EMEA TMC client conference
Realising the benefits of integrated process delivery

The Crystal, London
9-10 June 2015
Introduction

Case study 1: Deloitte GTCE

Case study 2: real estate business

The future: what’s coming?
**Acronyms**

CIT – Corporate income tax

STAT – Statutory accounts

PBC – Provided by client

CoA – Chart of accounts

GAAP – Generally accepted accounting principles

ERP - Enterprise resource planning

iXBRL – Inline eXtensible Business Reporting Language

TB – Trial balance

LTP – Local tax provision

CITR – Corporate income tax return

DTi – Deloitte Tax Insight

ISAE – International Standard for Assurance Engagements

AGM -

TB – Trial balance
Drivers for change

- Increasing complexity of reporting requirements and new rules
- Centralising of finance technology landscape
- Centralising of finance teams and shared services centres
- Outsourcing of finance functions
- Technology advancement
- Desire to reduce cost
What are the challenges of centralisation

- Defining a common process
- Language requirements
- Training and knowledge of local rules and requirements
- Technology immaturity
- Lack of standard local software across countries
- Local rules specifically requiring local resources
Achieving a centralised, combined process

Central team requires comprehensive local knowledge and many country specific platforms needed.

Central team require more comprehensive knowledge of local rules and technology becomes more comprehensive.

Central team require limited knowledge of local rules with single, centralised technology solution.

Combined CIT STAT PBC request. Central collection of trial balance.

Complete GAAP adjustment process with draft P&L and B/S; first pass tax calculation.

Mapping to local CoA+ some automated adjustments & tax calculation.

Centrally draft accounts and CIT, local completion.

CIT and STAT all completed centrally.

Changing requirements.

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Non-aligned process

ERP data

Non ERP data

Standing data

Manual data entry

Trial balance data load (requires mapping)

Potential data feed

ERP system

Company secretarial

Intercompany system

Other

Accounts production tool

Representaton of financial statements

Audit adjs

Tax notes (via separate calc)

CIT tool

CIT calculation and forms

Points Sheet

Statutory adj journals

iXBRL

CIT E-filing

iXBRL

Pdf comp
Integrated process

Data collection / Warehouse tool

Accounts production tool

CIT tool

Data integration

iXBRL filing

Paper filing

Transmittal letter

CIT calculation and forms
Case study
Deloitte
GTCE
<table>
<thead>
<tr>
<th>Process Planning</th>
<th>Data Collection</th>
<th>Data Validation</th>
<th>Data Process</th>
<th>Deliverable Drafting</th>
<th>Review &amp; Sign off</th>
<th>Submit &amp; Archive</th>
<th>Mgmt Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Client</strong></td>
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<tr>
<td>• Confirm availabilities</td>
<td>• Provide data (TB, PBC data)</td>
<td>• Provide additional data</td>
<td>• Clarify / confirm ad hoc matters</td>
<td>• Review and approve</td>
<td>• Review financial statements and CIT return</td>
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<tr>
<td>• Calendar of internal due dates</td>
<td>• Prior year package</td>
<td>• Business information update</td>
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<td><strong>Local Team</strong></td>
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<tr>
<td>• Review and agree calendar</td>
<td>• Set up collection platform</td>
<td>• Review prior year package</td>
<td>• Identify, prepare and document management to local GAAP and tax adjustments</td>
<td>• Preparation of local GAAP TB, Financial Statements and equity reconciliation</td>
<td>• Submit financial statements and CIT return</td>
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<tr>
<td>• Governance and process</td>
<td>• Upload TBs</td>
<td>• Check completion of PBC</td>
<td>• Conduct integrity checks</td>
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<td>• Update mapping</td>
<td>• Upload integrated PBC data</td>
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<td>• Central team</td>
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<td>• Check completion of PBC</td>
<td>• Conduct integrity checks</td>
<td>• Prepare LTP, CITR</td>
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Deloitte Global Tax Centre Europe

200+ clients
30 are large accounts covering Europe and the globe

145+ employees
Including people of 16 different nationalities

25+ + languages spoken

In some stage of a finance transformation process

Operating with shared service centers

Seek standardisation of processes, quality & cost efficiency

Requesting multidisciplinary tax and statutory accounting services

20% of the Centre’s population sits in Hyderabad, India

30,000+ indirect tax returns per year

750+ statutory accounts per year

1,300+ direct tax returns per year in 40 countries

ISAE 3402 certified
(former SAS 70)
## Enabling technology

### Deloitte conversion tool

### Benefits

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Features</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce risk</td>
<td>A single pre-configured solution that provides reconciliation from management GAAP to local GAAP, eliminating unwieldy and error prone spreadsheets</td>
</tr>
<tr>
<td>Achieve greater visibility</td>
<td>Get all the information you need on a real time basis, drill down whenever you need to see source documentation</td>
</tr>
<tr>
<td>Save time</td>
<td>Features such as automated checks and flexible import and export functionality eliminates manual tasks and speed up reporting</td>
</tr>
<tr>
<td>Ensure standardisation</td>
<td>A tool specifically built to support the GAAP conversion that enables standardisation of the reporting process and conversion methodology</td>
</tr>
<tr>
<td>Improve consistency</td>
<td>Provides consistent reporting across all countries with country specific templates that produces standardised calculations and schedules</td>
</tr>
<tr>
<td>Minimises on going report maintenance</td>
<td>A self service reporting engine that makes data easily accessible and provide the ability to run real time customised reports</td>
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</tbody>
</table>
Case study
Real estate business
### Case study

<table>
<thead>
<tr>
<th>Country</th>
<th>CIT returns</th>
<th>Stat. accounts</th>
<th>Combined information request</th>
<th>Centralised CIT</th>
<th>Centralised STAT</th>
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</thead>
<tbody>
<tr>
<td>Austria</td>
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<td>UK</td>
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<td>Y</td>
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</tr>
</tbody>
</table>

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Management application

- Managing the process for many entities would be time consuming if undertaken manually
- A bespoke management application controls the process and automates repetitive tasks
- It allows batch creation and processing of entity files
- Data is gathered in batch

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Information request (PBC) process

Automated generation of request for a country

Information request template defines which data items are required in the information request for each country.

Structured date: Each data item is tagged to support the ability to automate
The pre-formatted financial statements are automatically populated based on the uploaded trial balances and Information requests.
Benefits

• Cost reduction
  o Reduction in per-entity costs
  o Reduction in loan staff costs
• Increased efficiency
  o Client time on data provision significantly reduced
  o Automated reporting of data items across entities
  o More streamlined working shared service centre (SSC)
  o Automation of associated processes (Tax payments and AGM production)
• Improved quality
  o Improvement in quality and compliance with local rules
  o Reduction in late filing penalties and re-filings
  o Additional data controls and checks
What options exist?
## Options

<table>
<thead>
<tr>
<th>Option</th>
<th>Efficiency</th>
<th>Set-up cost</th>
<th>Recurring cost</th>
<th>In-house FTE requirement</th>
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<tbody>
<tr>
<td>Outsource</td>
<td><img src="chart1.png" alt="Chart" /></td>
<td><img src="chart2.png" alt="Chart" /></td>
<td><img src="chart3.png" alt="Chart" /></td>
<td><img src="chart4.png" alt="Chart" /></td>
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<tr>
<td>Shared services centre integration</td>
<td><img src="chart1.png" alt="Chart" /></td>
<td><img src="chart2.png" alt="Chart" /></td>
<td><img src="chart3.png" alt="Chart" /></td>
<td><img src="chart4.png" alt="Chart" /></td>
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<tr>
<td>Tactical solution – Data processing</td>
<td><img src="chart1.png" alt="Chart" /></td>
<td><img src="chart2.png" alt="Chart" /></td>
<td><img src="chart3.png" alt="Chart" /></td>
<td><img src="chart4.png" alt="Chart" /></td>
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</tbody>
</table>
I. Statutory accounts outsource

The end-to-end process from planning and preparation to finalisation of the statutory accounts and financial statements is carried out by Deloitte Global Tax Centre Europe (GTCE).

Data collection / Warehouse tool

- Import trial balance and other ERP data (e.g. transactions)
- Standardised data collection for other information (manual input or automation)
- Real time validation and analytical feedback on data quality + opportunities
- Mapping from client CoA to local CoA plus automated adjustments
- User input adjustments (audit, reclass., / presentational)
- Presents P&L and B/S in local GAAP
- Stores data items from Accounts / CIT to allow analytics
- Stat adjustment journals can be output
- Deloitte, client and auditor views
- Queries and transmittal letter
- Roll forward incl. r/f validations
- Batch processing
- Feedback on data quality

Accounts production tool

- Standard country chart of accounts
- “Additional data” screens automated
- Adjustments fed from data warehouse
- Text disclosure changes made in tool
- iXBRL filing
- Paper filing

Real time data link
II. Shared service centre integration

A standard approach to harmonise local country/departmental financial reporting processes through the integration of a standardised third party technology solution within the Shared service centre which can be used to produce financial statements and disclosures.
III. Tactical solution – Data processing

Enhancing current processes through greater standardisation, automation and built-in review checks into existing spreadsheets used in data processing; helping improve efficiency accuracy of the statutory accounts.

Customised Excel solution

- Import trial balance and other ERP data (e.g. transactions)
- Some validation and analytical feedback on data quality + opportunities
- Mapping from client CoA to local CoA plus automated adjustments
- User input adjustments (audit, reclass, / presentational)
- Presents P&L and B/S in local GAAP
- Stat adjustment journals can be output
- Client and auditor views
- Roll forward incl. r/f validations
- Feedback on data quality
- Clear comparisons against prior year file with summary review checks

Shared Service Centre

TB mapped to Local GAAP + Representation of financial statements

Statutory adj / journals

Current local statutory account preparation process

Local client teams
The future
What’s coming?
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