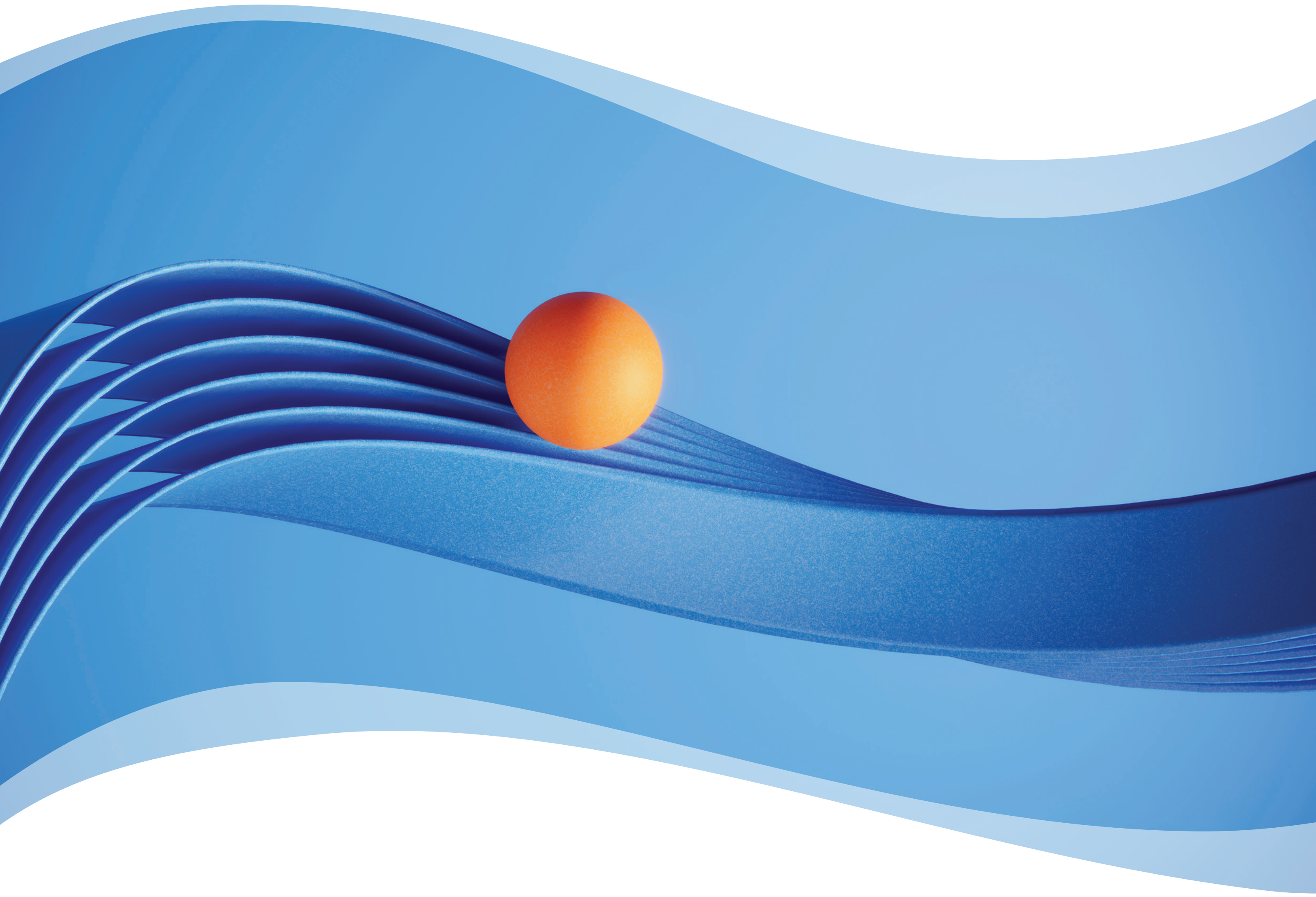
Harmonising Statutory Financial Reporting



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Finance leaders are continuously re-evaluating their approaches and priorities in order to build business resilience in the face of rapid change.

While trends like harmonising and digitally transforming key finance and accounting processes have been on the agenda for some time, these initiatives have recently accelerated. For example, one APAC survey highlighted that around 72% of multinationals were either using or soon plan to use a regional or global shared service centre for statutory financial reporting (i.e. financial statement preparation and disclosure management).

For those organisations that are holding back from harmonising or rationalising their statutory financial reporting process, this whitepaper aims to explain how content-driven technology can be a key enabler – dispelling concerns around the many layers of compliance and risk.

At a time when so many companies across the region are focused on digital innovation, CFOs and finance leaders should be wary about dragging their heels. A recent Baker McKenzie survey of APAC business leaders, for example, found that as many as 92% of respondents are in the process of re-evaluating their digital strategies with the goal of optimising their digital infrastructures and building competitive advantage.

By embracing new working models and the right technology, finance functions can become more cost-efficient and productive. More crucially, they can also increase agility and support a return to growth across the business.

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> ***The role of the finance function is evolving to deliver greater strategic value. Is your team ready to capture this opportunity?***

Many organisations across ANZ are currently engaged in finance and tax transformation projects. Initially, transactional processes were the key area of focus. Now, there's greater impetus to transform more complex and high-value processes, such as statutory financial reporting.

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For many companies, statutory financial reporting is an onerous and long-drawn-out affair. This is often due to disconnected systems, heavily manual processes and a lack of coordination between different teams' approaches. As companies push to streamline outdated ways of working, these challenges make a strong case for transformation in statutory financial reporting.

At the same time, more businesses are recognising the finance function as a contributor to organisational resilience and success. A global EY survey revealed that 69% of businesses view senior finance leaders as "the stewards of long-term value in their organisation".

Now is the time for finance functions to be more innovative and strategic. They need to spend less time on the tedious, routine work and more time on analytics, planning and other activities that drive business agility and growth.

In other words: organisations need to streamline, speed up and de-risk statutory financial reporting, so they can re-direct time and professional expertise toward the activities that add the greatest value.

Let's take a closer look at the key concerns that are impacting the harmonisation of statutory financial reporting in organisations.

Understanding the Challenges

Keeping abreast of the latest in-country rules, while managing the evolving needs of multiple entities, can make it complex to ensure the compliance of all statutory financial reports across all business entities. The drain on staff and resources is substantial, and outsourcing can be expensive.

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Further, different and disconnected processes for managing statutory financial reporting - can lead to a huge amount of duplicated effort. For instance, [Thomson Reuters' survey] found that 72% of organisations repeat two or more statutory report drafts per entity, while 47% of respondents repeat four or more. This approach is fraught with risk and can be excessively costly, with so many versions to control and different compliance processes to monitor.

To find the best way forward, it's essential to analyse your finance function's approach to statutory financial reporting.

Critical Questions to Ask

Are you still using manual methods and spreadsheets?
It's no secret that manual processes are effort-intensive, costly and loaded with risk. However, many data collection and report generation processes today are still heavily manual and reliant on complex spreadsheets and standard word processing tools. While these approaches may suffice in other areas of the business, they are not ideally suited to the fast pace of modern statutory financial reporting. As teams operate under intense pressure and manage last-minute adjustments – manual methods and legacy spreadsheets can create confusion and opportunity for error. These issues are compounded when reports are being prepared for multiple entities and there are numerous teams involved, all with differing sets of data.

Are you struggling to meet closing and reporting deadlines?
When companies waste valuable time manually checking that every financial report is accurate and meets regulatory authorities' mandated reporting requirements, it can be incredibly challenging to get all these reports in on time. Mistakes or delays can result in substantial fines.

Are inconsistent approaches draining resources?
Using different statutory financial reporting formats and standards across a multi-entity organisation can make it difficult for finance leaders to review information, maintain data quality and ensure compliance.

When teams spend hours reviewing data to ensure accuracy and consistency across the board, this leaves little time for identifying trends across reports. This can also lead to lengthier, more complex auditing cycles, which pushes up auditing costs.

Do you have enough time for analysis and planning?
When the skilled finance and accounting professionals across your organisation are spending most of their time on the routine, low-value 'nuts and bolts' aspects of financial reporting, they have fewer opportunities to focus on activities that are of greater strategic importance to the enterprise. Through automation, you could create a more flexible finance function that can re-direct skills to the work that matters most. For example, rather than spending all your time checking whether the numbers are accurate, you could focus on what 'story' the numbers are telling you.

Considering these challenges and opportunities, it may be time for your organisation to adopt a more harmonised approach to statutory financial reporting, enabled by a technology solution that offers trusted content and powerful automation capabilities.

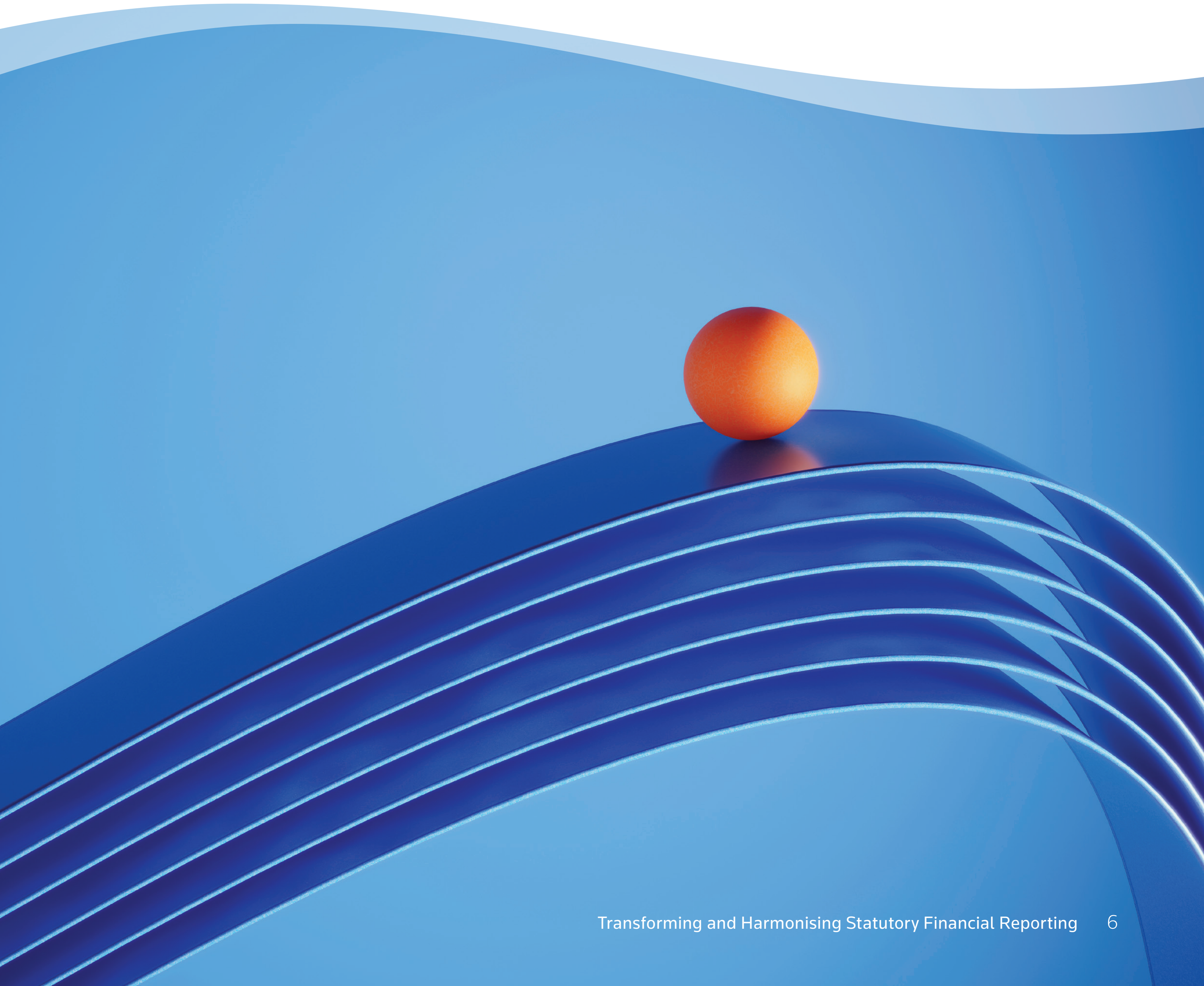
Automating Statutory Financial Reporting

You can ensure control over statutory financial reporting with a technology platform that standardises and automates the process of creating your financial reports. This reduces the need for multiple spreadsheets and duplicated manual effort, saving your organisation a substantial amount of time, while reducing the risk of non-compliance.

Automation transforms the way your organisation manages financial data, by allowing you to capture your data in one location. Enter data once and watch it flow across to all relevant parts of the report, freeing skilled professionals across the business from burdensome data entry and formatting tasks.

Process automation also provides a full audit trail from your trial balance to your reports, including adjustments, which makes it easier for you to substantiate your reports during an audit.

All these capabilities help to give your organisation the flexibility to respond to new challenges and opportunities in a timely and decisive manner.



What to Look for in an Ideal Solution

Given how fast regulations and market demands can change, it makes sense to invest in a software solution that has the flexibility and scalability to meet both current and future requirements.

Outlined below are the key factors to consider when you are comparing different statutory financial reporting automation platforms.

Assurance that you're meeting local compliance rules:
Check whether the platform provides regular releases of best-practice content from a trusted source, such as the Big 4 accounting firms. This way, you can be confident that you will always meet local accounting standards and other in-country regulatory disclosures and requirements, fully and correctly.

Flexible, fast disclosure management:
Your solution should allow you to insert and customise new disclosures in your reports using standard templates that are regularly updated to reflect current rules and best practices. You should also have the flexibility to create and control your own specific disclosures, formulas and variables, as required. This way, you can quickly and easily adapt to changes in accounting standards and other in-country regulatory disclosures and requirements.

Extensive automation capabilities:
The ability to automate as many routine, repetitive steps as possible helps to simplify the preparation and review process. Automating 'simple tasks' such as rounding, roll forward of balances and automatic note and page numbering maximises your time saving and reduces your risk of misreporting.

Seamless data accessibility:
When data can be captured and stored in one location, this helps to prevent re-keying errors. Ideally, you should be able to change data once and have these changes automatically reflected throughout reports.

Full audit trail:
Being able to substantiate your reports with standard work papers ensures you can provide a clear and comprehensive audit trail to mitigate risk and minimise audit costs.

A solution that scales with your business:
As your business grows across jurisdictions, you need a technology platform that can scale seamlessly to offer new capabilities, such as language translation support, more country-specific reporting templates, and other features.

How We Can Help

Thomson Reuters ONESOURCE Statutory Reporting is a leading global disclosure management tool for corporations worldwide. Serving in over 45 jurisdictions throughout Australia & New Zealand, Europe, Asia, the Americas and South Africa, our solution meets all of the above criteria and more – giving you complete control over your statutory financial reports, while automating the financial formatting and update processes for greater speed and accuracy.

Powered by best-practice content from the Big 4 accounting firms, you get the latest financial disclosure regulations and guidelines, and in-country reporting templates. This way, you can be confident that you're meeting your enterprise-wide statutory financial reporting requirements and reducing the risk of non-compliance, at all times.

For more information, get in touch with a statutory financial reporting technology specialist today.

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