

## Editorial

Dear readers,

first statutory, then voluntary reporting? Our section „Focus on“ demonstrates that management is requiring a combination of both statutory and voluntary reports rather than dedicated data for different purposes. Available, targeted and reliable financial information will support efficient planning and controlling and will thus meet the requirements of management.

Section „Project hiccups“ is dealing with planning as well: Some project plans lack the view for the whole picture and/ or sufficient updates. Read how project plans may be kept both manageable and up-to-date.

We welcome your feedback. Please contact



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## Focus on: Requirements on Financial Reporting – The Management’s Perspective

For management, good financial reporting is far more than just statutory obligation. Management uses financial information and financial reports for the purpose of documentation and monitoring of day-to-day business activities as well as operative and strategic planning and control. Generated data must be hence relevant, available in a timely manner and fit for quick determination of net profit. Moreover, financial statements are rich repository for the whole external corporate communication.

### Relevant, timely, reliable

Which director and executive doesn’t dream of the famous button one has to push on the first working day upon end of a reporting period and the full set of financial information is there at once – ready for corporate communications, ready for effective internal control. Unfortunately, it is not so easy in the real world. The tension “relevant – timely – reliable” requires permanent optimisation efforts. Financial information is a valuable building block essential for control, planning and communication. If data are available only with a time lag of several months, however, their value tends towards zero. If on the other hand information is available within few days upon the reporting date, but has to be corrected fundamentally for more than once afterwards, it will hardly be used again at the next reporting date. Finally: Even if data are available within reasonable time and are sufficiently stable and reliable,

## News

### Germany adopts BilRUG

The German Bilanzrichtlinie-Umsetzungsgesetz (BilRUG, law for implementation of Accounting Directive) came into force on 23 July 2015. The BilRUG will modernise German GAAP comprehensively. It has to be first applied for financial years starting after 31 December 2015. Changes comprise the review of size classes of corporations, simplifications for small corporations as well as new requirements for measurement and disclosure. The latter particularly comprise the revised definition of sales revenue, the cancellation of extraordinary expense and revenue as well as additional mandatory notes.

The BilRUG has been published in Bundesgesetzblatt, volume 2015, part I, number 30, p. 1245 - 1267.

but have a format that is not suited for controlling purposes, they will not be used in this case neither. Data may be appropriate for purposes of documentation and monitoring at any time. Also in this case, however, the interval between occurrence of the business transaction and the availability of data reflecting this business transaction should be as small as possible.

### Linking actuals and plans

Preparing a joint reporting concept rather than having isolated views on and organisation of accounting and controlling may meet the requirements mentioned above. Following this approach a joint data repository may both meet statutory reporting requirements and feed internal controlling. Actual historical evolutions may be documented and linked with respective plan values, hence supporting direct monitoring of variances. This is the basis not only for effective control of previous strategies, but also for future planning and projections.

A joint data repository will enable the configuration and application of options given within the statutory reporting framework.

### Reporting

Not only a joint data repository should be created, but also the reporting itself should be designed in a way that statutory reporting requirements may be generated quickly, reliably and without additional manual efforts. For many executives it is more important having information appropriate for controlling purposes than just meeting statutory reporting requirements. Standardisation of such information will allow quick and immediate reporting without manual efforts. Busi-

ness evolution may be monitored reliably without having to accrue data and making them comparable each time.

Accountants and controllers both have to give grounds to each other. Nevertheless, both should agree to the joint data repository mentioned before, as this will satisfy both their needs. IFRS- or IPSAS-compliant reporting as well as Integrated Reporting require and support such joint approach.

## Project Hiccup

### Pitfall: Project plan

M trudges back to his desk in anger: He was just presenting the project plan to the Steering Committee. That is, he wanted to present, but was stopped after two phrases by the Chairman of the Steering Committee. The reason: He had considered hundreds of details, invested hours and hours, but disregarded the very recent resource allocation the Board of Directors had announced just yesterday evening. M is struggling: The next change will incur anyway in short time – if he is expected to reflect every tiny change immediately in the project plan, he will do nothing but updating plans.

M's anger is understandable, but actually he is not tackling project planning in the most appropriate manner. Certainly, preparation of project plan is time-consuming, and revising it very often cumbersome. A multi-layer design of project plan will enable smooth updating, though.

### Multi-layer project plan with increasing level of granularity

Different addressees of a project plan require different level of details of that plan: The Steering Committee requires the plan of the project as a whole, together with milestones and aggregate resource and budget planning. The single project teams require a detailed team plan indicating all work packages and their respective steps as well as planning inputs for due dates, cost ceilings, quality expectations and required personnel and material resources. Project control requires a project baseline for analysis of variances. And the

project manager? The project manager requires all the project plans of different granularities and views in order to be able to discuss project and its progress with Steering Committee, Management and Project Team Leaders, and to control, monitor and delegate project tasks.

### Up-to-dateness

A good project plan is always up-to-date. Planning only milestones on the level of the project as a whole without going into details will allow currentness. Detailed planning will be restricted to the planning of a stage and will be performed immediately before start of that stage. Such stage planning will comprise all work packages required in that stage. It has a clear and limited time horizon and considers all results available at the point of planning. Hence, uncertainties and assumptions as well as retrospective revisions may be avoided to a large extent.

### Critical path

Preparing the project plan on the level of work packages is normally sufficient. The identification of dependencies and the critical path is more important than reflecting as many activities as possible.

A multi-layer design of the project plan enables the project manager to implement changes quickly and to provide the appropriate level of detail to individual addressees. Following this approach in the future, M will succeed in his presentation of project plan to Steering Committee.

## Recommended Reading

### EPSAS – Guideline

Michael Oettinger has prepared a guideline for the transition of Public Sector Accounting towards EPSAS. tredition Verlag Hamburg has published his book „EPSAS. Leitfaden – Vorbereitung auf die Einführung europäischer Rechnungslegungsstandards im öffentlichen Sektor“.

## Imprint

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