



CASEWARE

IS YOUR SOFTWARE GEARED UP FOR GROUP CONSOLIDATION?

A CaseWare eBook



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OVERVIEW

The value of mergers and acquisitions involving UK companies rose significantly in the first quarter of this year (1up £18.2 billion compared to Q4 2017) according to the Office for National Statistics, and it has been widely reported that the impending exit of the UK from the European Union is leading more overseas firms to set up subsidiaries in the UK.

The above trend means more companies are becoming part of a group structure, which in turn means more corporate accountants are finding they are required to become involved in group consolidation.

Consolidation is one of the more complex and technically difficult tasks carried out by accountants and there is a lot of potential for things to go wrong.

In many cases, reporting is where the system breaks down – sometimes because companies have difficulty getting numbers out of their various systems and sometimes due to time pressures.

The process could, however, be a lot simpler. The fact is that many companies are not using the most appropriate software for the job.



THE CONSOLIDATION CHALLENGE

Whether you are a listed company subject to full IFRS, or a smaller group reporting in FRS 102, the challenges are similar when it comes to consolidation.

Typically, you'll have a number of different sets of accounts being completed at the same time, with liaison between the various entities often taking place via email.

You may even have many small limited companies reporting individual accounts, which are then clustered into sub-groups before being incorporated into the group accounts. You then have to consolidate them all into one report, usually in a short space of time.

Many companies are using Microsoft Excel to do accounts at the individual company level, so end up using Excel to carry out their group consolidation as a result.



The merits of using Excel for complex financial reporting are increasingly coming into question and The Wall Street Journal last year ran an article entitled "Stop Using Excel, Finance Chiefs tell Staffs", detailing how CFOs of large US firms such as Adobe and ABM Industries were on a mission to reduce their finance teams' reliance on the program.



THE PROBLEM OF CONSOLIDATING WITH CURRENT TOOLS

Excel wasn't designed to be a reporting tool.

It is susceptible to human error and the consequences of keystroke errors or transposition errors can be disastrous.

One wrong digit, decimal point or minus sign that isn't detected can have huge ramifications. A change at the lowest level of the group that isn't followed through to the highest level could mean your group accounts are inaccurate.

You could be fined, face tax penalties and even lose the confidence of your investors if you're a listed company. In a number of high-profile cases, company chiefs have lost their jobs and share prices have plummeted due to spreadsheet errors.

According to a 2015 white paper by financial modelling firm F1F9, spreadsheets are being used in the preparation of British company accounts worth up to £1.9 trillion. It commissioned YouGov to survey 1,200 senior managers in the UK and found that 17% of large businesses had suffered financial loss due to poor spreadsheets.



Even putting the worst-case scenarios aside, using spreadsheets is not the most efficient way to carry out high-level reporting – checking and rechecking many sets of accounts is time-consuming and the F1F9 research also found that 57% of large businesses had wasted time due to poor spreadsheets.



THE SOLUTION

Unlike Excel, CaseWare Working Papers and AccountsAdvanced was designed from the ground up to be a reporting tool. It sits above your general ledger system and brings all of your numbers together in one system, providing a solution to the reporting challenges encountered by many corporate firms.

CaseWare Working Papers can import data directly from many general ledger systems or from either an Excel or a text file, and then interprets that raw data file.

Even if charts of accounts vary across a group - perhaps one part of your group is using Sage, while another is using PeopleSoft - CaseWare Working Papers can tie all the numbers together, something that can otherwise be difficult when one source program uses a different nominal code for a particular line item to another program.

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Through a simple mapping process CaseWare ensures a straight line for your numbers from your general ledger system, through the mapping system, to the face of your accounts.



THE COMPLETE PACKAGE

CaseWare Working Papers and AccountsAdvanced provides a template that allows you to easily produce a complete set of accounts to file with Companies House.

The program contains everything needed to comply with the latest reporting requirements, from simple FRS105 accounts up to full IFRS. Utilised by many of the UK's top 100 audit firms CaseWare generates all of the standard content required and gives users the ability to customise reports to meet your individual reporting needs.

The AccountsAdvanced solution automates as much of the process as possible, while also leaving room for you to adapt the document to suit your own requirements. It automates any required disclosures, but also allows you to add custom disclosures.

Keeping up with shifting regulation and legislation across multiple entities can be a burden, but CaseWare Working Papers is automatically updated to account for any changes in accounting standards.

Once you've reported for the relevant period, you can forget about your consolidated accounts until the next period, when the program will inform you of any new accounting policies and, crucially, give you the option of adopting them now or later.

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This is important because although some changes may well be mandatory, companies often have the choice to adopt earlier than required if it suits their circumstances.



KEY FEATURES

CaseWare makes it simple to carry out many of the more complicated tasks involved in group consolidation.

It brings together journal handling, lead schedules and the financial report itself.

It allows users to make changes in one entity and have them automatically flow through to the group level, eliminating the need to make the same change in multiple places and constant review cycles.

CaseWare Working Papers has been designed to adapt to the needs of diverse companies with a range of operations. It can account for subsidiaries with different accounting periods and it can also account for companies that are not wholly owned or that are joint ventures. It also simplifies intra-group transactions reconciliation.



MAKING CHANGES EASY

CaseWare Working Papers doesn't just help you get all the information in the right place, it also helps you easily make changes once you have the big picture.

If, after reviewing the report, the finance director decides they need to elaborate on a point and adds three more sentences, a note and a table, the document will seamlessly integrate that information. There's no need for the laborious renumbering of notes or pages you'd often end up carrying out in Microsoft Word.

Posting eliminating journal entries is simple and immediately reflected in the financial statements. All journals are recorded on a schedule of journal entries by type and this can easily be output to Excel if required.

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Put simply, CaseWare was designed to produce financial statements so it was designed to make updating them simple.



CONCLUSION

The benefits of CaseWare are twofold: it not only ensures your compliance with reporting requirements, it also significantly improves your efficiency.

While nothing can ever completely eliminate human error, CaseWare contains many validations to eliminate the risk of misstatements.

CaseWare is used by a wide range of companies both in Britain and worldwide. Our customers include many major brands from technology to food, oil and gas firms to entertainment conglomerates.

We also help smaller groups such as hotel chains and care home groups and we have clients in almost every sector of business.

Whatever business you're in, if you need to produce consolidated accounts, CaseWare can help you do so quickly, seamlessly and crucially, in full compliance with your reporting framework.

Interested in how CaseWare can improve the efficiency of your reporting while keeping you compliant?

Quick, seamless and compliant reporting for Group Consolidation issues.

Our AccountsAdvanced and CaseWare Working Papers make sure you have get information in the right place, but are easily adaptable to changing circumstances and business needs.



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