MAY 2015

KEY BENEFITS TO MANAGING NEW UK GAAP REPORTING WITH TECHNOLOGY

WHITEPAPER

ONESOURCE ACCOUNTS PRODUCTION

MIGRATION TO NEW STANDARDS - BUSINESS CONTEXT

We are seeing significant changes in UK financial reporting. For accounting periods beginning on or after 1 January 2015, companies will no longer be able to prepare their accounts under UK GAAP as we currently know it.

Nearly all extant standards are replaced by new standards issued by the Financial Reporting Council, FRS100, FRS101, FRS102 and FRS103.

The adoption of these new standards will impact a large number of entities and busy finance departments will be put under further pressure.

In a competitive market, businesses are facing challenges to increase efficiency, reduce costs and focus on value-adding activities and the finance department often bears a large amount of responsibility for responding to such pressures. The year-end reporting process is driven by tight deadlines. Any regulatory changes add to the pressure already weighing on the finance department.
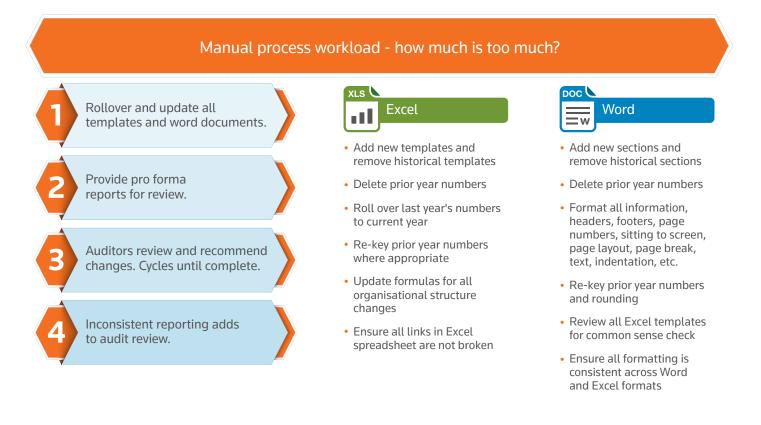
However, the disruption can be minimised with the help of technology. Our market-leading solution, ONESOURCE Accounts Production, has the latest templates for all the new standards.

The preparations for transitioning to the new standards are very likely to have uncovered areas where you can add efficiencies. You can use this transition as an opportunity to supplement your business case for technology. Taking action now will make it easier to complete statutory reports in the coming years, and you would also be taking advantage of your organisation's current readiness to embrace change.

Migrating to new UK accounting standards

1. Impact assessment - how does the adoption of FRS101 and FRS102 impact the business?

2. Decide which new standard to adopt.

3. Implementation - update processes to cover gaps between your existing and upcoming disclosure requirements.

4. Analyse your process - are there routine tasks that should be automated to save time and reduce errors?

5. Create statutory accounts under the new UK standards with a technology solution.

COMMON CHALLENGES IN CORPORATE FINANCIAL REPORTING

Manual process workload - how much is too much?

1. Rollover and update all templates and word documents.

2. Provide pro forma reports for review.

3. Auditors review and recommend changes. Cycles until complete.

4. Inconsistent reporting adds to audit review.

XLS Excel

- Add new templates and remove historical templates
- Delete prior year numbers
- Roll over last year's numbers to current year
- Re-key prior year numbers where appropriate
- Update formulas for all organisational structure changes
- Ensure all links in Excel spreadsheet are not broken

DOC Word

- Add new sections and remove historical sections
- Delete prior year numbers
- Format all information, headers, footers, page numbers, sitting to screen, page layout, page break, text, indentation, etc.
- Re-key prior year numbers and rounding
- Review all Excel templates for common sense check
- Ensure all formatting is consistent across Word and Excel formats

In-house with manual process

Many businesses use Word and/or Excel to produce their statutory accounts internally - this is a very manual, risk-prone and time-consuming activity.

First, the statutory accounts need to be rolled forward from the prior year. Then the trial balance for the current year needs to be "converted" into the statutory reporting format. From there, these need to be typed into the statutory accounts and then manually cast and checked to the necessary disclosure notes to ensure everything agrees.

The tax numbers are then calculated and will need to be adjusted for in the accounts, along with any audit adjustments. These adjustments mean the statutory accounts have to be manually cast and checked again.

In addition, disclosure checklists need to be completed to ensure that the statutory accounts are compliant.

With numerous manual processes occurring, there is a high risk of error, particularly when teams are under time pressure and/or there are last-minute adjustments.

When the business is preparing statutory accounts for a large number of entities, the aforementioned issues are compounded, in particular if different finance teams are preparing different sets of statutory accounts.

Outsourcing

Some businesses outsource the production of their statutory accounts to an external firm of accountants, which can quickly become costly.

When deadlines are tight and last-minute changes are required prior to directors signing off, the process can be easier and less stressful if it is owned by the finance team, rather than relying on a third party.

Often, these firms will require input in a predefined format, which means extra cost if they are preparing this information rather than the finance team.

Otherwise the finance team has to spend time gathering and standardising data from multiple entities and perhaps several source systems. Any delays or errors resulting from this internal process will increase outsourcing costs because more billable hours will be required to complete the statutory accounts.

HOW ONESOURCE ACCOUNTS PRODUCTION HELPS

ONESOURCE Accounts Production is a market-leading technology solution used by large corporations and professional firms to efficiently prepare statutory and group accounts. It effectively allows organisations to standardise and automate the production of their statutory accounts, including iXBRL tagging, which frees up the finance team's time as well as reducing the risk typically involved with manual entries.

Automatic regulatory updates

ONESOURCE Accounts Production comes with a master template that is kept up to date with regulatory changes to ensure that the resulting statutory accounts are compliant. All the accounts produced flow from a master template, which can be customised as required at a group template level or even at a company level.

Latest templates for new UK GAAP

The solution maintains standard templates for UK GAAP and IFRS accounting standards within the platform. This ensures that the accounts being produced comply with the relevant reporting standards but still have the flexibility to maintain a unique corporate template within the system. ONESOURCE Accounts Production also fully automates iXBRL compliance by ensuring all of our templates are tagged with the full iXBRL taxonomies.

Challenges around the Accounts Production process

1. Key man risks and bottlenecks.

2. Statutory reporting is important. Tedious reformatting is not!

3. Inconsistencies in data and processes.

4. Lack of controls.

5. Accounting firm expense.

Simple roll-forward

Prior year numbers are rolled forward effectively at the press of a button, while current year data is taken from the General Ledger (GL) system and entered via an import wizard, removing the need for any data manipulation.

User friendly

A solution like ONESOURCE Accounts Production is simple to use – as straightforward as Word or Excel. Your team will be trained on how to use it, and chosen "super-users" can benefit from additional training so that your business has the in-house capability to make any changes to templates in the future.

Smart reports

ONESOURCE Accounts Production offers standardised disclosures, update and roll-forward functionalities, and smart reports, meaning source data logically links throughout the statutory accounts.

The smart reports allow you to make changes to reports easily and without any coding – similar to using a wizard, you choose the information you want to include in your reports, as well as how that information is displayed. Because the process is automated, this reduces the time spent on formatting, reviewing and checking.

Pre-tagged iXBRL

ONESOURCE Accounts Production fully automates iXBRL compliance by ensuring all of our templates are tagged with the full iXBRL taxonomies.
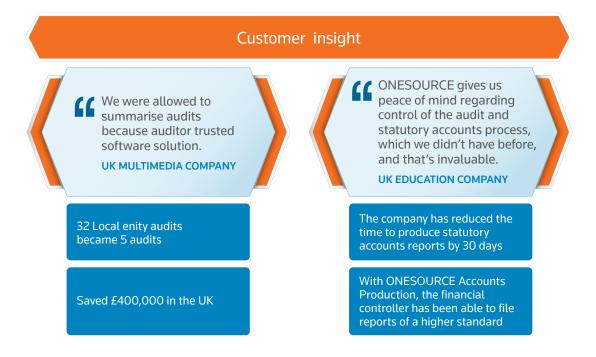
Audit trail of GL to statutory accounts

ONESOURCE Accounts Production provides a controlled environment for producing statutory accounts. It automates data entry from the GL/consolidation system, allows organisations to standardise and manage their own corporate templates, and reduces data entry errors and version control issues. Journals can only be posted if they balance, and their naming, coding and categorisation form an audit trail. The system automatically confirms the integrity of the data through cross-checking the numbers between statements and flagging any issues requiring reconciliation.

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7 reasons for choosing ONESOURCE Accounts Production

1. Automatic regulatory updates
2. Latest templates for new UK GAAP
3. Simple roll-forward
4. User friendly
5. Smart reports
6. Pre-tagged iXBRL
7. Audit trail of GL to statutory accounts

CUSTOMER INSIGHT

Technology, such as ONESOURCE Accounts Production, saves you time, resources and expenses. By improving controls, automating routine tasks, accuracy and efficiency, it makes the lives of your finance team easier.

The most important takeaway is that by freeing up time normally spent on financial reporting, you give yourself and your team the opportunity to focus on value-adding activities for the business, similar to our customers who are already enjoying the benefits of using ONESOURCE Accounts Production.

Customer insight

> " We were allowed to summarise audits because auditor trusted software solution.
>
> **UK MULTIMEDIA COMPANY**

> " ONESOURCE gives us peace of mind regarding control of the audit and statutory accounts process, which we didn't have before, and that's invaluable.
>
> **UK EDUCATION COMPANY**

32 Local enity audits became 5 audits

The company has reduced the time to produce statutory accounts reports by 30 days

Saved £400,000 in the UK

With ONESOURCE Accounts Production, the financial controller has been able to file reports of a higher standard

The transition to the new standards, challenging as it may be, presents you with the opportunity to transform the way you approach financial reporting. Contact us today to learn more.

CONTACT US TODAY ☎ 💻 ✉

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