



Solution  
Primer

Financial Services

# *OneSumX* *Consolidation*

Consolidation is practiced every day and in several ways. The one that probably comes to mind first for many of us concerns the production of consolidated financial statements. Financial consolidation is a cornerstone of any organization's accounting and reporting practices, but all sorts of consolidation requirements pop up in activities beyond financial reporting. Examples include fulfilling BCBS 239 risk data aggregation requirements, and prudential consolidation according to the Basel framework and the Capital Requirements Directive (CRD V). Consolidation might also take place in internal reporting or management accounting.

# OneSumX Consolidation

The methods used to accomplish those other consolidation objectives, and their scope, are not always the same as those used to compile the figures in financial consolidation. Certain entities may be excluded from a consolidation group, or different consolidation methods may be applied, say when using the proportionate method versus the equity method. Consolidation may be needed not only on the highest level, but on multiple sub-consolidation levels, too.

Having centralized processes and governance standards with respect to consolidation in its various forms is not only an operational strength. It distinctly reduces time to delivery and harmonizes the achievement of consolidation objectives. Quite often we see that consolidation use cases are managed in separate functions within an organization, each for a single purpose. Treating consolidation in a decentralized way builds inefficiencies into

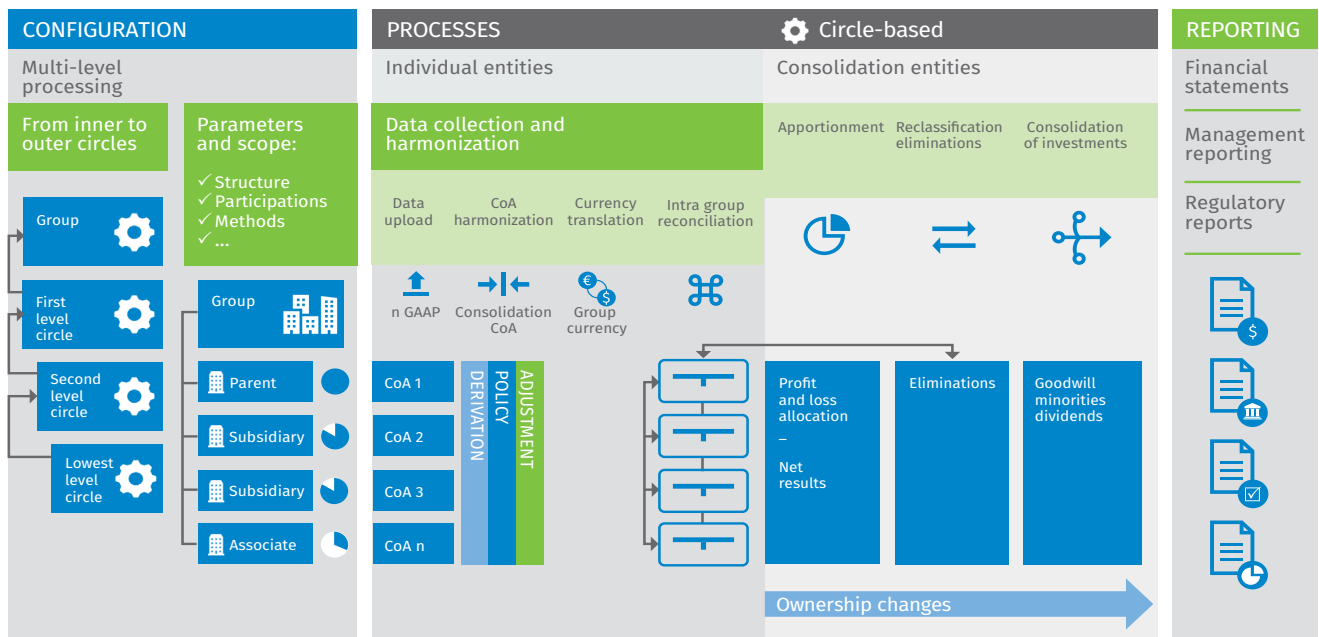
a team's processes – manual interventions, ungoverned spreadsheets, data and work duplication, poor use of resources – allowing errors and reconciliation differences to sometimes enter into results unnoticed.

### Consolidation hierarchies

OneSumX Consolidation, part of our OneSumX for Finance suite, provides a centralized solution to cover all aspects of the consolidation process. A hierarchy manager allows you to drag and drop entities to set up a consolidation hierarchy with intermediate sub-consolidation levels. You can run the consolidation process for the whole hierarchy or on a sub-consolidation level and work your way up to the top entity. You can set up and apply as many hierarchies as you like on other dimensions, such as group segments, while avoiding data duplication of the underlying financials. This allows you to manage multiple use cases centrally, including IFRS, GAAP, Basel prudential consolidation, and internal and management reporting.

Having established the hierarchies, the consolidation logic takes care of handling elimination logic around intra-group positions, treatment of dividends and the consolidation of investments. This automated journal line

### Consolidation processes in OneSumX



generation for your hierarchy comes with consolidation lifecycle management, allowing you to manage ownership changes, like divestitures and acquisitions, and explore what-if scenarios involving these corporate actions.

Among the offering's other capabilities, it can keep track of changes that your teams make over time, ensuring that all steps are well governed and auditable; track changes and explain numbers from one period to the next; disclose movements in equity and non-controlling interest, and record the currency translation difference on multiple consolidation levels.

A key feature of the consolidation user interface is its ability to create personal result views to quickly show the information that matters most to you. From this point onwards the consolidated balances can be immediately sourced to regulatory reporting or risk calculations.

#### Individual entity preparation

OneSumX Consolidation taps directly into our ledger data model so that your teams can:

- **alleviate data duplication** and facilitate data sourcing
- **easily align** solo entity balances with the central consolidation chart of account using our derivation engine
- **automate** consolidation adjustments.

Journal policies can be set up to assure the validation and (manual) approval of any incoming balances. Due to the embedded workflow, the solution helps streamline the individual entity preparation. For intra-group positions, teams can view all unreconciled entity combinations in their area of responsibility, which allows them to drill down to the lowest level of detail of the accounting balances and to create recommended correction journals with a simple click. Controls and limits can be set up to manage out-of-range results, and to assess whether these should be addressed automatically or by manual intervention.

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#### Centralized data management

Consolidation is at the heart of our finance, risk and regulatory offering. Having a solution that not only provides a consolidated financial statement, but also serves as a direct input for regulatory reports and risk calculations, creates reconciliation by design and enables peace of mind. Centralized data management and clear governance and processes surrounding consolidation help to reduce data sourcing and duplication to the bare minimum.

This enables your teams to:

- **create** operational efficiencies
- **minimize** risk and reduce end-of-period closing time
- **invest** more time on strategic initiatives that create added value.

Our professional-services team has been certified and trained to provide you with the necessary training and guidance to optimize your consolidation experience.

Extend our solution with powerful business analytics capabilities to get even more out of your consolidation data.



## About Wolters Kluwer

Wolters Kluwer (WKL) is a global leader in professional information, software solutions, and services for the healthcare; tax and accounting; governance, risk and compliance; and legal and regulatory sectors. We help our customers make critical decisions every day by providing expert solutions that combine deep domain knowledge with specialized technologies and services. Wolters Kluwer reported 2019 annual revenues of €4.6 billion.

The group serves customers in over 180 countries, maintains operations in over 40 countries, and employs approximately 19,000 people worldwide. The company is headquartered in Alphen aan den Rijn, the Netherlands. Wolters Kluwer shares are listed on Euronext Amsterdam (WKL) and are included in the AEX and Euronext 100 indices. Wolters Kluwer has a sponsored Level 1 American Depositary Receipt (ADR) program. The ADRs are traded on the over-the-counter market in the U.S. (WTKWY).

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