

CFO Reporting Survey

*A unique and
unprecedented overview of
the priorities of the
Finance Function
regarding the 2011
reporting in Luxembourg.*



Report structure



Introduction

Reporting challenges for 2011

The PwC's CFO Reporting Survey examines all the initiatives that our sample of participants have developed in Luxembourg to tackle reporting challenges and to improve the performance in term of processes and organisation.

This survey provides a unique and unprecedented overview of the priorities of the Finance Function regarding the 2011 reporting in Luxembourg. It gathers a large variety of data which allow us to identify patterns and trends regardless of the sector of activity and size of the respondents.

Most companies have already achieved initiatives to reduce the time spent on closing and reporting activities. They are now focusing on the quality of data and reporting package through better execution of processes backed by a quality review and streamlining or integration of data. These activities appear to be prerequisites to move forward with further time reduction of the reporting process.

Although costs of reporting are very sensitive, it seems that they are not the main focus for the surveyed CFOs and finance executives. Reducing the cost of the closing and reporting activities may be the next point on the CFO's agenda. However, the shift to a smart close and reporting process combining both time and quality is necessary before taking up any challenge to reduce the associated costs.

About PwC Finance Function Effectiveness

Our dedicated team draws upon skills in finance, operations, technology, regulations, risk, tax and people to seize opportunities, navigate risk and deliver lasting change to finance departments.

We can help deliver sustainable improvements to your Finance Function, whether it is for a specific issue you are addressing or for a wider finance transformation programme.

We remain at your disposal to discuss the results of this survey. Should you find it interesting, we would be pleased to send you the future edition of it.

Best regards,



François Génaux
Financial Services Advisory Leader



Philippe Pierre
Non-Financial Services Advisory Leader

About the survey

We surveyed Chief Financial Officers (CFOs) and finance executives from both local companies and international groups with a substance in Luxembourg.

- 62% of the respondents are from the financial sector, and
- 38% are from operational companies or public entities.

Annual revenues ranged from less than EUR 10 million to over EUR 1 billion.

All respondents completed the survey through online forms between November 2010 and March 2011. The survey's results are not meant to be representative of the entire Luxembourgish market. The survey respondents were kept strictly confidential.

The survey included multiple choice and open questions focused on the various angles of the Finance Function. It analyses three key areas and highlights participants' perspectives and challenges for the coming year:

1. Time
2. Quality
3. Costs

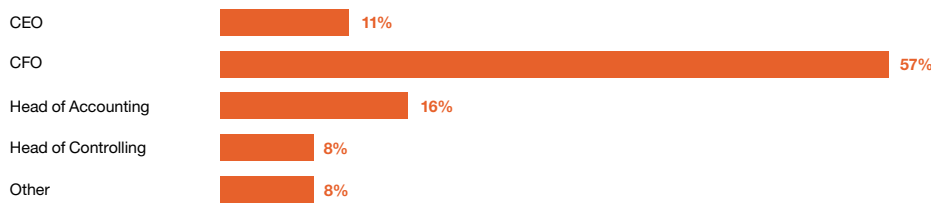
A fast and high quality reporting process is considered as the biggest challenge. To meet this challenge, the Finance Function will have to collaborate with other departments like IT, administration and operations. Such efforts would positively result in a better IT infrastructure and simplified processes and will provide Management with insights of their activities.



Panel description

Activity & Roles

Figure 1: More than two thirds of the participants are C-level executives.



Question: Which position/role do you hold within your company?

Size

Figure 4: What is the total number of staff (FTEs - full time equivalent) currently employed at your company (worldwide)?

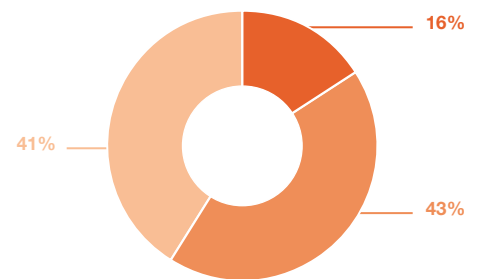
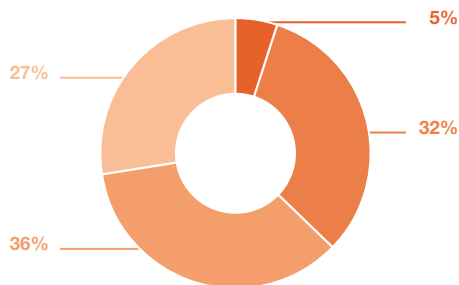
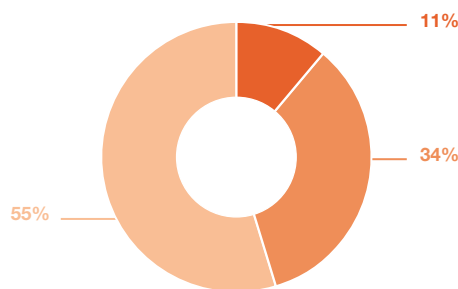


Figure 2: Which industry does your company operate in?



- Public Services
- Operational Companies
- Financial sector
- Bank

Figure 3: Worldwide revenues in FY2010.



- EUR >500 Mio
- EUR >50 Mio and EUR <500 Mio
- EUR <50 Mio

Question: What was your company's revenue in the last fiscal year (worldwide)?

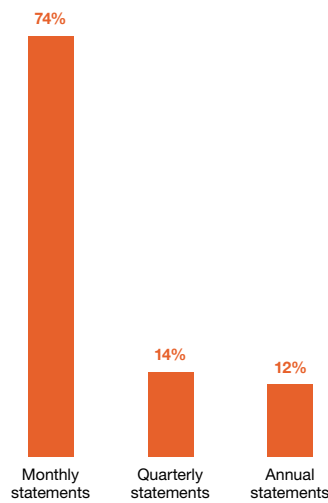
The sample of participant is a fair representation of the Luxembourgish market in terms of business sectors, size and turnover.

Key area 1 – Time

Time is definitely the area with both the highest priority and potential for optimisation. But looking at the current level of maturity of the reporting processes, companies will have to launch supporting initiatives to further reduce delays. These initiatives mainly relate to quality and to a lesser extent to costs.

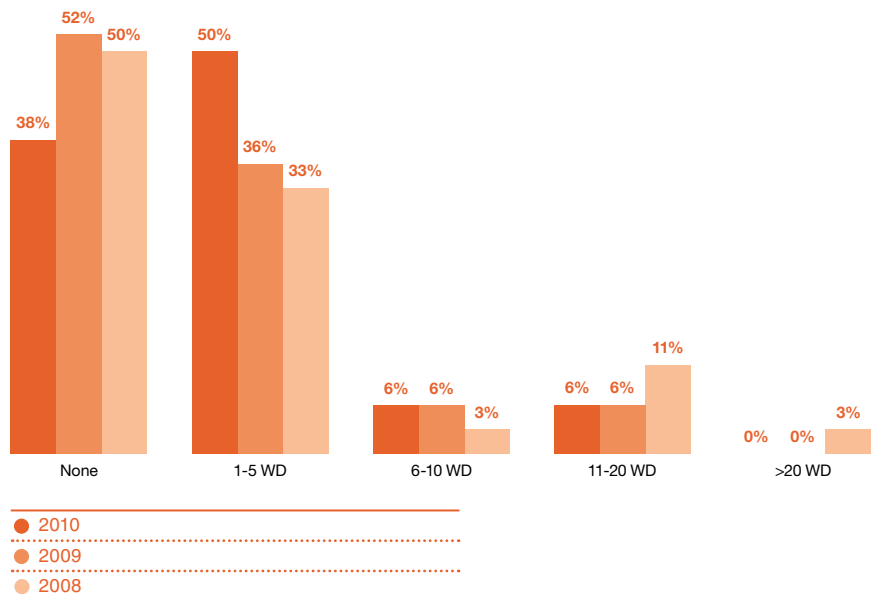
Outlook of the reporting process

Figure 5: 74% of interviewees produce monthly financial statements.



Question: Which financial statements do you prepare within your company?

Figure 6: Achieving major reduction of closing and reporting delays is quite a hard task.

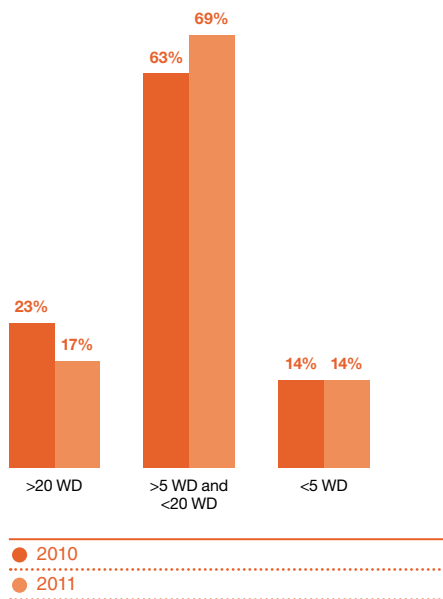


Question: By how many working days (WD) did you reduce your closing and reporting time in the past three years?



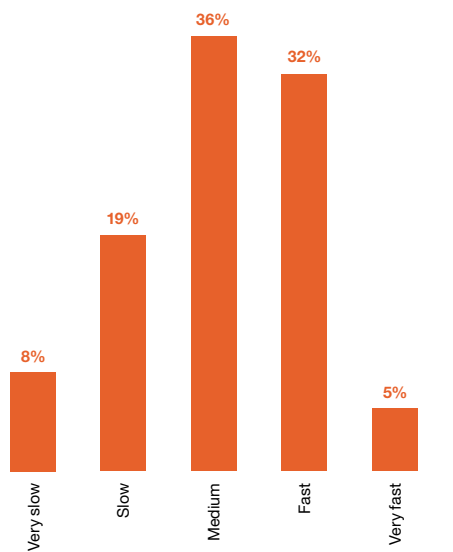


Figure 7: There are limited numbers of initiatives to reduce reporting delays in 2011.



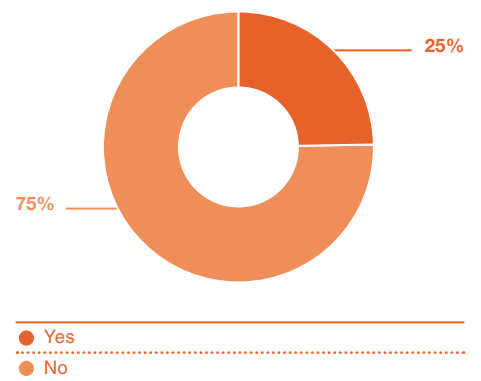
Question: What are your deadlines in terms of working days (WD) for the closing of reporting entity and data submission to group? (Annual statements)

Figure 8: Only 37% of the respondents qualify their current reporting process as fast or very fast.



Question: How do you assess your closing and reporting processes regarding time?

Figure 9: Only one out of four participants plans to further reduce closing and reporting delays.

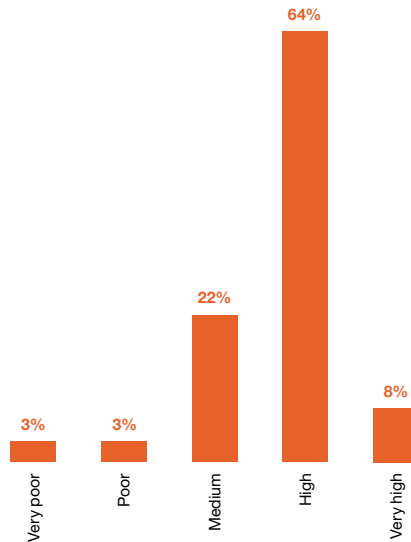


Question: Do you plan to further reduce the number of working days for your closing and reporting processes?

Key area 2 – Quality

Two different patterns can be drawn from the participants' responses. The great majority of surveyed companies have already reached a level of quality allowing tight closing and reporting delays. Further improvements would require considerable investments for marginal time saving results. Others are still struggling to reach a level of quality that would allow them to operate efficiently on the long term.

Figure 10: 72% of the participants assess the quality of the closing and reporting process as high or very high.



Question: How do you assess your closing and reporting processes regarding quality?

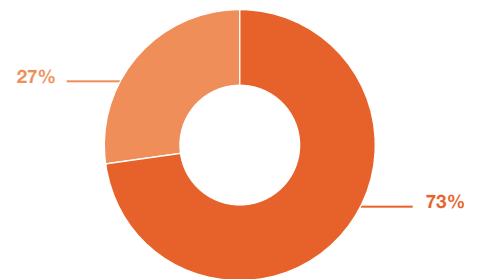
Figure 11: Improving the quality of the closing and reporting processes is necessary before looking into other cost reduction factors.



● Yes
● No

Question: Do you plan to improve the data quality of your closing and reporting processes?

Figure 12: Causes for time delays and quality issues are investigated by 73% of the participants.



● Yes
● No

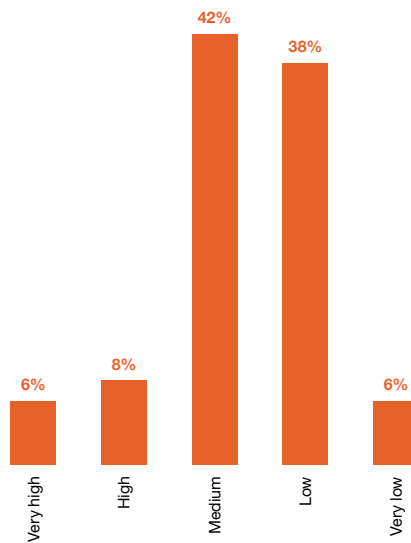
Question: Do you analyse the causes for time delays and/or quality issues?



Key area 3 – Costs

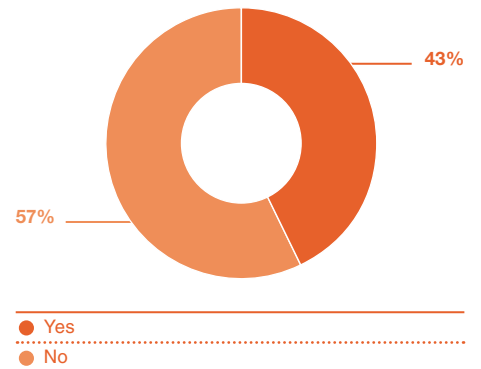
Cost reduction and optimisation are the essential goals of most of the surveyed organisations, but do not yet appear as the priority on the CFO's agenda. At this stage, respondents' maturity level and the impact of the financial crisis do not allow for major reengineering initiatives to enhance costs.

Figure 13: Yet, 56% of the interviewees qualify their costs of reporting as medium, high or very high.



Question: How do you assess your closing and reporting processes regarding costs?

Figure 14: Yet, 43% plans on reducing the costs of the process.



Question: Do you plan to reduce the costs of your closing and reporting processes?

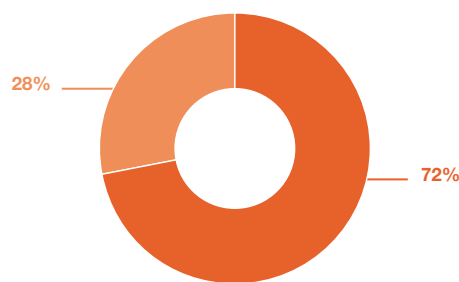


Challenges

A fast and high quality reporting process is considered as the biggest challenge. To meet this challenge, Finance Functions will have to closely collaborate with other departments like IT, administration and operations. Such efforts would positively result in a better IT infrastructure and simplified processes and will provide Management with insights of their activities.

Monitoring the reporting process

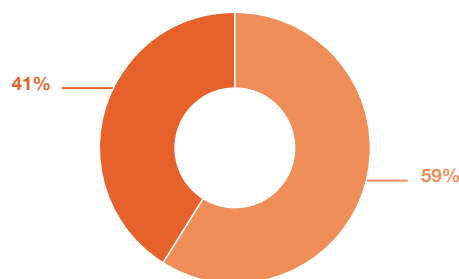
Figure 15: Monitoring processes are in place for three quarters of the respondents.



- Yes
- No

Question: Do you have a detailed activity plan for your reporting?

Figure 16: Yet, only 41% of interviewees have an internal control system to support quality.



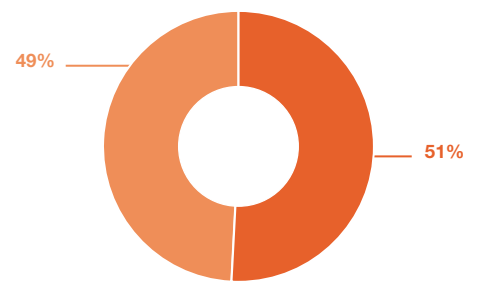
- Yes
- No

Question: Does your activity plan/contain activities related to the internal control system within the closing processes?



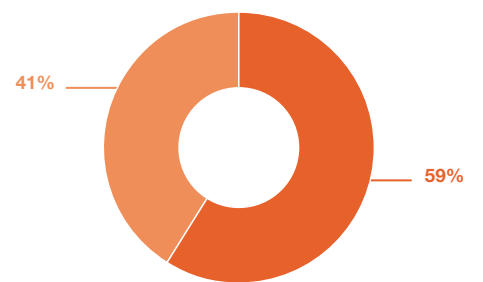


Figure 17: Are all activities for the reporting processes subject to regular monitoring/ status tracking?



- Yes
- No

Figure 18: Only 59% of the interviewees conducts regular feedback meetings after every close with the responsible people.

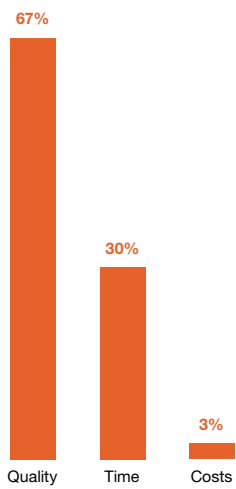


- Yes
- No

Question: Do you conduct regular feedback meetings after every close with the responsible people for your reporting?

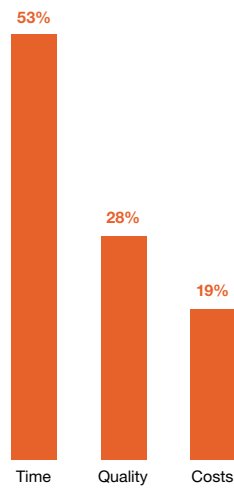
Areas for improvement

Figure 19: Quality is the top priority...



Question: Which of the three dimensions has the highest priority for your reporting?

Figure 20: ... and a prerequisite to further reduction of reporting delays.



Question: Which of the three dimensions has the highest optimisation potential?

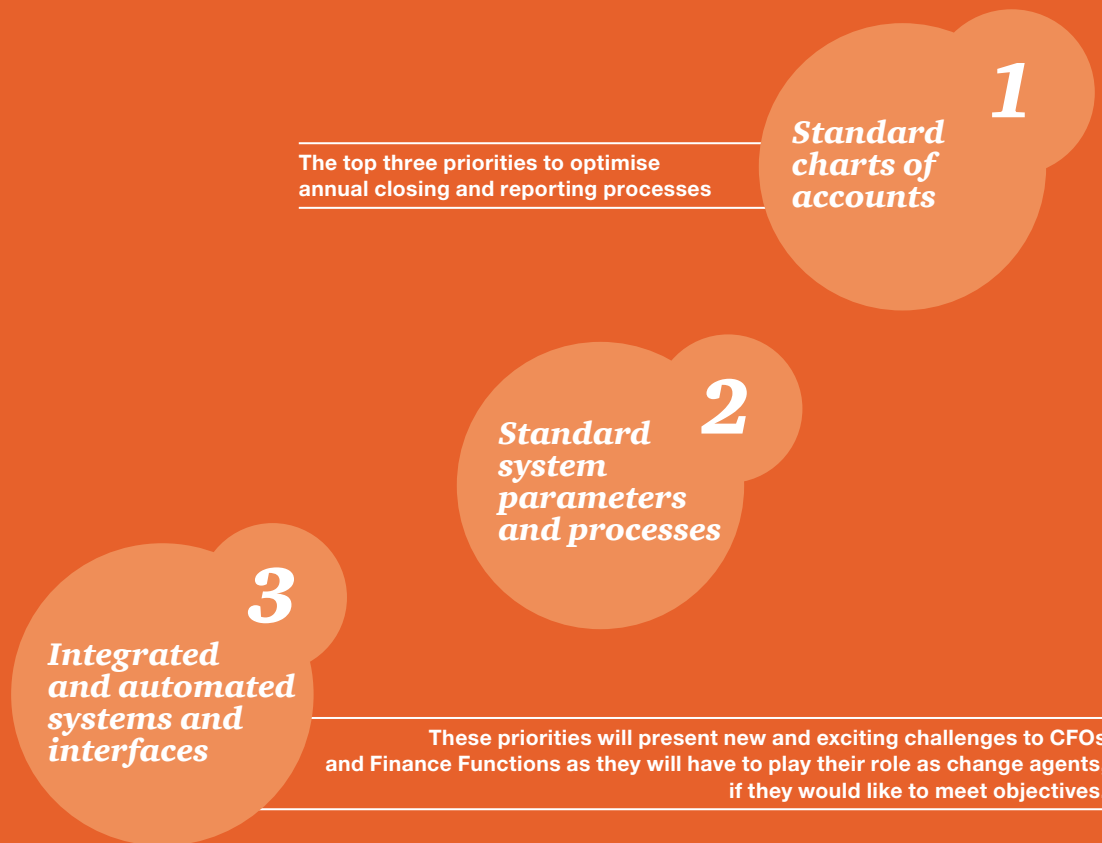


2011 priorities for CFOs

The financial crisis has forced CFOs to manage their activities in a reactive manner. Now, entering into a transition phase, CFOs will be able to act proactively to stimulate their reporting processes.

This includes:

- improvement of reporting quality,
- reduction of reporting delays.



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