays an important role in regards to these aspects. On one hand the solution has to be quickly adaptable to the current situation, on the other hand it has to be user friendly and efficient.

# BearingPoint „Financial Consolidation“ –Solution Overview

Based on our experience in implementing various financial consolidation projects we have developed a standard implementation procedure. This procedure allows to implement standard financial consolidation functions and logics satisfying your individual requirements and specific characteristics.

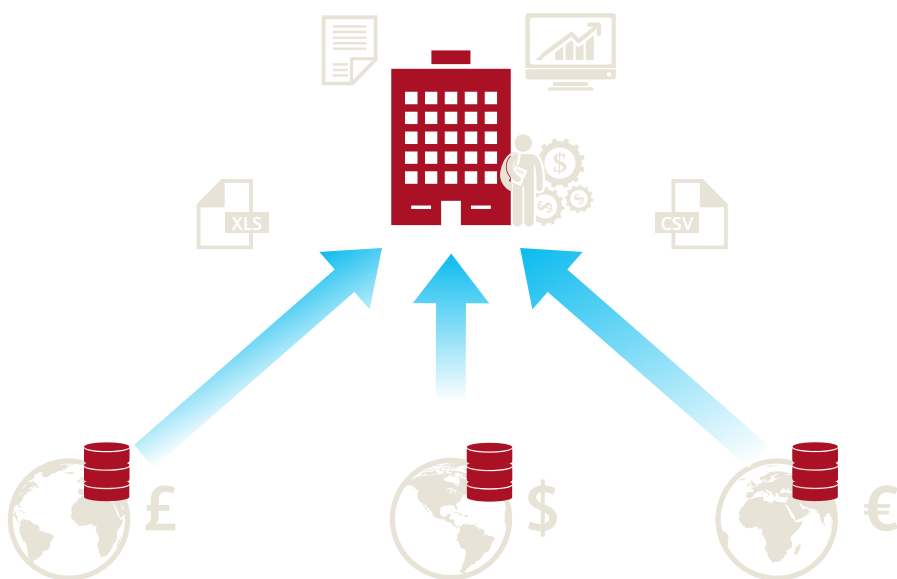
Our consolidation solution contains the following basic elements:

- Instructions to set up the SAP BPC environment and basic system documentation as a guidance for the implementation team
- Guidelines to introduce and map your specific chart of accounts, consolidation structure (management and statutory view) and organizational structure e.g. for segment reporting
- Pre-defined standard dimensions, like time, category, audit trail, and flow with all relevant attributes
- System documentation and step-by-step “how-to” guides to be used for application maintenance and for dynamic logic adjustments, input forms and reports

The following functions are provided in the standard consolidation kit:

- Dynamic input sheets to capture group entities’ financial data and adjustments
- Interfaces to import financial data from text files
- SAP BPC controls and data validation functions
- Consolidation functions, like currency translation, intercompany reconciliation, and elimination
- Equity consolidation rules for primary-, subsequent-, and deconsolidation with different consolidation methods (full, proportionate, at-equity) e.g. to calculate minority interests
- Reports to analyse data from various consolidation structures and perspectives

## CONSOLIDATION OF FINANCIAL STATEMENTS FROM SUBSIDIARIES



## Functionalities

### Reporting data

#### The following elimination functions are covered in the standard solution kit:

- Consolidation of debts (short-term and long-term receivables and liabilities) ✓
- Consolidation of income and expenditure ✓
- Elimination of interim profits in inventories ✓

Subsidiaries can input and upload their reporting data within predefined Microsoft Excel based input sheets. The content of the input sheets is updated dynamically based on master data. Hence, there is no need to adjust the input sheets e.g. in case of fiscal year changes, new entities, or new accounts.

Upon request, data upload can be done via interfaces by importing text files into the consolidation application.

Following input sheets for data submission are available within the solution kit:

- Income statement (total cost method or cost-of-sales method)
- Balance sheet, in particular by flows e.g. changes during the year for assets, provisions, equity
- Equity, including changes on equity
- Intercompany transactions (internal revenues/expenses, receivables/payables)
- Cash Flow
- Financial key figures
- Statistical information (number of employees, economic indicators)
- Appendix data, for the annual report

### Checks for data consistency and data plausibility

To achieve consistency and plausibility during the consolidation and reporting process, data can be validated by using SAP BPC controls. Each of these controls is defined either as blocking or as warning error – i.e. in case of failure, a control will block the consolidation process or it will give a warning about discrepancies.

The BearingPoint «Financial Consolidation» solution kit provides standard controls, which can be extended and adapted. Standard controls cover checks, like total assets equal total liabilities, depreciation expenses equal change in accumulated depreciation in balance sheet, or total cash flow equals change in cash.

### Consolidation functions

The translation of foreign currency entities to group currency is covered by BearingPoint's standard solution kit. This also includes an input sheet to enter related exchange rates.

Intercompany (IC) transactions can be reconciled using the BPC standard function. The IC-Data reconciliation and analysis of IC-differences can be validated by the subsidiaries based on intercompany reconciliation reports.

Balance carryforward is implemented as a standard function which transfers postings for balance sheet items and includes a special carry forward function, like net profit for the year to retained earnings previous year.

### Elimination functions

During implementation, balance sheet and income statement accounts relevant for eliminations are selected based on your chart of account and set up accordingly.

Internal transaction eliminations are implemented with use of a consolidation business rule. In the standard kit the following elimination rules are implemented:

- Consolidation of debts for short- and longterm receivables and liabilities, differences from internal transfers are shown in the income statement.

- Consolidation of expense and income, differences from internal transfers are booked to income statement accounts.
- Elimination of unrealized profits on inventories. Profits from internal transactions have to be submitted in an input form.

## Rules for equity consolidation

The consolidation of investments and equity is based on a multilevel ownership hierarchy which can be maintained on the BPC Web-Frontend. The ownership manager defines the consolidation methods (full, proportionate, at-equity) and percentages owned for each group entity.

Eliminations and minority interests are calculated with use of consolidation rules and takes into account ownership information and consolidation methods.

In case of full consolidation method, the rules will differentiate between primary consolidation and subsequent consolidation. Goodwill calculation within primary consolidation of a new subsidiary is done based on a predefined consolidation rule. Within subsequent consolidation differences are identified and shown in equity.

For at-equity consolidated subsidiaries, equity values of the subsidiary will be posted to the holding entity.

The elimination of dividends paid from subsidiary to its holding are booked based on predefined consolidation rules.

## Reports

Standard reports, for individual financial statements, consolidated data for income statement, balance sheet (incl. split-up by changes during the year), cash flow and intercompany reconciliations for group internal transactions, are provided as a part of the consolidation solution kit. Reports for the transparency analysis of the consolidation entries are part of the standard solution kit, as well. Other reports could be adjusted according to your specific requirements.

## “How-To” guides and documentation

There are predefined “how-to” guides available, which support the system handover to the operation mode. These guides illustrate how to deal with most important business transactions, e.g. integration of new group entities. After system handover, adjustments can be implemented easily with the guide help.

In order to support maintenance of the consolidation solution, all predefined functions are described in the system documentation, which is extended with additional system developments.

## Agile procedure model

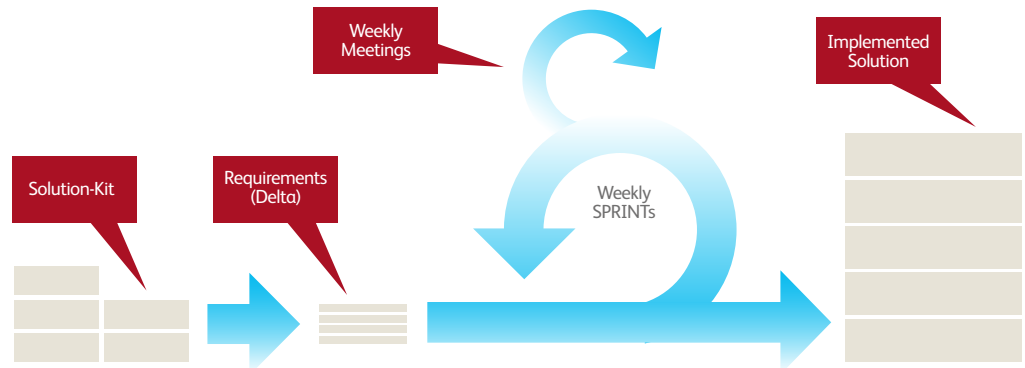
The BearingPoint „Financial Consolidation“ solution kit contains all functionalities described in this service overview.

Within the agile procedure, this solution kit includes a basic set of functionalities, input forms and reports which can be enhanced according to your requirements.

Enhancement requests will be taken into consideration, development effort will be estimated, and changes will be documented in a delta concept. Depending on the enhancement, changes will be added to the project plan as parallel or sequential steps and assigned to corresponding resources.

By applying this procedure model it is possible to adapt quickly to the current situation, to get an up-to-date picture of the development status of your application, and to see at an early stage how the requirements are implemented in SAP BPC.

## AGILE PROCEDURE MODEL TO IMPLEMENTATION SAP BPC



The agile procedure model brings following advantages:

- Standard functions are realized based on the solution kit at the beginning of the project and build a good basis for further adjustments.
- Employees from group accounting and controlling are integrated into the development process and can contribute their requirements and timely react to incorrect implementations.
- New requirements can be implemented quickly without big effort.

## Support

Upon request, BearingPoint can take over the maintenance of the consolidation rules from the BearingPoint „Financial Consolidation“ solution kit. Adjustments of consolidation rules triggered by changes in international accounting and reporting standards will be done continuously.

The maintenance of your BearingPoint Financial Consolidation solution can be done by BearingPoint as well. Our „near shore delivery centers“ in Romania and Czech Republic can take over an outtasking of the consolidation function of your company.

## Customer benefits

Our experience in successful consolidation projects is included into the BearingPoint “Financial Consolidation” solution kit. With this solution kit, you can be sure that your consolidation solution will be implemented with the best quality.

### Advantages of the BearingPoint implementation approach:

- High-quality consolidation ✓
- Dynamic adjustable and extendable solution ✓
- Timely implementation ✓

Your requirements regarding the consolidation solution and «leading practices” can be considered by the applied implementation approach without material implementation delays.

Due to standardization, the time needed for implementation can be reduced to few months.

BearingPoint offers a high level of technological expertise related to the implementation of SAP solution and can optimally support you to answer complex questions.

Application maintenance can be carried by BearingPoint on demand.

## How BearingPoint can help You

BearingPoint has comprehensive experience in performance management and financial consolidation project implementation. Due to a large network of global consultants we have necessary knowledge to support national and international customers.

BearingPoint seeks for long-term solutions and supports you in the definition of processes and systems so that you can concentrate on your core competencies.

Using the standardized implementation approach it is possible to set up an optimal and high-quality consolidation application for your group finance management within a short time.

## Contact

### Switzerland

Vahan Guermann

Partner

vahan.guermann@bearingpoint.com

### Germany

Fritz Neumann

Partner

fritz.neumann@bearingpoint.com



## About BearingPoint

BearingPoint consultants understand that the world of business changes constantly and that the resulting complexities demand intelligent and adaptive solutions. Our clients, whether in commercial or financial industries or in government, experience real results when they work with us. We combine industry, operational and technology skills with relevant proprietary and other assets in order to tailor solutions for each client's individual challenges. This adaptive approach is at the heart of our culture and has led to long-standing relationships with many of the world's leading companies and organizations. Our global consulting network of more than 10,000 people serves clients in over 75 countries and engages with them for measurable results and long-lasting success.

For more information, please visit: [www.bearingpoint.com](http://www.bearingpoint.com)

