



Coprocess Reconciliation Module a Month End Intercompany Reconciliation Tool



Key features

- Consolidated view of all closing data
- Mismatching at Invoice level
- No change in the way of doing Netting today
- Re-use the same Netting interfaces
- All historical data is Archived

Background

There is a trend in the market whereby the value chain of a company is more and more decentralized at subsidiary and also country level. This leads to a complex closing run with a group-wide consolidation of the different sub-ledgers.

One important element in the consolidation is to net out intercompany positions on the balance sheet and P&L items. With the general increase of corporate governance requirements, detailed audits of these positions have to be documented and cleared out on an on-going basis.

The **Coprocess Reconciliation Module** is designed specifically to solve these issues.

What are the problems today?

The accounting departments have often to deal with mismatches in the intercompany accounts mainly during monthly and or quarterly closings. This can happen not only with invoiced goods and services (internal accounts receivables vs payables) but also with other transactions e.g. loans and deposits, interests on internal positions and other balance sheet items.

In general, invoices are booked in the accounts receivable when they are created. However they are not booked in the accounts payable until they have been received, checked and approved. This delay in booking gives rise to differences in the consolidated accounts.

In addition to missing invoices, one can find real mismatches on invoices (wrong counterparty, different amounts or currencies etc). Because time is limited during the closing process and it is difficult to see an overview of the detailed accounts receivables of the various counterparties. This results in:

- Mismatches on the consolidated balance sheet
- Wrong presentation of the P&L accounts
- Pressure from auditors for resolution of the situation

Also, the exchange of data between the subsidiaries and the reconciliation of the accounts is in many cases a manual process. A great deal of time is lost in getting this data from the counterparties. Meaningful month-end reconciliation cannot work until this process is complete.

The **Coprocess Reconciliation Module** offers a tool that central accounting and subsidiaries alike can use to directly solve these issues.



system requirements

Hardware:

Standard Windows Unit with clock speed of 1GHz or higher
512MB RAM or more
100MB Free Hard disk space
1024x768 Screen resolution

Software:

Windows 2000 Server
Windows Server 2003
Windows 2000 Pro
Windows XP Pro
IIS or Apache Web Server

contact

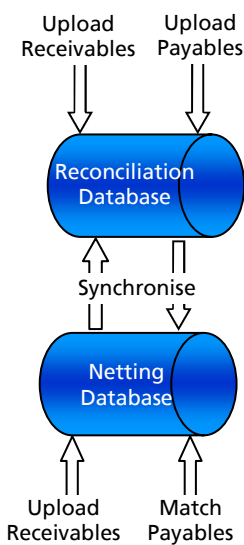
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interface diagram

~ 30th of the Month



~ 20th of the Month

more information

For more information regarding any of the products or services mentioned in this brochure, please contact us at the address given above or visit our web site.

How does the Coprocess Reconciliation Module solve these problems?

Coprocess SA has created a new tool specifically for intercompany reconciliation at month-end. This tool is designed to help the accountants at the subsidiaries as well as at the central office to undertake an efficient cleaning **process** of intercompany mismatches. With the **Coprocess Reconciliation Module** the subsidiary is able to view all their invoice level details both from their own perspective as well as from the counterparty's. Therefore users are able to concentrate on solving mismatch issues rather than wasting time trying to gather information.

The **Coprocess Reconciliation Module** is an optional module for our netting system. The interface between the accounting system and the netting already exists. Today the subsidiaries are uploading their files into the netting system either from accounts payable or from accounts receivable. For reconciliation, the subsidiaries are uploading with the same file format but containing **all their payables and receivables** from the sub-ledgers into the reconciliation database.

For smaller subsidiaries it is also possible to enter the data manually. The two databases, netting and reconciliation, are separated as they serve different purposes:

NETTING DATABASE: Live database, constantly changing. For intercompany payments and management of mismatches and disputes concentrating on the next payment run.

RECONCILIATION DATABASE: Used at month end only; the database is frozen and archived after closing. Analysis of all booked receivables and payables by counterparty. Transparency of missing (only booked in receivables) and mismatching invoices.

For the reconciliation a cut off date is predefined at month end. All subsidiaries will upload their data into the database. It is also possible to define a pre-closing and a final closing date some days later in order to solve the mismatches during the actual closing. After cut off the analysis is available to all subsidiaries as follows:

- sorting by counterparty and currency
- mismatches are transparent at invoice level

The big advantage of this approach is that the subsidiaries have all the details available and can spend their time directly resolving mismatches.

About Coprocess SA

Coprocess SA is a software house specialising in corporate multilateral netting. The company provides a variety of netting solutions to major corporations and banks, facilitating every stage of the netting process from the general ledger through to payment automation. Coprocess SA netting system is a key element in the whole corporate settlement process whether in-house or out-sourced, intercompany or including third party payments. Major customers using *NT Netting* from Coprocess SA include Air Liquide, Sanofi Aventis, Ericsson, Nestle and BASF. Coprocess SA was founded in 1991 in Geneva, Switzerland, with offices in Paris and the United States. Further information can be found at: www.coprocess.com