

Recommendations for streamlining annual reporting process 1/14/22



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The preparation of annual accounts is relevant to each company, and this process often involves making multiple changes that have a direct effect on the numerical information presented in the company's financial statements. Accounting software mostly ensures automatic preparation of the balance sheet and the profit and loss account, yet companies, depending on their size, may have to produce a number of notes that tend to take a long time to prepare. In this article we share recommendations for accelerating the technical preparation of financial statements.

How data is usually prepared for annual accounts

We often see that the process of preparing financial statements involves numerical data being repeatedly copied from one source to another:



** If necessary, the statements are also prepared in a foreign language.*

Thus one and the same information is repeatedly entered into various sources: general ledger data from the accounting system is transferred to an Excel program where the data is grouped then inserted in the Latvian template, often a Word document, and if necessary, in the foreign-language template too. In addition, if any corrections are made to the data, the process of updating and copying is run again. This involves a high margin of error if any of the notes to the accounts still contain the old data after several rounds of changes. Once the statements have been completed and approved, the same data is again copied from the templates to the State Revenue Service's Electronic Declaration System (EDS).

If a Word template is used for presenting data in the financial statements, it is common practice to insert numerical data in Word tables where totals are checked using a calculator. In addition, breakdown amounts in the notes are checked against the amount appearing in the relevant item.

A potential improvement – preparing financials in Excel

If financial statements are prepared using output data from Excel, it is definitely worth considering ways to minimise the number of times the data is copied manually. One solution is to completely transfer the template to Excel and ensure the notes are presented automatically according to grouping conditions prepared earlier:

Advantages

Automatic presentation of data in the statements and notes according to the general ledger data

Disadvantages

Visuals are not easy to adjust.

Multiple language versions in a single file

The user does not find it easy to edit and format a larger text.

Controls can be set up to identify discrepancies automatically.

If several people are working with the template, it is more difficult to track changes.

When output data is changed, it is dynamically transferred to the relevant items and notes.

The time to be invested in creating a template depends on how well the user knows Excel functionality. However, doing this once will save you time on each next occasion. An alternative is to consult a service provider and get help in creating a template.

Potential improvements for preparing and formatting financials using Word

If you are used to working with a Word template, this too has room for improvement. When it comes to changing your template, it is worth considering the following aspects:

- Do you use Word tables and separately recalculated item totals to check consistency?
- Are your statements being prepared in two or more languages?
- How often do you have to correct numerical data before your statements are approved?
- How much data is to be manually entered on EDS?
- How many sets of statements do your companies need to prepare?

If you are preparing statements in a Word form, remember that you can use the Word functionality that allows an Excel worksheet object to be placed in a document to exclude the step of checking totals. Also, there are several ways of ensuring a more dynamic transfer of data to the Word template, including breakdown data in the notes. In addition, it is possible to create solutions for importing this data into EDS automatically to prevent it from having to be entered again by a human.

If you spend a lot of time presenting the numerical information of your statements and perform multiple manual actions, then it is worth considering what process changes could be put in place to facilitate the work of preparing financials. We have helped our clients create financial templates in Excel and solutions with a dynamic data transfer to Word and an automatic import into EDS. As a result, all you need to do is copy the accounts turnover if necessary, do reclassifications, and enter the text, and the statements are ready for management needs and for uploading to EDS. If you would like to know how improvements can be made in your particular situation, please find out about PwC Annual reporting tool, or please [be in touch with us](#).