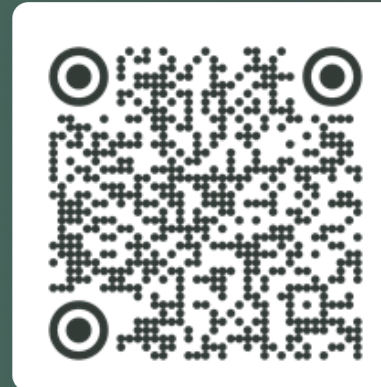


# Automating Financial Consolidation

 12.30, UAE



**Evgeny Rudakov,**  
Partner



Join us  
in LinkedIn!



Join our WhatsApp  
community!

# Speaker



- **PwC Audit Experience**

Manager, Oil&Gas

- **Financial Management**

Oil Refinery, Lube Plant, BP

- **ADE Professional Solutions**

- Since 2004
- IFRS Reporting
- Systems Integration
  - 30+ clients
  - Alplanir
  - IBM
  - Anaplan



# About us



Experience in implementing **Alplanir**, SAP, Oracle, IBM and Anaplan products

**ACCA** Platinum Approved Employer since 2010

Part of the international network **HLB Global**, member of Forum of Firms, since 2021



**Konsolidön**  
the power of together

**ADE** PROFESSIONAL SOLUTIONS



**15 years**  
ACCA Platinum Approved Employer

**since 2004**  
providing services to clients globally

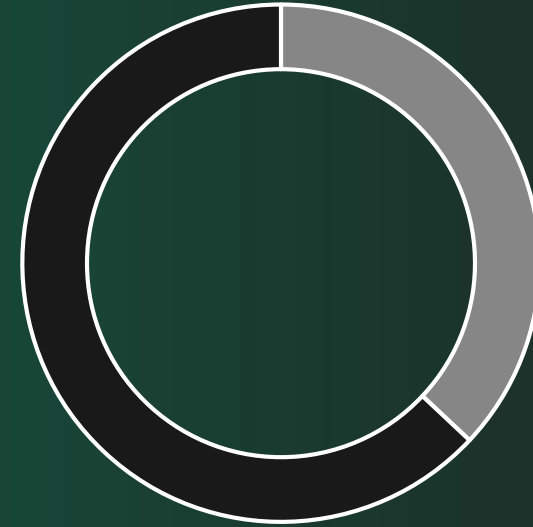
**50+**  
projects on automation of FP&A and financial consolidation

**70+**  
staff members

# Agenda



Segment	Topic
<b>1</b>	Welcome & Speaker Introduction
<b>2</b>	Mini-Survey: Your Current Consolidation Setup
<b>3</b>	Why Automate? Key Drivers, Pain Points & Benefits
<b>4</b>	Choosing the Right Software
<b>5</b>	Methodology Deep Dive <ul style="list-style-type: none"><li>- Group Structure</li><li>- Chart of Accounts</li><li>- Intercompany Flows &amp; Data Collection</li><li>- Consolidation Adjustments &amp; FX Translation</li></ul>
<b>6</b>	Analytics, Cash-Flow, Drill-Down & Reporting
<b>7</b>	Key Takeaways & Next Steps
<b>8</b>	Alplanir Solution
<b>9</b>	Final Survey & Q&A



 30 seconds

**37%**

of CFOs **don't**  
completely trust their  
firm's financial data

<https://ctmfile.com/story/...>

# Automating Financial Consolidation:

## Key Points

- **Standards & Audit:**

Must follow IFRS or other standards and pass an external audit

- **Fixed Timetable:**



- **Testing Effort:**

Regression and user-acceptance testing take about 50–60 % of project time

- **Project Method:**

Waterfall / Stage-Gate only. Agile or Scrum is unsuitable

- **Success Factors:**

- Agreed closing dates
- Early auditor involvement
- Experienced integrator

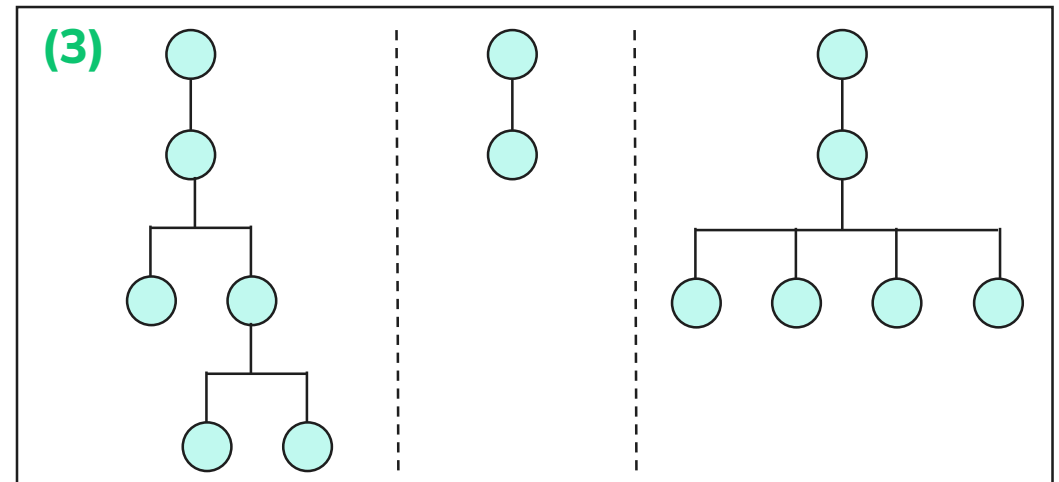
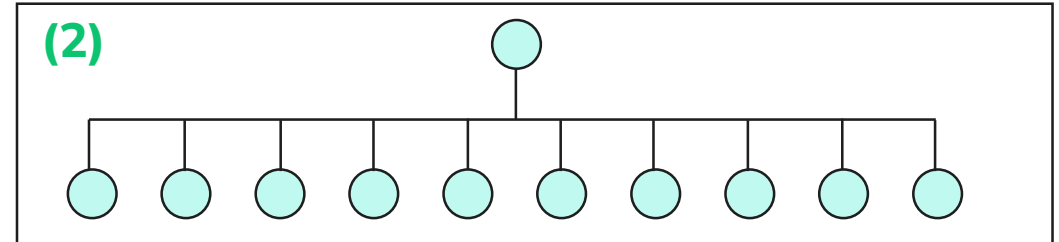
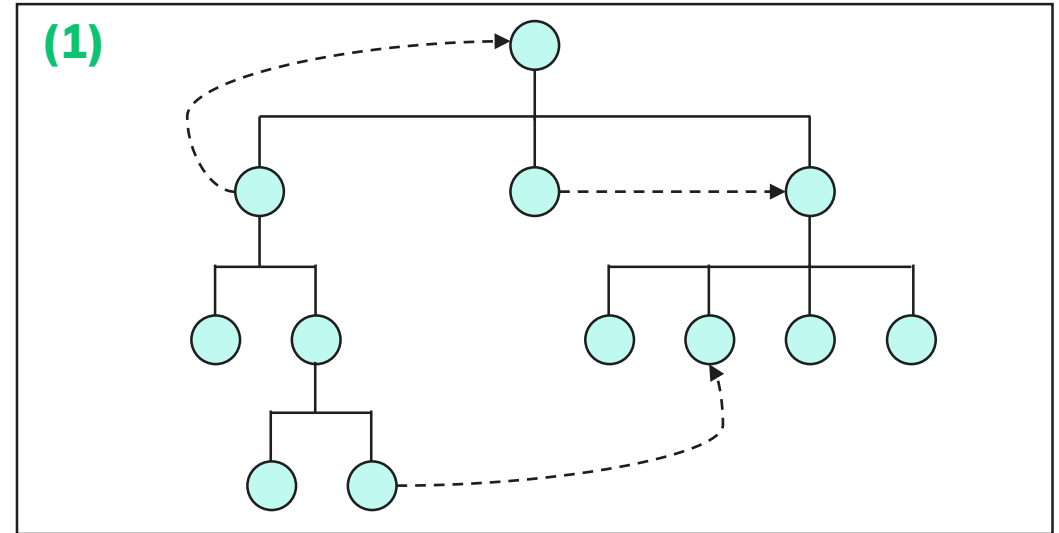
# Tool Options for Financial Consolidation



Option	Ideal For	Summary
<b>Excel</b>	Small or straightforward group structures	Good for initial testing; lacks the capacity for high-volume tasks
<b>ERP Module</b>	Organizations using a single SAP/Oracle/Dynamics ledger	Offers real-time consolidation with detailed transaction insight
<b>Dedicated Consolidation Engine</b> (e.g. IBM Cognos Controller)	Organizations with multiple ERP systems needing a strong audit trail	Enables statutory reporting and compliance without an ERP overhaul
<b>CPM/EPM Suite</b> (Alplanir, Anaplan, etc.)	Organizations seeking consolidation, planning and analytics in one platform	Combines financial consolidation, budgeting and business intelligence

# Group Structure

- Ownership tree = second load-bearing wall **(1)**
- Alternate views:
  - Flat **(2)**,
  - Segment **(3)**,
  - Special
- Engine rolls %, computes effective stake, picks method
- Chronologic register + key metadata



# Chart of Accounts

- Backbone of consolidation
- Must cover all IFRS statement lines + required disclosures
- Extra detail captured via dimensions (currency, counterparty, bank, etc.)
- Pragmatic scope: stick to analytics mandated by IFRS
- Core building blocks:
  - Hierarchical account structure
  - Movement (roll-forward) accounts
  - Account-type flag — Balance Sheet / P&L / Statistical
  - Cross-check attributes for automated validations
  - Intercompany & investment account flags
  - Flexible currency-translation methods
- Benchmark: mid-sized group needs roughly **2,000 – 3,000** CoA elements

# Intercompany Transactions & Balances



Significant  
time-savings!

## • Approaches

- **Reconciliation:** Local teams finish their own checks, then send figures to HQ for elimination
  - **Validation:** The consolidation system itself matches and explains differences before reports leave each subsidiary
- 
- **Chart of Accounts:** Create separate intercompany accounts as copies of your main balance-sheet and P&L accounts
  - **Grouping Methods**
    - **Pairwise:** Match each intercompany debit to its specific credit
    - **Pot:** Pool all intercompany balances into one “pot” by side (debit vs credit) when local practices differ
  - **Auto-Elimination**
    - Zero-out all intercompany accounts
    - Post the net difference to a single compensation account for clear tracking

# Data Collection



## Manual Forms

- Early stage of the implementation
- Newly acquired subsidiaries
- Significantly different accounting standards, CoA and analytics

## Excel-based Imports

- Next implementation phase
- Faster and less error-prone reporting, less manual work
- Suitable for ununified IT landscapes across the group

## Complete Integration

- All methodological homework done
- Mature group structure
- Unified IT landscape
- Maximum accuracy
- Deeper analysis and visibility

# Consolidation Adjustments



- **Fully-automated group-level adjustments** covering all standard IFRS (and national) consolidation entries; supports manual overrides
- **Adjustment scope can be set at the Group or Subgroup level** to handle cross-holdings and step acquisitions (e.g. tiered 40 %+40 % ownership → 80 % effective)
- **Key automated adjustment types:**
  - **Equity & Investment Eliminations** (forms goodwill, retained earnings, other reserves)
  - **Minority Interest Calculation** (based on effective ownership; posts NCI on net assets pre-adjustment)
  - **IC Elimination** (configurable “on-meet” or full elimination; segment-level options)
  - **Deferred Taxes** (entity- and group-level DTL/DTA using regional tax rates defined in group structure)
- **Additional built-in controls:** currency translation adjustments, goodwill allocation & amortization, disposal effects, plus ability to define custom consolidation rules for management reporting
- **Automatic change management** for group structure events (acquisitions/disposals, ownership changes, mergers/splits)

# Multicurrency Consolidation



- **Functional & Presentation Currencies**

Assign each entity its own functional currency and define one or more group presentation currencies

- **Configurable FX Rates**

Load or enter period-end, year-to-date average, and custom-period average rates

- **Historical Rates & Manual Overrides**

Apply historical rates for equity and special balances; enter manual rates where needed

- **Automated Translation Differences (CTA)**

System calculates currency translation adjustments automatically, posting to a designated CTA account

- **Unlimited Presentation Views**

Produce consolidated reports in any number of currencies on demand

- **Account-Level Conversion Rules**

Choose per-account methods—period-end, average, historical, or conditional—for precise control

# Cash Flow Statement

- **Automation Outcomes**

- Up to **70% reduction** in manual CFS preparation effort
- Automatic auto-posting of routine adjustments

## Structured Setup Requirements

- **Chart of Accounts**

- Reconciliation (flow) accounts for balance-sheet movements
- Dedicated non-cash item accounts (depreciation, amortization, FX translation)
- Account attributes/flags for cash-flow classification

- **Necessary Manual Overrides**

- Exceptional items (reclassifications, M&A impacts, extraordinary FX)
- Captured via statistical accounts or intermediate reporting layer

# Analytics Requirements for IFRS Consolidation

- **Sufficient Detail for Reporting & Disclosures**

- 2–3 k accounts in chart of accounts
- Granularity covers all IFRS line items and note disclosures

- **Supplementary Analytic Dimensions**

- Currency, counterparties, banks, etc.
- Stored in dynamic reference tables

- **Consolidation Adjustment Attributes**

- Group-structure metadata (ownership, control)
- Investment-registry entries for acquisition entries

- **Dynamic Updates**

- Reflect changes in group composition within period
- Automatic sync of reference tables

# Drill-down



- **System-Dependent Detail**

- Unified ERP: transaction-level drill-down possible but not always needed or practical
- CPM/Specialized Consolidation: drill to loaded trial-balance items

- **Why Full Transaction Detail Isn't Ideal**

- Group-level FS reviewers seldom need invoice-by-invoice data
- Flooding reports with thousands of transactions adds noise, not insight
- There are BI-systems out there!

- **Practical Constraints**

- Inconsistent account postings across entities reduce the value of detailed drill-down
- Variations in classifications can confuse rather than clarify

- **Optimal Drill-Down Level**

- Trial-balance line item with accompanying analytical breakdown
- Enables meaningful ad-hoc slicing without overwhelming detail



# Last-Mile FS Automation



- **Data Integration**

Real-time ERP/GL connectors with validation checks

- **Report Templates**

Auto-numbered BS, P&L, CF layouts from reusable templates

- **Narrative & Disclosures**

AI-driven MD&A and footnotes linked to source data

- **Tagging & Filing**

Inline XBRL tagging and one-click regulatory exports

- **Workflow & Controls**

Configurable approvals, task assignments and audit trails

- **Distribution & Security**

Multi-channel publishing with encryption and permission controls



# Wrap Up

- 1** Consolidation projects **are different**
- 2** Tool selection depends on **group's composition and strategy**
- 3** Two pillars of consolidation: group structure & CoA **must be fully featured**
- 4** **Two approaches** to IC elimination
- 5** **Phased** data collection automation: from manual input to fully integrated
- 6** **Consider limiting** analytical-reporting capabilities of the consolidation system
- 7** CFS **can be** substantially automatic
- 8** **Last mile reporting** is a separate class of systems

# Integrated planning

is an approach for connecting the planning functions of multiple business units

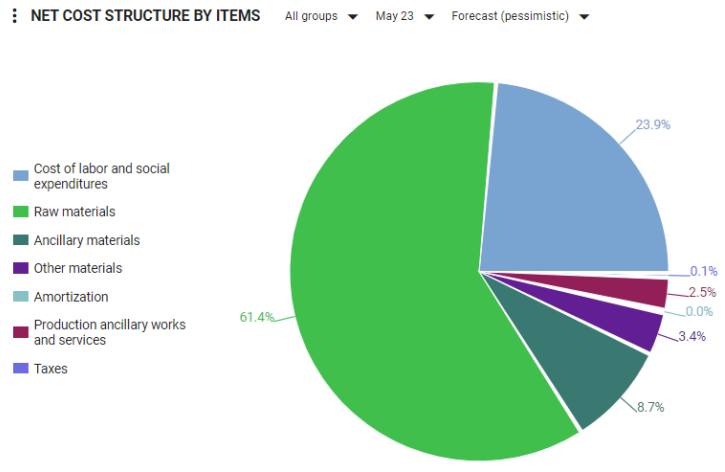


# Consolidation with Alplanir



- ❑ Consolidated reports (P&L, Cash Flow, Balance Sheet)
- ❑ Budgeting
- ❑ Forecasting and modelling, "what-if" and scenario analysis
- ❑ Cost & Profitability Analytics

Consolidated Balance Sheet Budget		Group of Companies Total		Forecast					
	Jan 23	Feb 23	Mar 23	Apr 23	May 23	Jun 23	Jul 23	Aug 23	
<b>ASSETS</b>									
<b>I. Non-current assets</b>	993 907	979 522	965 698	951 312	937 204	922 819	908 722	894 655	
Intangible assets	3 968	3 644	3 321	2 997	2 673	2 349	2 218	2 087	
Fixed assets	989 939	975 878	962 377	948 316	934 531	920 470	906 505	892 568	
Other non-current assets	0	0	0	0	0	0	0	0	
<b>II. Inventory and costs</b>	2 046 654 852	2 136 866 718	2 428 593 886	2 686 432 056	2 951 725 321	3 223 739 061	3 498 879 520	3 775 044 488	
Supplies	590 255 357	607 431 563	624 743 875	635 328 372	644 665 316	650 238 852	653 069 620	668 158 773	
Raw materials and materials	127 334	133 149	142 440	135 512	141 188	134 541	133 247	124 366	
Finished goods	590 128 023	607 298 414	624 601 434	635 192 860	644 524 127	650 104 311	652 936 374	668 034 407	
VAT	38 124 708	41 746 857	45 382 647	45 282 918	46 015 099	47 076 336	48 045 308	47 846 467	
Accounts receivable	1 958 552	1 952 548	2 053 082	2 208 079	2 188 592	2 336 407	2 621 199	2 592 568	
Cash assets, receivables and other assets	1 237 241 342	1 485 735 749	1 756 414 282	2 003 612 687	2 258 856 314	2 524 087 466	2 795 143 393	3 056 446 679	
Other current assets	179 074 893	0	0	0	0	0	0	0	
<b>Total Assets</b>	<b>2 047 648 759</b>	<b>2 137 846 240</b>	<b>2 429 559 583</b>	<b>2 687 383 369</b>	<b>2 952 662 525</b>	<b>3 224 661 880</b>	<b>3 499 788 242</b>	<b>3 775 939 143</b>	
<b>LIABILITIES</b>									
<b>III. Equity and reserves</b>	(167 123 516)	(353 857 463)	(557 109 911)	(759 764 303)	(965 731 167)	(1 176 466 460)	(1 391 239 131)	(1 605 276 252)	
Authorized capital	30 000	30 000	30 000	30 000	30 000	30 000	30 000	30 000	
Retained earnings (loss)	(167 153 516)	(353 887 463)	(557 139 911)	(759 794 303)	(965 761 167)	(1 176 496 460)	(1 391 269 131)	(1 605 306 252)	
<b>IV. Long-term liabilities</b>									
Long-term loans									840 000 000
<b>V. Short-term liabilities</b>									840 000 000
									4 051 027 374
									4 541 215 395



# Q&A

# Thank you for your attention!

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