

●●● Internal Reporting

- Budgeting
- Controlling
- Fast close
- Risk management

IAS Partner GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Advisory Services

- IAS / IFRS, US GAAP
- Due diligence
- Internal reporting

Assurance Services

- Audit
- Tax
- Valuation

Internal Reporting	Budgeting
<p>Internal reporting is an important decision tool for management. Particularly in times of rapidly changing market conditions, it is becoming a critical success factor for all companies.</p> <p>In Europe, we currently see a strong trend towards adopting international standards for external financial reporting.</p> <p>When converting to international financial reporting standards, it is often advisable to have one single reporting system for both internal and external financial reporting purposes. The advantages are:</p> <ul style="list-style-type: none"> • cost reductions • increased quality • time savings <p>The main requirements for an effective internal reporting system are:</p> <ul style="list-style-type: none"> • largely harmonized internal and external financial reporting • identical structuring of the individual components of the internal reporting system: budgeting, reporting of actual results, and controlling • uniform structure of reporting components • shortened time frame for financial statement preparation <p>Our internal reporting services include:</p> <ul style="list-style-type: none"> • Budgeting • Controlling • Fast close • Risk management 	<p>Recent events in the financial markets clearly demonstrate that missed forecasts are punished severely and can have negative consequences for shareholder value and share prices.</p> <p>By necessity, budgeting is becoming a continual process focused on:</p> <ul style="list-style-type: none"> • constant updating of forecast data • continued improvement of budgeting accuracy • shortening of budgeting cycles <p>Thus, budgeting is a critical success factor in securing a company's future. Budgeting will be one of the most important issues of the coming years.</p> <p>Our services cover the entire range from individual budgeting tasks up to implementing a complete budgeting, controlling, and reporting system.</p> <p>Our services are provided in packaged modules in the following processes:</p> <p>In a status quo analysis we determine:</p> <ul style="list-style-type: none"> • the current status • strengths and weaknesses of the current budgeting systems <p>In a target analysis, we develop:</p> <ul style="list-style-type: none"> • suggestions for improvements, taking into account best practice results • a target budgeting process • a budgeting manual and calendar • requirements for budgeting software

	<p>In the implementation phase, we implement:</p> <ul style="list-style-type: none"> • the budgeting system • the budgeting software <p>We see the process through to the first budgeting round and develop the individual process steps through ongoing communication with management and other budgeting participants.</p> <p>The budgeting system consists mainly of</p> <ul style="list-style-type: none"> • Business plan • Financial budget • Rolling forecast 	<ul style="list-style-type: none"> • analyzing budget history • projecting sales, reconciled to the market, order backlog and customer qualification • budgeting staffing levels, reconciled to sales and possibly research budgets • budgeting capital expenditures, reconciled to staffing and sales budgets • budgeting expenses, reconciled to sales- and staffing budgets • budgeting balance sheets, particularly ensuring agreement with capital expenditure and liquidity budgets and reconciling to sales and expense budgets • budgeting cash flows based on budgeted balance sheets • documenting budget assumptions
	<p>Business Plan</p>	<p>Rolling Forecast</p>
	<p>Our service includes:</p> <ul style="list-style-type: none"> • deriving a conclusive equity story • customer oriented product-/service description • analyzing the markets and the competitive environment • analyzing the organizational structure • description of the risk management system • preparation of a strengths-and-weaknesses profile 	<p>The rolling forecast updates the short-term budget and thus serves as an important early warning system and as the basis for variance analyses and budget control.</p> <p>We implement Excel-based company budgets as well as those involving the selection of external budgeting software.</p>
	<p>Financial Budget</p>	<p>Controlling</p>
	<p>Ideally, financial budgeting takes place through the setting of significant top management goals, which are then detailed by way of a bottom-up action plan.</p> <p>Our services include:</p>	<p>Both reporting of actual results and controlling are based on the budgeting system.</p> <p>To optimize the reporting processes, we also provide for extensive harmonization with the external international financial reporting.</p> <p>Synergies with external international financial reporting result particularly from introducing the cost of sales format and segment reporting.</p> <p>Sales and project controlling should also meet international financial reporting requirements.</p>

	<p>Fast Close</p>	<p>Setting up a Control Environment</p>	
	<p>Fast close stands for the preparation of monthly, quarterly, and annual financial statements in shorter and shorter cycles, ideally within a week.</p> <p>The initial pre-requisite for a fast close is the implementation of an integrated budgeting, controlling, and reporting system as described above.</p> <p>In addition, all reporting processes have to be analyzed and optimized.</p>	<p>The effectiveness of a risk management system depends to a large extent on the company's control environment.</p> <p>The following factors have a significant impact on the control environment:</p> <ul style="list-style-type: none"> • risk conscious company philosophy and leadership style ("tone at the top") • risk conscious staff • ability to communicate • ability to react quickly to market changes 	
	<p>Risk Management</p>		
	<p>Risk management has the following goals:</p> <ul style="list-style-type: none"> • analysis of enterprise risks • reflection of company specific risk tolerance • implementation of an appropriate cost-effective risk management system <p>An integrated risk management system includes all hierarchical levels and -processes.</p> <p>The Law on Control and Transparency for Enterprises in Germany (<i>Gesetz zur Kontrolle und Transparenz im Unternehmensbereich</i> – "KonTraG") requires the managing directors of public companies to implement a risk management system.</p> <p>Our services mainly cover the following areas:</p> <ul style="list-style-type: none"> • Setting up a control environment • Introducing a risk manager • Identifying risks • Analyzing risks • Implementing risk controls • Implementing a risk monitoring system 	<p>The control environment is the pre-requisite and starting point of a cost effective risk management system.</p> <p>The risk conscious company philosophy should be communicated by top management in the form of risk policy standards.</p>	
		<p>Introducing a Risk Manager</p>	
		<p>To effectively implement, document and continually improve the risk management system, it is useful to assign the responsibility for this process to a risk manager.</p> <p>This function can be performed by:</p> <ul style="list-style-type: none"> • internal audit • competent external experts <p>As external consultants, we assume the role of the risk manager who, if desired, also performs internal audit tasks.</p> <p>However, in both cases, the responsibility for implementing risk management in the various areas of the company remains with the operational management.</p>	

	<h3>Identifying Risks</h3>	<p>Our services include:</p> <ul style="list-style-type: none"> analyzing existing risk control measures identifying weaknesses and areas with potential for improvement 	
	<p>We start off the risk management by systematically gathering all potential risks that may jeopardize corporate goals.</p> <p>Our services include:</p> <ul style="list-style-type: none"> advising on clearly defining corporate goals giving workshops to identify the operational and strategic risks recording risks in a risk inventory including specifying the risk and its cause 	<h3>Implementing a Risk Monitoring System</h3>	
		<p>The risk monitoring system ensures that the company's risk status corresponds to the desired risk position over time.</p> <p>Monitoring instruments are:</p> <ul style="list-style-type: none"> variance analysis internal control system monitoring changes in risks over time <p>The variance analysis relates to the adherence to limits set by management. These limits represent maximum loss ceilings for certain periods of time.</p> <p>The internal control system can ensure that the company's processes are effective, appropriate and efficient for their respective intended purpose. Monitoring changes in risks over time includes timely communication of deviations to management and taking appropriate corrective action.</p> <p>Finally, the entire risk management system, including all control structures, has to be monitored for effectiveness, appropriateness and efficiency on an ongoing basis. Weaknesses have to be identified and corrective action taken.</p>	
	<h3>Analyzing Risks</h3>		
	<p>We then assess the risks identified in the risk inventory in the following services:</p> <ul style="list-style-type: none"> establishing the assessment criteria regarding the frequency of occurrence and the estimated potential loss evaluating the inherent risk (before controls and risk management) analyzing the existing controls and assessing their effectiveness assessing the remaining risk (after controls and risk management) assigning risk responsibility developing recommendations documenting in the risk inventory 		
	<h3>Implementing Risk Controls</h3>		
	<p>Controlling risk means systematically reducing risks by lowering their probability of occurrence and loss potential.</p>		

Our Client Service Team

One of the very critical success factors of internal reporting projects lies in the quality of the consultants.

In addition to technical expertise in national and international financial reporting, extensive knowledge of company specific process flows is essential in providing these consulting services.

Our client service teams

- have many years of experience, gained with international audit firms and others, in advising a large number of companies of all sizes
- know the practical problems from many years in the operational management of international companies
- at a minimum, have earned their professional designations as CPA or tax advisor.

Our References

IAS Partner is one of the leading providers of services in the area of internal reporting. The list of successful projects includes start-ups as well as publicly listed international companies. Our industry experience ranges from service, IT, and media to pharmaceutical and manufacturing.





Our Profile

IAS Partner is an audit and tax advisory firm. We specialize in our clients' international requirements and needs in the areas of finance and accounting.

Our advisory services focus on:

- IAS / IFRS, US GAAP
- Due diligence
- Internal reporting

We provide services to companies of all industries and sizes (from start-ups to publicly listed conglomerates) on small to complex projects.

We search for cost effective solutions, integrate client staff and support transfer of know-how. We train client staff in goal-oriented workshops.

We also provide interim management services in all service areas.

In addition to our advisory services, we also provide classic assurance services such as audit, tax, and valuation.

Advisory Services

IAS/IFRS, US GAAP	Due Diligence	Internal Reporting
Conversion	Financial	Budgeting
Compilation	Commercial	Controlling
Workshops	Legal / Tax	Fast Close
Audit and Review	Pre-Sale / Vendor	Risk Management

Assurance Services

Audit	Tax	Valuation
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Get to know us

We look forward
to further discussing our services with you.

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