

GROUP CONSOLIDATION

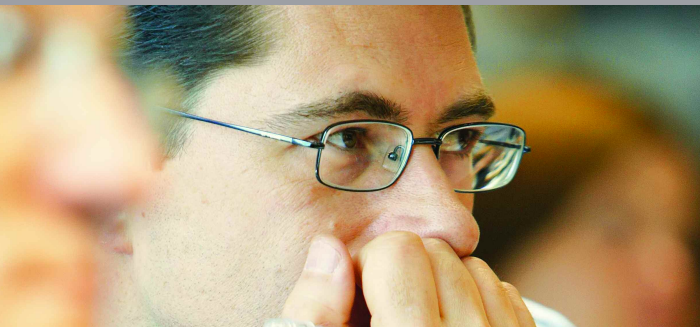


**PERFORMANCE BLUEPRINT
APPLICATION BRIEF**

**A WEB-BASED CONSOLIDATION PROCESS
FOR INCOME STATEMENT, BALANCE SHEET,
AND CASH FLOW**

INTRODUCTION

This application brief demonstrates a Web-based consolidation process for managing financial statements according to International Financial Reporting Standards (IFRS) including profit-and-loss accounts, balance sheet, and cash flow using Cognos 8 Controller. Integrated financial statements are fundamental to the consolidation process, enabling financial analysts to validate the financial data on a group basis rather than by objectives or group budgets. The model and processes described in this document are based on IFRS and are generic for industrial groups in Europe, but can be configured to support the complexity of group financial statements required by any industry in any country.



OVERVIEW

According to a decision by the European Commission, all EU-listed companies should prepare their consolidated financial statement using International Financial Reporting Standards (IFRS). For most European companies, these rules—including full comparatives—were applicable beginning January 1, 2005.

The main objective of IFRS is the elimination of barriers to cross-border securities trading by ensuring that company accounts throughout the EU are more transparent and more easily compared.

Within the group, all subsidiaries regularly generate local financial statements in their local GAAP. The *Group Consolidation Blueprint* model is designed to collect local data, adjust local GAAP to group GAAP (e.g. IFRS), and consolidate figures into group financial statements. At the group level, this data can be analysed, be validated against budget and forecasts, can lead to new corporate strategic objectives, and can ensure predictability in the long-range plan.

MODEL OBJECTIVE

The objective of the *Group Consolidation Blueprint* model is to offer our customers predefined structures that comply with IFRS rules. This will give the Cognos 8 Controller implementation project a jump-start and will reduce risk, time, and needed resources. The model contains

- Balance sheet with detailed information
- Profit-and-loss statement
- Fixed and intangible asset tables
- Equity specification
- Cashflow statement
- Segmental information
- Tax schedules
- Impairment test

KEY COGNOS CONTROLLER BENEFITS

- Flexible model to support IFRS
- Pre-defined consolidation processes to handle all statutory and management requirements
- Web-based deployment for data collection and consolidation
- Real-time, form-based calculation for immediate results
- Strong consolidation process security controls
- Pre-defined reports for financial statements
- Scalable architecture with proven deployment to hundreds of users
- Linking functionality to provide collaboration between all areas of the corporation
- Supports SAP, Oracle, and other ERP systems.

THE CONSOLIDATION PROCESS WITH COGNOS 8 CONTROLLER

- Finance personnel enter data beginning with the balance sheet or profit-and-loss statement, drilling through form links to lower levels until all necessary financial data from all companies are entered and validated.
- At a group level, individual companies' data is consolidated by converting figures into the group currency, eliminating all internal transactions, as well as investments in subsidiaries against the equity of single entities.
- Consolidated financial data is published through the internal report generator or other Cognos 8 reporting tools.

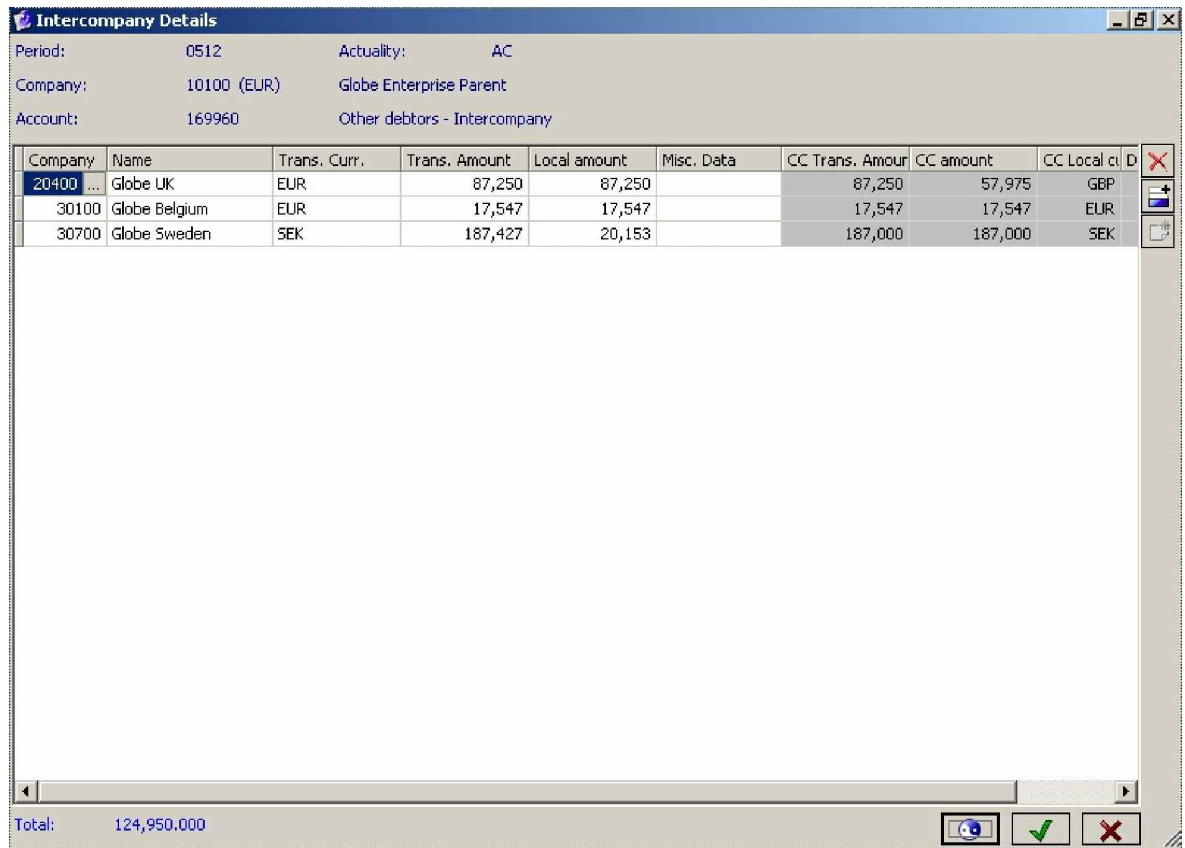
BALANCE SHEET

For a specific period and actuality you can enter all relevant numbers for the balance sheet using this form. Some of the numbers have to be entered in detail forms, connected with a form link which allows you to drill through to a specification form. The previous year is also automatically loaded and the difference between the two years is calculated in effective figures and percent variations.

Balance Sheet - Compiled Globe Enterprise Parent Currency: EUR		Actual 0612AC	Actual 0512AC The actuality cor	Variance abs.	Variance %	
	Detail form					
122000	Intangible Assets	06IA	90'700	99'600	-8'900	-8.94%
132000	Tangible assets	07FA	605'240	598'420	6'820	1.14%
140490	Other investments - NBV	07FA				
140540	Investments in subsidiaries - Cost		142'000'000	142'000'000		
140560	Investments in subsidiaries - Adjustment					
140590	Investments in subsidiaries - NBV		142'000'000	142'000'000		
140600	Investments Equity share					
140900	Fixed assets		142'695'940	142'698'020	-2'080	0.00%
150299	Total stocks	08ST	67'756'008	68'374'425	-618'417	-0.90%
151000	Deferred Tax assets					
169990	Total debtors third	09AR	54'107'657	53'181'114	926'543	1.74%
169910	Trade Group					
169960	Other debtors - Intercompany		183'658	124'950	58'708	46.99%
170000	Offset acquisition					
171000	Offset IC BS					
180090	Cash & Bank	10CA	842'944	842'944		
180200	Current assets		122'890'267	122'523'433	366'834	0.30%

INTERCOMPANY DETAILS

Integrated pop-up windows allow the user to split intercompany transactions among the different counterparties. Values can be entered including a transaction currency and amount, allowing Controller to split intercompany differences into real and currency-related ones. “Online Matching” enables counterparty information to be displayed online with a single mouse-click.



The screenshot shows a window titled "Intercompany Details" with the following fields:

- Period: 0512
- Actuality: AC
- Company: 10100 (EUR)
- Globe Enterprise Parent
- Account: 169960
- Other debtors - Intercompany

Company	Name	Trans. Curr.	Trans. Amount	Local amount	Misc. Data	CC Trans. Amour	CC amount	CC Local ci	D
20400 ...	Globe UK	EUR	87,250	87,250		87,250	57,975	GBP	
30100	Globe Belgium	EUR	17,547	17,547		17,547	17,547	EUR	
30700	Globe Sweden	SEK	187,427	20,153		187,000	187,000	SEK	

Total: 124,950.000

FIXED ASSET TABLE

One of the components of the balance sheet is the fixed asset table. Here one can enter all values for fixed assets divided by category and by cost value, accumulated depreciation, and impairment movements. The net book value is automatically transferred into the balance sheet. In addition, there is a system test which compares depreciation from the fixed asset table with the profit-and-loss statement.

E	F	G	H	I	J	
Tangible Fixed Assets						
Globe Enterprise Parent						
Currency: EUR						
12 2006						
The actuality code is invalid.						
	Freehold land & I	Leasehold prope	Plant & machiner	Leased assets p	Fixed assets - Gr	Tan
Cost values						
Opening balance	398'334	214'488	54'541	76'602		
Increase in scope of consolidation	36'869	19'853	5'048	7'090		
Additions						
Transfers within this category						
Translation adj. on movements						
CV Revaluations						
CV Other movements						
CV Currency effect						
CV Total	435'203	234'341	59'589	83'692		
Accumulated Depreciation						
Opening balance	-76'602	-45'962	-7'660	-15'321		
Increase in scope of consolidation	-21'720	-11'700	-11'880	-16'740		
Ordinary depreciations for the period						
▶ ▶ 07FA ◀ ◀ ▶ ▶						

EQUITY SPECIFICATION

For equity, the model includes a feature that allows the user to enter equity flows, for example shareholders funds and other reserves. Opening balances are automatically carried forward and the year's result are automatically transferred into the specification table. On a group level, equity is kept at historical rate. The currency effect of closing rate for the year and cumulative is automatically calculated. Minority shares are calculated and separately presented.

Data Entry Selections											
Actuality:	AC	Currency Type:	LC	Period:	0512	Submission:	1	Company:	10100	Form:	ZZEQ
	E	F	G	H	I	J	K	L	M	N	
6	Equity Specification										
7	10100 Globe Enterprise Parent										
8	Currency: EUR	Share capital	Share premium	Capital reserves	Other reserves	Retained Profit	Revaluation reserve	Total Equity	Minority interests	TOTAL EQUITY in	
9	Opening Balance										
10	Effect on OB due to structure changes										
11	Increase										
12	Decrease										
13	Acquisition of companies	75,000,000	25,000,000	30,000,000		7,590,341		137,590,341		137,590,341	
14	Disposal of companies										
15	Profit of the year					13,181,838		13,181,838		13,181,838	
16	Revaluation										
17	Dividends paid										
18	Other movements										
19	Total without profit of the year					7,590,341					
20	Total at historical rate	75,000,000	25,000,000	30,000,000		20,772,179		150,772,179		150,772,179	
21											
22	CTA Opening balance										
23	CTA current year										
24	CTA Closing balance										
25											
26	Closing balance - current rate	75,000,000	25,000,000	30,000,000		20,772,179		150,772,179		150,772,179	

PROFIT AND LOSS STATEMENT BY SEGMENT

In connection with free definable structures, it is possible to hold, consolidate, and deploy segmental information.

D	E	G	H	I	
Globe Enterprise Parent		LC	0612	03PD	AC
		2020	3010	3020	401
		Colour Inkjet Printer	Personal Laptop 14"	Personal Laptop 16"	Flat
SER3481	Sales - Third Parties	987'018	2'425'404	1'495'242	
SER3486	Sales - Group Companies				
SER3491	Total Sales	987'018	2'425'404	1'495'242	
SER3495	Sales related costs 3rd Parties				
SER3500	Sales related costs Intercompany / IC				
SER3505	Total Sales related costs				
SER3510	Net Sales	987'018	2'425'404	1'495'242	
SER3515	Changes in Inventories of Fin.Goods and WIP				
SER3520	Own Work Capitalized				
SER3525	Leasing Income				
SER3530	Gain from Sale of Fixed Assets				
SER3535	Gain from Sale of Intangible Assets				
SER3540	Income from Cases of Damage				
SER3545	Release of Provisions				
SER3550	Other Operating Income				
SER3555	Total Operating Income				
SER3100	Cost of Sales Materials	-200'358	-569'580	-388'436	
SER3101	Cost of Sales Materials Group				
SER3102	COS IP adjustment				
SER3105	External Charge for Production Services	-230'988	-161'670	-49'242	
SER3110	Reconditioning Charge to Clients				

CASHFLOW STATEMENT

From the information entered, Cognos 8 Controller automatically creates a cashflow statement. The cash-flow statement can be used at any level, in any currency within the group structure. This allows financial analysts to view cashflows throughout the group to optimise the pooling of cash.

10100 Globe Enterprise Parent			
24CF Cash flow			
EUR		0612AC	0512AC
CF001	Net income Group	2'153'438	13'181'838
CF003	Net income Minorities		
CF005	Depriciation operating Assets		
CF007	Depriciation nonoperating Assets		
CF009	Provisions (increase+ / decrease-)	-19'697	764'471
CF011	Reserves (increase+ / decrease-)		
CF013	Non-distrb. net inc. of non-cons. comp.		
CF015	Profit on disposals of fixed assets		
CF017	Profit on sale of subsidiaries		
CF020	Cash flow before working capital changes	2'133'741	13'946'309
CF021	Accounts receivable Group (incr. - / decr. +)		
CF023	Accounts receivable third (incr. - / decr. +)	-500'267	-18'370'832
CF025	Other receivables Group (incr. - / decr. +)	-58'708	-124'950
CF027	Other receivables third (incr. - / decr. +)	-426'276	-348'10'282
CF029	Inventories Group (incr. - / decr. +)		

IMPAIRMENT TEST

With this impairment test schedule, the *Group Consolidation Blueprint* model delivers a standard calculation based on the discounted cashflow method. This guarantees that impairment tests are executed uniformly throughout the group, and allows financial analysts to review investments in subsidiaries.

DCF Impairment Test	0512AC Actual	0612FC Forecast	0712FC Forecast	0812FC Forecast	0912FC Forecast	1012FC Forecast	1112TV Terminal Value
04.01.2006 03:30	31 10100						
Discount Factor (WACC)	600.00%	0	0	0	0	0	
Long term sustainable growth rate	200.00%	0	0	0	0	0	
Goodwill	0	0	0	0	0	0	
Impairment Test according to IAS 36							
INCOME STATEMENT							
Total sales, net	+						
Total research & development	-						
Total marketing & sales	-						
Total general & administrative overhead	-						
Total other income, net	+						
Total other expenses, net	-	-2'702'268	-2'756'313	-2'810'359	-2'864'404	-2'918'449	-2'972'495
From Others		93'100	93'100	93'100	93'100	93'100	
EBIT	=	2'795'368	2'849'413	2'903'458	2'957'504	3'011'549	2'972'495
BALANCE SHEET							
Total trade receivables (NWC)	+	6'051'774	6'172'809	6'293'845	6'414'880	6'535'916	6'656'951
Total other receiv. and prepay. (NWC)	+	3'349'506	3'416'496	3'483'486	3'550'476	3'617'466	3'684'457
Total inventories (NWC)	+						
Total land and buildings, net (OFA)	+						
Total plant and equipment, net (OFA)	+						
Total intangible assets (without GW) (OFA)	+						
ASSETS		11'500	11'500	11'500	11'500	11'500	
Total trade accounts payable (NWC)	+						

INTEGRATED REPORTS

More than 200 integrated, pre-configured reports are included in the Controller application. With these reports a complete audit trail is created that allows controllers and auditors to verify any number either entered manually or calculated by the system. Drill-down functionalities allow users to browse the structures to explain any numbers of concern.

Cognos Controller - [Reports - Trial Balance with Drilldown]

File Edit View Company Group Reports Transfer Maintain Window Help

		31210	60000L	70000L	Group	
		Globe CH	Globe ING	G LSG	Adjust	Total
122000	Intangible Assets	118,755	2,496,628	807,076		3,842,081
132000	Tangible assets	6,626,535	58,930,910	23,700,092		108,787,368
140540	Investments in subsidiaries - Cost		0	0		0
140590	Investments in subsidiaries - NBV		0	0		0
140900	Fixed assets	6,745,290	61,427,538	24,507,168		112,629,449
150299	Total stocks	20,188,228	794,804,118	153,177,876		1,093,947,696
151000	Deferred Tax assets		45,699			45,699
169990	Total debtors third	8,416,437	333,682,821	64,342,303		483,734,802
169960	Other debtors - Intercompany	63,621	0		-188,571	0
170000	Offset acquisition	-2,500,000	-105,000,000	-18,000,000		0
171000	Offset IC BS					0
180090	Cash & Bank	940,619	8,388,177	3,381,827		16,261,361
180200	Current assets	27,108,905	1,031,920,814	202,902,006	-188,571	1,593,989,558
180500	TOTAL ASSETS	33,854,195	1,093,348,352	227,409,173	-188,571	1,706,619,007
230090	Share capital	0	0	0		75,000,000
230190	Share premium		0			25,000,000
240090	Capital reserves	0	15,685,000	1,680,000		50,365,000
240190	Other reserves		5,558,750	2,000,000		8,308,750
240200	Retained Earnings	95,347	27,230,971	5,476,236	17,100,000	65,274,682
240250	Profit of Loss	39,899	1,311,659	1,011,144	-17,100,000	-1,060,213
240420	Translation	-4,817	1,335,307	39,699		1,370,188
240450	TOTAL EQUITY	80,429	51,121,686	10,207,079	0	224,258,407

Account
Company
Journal Type
Automatic Journal Type
Journal Number
Counter Company
Counter Dimension
Division

Drill On: Account

Status: On Multi

STATUS REPORT

An integrated status report allows the group controller to see at any time how far the consolidation process has proceeded. It contains drill-down functionality to view a single company's status.

The screenshot displays the Cognos Controller interface for a Group Status report. The window title is "Cognos Controller - [Group Status]". The menu bar includes File, Edit, View, Company, Group, Reports, Transfer, Maintain, Window, and Help. The toolbar contains various icons for file operations and navigation.

Selections:

- Actuality: AC
- Period: 0512
- Submission: 1
- Consolidation Type: LE
- Group: 10000L

Submission Details:

- Form Set: 1
- Date: -

Company Status:

- Company: 10000L
- Company Status: Missing: Reported: N/A:

Table:

Group/Company	Currency	Status
10000L Globe Enterprise Group Legal	EUR	Processing
10100 Globe Enterprise Parent	EUR	Processing
20500 Globe Ireland	EUR	Processing
30100 Globe Belgium	EUR	Processing
31210 Globe Switzerland	CHF	Processing
60000L Globe Investment Group	GBP	Processing
20400 Globe UK	GBP	Ready
30200 Globe Denmark A/S	DKK	Processing
30300 Globe Norway	NOK	Processing
30400 Globe Holland	EUR	Processing
30700 Globe Sweden	SEK	Reconciled
31220 Globe Austria	EUR	Processing
50200 Globe Hong Kong Ltd	HKD	Processing

Reporting Status:

A bar chart showing the distribution of reporting statuses:

- Processing: 19 (blue bar)
- Ready: 1 (green bar)
- Reconciled: 1 (yellow bar)
- Missing: 0 (red bar)

Legend:

- Missing (Red)
- Reconciled (Yellow)
- Processing (Blue)
- Ready (Green)

Buttons: Print, Refresh

Status: On Multi

COMPANY STATUS

On the company level you can see which forms have already been populated with data. It is possible for the responsible person to give electronical approval. After approval is given, Controller automatically closes data entry for that specific company.

The screenshot shows the 'Cognos Controller - [Company Status]' application window. The interface includes a menu bar (File, Edit, View, Company, Group, Reports, Transfer, Maintain, Window, Help) and a toolbar with various icons. The main area is divided into two sections: 'Selections' and 'Submission Details'.

Selections:

- Actually: AC
- Period: 0512
- Submission: 1
- Company: 30700

Submission Details:

- Form Set: 1
- Date: -
- Status: Reconciled
- Local Currency: SEK

Below these sections is a table listing various financial forms. The table has columns for Form, Name, Status, Created, User, System, Updated, User, and System.

Form	Name	Status	Created	User	System	Updated	User	System
01BS	Balance Sheet - Compiled	Reported	8/11/2005 4:	ADM	DE	10/25/2005 1	ADM	DE
02PC	Profit & Loss - Compiled	N/A	12/23/2005 9:	ADM	DE	12/23/2005 9:	ADM	DE
02PL	Profit & Loss by Nature	Reported	8/11/2005 4:	ADM	DE	10/25/2005 1	ADM	DE
03PD	Profit & Loss with Dimension	Reported	8/11/2005 4:	ADM	DE	10/25/2005 1	ADM	DE
04TS	Thrid Sales with Dimension	Reported	8/11/2005 4:	ADM	DE	10/25/2005 1	ADM	DE
05IS	IC-Sales with Dimension	Reported	8/11/2005 4:	ADM	DE	10/25/2005 1	ADM	DE
06IA	Intangible Assets	N/A	10/25/2005 1	ADM	DE	12/23/2005 9:	ADM	DE
07FA	Tangible Fixed Assets	Reported	10/25/2005 1	ADM	DE	10/25/2005 1	ADM	DE
08ST	Stock (Divisions in columns)	Reported	10/25/2005 1	ADM	DE	10/25/2005 1	ADM	DE
09AR	Accounts receivable (Divisions in c	Reported	10/25/2005 1	ADM	DE	10/25/2005 1	ADM	DE
10CA	Cash and Banks	Reported	10/25/2005 1	ADM	DE	10/25/2005 1	ADM	DE
20EQ	Equity Specification	Reported	8/11/2005 4:	ADM	DE	10/25/2005 1	ADM	DE
21CO	Creditors Over 1 Year (Divisions in	Reported	10/25/2005 1	ADM	DE	10/25/2005 1	ADM	DE
22CU	Creditors Under 1 Year (Divisions	Reported	10/25/2005 1	ADM	DE	10/25/2005 1	ADM	DE
23IM	Margin on Sales to Group compar	N/A	10/25/2005 1	ADM	DE	12/23/2005 9:	ADM	DE
24CF	Cash flow	Reported	8/11/2005 4:	ADM	DE	10/25/2005 1	ADM	DE
25CF	Cash flow Additional Information	Reported	10/25/2005 1	ADM	DE	10/25/2005 1	ADM	DE
26AB	Acquisition Balance Sheet Cashfic	Reported	10/25/2005 1	ADM	DE	10/25/2005 1	ADM	DE

The bottom right corner of the window shows a 'Ready' status bar and a 'Status: On Multi' indicator.

REPORTING

With the integrated report writer, complete financial statements can be produced, linking Word documents with dynamic Controller reports and streamlining the reporting cycle.

Microsoft Excel - 01BS.xls

File Edit View Insert Format Tools Data Controller Window Help

Type a question for help

A1 fx

87%

Arial 10 B I U

Balance Sheet						
		Actual 0612	Actual 0512	Annual budget 0612	Variance CY vs PY	Variance in %
122000	Intangible Assets	90'700	99'600	85'987	-8'900	-8.94%
132000	Tangible assets	605'240	598'420	575'114	6'820	1.14%
140490	Other investments - NBV	0	0	0		
140540	Investments in subsidiaries - Cost	142'000'000	142'000'000	142'000'000		
140560	Investments in subsidiaries - Adjustme	0	0	0		
140590	Investments in subsidiaries - NBV	142'000'000	142'000'000	142'000'000		
140600	Investments Equity share	0	0	0		
140900	Fixed assets	142'695'940	142'698'020	142'661'101	-2'080	0.00%
150299	Total stocks	87'756'008	88'374'425	85'723'328	-618'417	-0.90%
169990	Total debtors third	54'107'657	53'181'114	52'484'428	926'543	1.74%
169960	Other debtors - Intercompany	183'658	124'950	178'148	58'708	46.99%
170000	Offset acquisition	0	0	0		
171000	Offset IC BS	0	0	0		
180090	Cash & Bank	842'944	842'944	817'656		
180200	Current assets	122'890'267	122'523'433	119'203'560	366'834	0.30%
180500	TOTAL ASSETS	265'586'207	265'221'453	261'864'661	364'754	0.14%
230090	Share capital	75'000'000	75'000'000	75'000'000		

01BS / Sheet2 / Sheet3 /

ABOUT THE COGNOS INNOVATION CENTER FOR PERFORMANCE MANAGEMENT

The Cognos Innovation Center was established in North America and Europe to advance the understanding of proven planning and performance management techniques, technologies, and practices. The Innovation Center is dedicated to transforming routine performance management practices into “next practices” that help cut costs, streamline processes, boost productivity, enable rapid response to opportunity, and increase management visibility.

Staffed globally by experts in planning, technology, and performance and strategy management, the Innovation Center partners with more than 600 Cognos customers, academics, industry leaders, and others seeking to accelerate adoption, reduce risk, and maximize the impact of technology-enabled performance management practices.



THE NEXT LEVEL OF PERFORMANCE™