

## PREFACE

Over the last 30 years, increasingly sophisticated technology has made significant inroads into the group reporting process. The advent of the personal computer followed by distributed processing and more recently the Internet and massively improved communications has enabled multinational companies to draw together their results from far flung places in ever quicker timescales.

At first, group consolidation systems were dedicated to supporting the statutory process but as the power and performance of distributed systems improved it became apparent that the same technologies and infrastructure could support regular management reporting as well. As a result, finance functions throughout the nineties, have sought to merge their management and financial accounting processes and organisation in an effort to streamline their operations and make efficiency gains.

But external reporting has also been on the move as regulators and governments have introduced measures designed to make multinational organisations more accountable to shareholders. As a result, the gap between statutory and management views of a business is closing and the burden of disclosure is growing as external stakeholders of all hues, not just shareholders, clamour for more information with which to assess and compare the performance of leading companies around the globe.

In recent times the reporting burden has reached fever pitch as public companies grapple with increasingly novel disclosures, for example, around the environment, social and community impacts. Not only has reporting broadened in this way but it has also become more technical as regulators and standard setters seek to impose complex international accounting standards which are still not completely harmonised and settled.

To add ‘insult to injury’, companies are required to report their results more frequently and in ever tighter timescales. But even these changes are insufficient to satisfy some commentators in the markets as we hurtle towards a vision of ‘real-time’ reporting in which company results are available in a digitized format ‘on tap’ so that the public can help themselves to the information they require, when they need it, to support investment decisions or other agendas.

Confronting all of these challenges means that management must be constantly attuned to performance if it is not to be caught off-guard. Equal regard has to be paid to the timely delivery of financial results for internal consumption and external scrutiny. It therefore stands to reason that a single historic benchmark of reporting prowess, the 'Fast Close', tied exclusively to statutory filings and announcements is no longer sufficient on its own to calibrate and monitor improvements in reporting processes.

Fortunately, after a relatively sedate period in which reporting processes and systems have changed very little, a number of new technologies are emerging that are capable of transforming the quality and speed of both internal and external reporting processes. Ironically some of the best innovations in technology have arisen out of the need to comply with Sarbanes-Oxley (SOX) confirming the old adage that "necessity is the mother of invention". SOX has exposed the need to consider the control environment in tandem with financial reporting and underlined the requirement for much better communication and collaboration throughout the Reporting Supply Chain if the quality and velocity of reporting is to be improved. Crucially, these principles are applicable across the board, i.e. regardless of whether a company falls within the Securities and Exchange Commission's jurisdiction.

Uniquely, this book illustrates how these transformational and collaborative technologies in the areas of compliance, Financial Data Quality Management (FDQM), inter-company processing, workflow, document production, XBRL and digital reporting, can accelerate financial reporting processes. However, the book recognises that tackling all of this in one initiative can be overwhelming, so the text is divided into stages that focus on the underlying principles that are designed to deliver a better process, suggesting tips and giving examples of leading edge technology, without favour, from major suppliers across the industry.

Exceptionally, the book extends the definition of Fast Close by considering the document production aspects of group reporting, an area which up until very recently has been overlooked by management and software suppliers alike. Yet the final throes of the group reporting cycle are some of the most difficult and disconnected aspects of the process, capable of introducing unacceptable errors and delay. With complete coverage from 'period close' in reporting entities to the production of the Board pack or 'glossy' annual accounts, Fast Close to the MAX™ is the first published text to embrace the entire Reporting Supply Chain.

However, not content with the status quo, the book goes on to examine the rapid progress of XBRL and explores the critical role it could play in the delivery of management reporting processes of the future as well as its potential as an agent for change in the quest for real-time reporting.

But technology alone is not sufficient to bolster reporting timescales. Accounting policy, organisational issues, compliance and audit controls also have a marked bearing on reporting accuracy and speed. Furthermore, the 'end game' should not be to achieve a Fast Close for its own sake, but to improve the productivity of the process so that senior financial management can be relieved of the burden of the mechanics of the process and concentrate their efforts more fully on performance measurement, analysis and reporting, safe in the knowledge that the results are reliable and that the underlying controls and processes are robust and dependable.

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