Intercompany & consolidation process in Netsuite – EcoVadis group

February 2020

Document Classification: EcoVadis Confidential – Restricted use (AUFO)

Intercompany process

Agenda

1. Quick overview
2. Set-up of Elimination entities
3. Set-up of intercompany accounts & intercompany vendors / customers
4. Booking intercompany journal entry
5. Recording intercompany sales / purchases
6. Eliminate intercompany transactions

Quick overview

> Intercompany flows in Netsuite

- Netsuite offers the possibility to :
  - Record sales between subsidiaires (using PO/SO – Bills / invoices)
  - Record simultaneously transactions in different subsidiaries : 1 journal entry can be book on at the same time on different subsidiaries
  - Eliminate these intercompany transactions.
- Some set-up must be done to allow this process :
  - Set-up of Elimination entities
  - Specific vendors / customers creation
  - Set-up of Intercompany accounts
  - Booking intercompany transactions (invoices, bills, intercompany journal entry)
- Intercompany elimination is part of the closing process of Netsuite (it can be automated also)
- Some standard reports are already proposed by Netsuite

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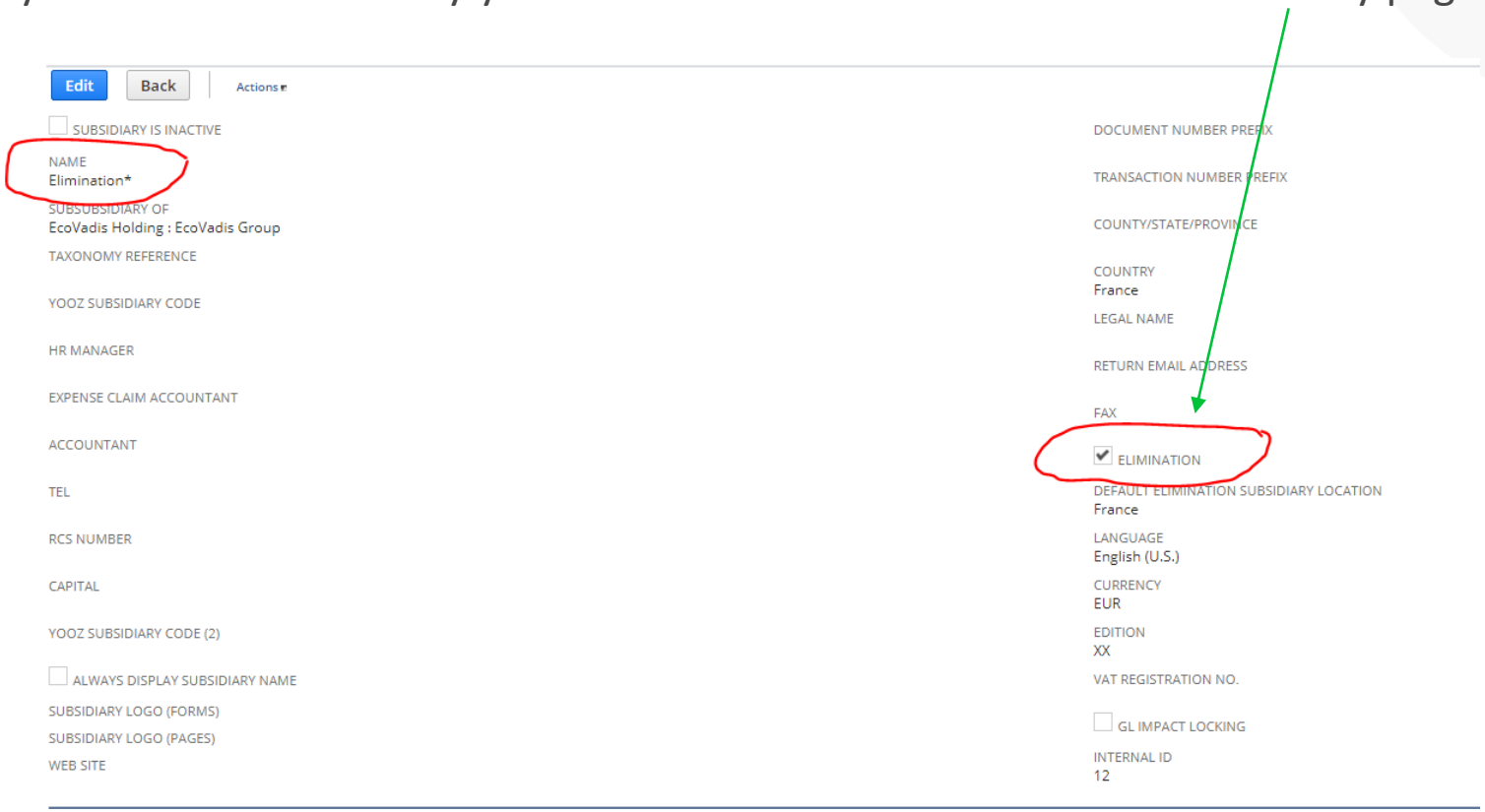
Set-up of Elimination entities (1/2)

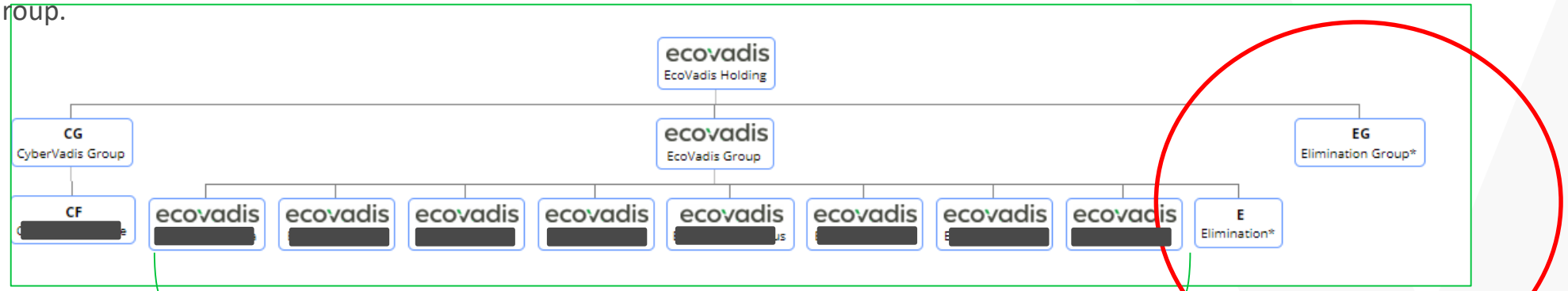
- It is necessary to set-up at least one « Elimination entity » where all the intercompany transactions will be eliminated.
- This entity must be created : at the child level, in the same currency as the base currency of the parent subsidiary.
- To identify the elimination entity you have to tick : Elimination on the subsidiary page :



Set-up of Elimination entities (2/2)

> Example :

- Here we have two Elimination entities:
  - 1 Elimination entity under the group holding to Eliminate flows between Subsidiaries under CyberVadis group and Subsidiaries between EcoVadis group
  - 1 Elimination entity under the group EcoVadis Group to eliminate the intercompany transactions between Subsidiaries under EcoVadis Group.



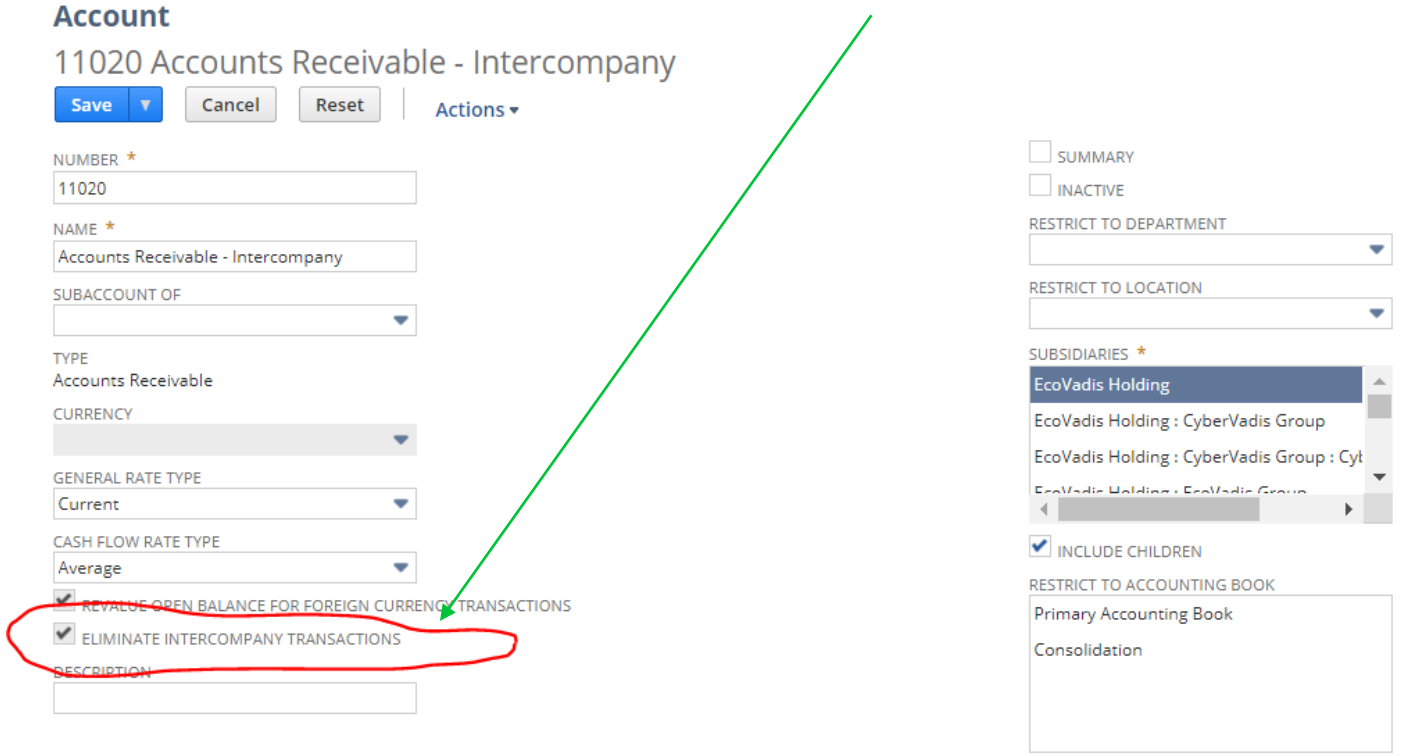
Transactions within this group are eliminated in the E entity (same level)

Transactions between these 2 groups are eliminated in the EG entity (group level)

Set-up of intercompany accounts

> Set-up of intercompany accounts:

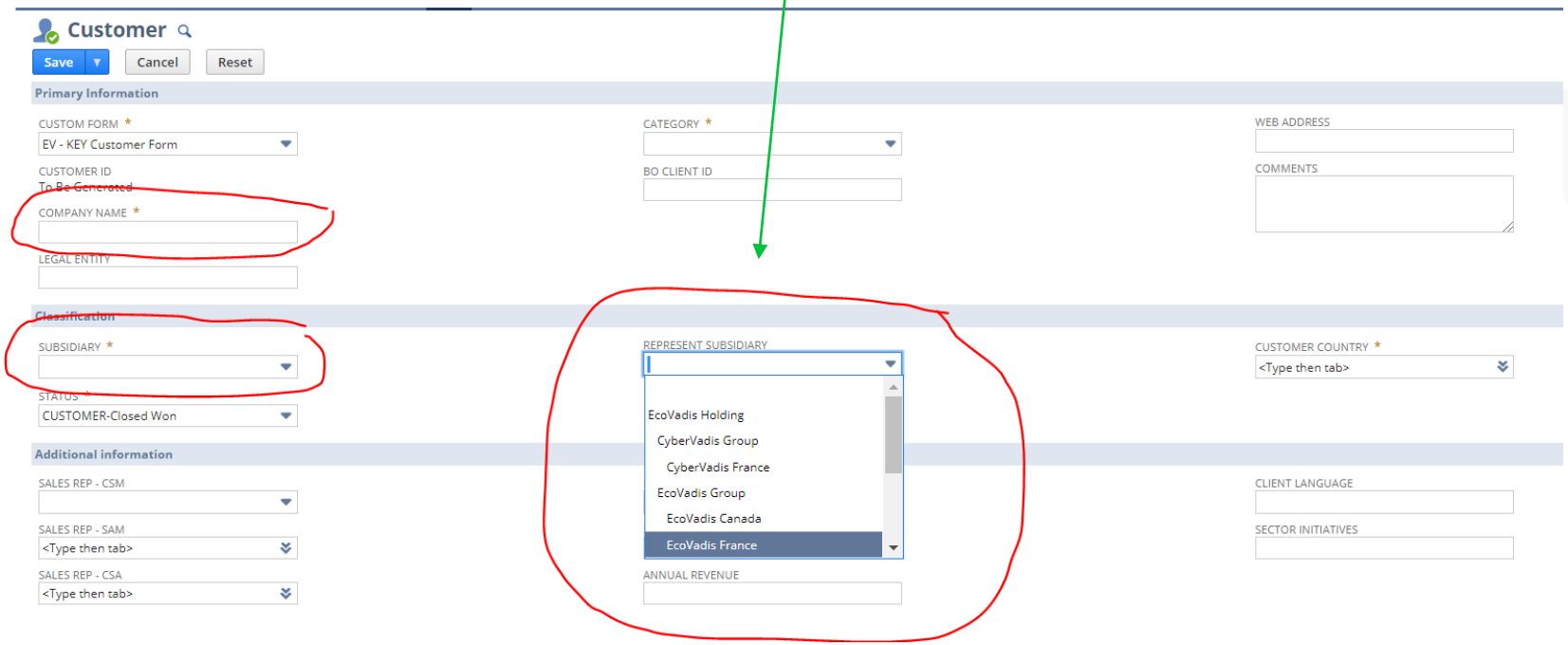
- I recommend to use specific income statement & balance sheet accounts if possible for intercompany transactions (not mandatory but highly recommended)
- When you set-up an account where intercompany transactions will be booked and must be eliminated, you have to tick : « Eliminate intercompany transactions » on the account page.



Set-up of intercompany vendors / customers (1/4)

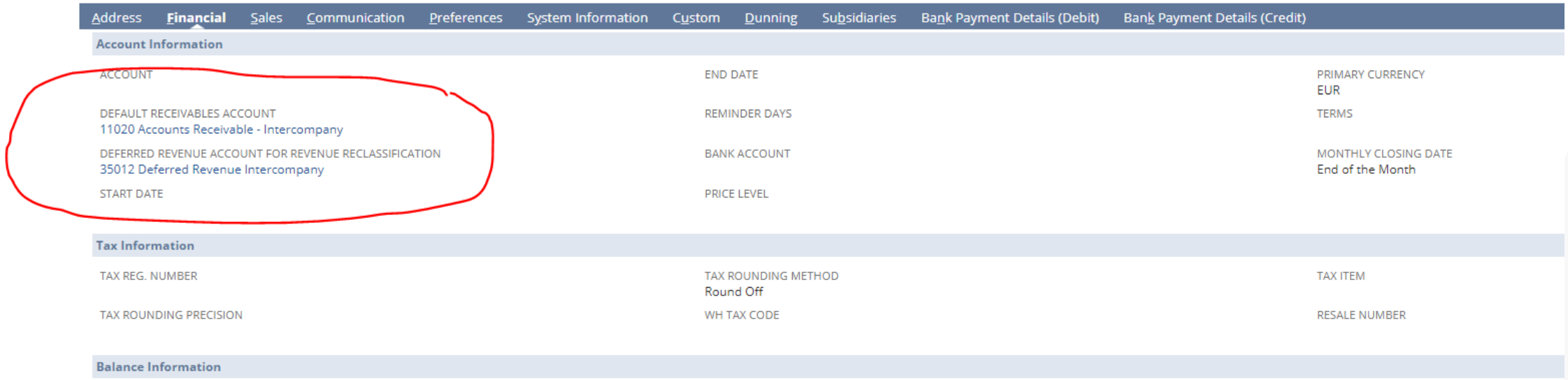
> Identification of third parties in Netsuite:

- It is necessary to set-up 1 customer or vendor for each subsidiary (we cannot use the same customer for different subsidiaries).
  - Example : If subsidiary « 1 » is receiving goods /services from 10 subsidiares (Sub2, Sub3, etc.), you will have to create 10 clients « Sub 1 » and 10 vendors « Sub2 », « Sub3 », etc.).
- When you create the customer / vendor : the field « Represent subsidiary must be fulfilled with the choosen subsidiary



Set-up of intercompany vendors / customers (2/4)

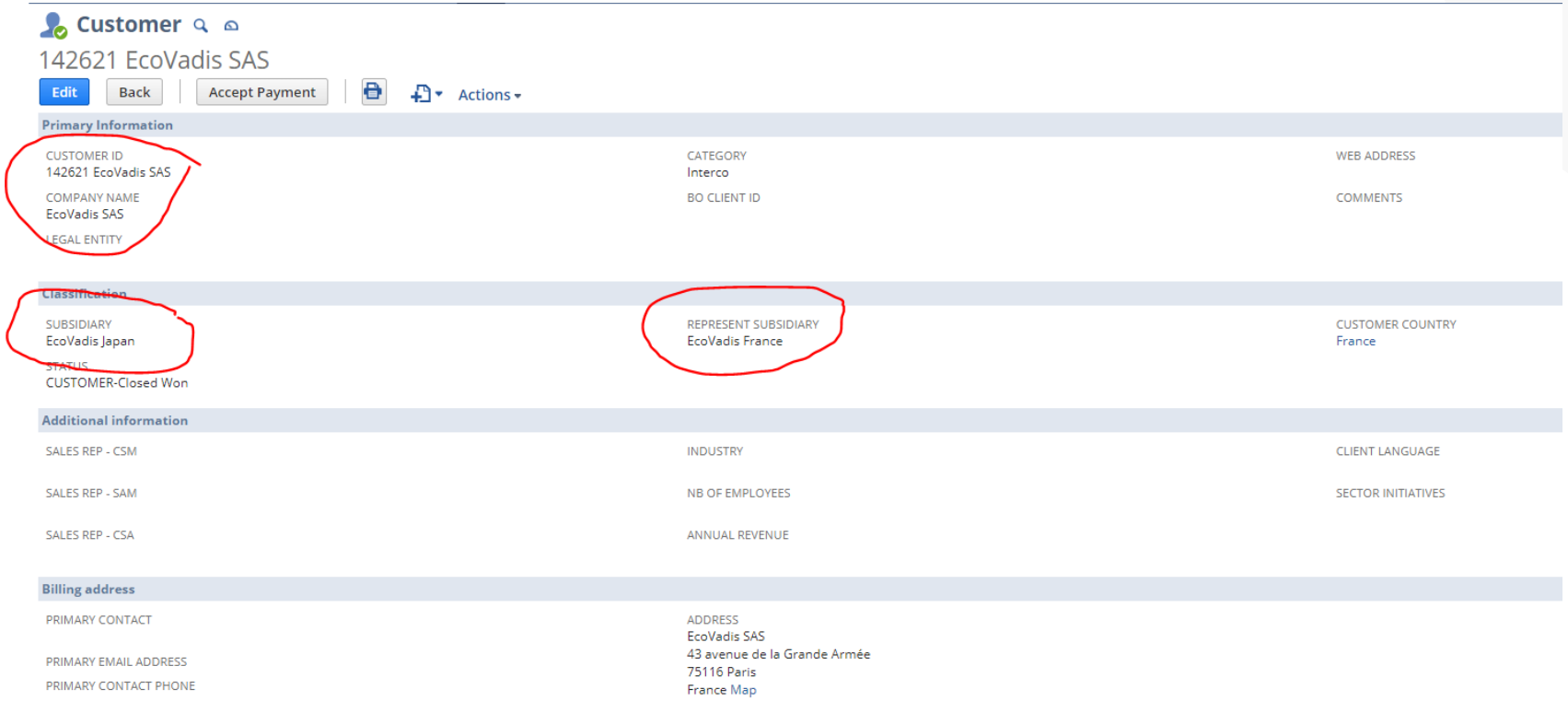
> Identification of third parties in Netsuite:
  - On the financial sub-tab, use the specific intercompany accounts created for your intercompany customer / vendor :



Set-up of intercompany vendors / customers (3/4)

> Example:

- Customer EcoVadis France receiving services from EcoVadis Japan



Customer

142621 EcoVadis SAS

Edit | Back | Accept Payment | Actions

Primary Information

CUSTOMER ID
142621 EcoVadis SAS

COMPANY NAME
EcoVadis SAS

LEGAL ENTITY

CATEGORY
Interco

BO CLIENT ID

WEB ADDRESS

COMMENTS

Classification

SUBSIDIARY
EcoVadis Japan

STATUS
CUSTOMER-Closed Won

REPRESENT SUBSIDIARY
EcoVadis France

CUSTOMER COUNTRY
France

Additional information

SALES REP - CSM

SALES REP - SAM

SALES REP - CSA

INDUSTRY

NB OF EMPLOYEES

ANNUAL REVENUE

CLIENT LANGUAGE

SECTOR INITIATIVES

Billing address

PRIMARY CONTACT

PRIMARY EMAIL ADDRESS

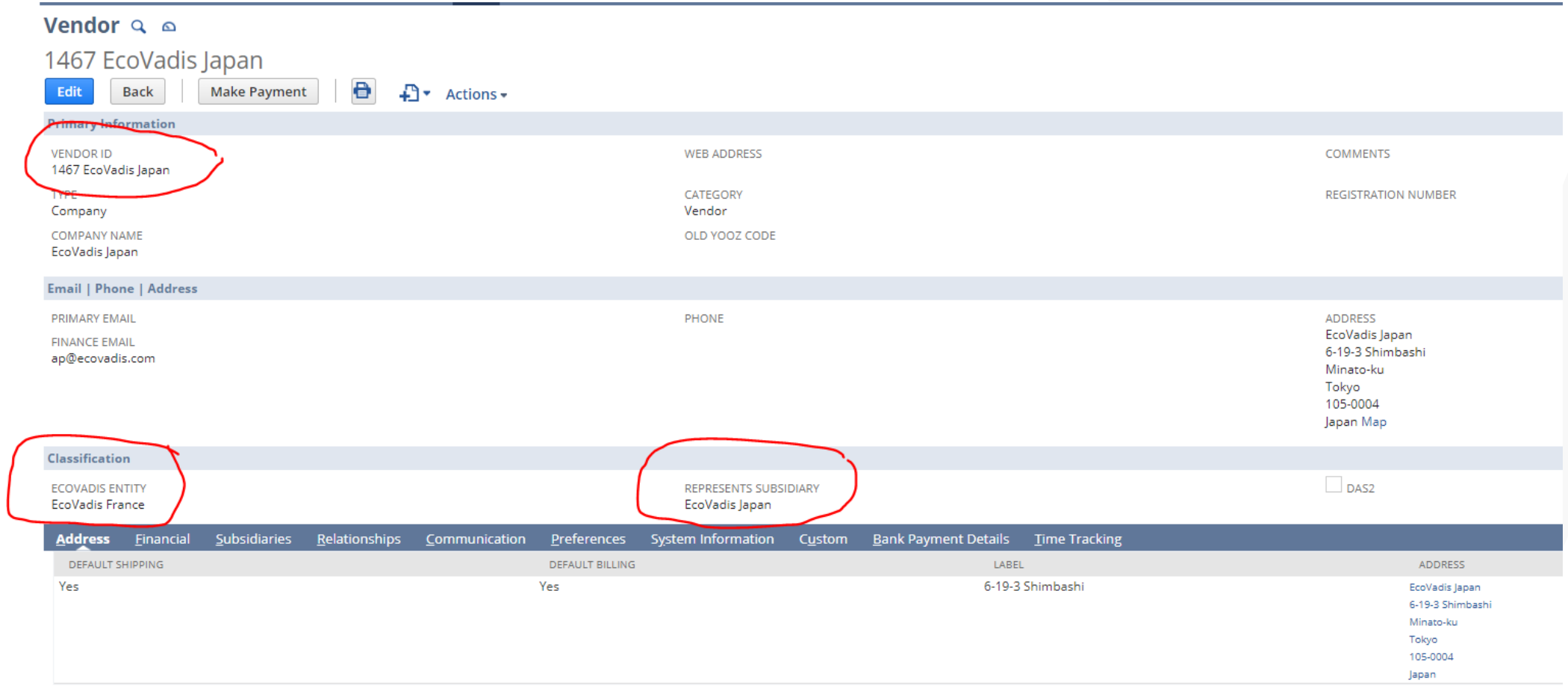
PRIMARY CONTACT PHONE

ADDRESS
EcoVadis SAS
43 avenue de la Grande Armée
75116 Paris
France Map

Set-up of intercompany vendors / customers (4/4)

> Example:

- Vendor EcoVadis Japan providing services to EcoVadis France

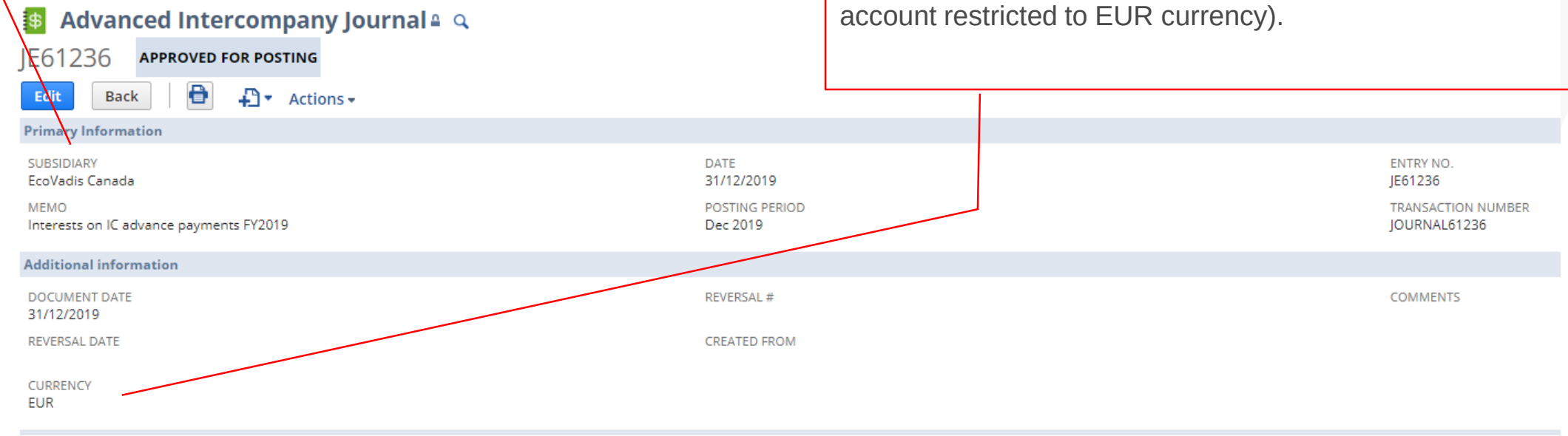


Booking intercompany journal entry (1/3)

> Booking Journal entry (header):
  - You have to use a specific transaction : « Advanced Intercompany Journal » (previously Book Specific Intercompany Journal), in the transaction > Financial > Make Advanced Intercompany Journal.

The header of the journal entry is the same as for regular journal entry. For the subsidiary, you just need to choose the Subsidiary initiating the transaction

Currency of the journal entry can be different from the base currency of the subsidiary however it must be a currency autorized on the account level and on the intercompany vendor/customer account
(for example you cannot book a journal entry in USD on an account restricted to EUR currency).



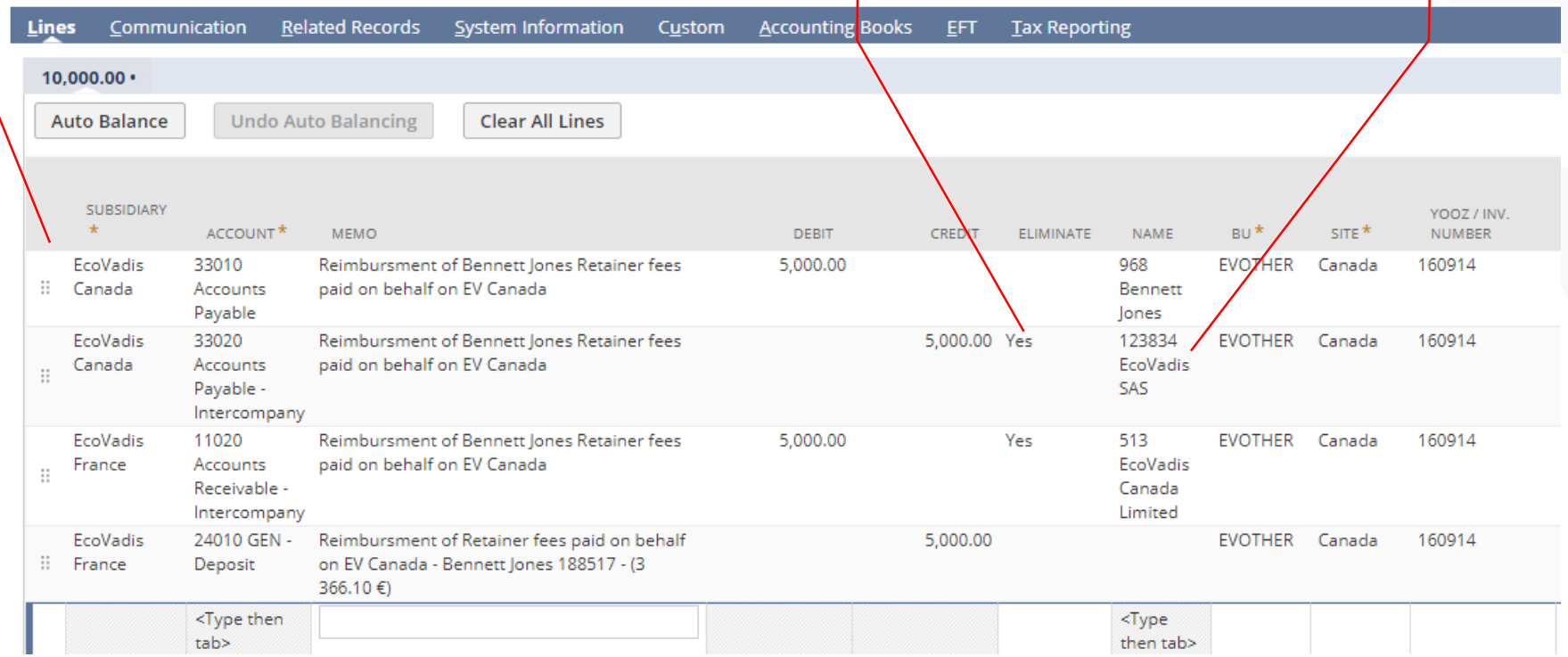
Booking intercompany journal entry (2/3)

> Booking Journal entry (lines level):

The subsidiary of the 1st line must be equal to the subsidiary of the header

Only the lines with Eliminate = Yes will be taken into account in the elimination process.

When Eliminate = Yes, the field « Name » should be fulfilled with an intercompany customer/vendor



Lines | Communication | Related Records | System Information | Custom | Accounting Books | EFT | Tax Reporting

10,000.00 •

Auto Balance | Undo Auto Balancing | Clear All Lines

SUBSIDIARY *	ACCOUNT *	MEMO	DEBIT	CREDIT	ELIMINATE	NAME	BU *	SITE *	YOOZ / INV. NUMBER
EcoVadis Canada	33010 Accounts Payable	Reimbursment of Bennett Jones Retainer fees paid on behalf on EV Canada	5,000.00			968 Bennett Jones	EVOTHER	Canada	160914
EcoVadis Canada	33020 Accounts Payable - Intercompany	Reimbursment of Bennett Jones Retainer fees paid on behalf on EV Canada		5,000.00	Yes	123834 EcoVadis SAS	EVOTHER	Canada	160914
EcoVadis France	11020 Accounts Receivable - Intercompany	Reimbursment of Bennett Jones Retainer fees paid on behalf on EV Canada	5,000.00		Yes	513 EcoVadis Canada Limited	EVOTHER	Canada	160914
EcoVadis France	24010 GEN - Deposit	Reimbursment of Retainer fees paid on behalf on EV Canada - Bennett Jones 188517 - (3 366.10 €)		5,000.00			EVOTHER	Canada	160914
	<Type then tab>					<Type then tab>			

Your intercompany transaction must have at least 4 lines : 1 line with Debit and 1 with Credit on each entity

Booking intercompany journal entry (3/3)

- Please note that regarding access rights :
  - The accountant who is booking the advance intercompany journal entry needs to have access to all subsidiaries included in the journal entry.

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Recording intercompany sales / purchases (1/2)

> To book intercompany transactions, the most simple way is advanced intercompany journal entry. However, we can also need to record sales / purchases transactions with Sales invoices & Bills.

> Below is the process we are using today:

- PO creation via import (no payment method)
- SO creation via intercompany sales order page in Netsuite
- SO update (with start date & end date (mandatory)
- Invoice creation in Netsuite : Menu Customer / Sales / Invoice sales order
- Update invoice
- Create bill via import
- Update bill with Amortization schedule & Start / end date

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Recording intercompany sales / purchases (2/2)

> The process is long and we had met several difficulties:

- For the revenue recognition, Netsuite is taking the exchange rate of the sales order and not the exchange rate of the invoice. Due to this and the fact that we were using open PO (1 PO for 1 year), we had discrepancies in the deferred revenue account (debit booked with SO exchange rate, credit with invoice exchange rate)
- During an update, Netsuite started to consider that if Pos have payment method than SO/Invoices are « cash sales » and are directly booked in undeposited funds instead of Accounts Receivables.
- There is no such intercompany process for Credit Memo and Bill credit.
- Using PO & SO are not necessary for us.
- …
- Next step for us will be to identify if we can book directly Sales invoices and Bills without going through this PO / SO process.

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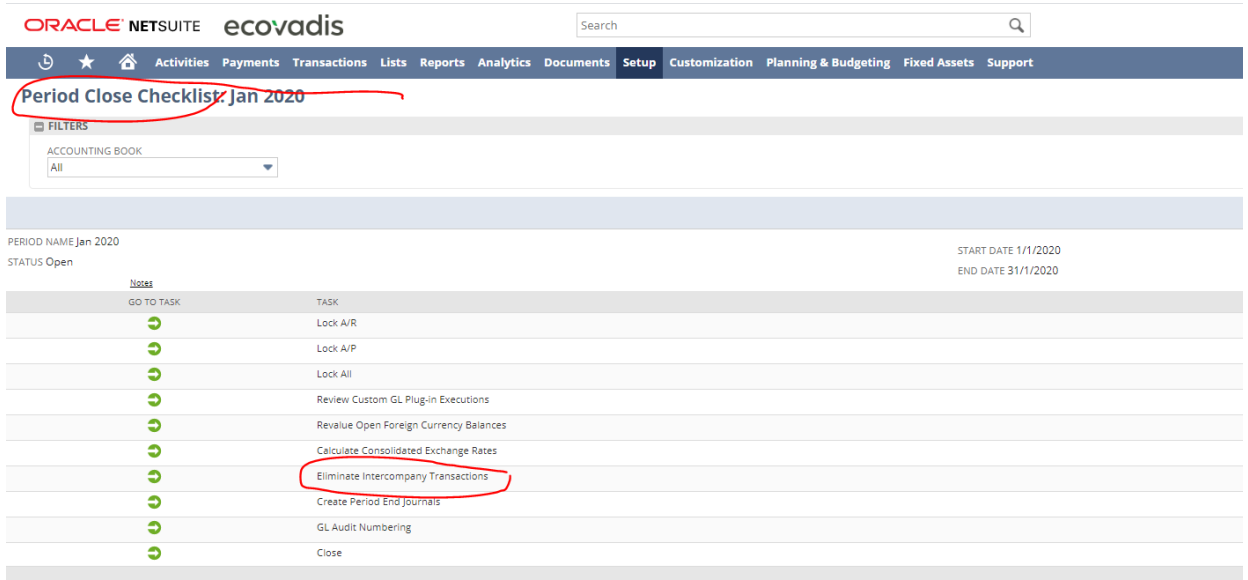
Intercompany elimination process (1/6)

> Before lauching the « Eliminate Intercompany Transactions » in the period close checklist, we are doing specific checks:

- Checking the Intercompany Reconciliation report, however this report will only show if there are discrepancies on Purchases / Sales but the report is not checking all transactions (for example payments).
- Checking the intercompany balances on both side. Indeed even if journal entries and sales/purchases are booked on both side, we can still have discrepancies due to different payments booking (amount paid different then amount received) and other intercompany journal entry wrongly booked.

> When accounts are reconciled, we are lauching the « Eliminate Intercompany Transactions » in the period close checklist:



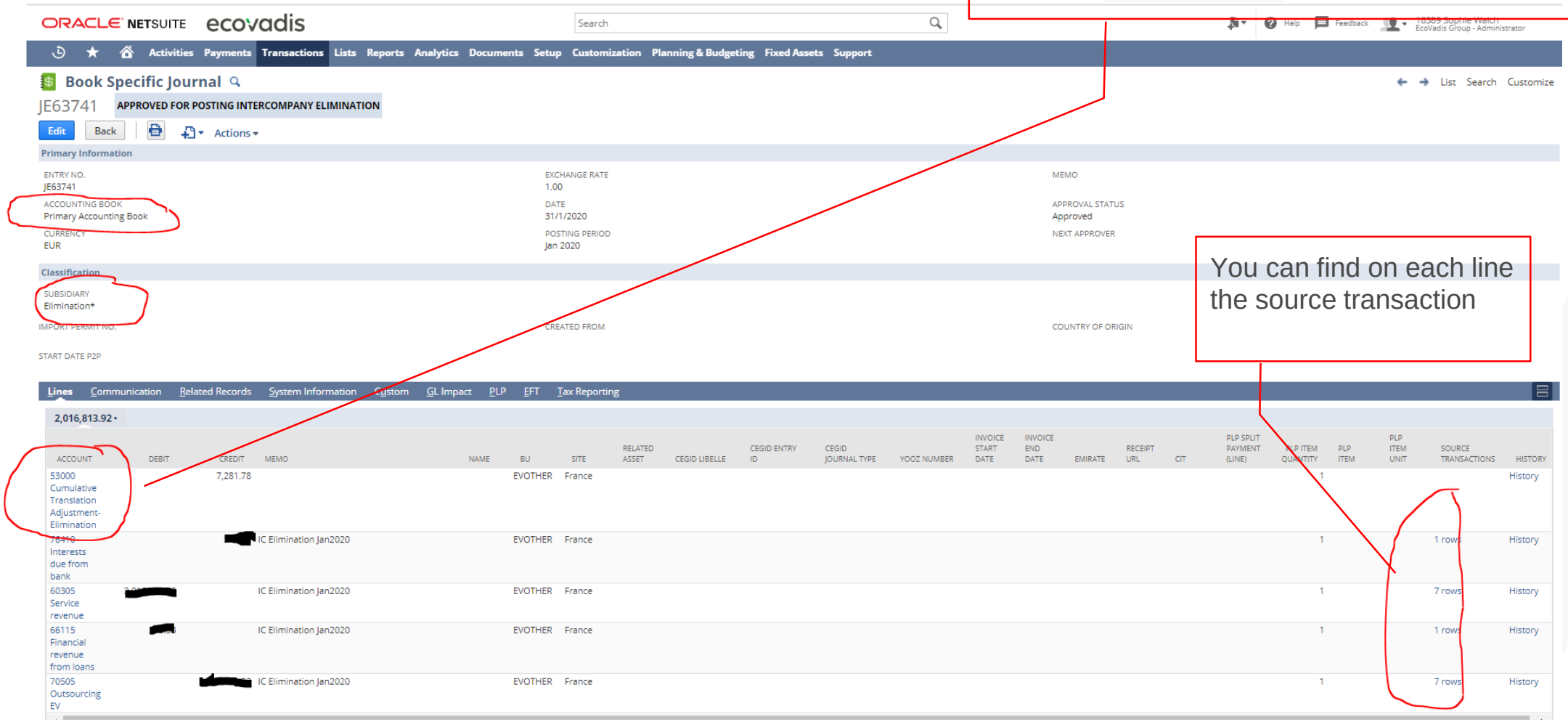
Intercompany elimination process (2/6)

- When you run the intercompany Elimination, remember to choose a specific book. If you choose « All », no elimination entries will be booked.
- You will find the list of the Elimination journal entries booked by Netsuite, in the Results tab.
- Elimination transactions post only to the elimination subsidiaries and do not affect the general ledger of the sourced subsidiaries. A journal entry that is associated with an elimination subsidiary is a normal journal entry, not an advanced intercompany journal entry. It posts to a single elimination subsidiary.

Intercompany elimination process (3/6)

Discrepancy between Debit / Credit amounts eliminated goes to the account Cumulative Translation Adjustment – Elimination. It can be due to Exchange rate differences or intercompany balances discrepancies.

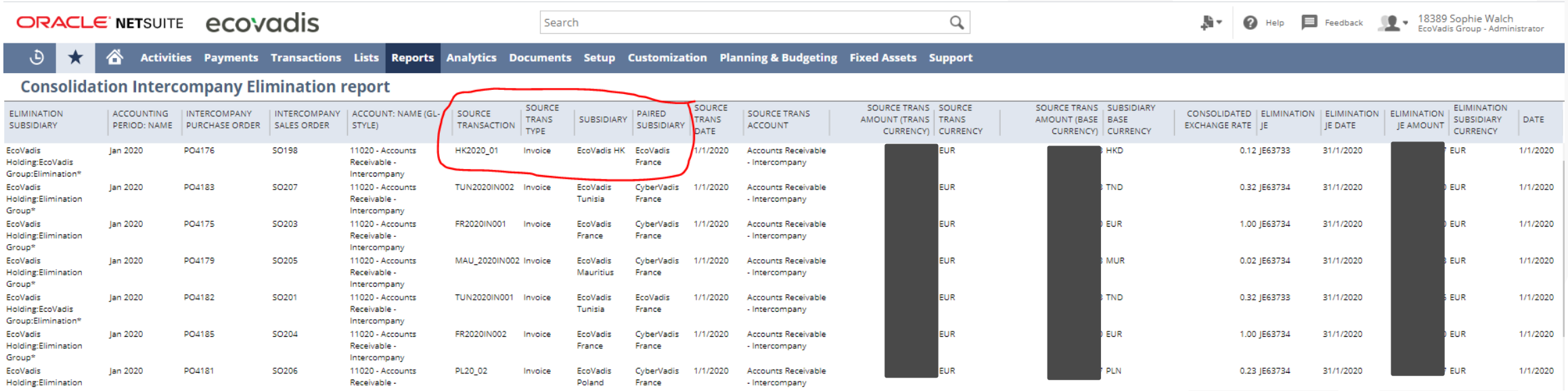
> Example of Elimination entry:



You can find on each line the source transaction

Intercompany elimination process (4/6)

> To identify the elimination entries booked by Netsuite, you have a specific report : «Intercompany Elimination report »



Consolidation Intercompany Elimination report

ELIMINATION SUBSIDIARY	ACCOUNTING PERIOD: NAME	INTERCOMPANY PURCHASE ORDER	INTERCOMPANY SALES ORDER	ACCOUNT: NAME (GL-STYLE)	SOURCE TRANSACTION	SOURCE TRANS TYPE	SUBSIDIARY	PAIRED SUBSIDIARY	SOURCE TRANS DATE	SOURCE TRANS ACCOUNT	SOURCE TRANS AMOUNT (TRANS CURRENCY)	SOURCE TRANS CURRENCY	SOURCE TRANS AMOUNT (BASE CURRENCY)	SUBSIDIARY BASE CURRENCY	CONSOLIDATED EXCHANGE RATE	ELIMINATION JE	ELIMINATION JE DATE	ELIMINATION JE AMOUNT	ELIMINATION SUBSIDIARY CURRENCY	DATE
EcoVadis Holding:EcoVadis Group:Elimination*	Jan 2020	PO4176	SO198	11020 - Accounts Receivable - Intercompany	HK2020_01	Invoice	EcoVadis HK	EcoVadis France	1/1/2020	Accounts Receivable - Intercompany	[redacted]	EUR	[redacted]	HKD	0.12	JE63733	31/1/2020	[redacted]	EUR	1/1/2020
EcoVadis Holding:Elimination Group*	Jan 2020	PO4183	SO207	11020 - Accounts Receivable - Intercompany	TUN2020IN002	Invoice	EcoVadis Tunisia	CyberVadis France	1/1/2020	Accounts Receivable - Intercompany		EUR		TND	0.32	JE63734	31/1/2020		EUR	1/1/2020
EcoVadis Holding:Elimination Group*	Jan 2020	PO4175	SO203	11020 - Accounts Receivable - Intercompany	FR2020IN001	Invoice	EcoVadis France	CyberVadis France	1/1/2020	Accounts Receivable - Intercompany		EUR		EUR	1.00	JE63734	31/1/2020		EUR	1/1/2020
EcoVadis Holding:Elimination Group*	Jan 2020	PO4179	SO205	11020 - Accounts Receivable - Intercompany	MAU_2020IN002	Invoice	EcoVadis Mauritius	CyberVadis France	1/1/2020	Accounts Receivable - Intercompany		EUR		MUR	0.02	JE63734	31/1/2020		EUR	1/1/2020
EcoVadis Holding:EcoVadis Group:Elimination*	Jan 2020	PO4182	SO201	11020 - Accounts Receivable - Intercompany	TUN2020IN001	Invoice	EcoVadis Tunisia	EcoVadis France	1/1/2020	Accounts Receivable - Intercompany		EUR		TND	0.32	JE63733	31/1/2020		EUR	1/1/2020
EcoVadis Holding:Elimination Group*	Jan 2020	PO4185	SO204	11020 - Accounts Receivable - Intercompany	FR2020IN002	Invoice	EcoVadis France	CyberVadis France	1/1/2020	Accounts Receivable - Intercompany		EUR		EUR	1.00	JE63734	31/1/2020		EUR	1/1/2020
EcoVadis Holding:Elimination	Jan 2020	PO4181	SO206	11020 - Accounts Receivable -	PL20_02	Invoice	EcoVadis Poland	CyberVadis France	1/1/2020	Accounts Receivable - Intercompany		EUR		PLN	0.23	JE63734	31/1/2020		EUR	1/1/2020

- This report is convenient as you can find the Source transaction, source Subsidiary and the paired Subsidiary.
- However, this report is not complete. In our case we have only AP/AR – Sales/Purchases eliminations transactions (no data on entries booked by Netsuite from intercompany journal entry).
- In order to split the elimination journal entries per entity for all transactions (required for statutory consolidation purpose), we have developped specific reports.

Intercompany elimination process (5/6)

- If the elimination entries booked by Netsuite are not correct and/or incomplete, you can always book manual Elimination journal entries directly in the Elimination subsidiaries by using the regular Journal Entry (Transaction > Financial > Make Journal Entry).
- All the elimination entries booked (automatic by netsuite + manual if needed) will allow you to obtain reports (balance sheet, income statement, trial balance etc.) on a consolidated level after elimination of intercompany flows.

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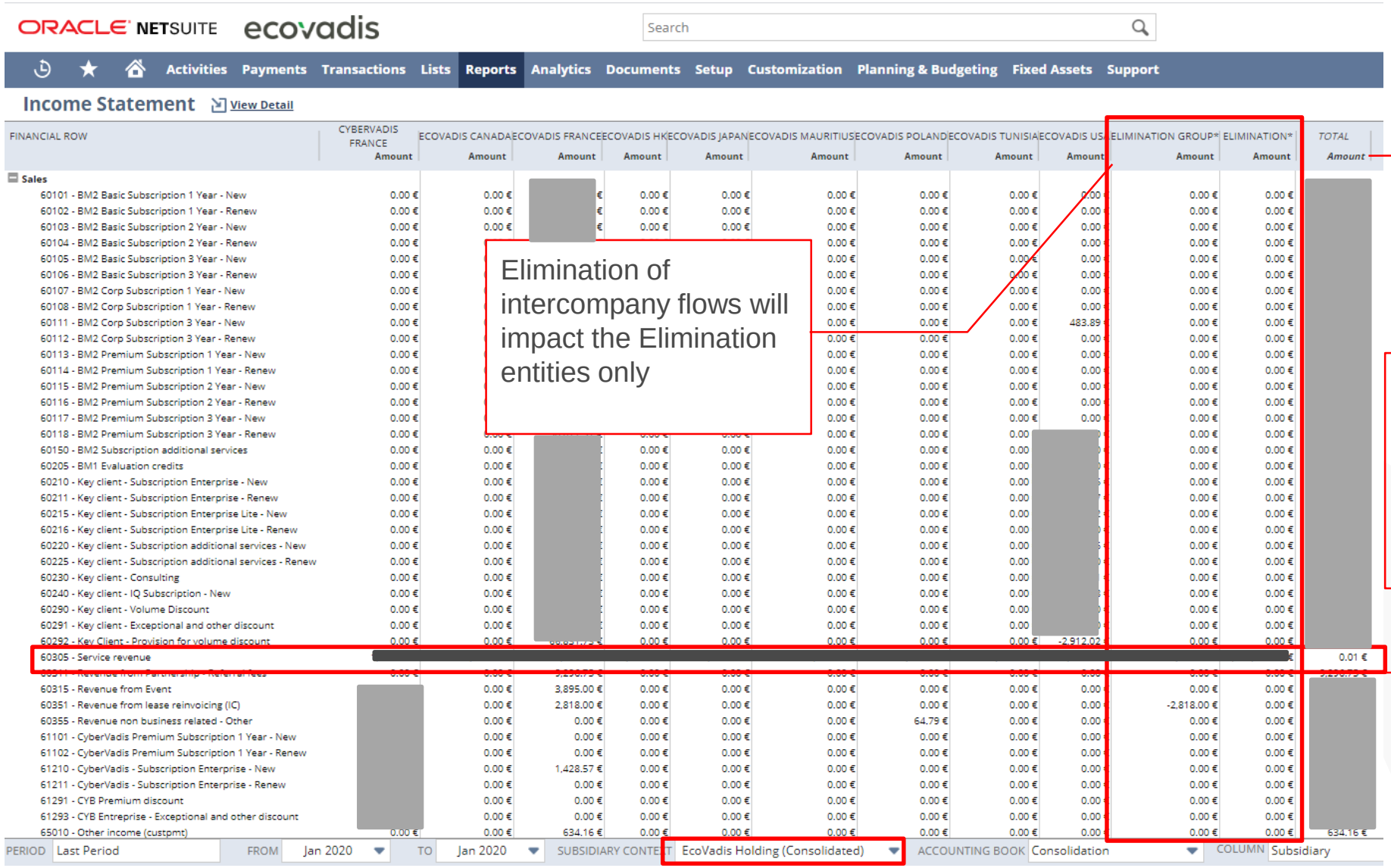
Intercompany elimination process (6/6)



Total = Consolidated data after elimination of intercompany flows

Elimination of intercompany flows will impact the Elimination entities only

If you have created specific intercompany accounts, you can easily check the elimination as total after Elimination should be = 0

CONSOLIDATION PROCESS

AGENDA

1. Quick overview
2. Currency management
3. Set-up of Secondary book
4. Booking IFRS & Consolidation entry
5. Monthly consolidation process
6. Statutory consolidation process

Quick overview

- Our group:
  - 9 legal entities in 8 different countries and 14 location
- Consolidation process:
  - 100% of our entities bookkeeping is done in Netsuite:
    - Primary book = local Data
    - Secondary book (consolidation) = IFRS adjustments + Consolidation adjustements
  - We have 1 chart of account for the whole group. We are using for local statutory purposes, the accounting context option to have the local number & name of each account.
  - We are doing a monthly IFRS consolidation in Netsuite for reporting purpose (1st month Jan2020).
  - We are doing the annual statutory consolidation in Netsuite for audit purposes (audit in progress).

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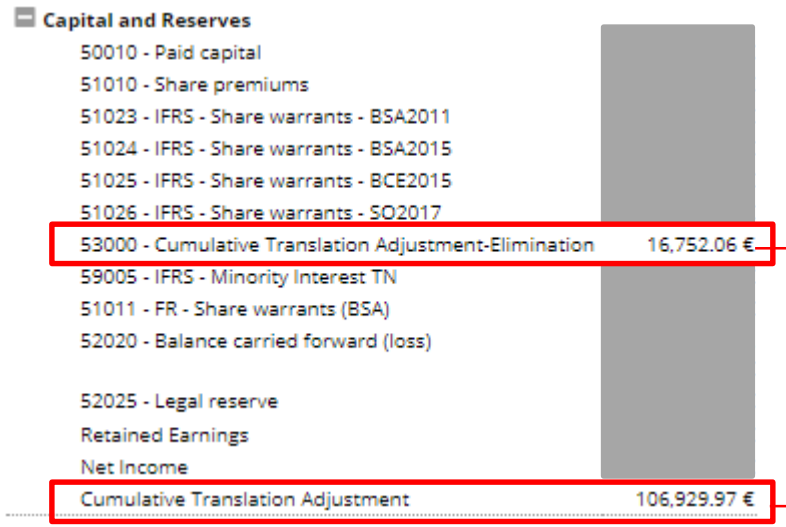
Currency Management (1/2)

> Group base currency :

- Each entity of the group has a different base currency (EUR, CAD,USD, HKD, PLN, JPY, etc.)
- Group base currency is EUR.
- Netsuite is converting each subsidiary data using the Consolidated Exchange Rate (historical, Current, Average exchange rate) set-up on the account level. Please note that average exchange rate is calculated for each period (not for the year) and based on weighted amount of transactions.
- Conversion difference is allocated to a specific account in the balance sheet: « Cumulative Translation Adjustment »



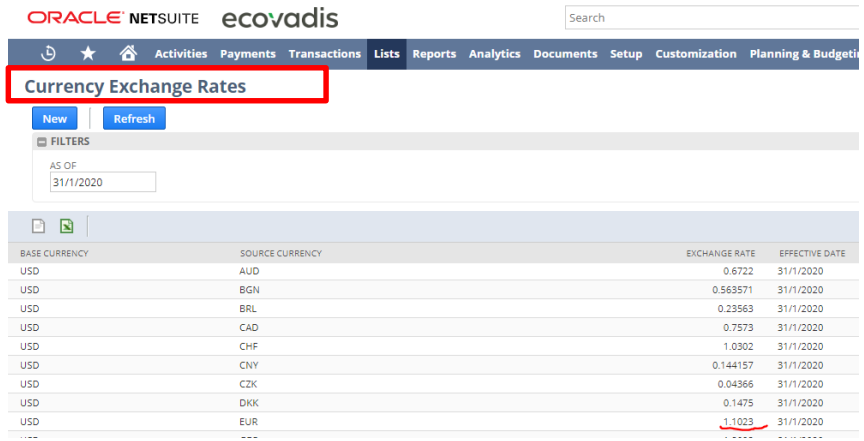
Difference related to Elimination of intercompany flows (example : exchange rate difference or unreconciled difference)

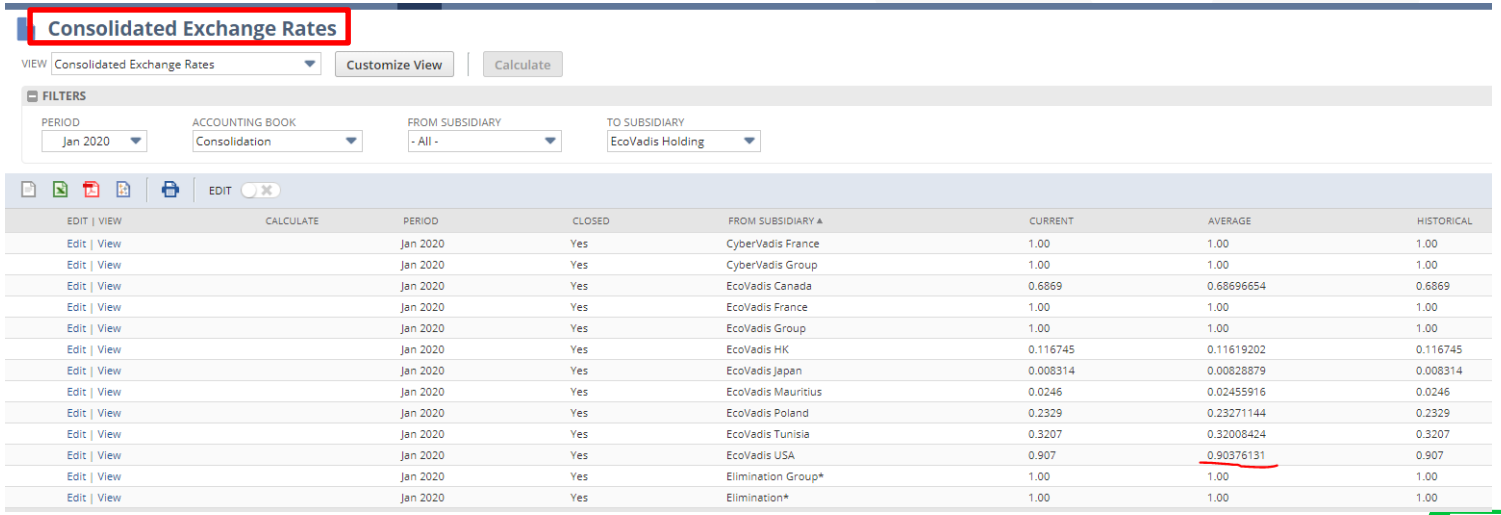
Exchange rate differences from conversion of subsidiaries from base currency to group currency using different exchange rates

Currency Management (2/2)

> Please note also that :

- Consolidation Exchange rate can be manually updated for historical matters (first consolidation).
- Consolidated exchange rates should be run on a monthly basis on all books.
- Reconciliation of intercompany flows can be challenging because of the use of different rates to convert transaction : From transaction original currency to base currency of the subsidiary using the currency exchange rate and then from base currency of the subsidiary to base currency of the group using the Consolidated exchange rate.
- Example of currency difference on transactions:
  - Intercompany sales of 100 Ke recorded in an entity with base currency is USD: Sales will be booked using the currency exchange rates = 90.7 K$ (1.1023).
  - However in Consolidated report in EUR, the sales amount will be converted from USD to EUR using the consolidation exchange rate: 101 Ke (1.1065).
  - Your transaction will not have the same amount in the subsidiaries and in the elimination process (difference will go to the CTA).





Set-up of secondary book (1/5)

> For IFRS & Consolidation adjustments, we have created a secondary book which is « Adjustment only ».

> Main advantages of the adjustment only book are:

- It is taking 100% of the primary data without any specific set-up (including the book specifics booked in the primary book).
- You can record specific adjustments directly in the secondary book of each entity (it will be a « book specific journal entry »).

Set-up of secondary book (2/5)

> All reports generated from Netsuite on the Adjustment only book, will include :

Data of the primary book + Data of the adjustment only book

> It is not possible to extract reports from Netsuite with data ONLY of the adjustment book (however you can create saved search for that – see after slide « Booking IFRS & Consolidation entry »

> Please note that in the reports section of Netsuite, you have specific reports to compare data from Primary book with data from Adjustment book :

- Multi-Book Income Statement
- Multi-Book Balance Sheet

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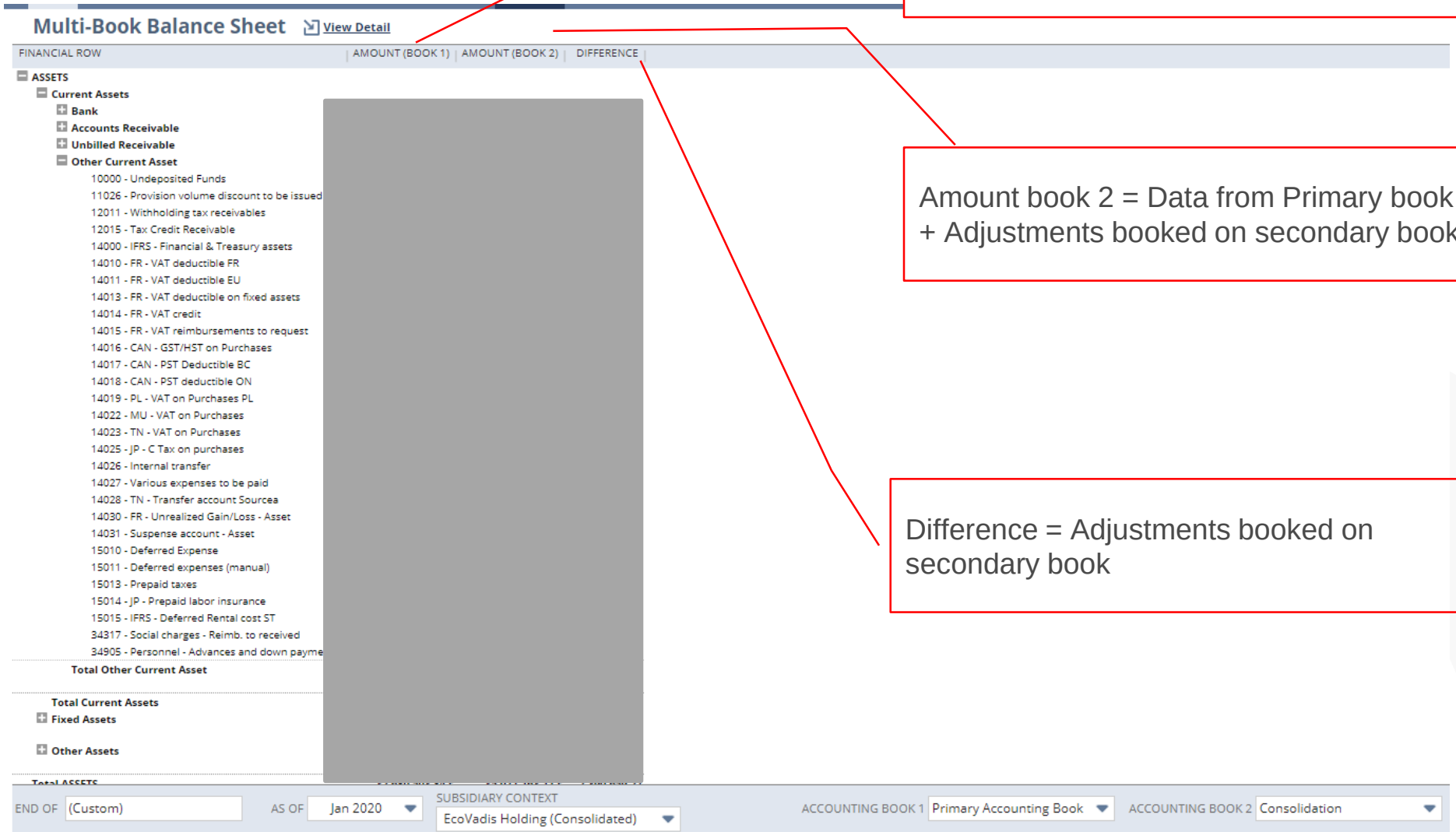
Set-up of secondary book (3/5)

- Multi-book Balance sheet:



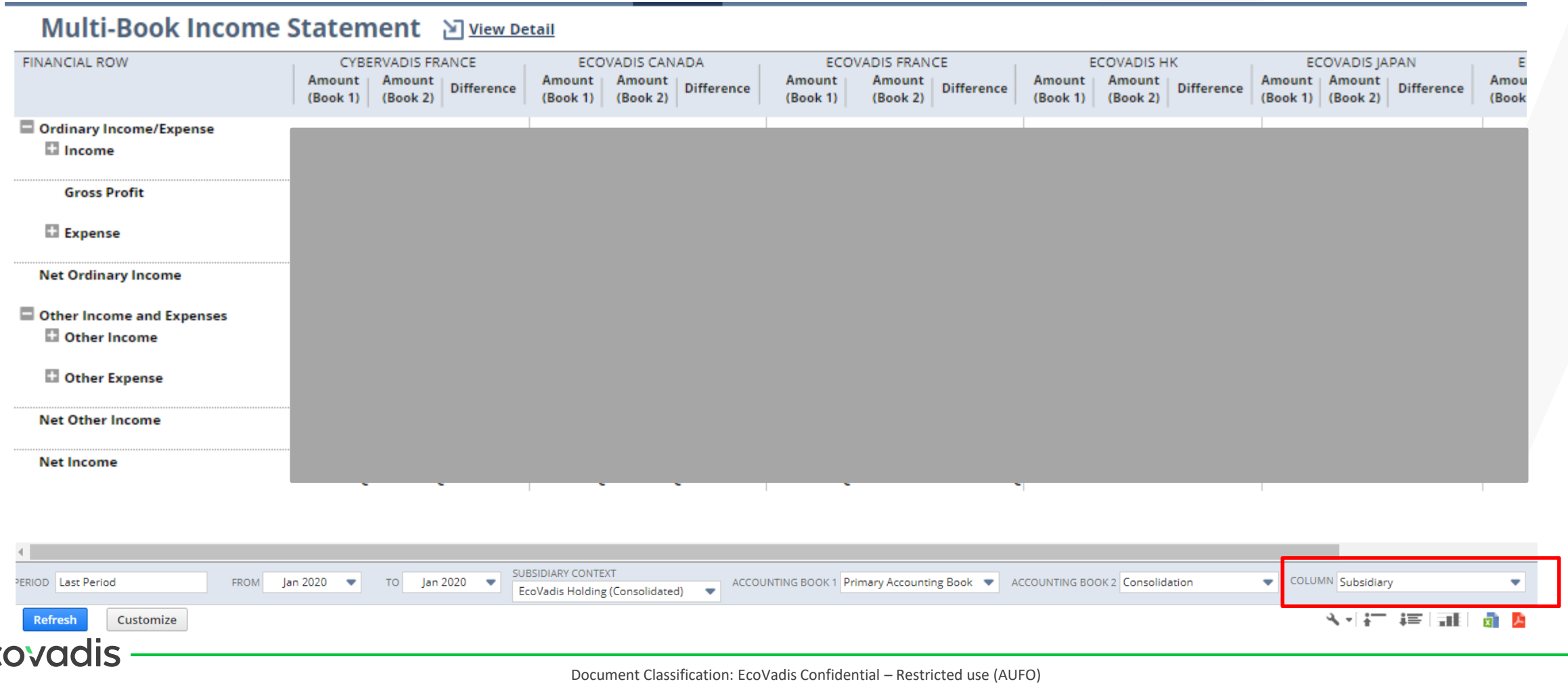
Amount book 1 = Data from Primary book

Amount book 2 = Data from Primary book + Adjustments booked on secondary book

Difference = Adjustments booked on secondary book

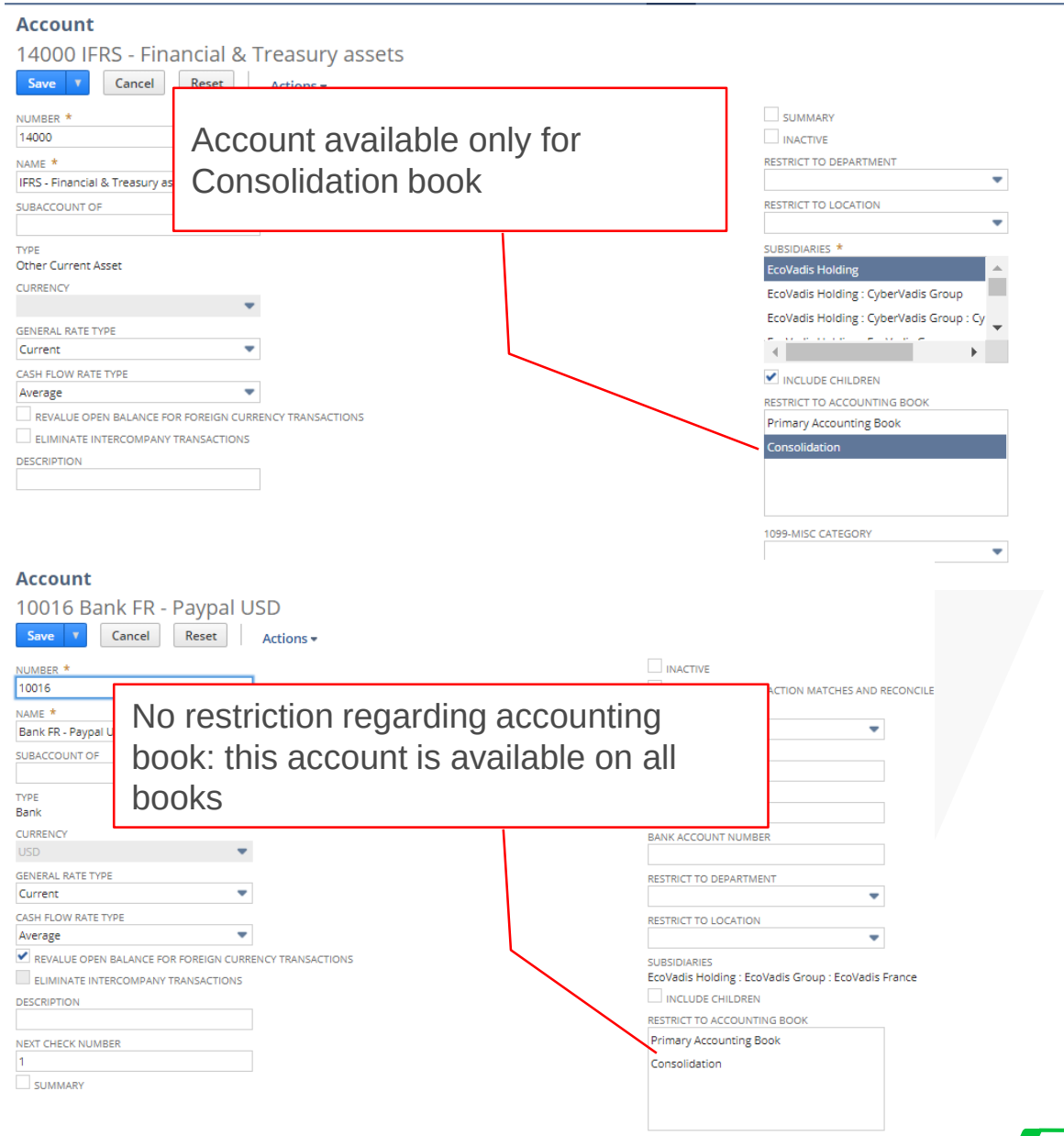
Set-up of secondary book (4/5)

> The multi-book report is also available per subsidiary (needed for statutory consolidation: contributif per entity).



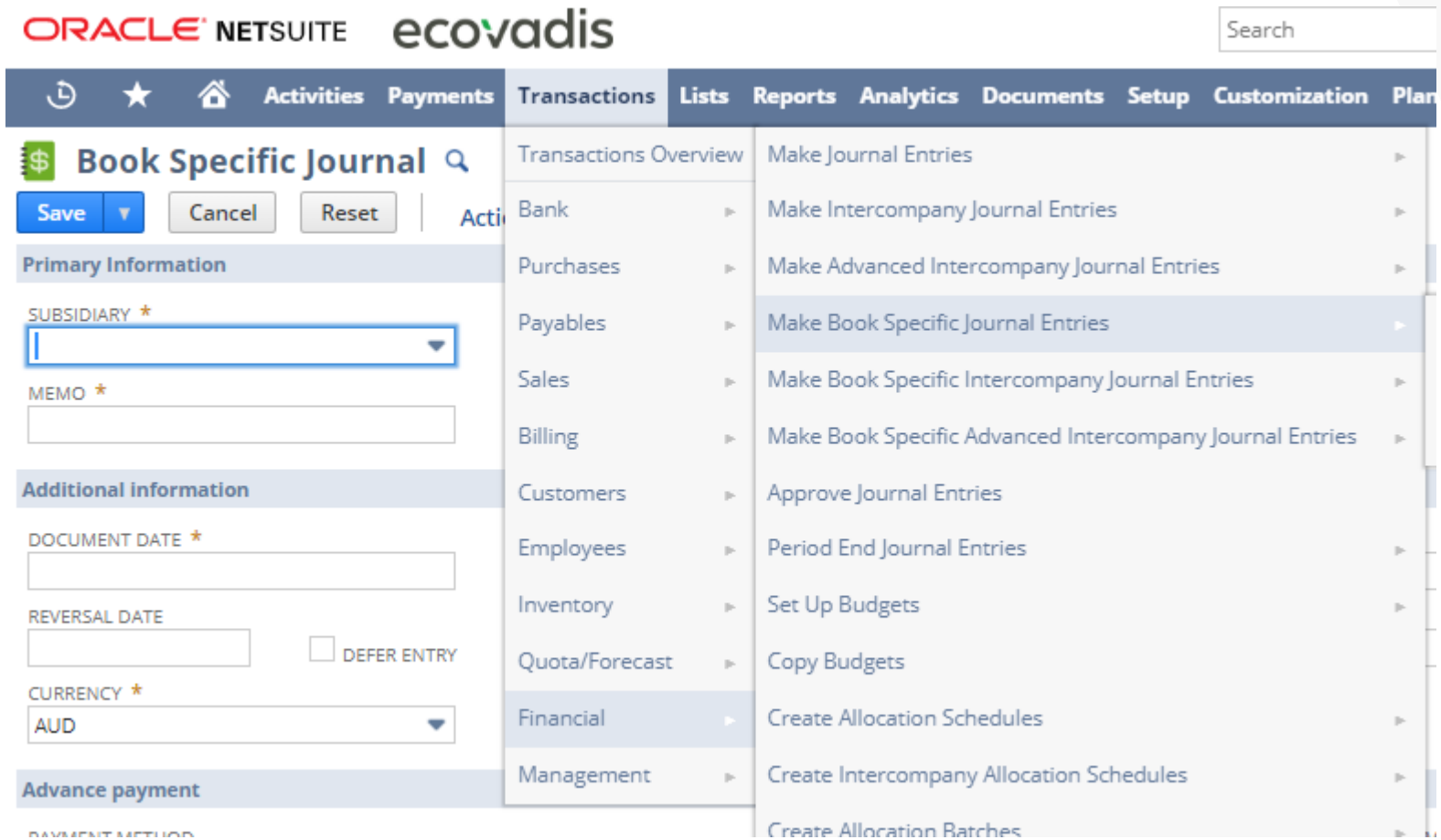
Set-up of secondary book (5/5)

- Once you have created your secondary book, remember to update :
  - your chart of accounts.
  - the access roles to give permission to the new book.
- For each account you can select if you want to restrict the access to :
  - Primary book
  - Secondary book
  - Both
- Depending on the adjustments type, we have created or not dedicated accounts for IFRS.



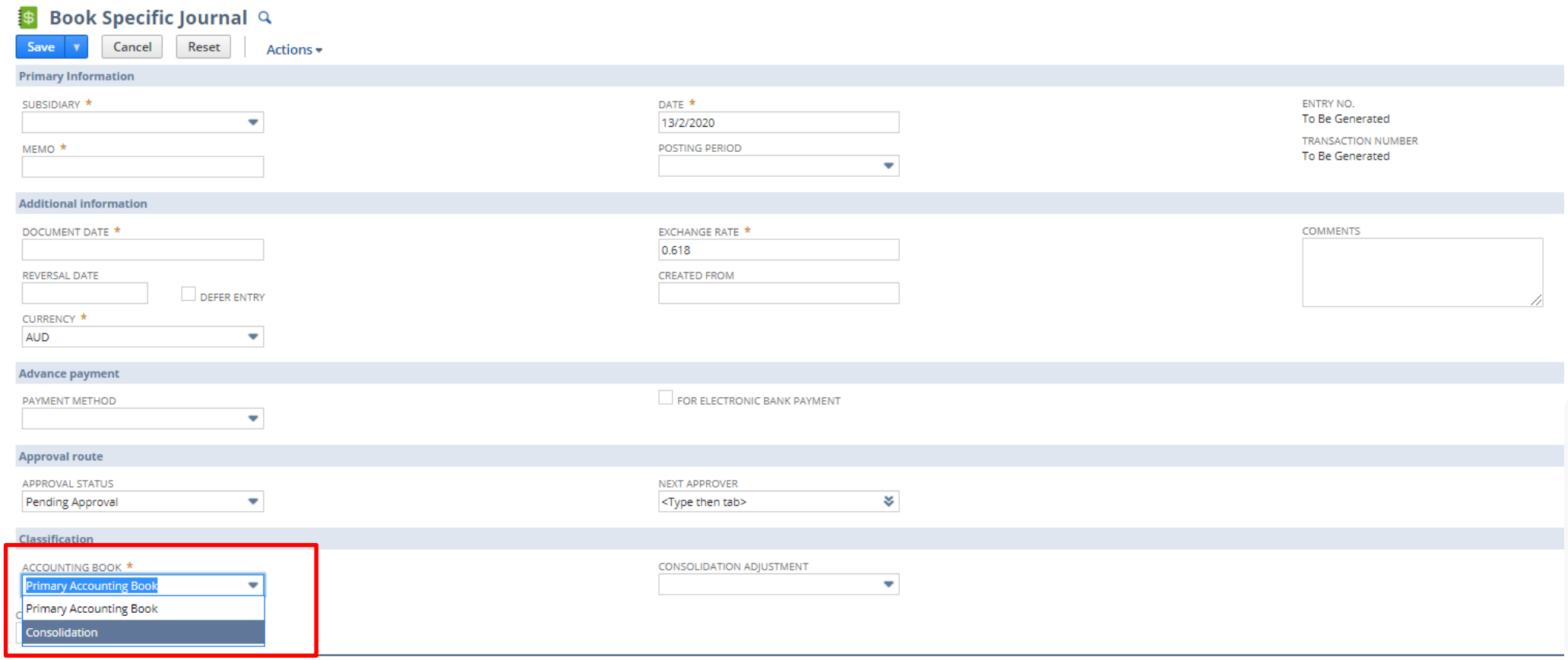
Booking IFRS & Consolidation entry (1/5)

> To record journal entry for IFRS & Consolidation adjustment, we are using the Make Book Specific Journal Entries



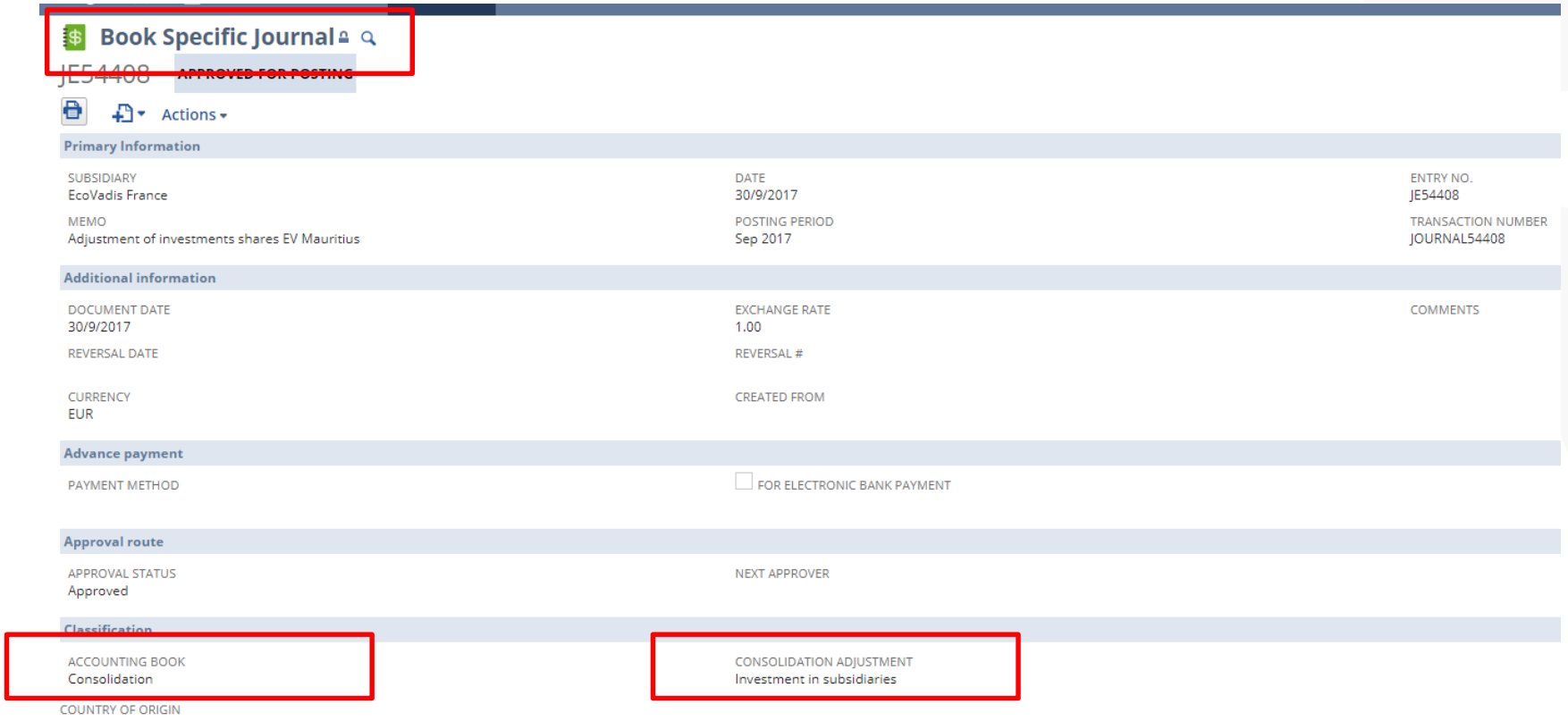
Booking IFRS & Consolidation entry (2/5)

> The « book specific journal » form is the same as for regular journal entry. However you have to fulfill the « Accounting book » field.



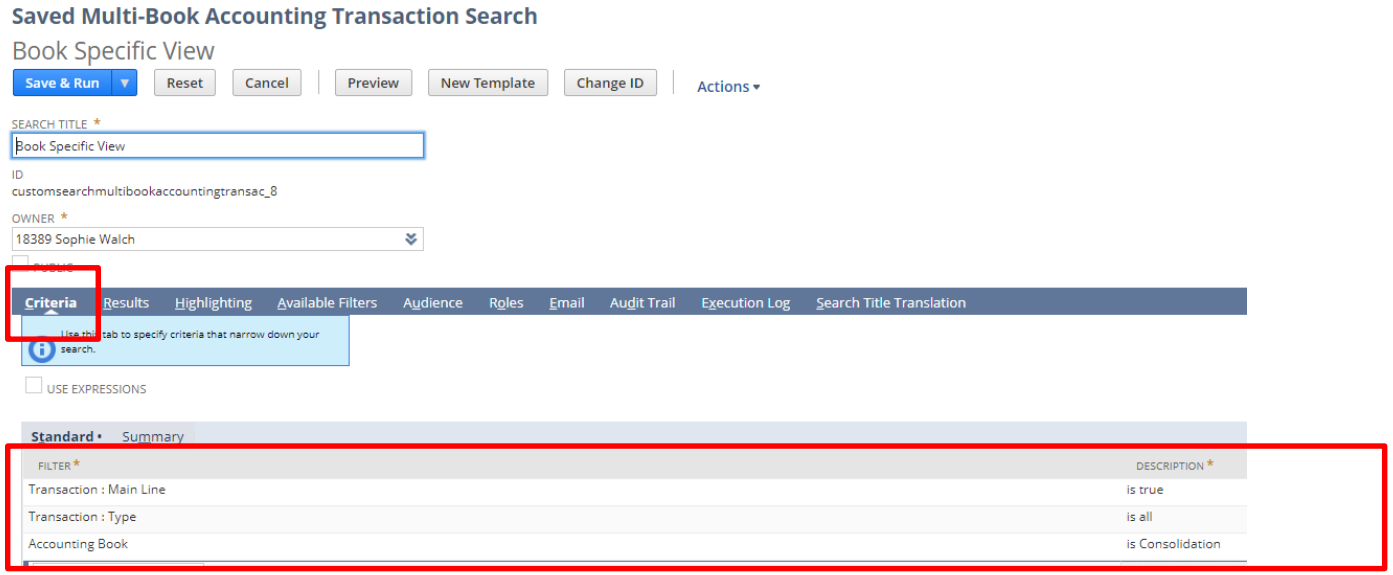
Booking IFRS & Consolidation entry (3/5)

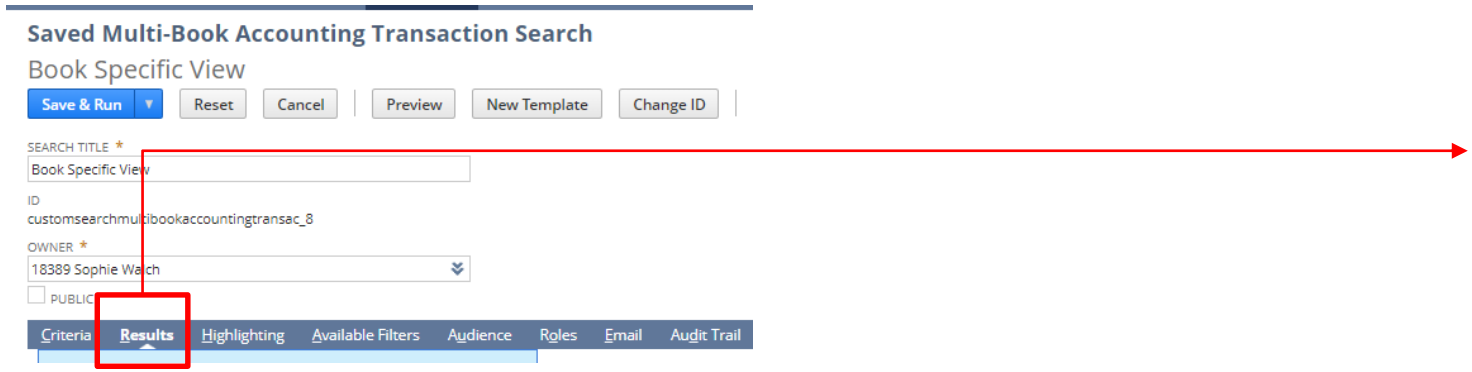
- As for statutory purpose we need to provide auditors with the split of IFRS & Consolidation adjustments per type of adjustment, we have created a custom field on the journal entry level « Consolidation Adjustment ».
- This field must be fulfilled for all journal entries booked in the secondary book.
- Thanks to this field, we are able to extract data from Netsuite with all the adjustments booked by type of adjustment:

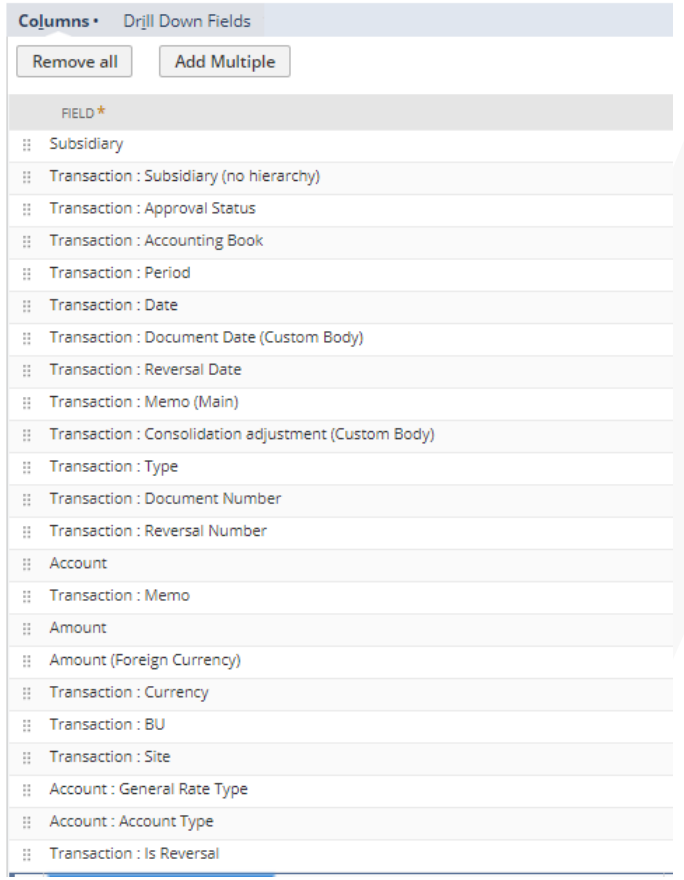


Booking IFRS & Consolidation entry (4/5)

> As there is no detailled report available on adjustment only book, we are using a saved search to extract our book specific journal entries.

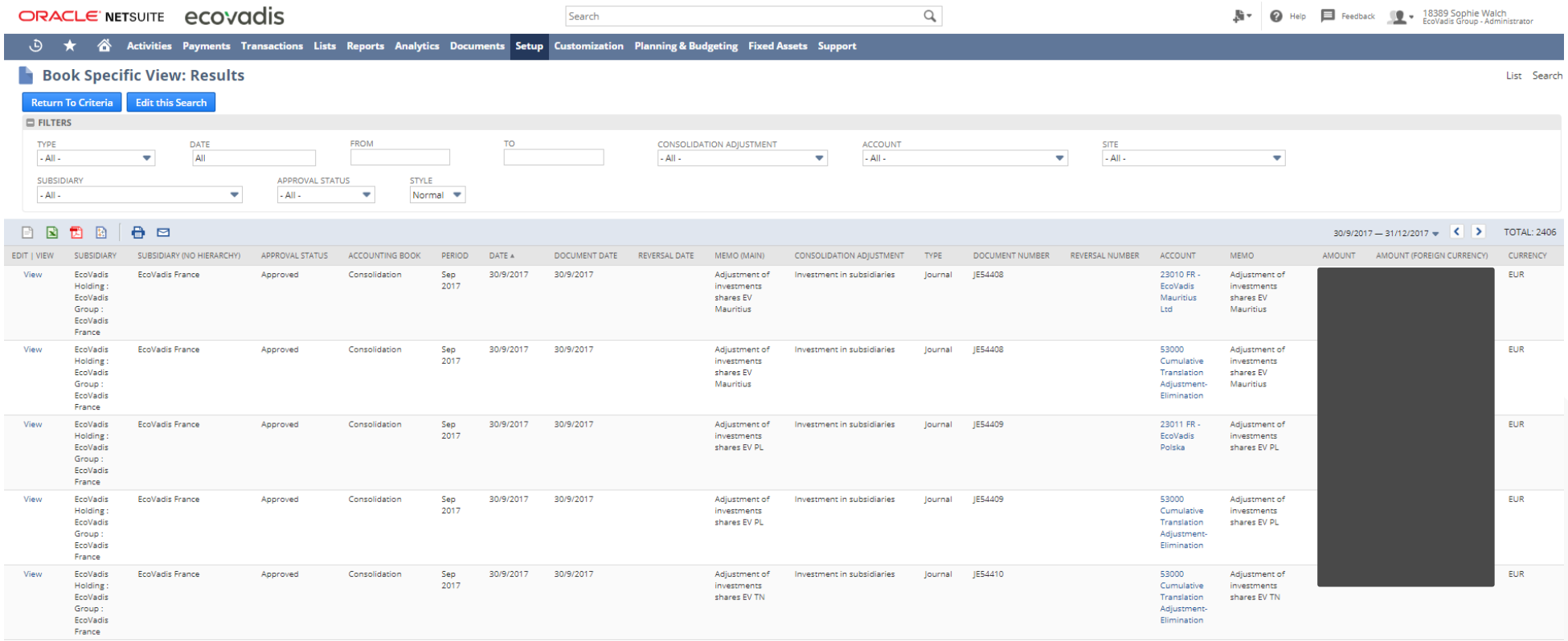






Booking IFRS & Consolidation entry (5/5)

> This saved search allow us to obtain the following data:



ORACLE NETSUITE ecovadis

Search

Help Feedback 18389 Sophie Walch EcoVadis Group - Administrator

Activities Payments Transactions Lists Reports Analytics Documents Setup Customization Planning & Budgeting Fixed Assets Support

Book Specific View: Results

List Search

Return To Criteria | Edit this Search

FILTERS

TYPE: - All - | DATE: All | FROM | TO | CONSOLIDATION ADJUSTMENT: - All - | ACCOUNT: - All - | SITE: - All -

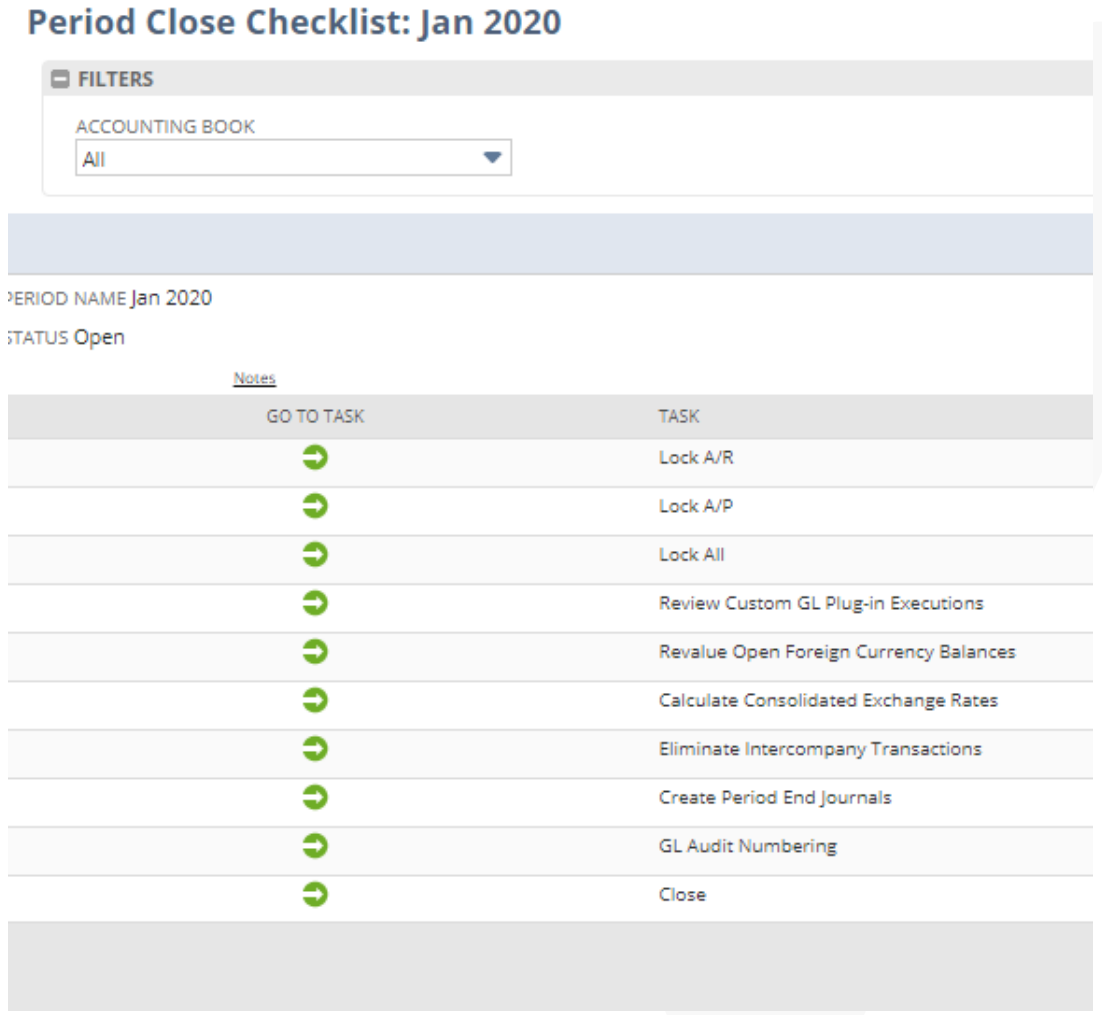
SUBSIDIARY: - All - | APPROVAL STATUS: - All - | STYLE: Normal

30/9/2017 — 31/12/2017 TOTAL: 2406

EDIT | VIEW	SUBSIDIARY	SUBSIDIARY (NO HIERARCHY)	APPROVAL STATUS	ACCOUNTING BOOK	PERIOD	DATE	DOCUMENT DATE	REVERSAL DATE	MEMO (MAIN)	CONSOLIDATION ADJUSTMENT	TYPE	DOCUMENT NUMBER	REVERSAL NUMBER	ACCOUNT	MEMO	AMOUNT	AMOUNT (FOREIGN CURRENCY)	CURRENCY
View	EcoVadis Holding : EcoVadis Group : EcoVadis France	EcoVadis France	Approved	Consolidation	Sep 2017	30/9/2017	30/9/2017		Adjustment of investments shares EV Mauritius	Investment in subsidiaries	Journal	JE54408		23010 FR - EcoVadis Mauritius Ltd	Adjustment of investments shares EV Mauritius	[redacted]		EUR
View	EcoVadis Holding : EcoVadis Group : EcoVadis France	EcoVadis France	Approved	Consolidation	Sep 2017	30/9/2017	30/9/2017		Adjustment of investments shares EV Mauritius	Investment in subsidiaries	Journal	JE54408		53000 Cumulative Translation Adjustment-Elimination	Adjustment of investments shares EV Mauritius			EUR
View	EcoVadis Holding : EcoVadis Group : EcoVadis France	EcoVadis France	Approved	Consolidation	Sep 2017	30/9/2017	30/9/2017		Adjustment of investments shares EV PL	Investment in subsidiaries	Journal	JE54409		23011 FR - EcoVadis Polska	Adjustment of investments shares EV PL			EUR
View	EcoVadis Holding : EcoVadis Group : EcoVadis France	EcoVadis France	Approved	Consolidation	Sep 2017	30/9/2017	30/9/2017		Adjustment of investments shares EV PL	Investment in subsidiaries	Journal	JE54409		53000 Cumulative Translation Adjustment-Elimination	Adjustment of investments shares EV PL			EUR
View	EcoVadis Holding : EcoVadis Group : EcoVadis France	EcoVadis France	Approved	Consolidation	Sep 2017	30/9/2017	30/9/2017		Adjustment of investments shares EV TN	Investment in subsidiaries	Journal	JE54410		53000 Cumulative Translation Adjustment-Elimination	Adjustment of investments shares EV TN			EUR

Monthly consolidation process

- We are booking consolidation adjustments on a monthly basis (mainly accrual basis).
- When both « primary book » and « consolidation book » transactions are closed, we are following the steps of the Period Close Checklist.
- Please note that :
  - The reevaluation of Open Foreign Currency Balances is done only on Primary book.
  - The Consolidated Exchange Rate calculation must be done on both BOOKS : primary + secondary
  - Eliminate intercompany Transactions is done only on Primary book (as consolidation book is an adjustment only book).
- Once the closing is done, data are exported to Excel / PBCS for reporting purposes.



Statutory consolidation process (1/5)

> Once the year, we are preparing statutory consolidated financial statements and additional reports for audit.

> As Netsuite is not a dedicated tool for consolidation, all tables cannot be extracted directly. Here are the main reports that we are preparing for consolidation :

- <u>Reports extracted directly from Netsuite :</u>
  - IFRS Income Statement / Balance sheet (customized reports)
  - Cash-flow statement (standard but to be confirmed)
  - CTA balance audit (impact of exchange rate)

- <u>Reports extracted from Netsuite and manually updated :</u>
  - Contributif (contribution by entity)
  - Tableau de passage (FS from statutory to consolidation per account & type of adjustment)

- <u>Reports prepared fully manually as not available in Netsuite:</u>
  - Equity variation
  - Deferred tax by entity

See following slides for more details

- For the notes to the financial statements, all tables are prepared from extraction of Netsuite.

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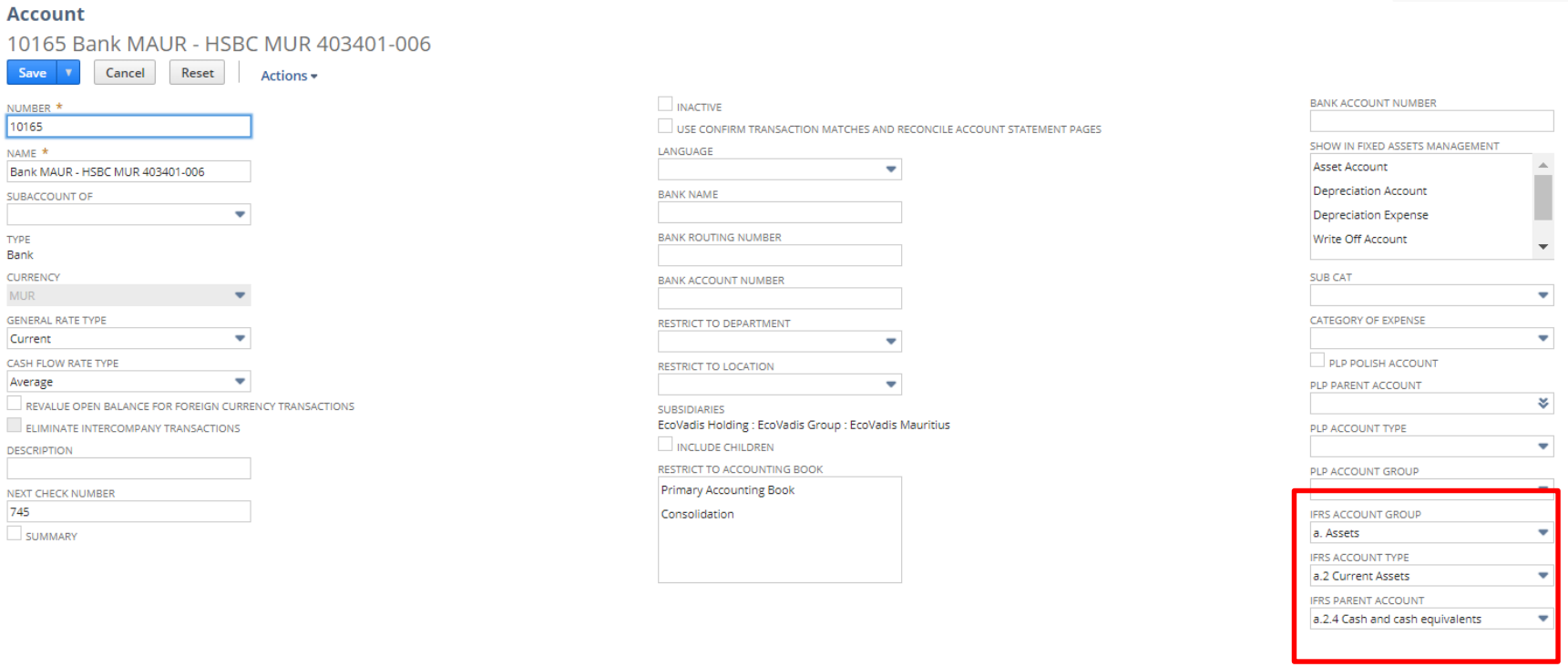
Statutory consolidation process (2/5)

> **IFRS Consolidated Income statement / Balance sheet:**

- To obtain this report directly from Netsuite, we did not use the parent account option but we have created additional custom fields on the account level: 3 customs fields for 3 levels. Example 1st level = Assets. 2nd level = Current Assets. 3rd level = Trade and other receivables.



Statutory consolidation process (3/5)

> **IFRS Consolidated Income statement / Balance sheet:**

IFRS Balance sheet

ACCOUNT	TOTAL
a. Assets	
a.1 Non-current assets	
a.1.1 Goodwill	
a.1.2 Intangible assets	
a.1.3 Property, plant and equipment	
a.1.4 Financial assets	
a.1.5 Other non-current assets	
a.1.6 Deferred tax assets	
Total - a.1 Non-current assets	
a.2 Current Assets	
a.2.1 Trade and other receivables	
a.2.2 Current tax asset	
a.2.3 Other current assets	
a.2.4 Cash and cash equivalents	
Total - a.2 Current Assets	
Total - a. Assets	
b. Liabilities and equity	
b.1 Equity	
b.1.1 Share Capital	
b.1.2 Share premium	
b.1.3 Retained earnings	
b.1.4 Consolidated reserves	
b.1.6 Non-controlling interests	
Total - b.1 Equity	
b.2 Non Current Liabilities	
b.2.1 Long-term Borrowings	
b.2.2 Pension Liabilities - Non-Current	
b.2.3 Deferred tax liabilities	
b.2.4 Other non-current liabilities	
Total - b.2 Non Current Liabilities	
b.3 Current Liabilities	
b.3.1 Short-term borrowings	
b.3.2 Trade and other payables	
b.3.3 Current tax liabilities	
b.3.4 Social debts	
b.3.5 Deferred income - Current	
b.3.6 Other Current Liabilities	
Total - b.3 Current Liabilities	
Total - b. Liabilities and equity	
i3015 - Cumulative Translation Adjustment	
Total	

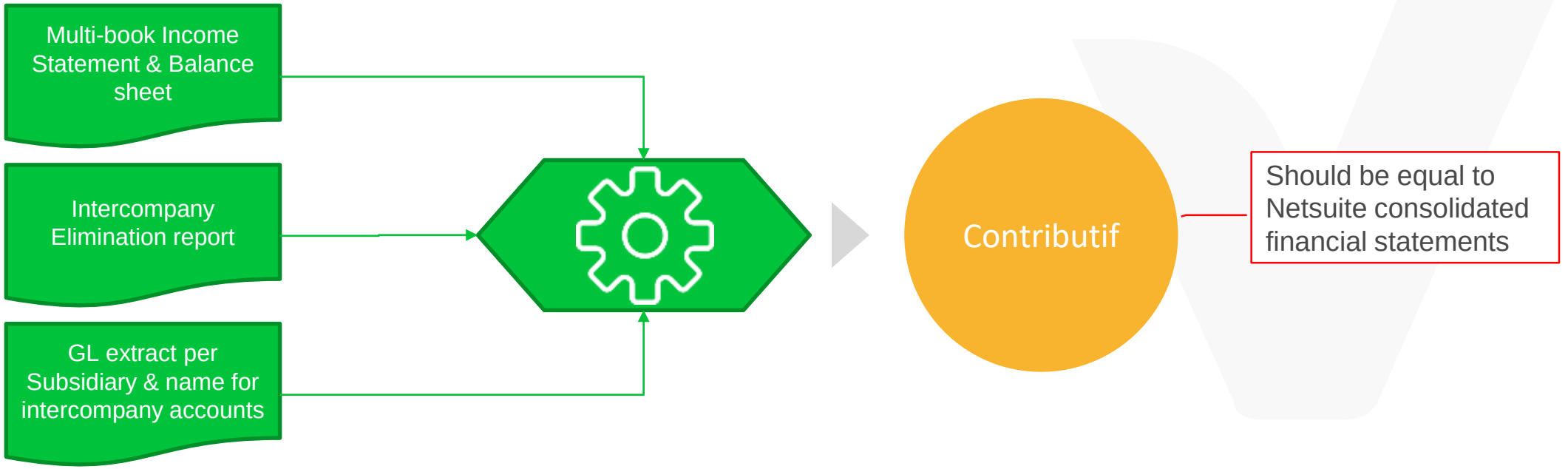
IFRS Income Statement

ACCOUNT	TOTAL
c. Operating income	
c.1 Revenue	
c.1.1 Revenue	
c.1.2 Other operating income	
Total - c.1 Revenue	
Total - c. Operating income	
d. Operating expenses	
d.1 Operating expenses	
d.1.1 External charges	
d.1.2 Compensation expenses	
d.1.3 Depreciation and amortisation	
d.1.4 Other operating expense	
Total - d.1 Operating expenses	
Total - d. Operating expenses	
e. Net borrowing cost	
e.1 Net borrowing cost	
e.1.1 Bank revenue	
e.1.2 Borrowing cost	
Total - e.1 Net borrowing cost	
Total - e. Net borrowing cost	
f. Financial income	
f.1 Financial income	
f.1.1 Other financial income	
Total - f.1 Financial income	
Total - f. Financial income	
g. Financial expenses	
g.1 Financial expenses	
d.1.4 Other operating expense	
g.1.1 Other financial expenses	
Total - g.1 Financial expenses	
Total - g. Financial expenses	
h. Income tax	
h.1 Income tax	
h.1.1 Income tax	
Total - h.1 Income tax	
Total - h. Income tax	
i. Non operating income	
i.1 Non operating income	
i.1.1 Other non operating income	
Total - i.1 Non operating income	
Total - i. Non operating income	

Statutory consolidation process (4/5)

> **Contribution by entity (contributif):**

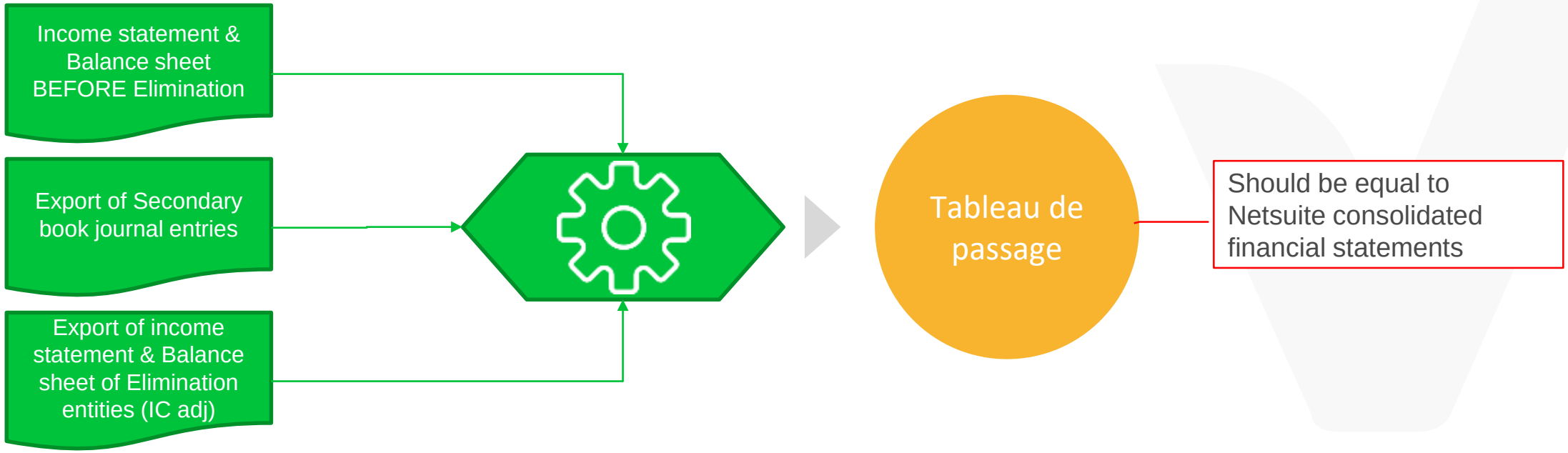
- To prepare the « contributif » we are using the multi-book income statement and balance sheet report per subsidiary.
- Unfortunately all intercompany elimination entries must be allocated on the good entity to obtain the correct contribution.
- In order to identify for each entity, the elimination entries booked we are using a mix of :
  - Elimination report from Netsuite
  - An extract of all additional accounts which are not included in the Elimination report.



Statutory consolidation process (5/5)

> **Tableau de passage (From Statutory to Consolidated accounts :**

- To prepare the variation from Statutory to Consolidated accounts per type of adjustments we need to extract the journal entries booked on the secondary book:
  - For Income Statement we have to select the adjustments booked only during the period
  - For Balance sheet we have to select the adjustments booked since the beginning with the exchange rate of the closing period.
  - For Retained earnings: the impact of previous periods adjustments.



Conclusion

- The process is new in EcoVadis (1st monthly consolidation from Jan2020 and statutory audit in progress) so there might be room for improvements.
- Complexity is quite low so it seems still OK for the group to keep all the consolidation process in Netsuite without using dedicated tool.
- Main advantages are :
  - Unique tool for both monthly reporting and consolidation
  - No need to update any statutory data as everything is already in Netsuite.

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Questions?

THANK YOU

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