KPMG

Finance and Treasury Management



Our experience for your success

Treasury departments – key players in corporate management – are exposed to ever-challenging conditions. For the most part, this is caused by unpredictable volatility in financial markets; the result is the need to constantly be prepared for critical eventualities. Digitisation, recent regulatory changes and, in many cases, changes in corporate structures and business models also call for finance and treasury management to be regularly adjusted and changed towards Treasury 4.0.

Dynamic upheavals

To a varying degree, new circumstances in the market, regulatory, technical, structural and organisational fields are challenging the work of Treasury departments. Treasury departments not only face new tasks that affect them directly. They are also indirectly confronted with changes, such as those affecting Controlling and Purchasing departments — both of which are becoming increasingly linked to Treasury departments.

Changes in business conditions are so profound and advancing at such a pace that there is limited time to respond. Structures, processes, plans and strategies need to be closely scrutinised; far-reaching professional expertise and knowledge of methods are essential for this. Extensive expertise of objectives and approaches, IT solutions as well as reporting, accounting and regulation is required. Tax and legal expertise is also indispensable.

In certain cases, a new approach to treasury management may make more sense than a series of adjustments. In any case, functional requirements as well as the design of processes, technical implementation and compliance must be considered alongside diverse legal standards. Organisational flexibility and the capacity to tackle multiple changes are the key success parameters; that said budget restrictions and HR limitations often negatively affect efforts.

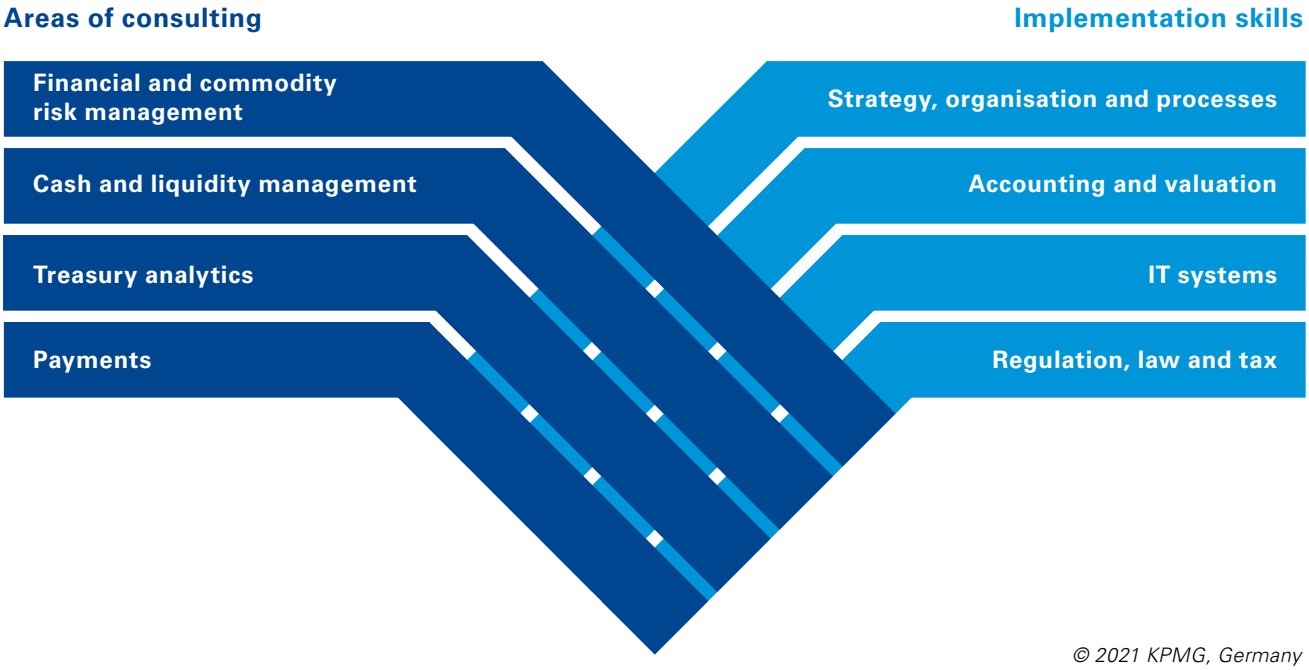
In short: accounting principles, regulations, controlling concerns, IT strategies, as well as legal, tax and HR issues need to be addressed in a holistic manner. If this happens, challenges turn into an opportunity to make Treasury departments fit for the future in respect to their activities and importance.

The path to this destination: an integrated approach

Treasury challenges can be ordered by functional impact. First, methods and approaches need to be developed which strategically match the specified issues. Second, there is also the issue of operational processes and systems. Over the long run, overcoming this complexity is viable only if all aspects are coordinated together and approached as one task.

Based on more than 15 years' experience with the most diverse projects in finance and treasury management, KPMG has developed one integrated model that covers all relevant areas. We always focus on selecting efficient means, paths and solutions that are appropriate to the scope of the challenge. In the case of compliance, our standard is set high since the number, extent and impact of legal and regulatory requirements, both at the national and international level, has reached an unparalleled scale.

Based on your individual requirements, your KPMG team spans the required specialist knowledge in all relevant disciplines. We always take account of the latest developments in the field of law* and regulation; we explore the manner in which you can gain from the new technical resources and let our clients profit from the leading edge in knowledge that we have gained from comparable projects. Advisory expertise and implementation skills work seamlessly together at KPMG.



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Perfectly positioned to serve you

Across Germany more than 60 members of staff put their extensive expert knowledge into finance and treasury management in order to serve you. We maintain an ongoing exchange with our 300 colleagues in our global network and can always draw upon all country-specific knowledge that may be required. We are always up to date on all methods and issues so that you can rely on us at any time for the latest insights and knowledge on trends in this field.

In addition, we maintain close working relations with leading IT and technology providers. While observing our stringent economic independence, we focus our attention wholly on the needs of our clients when making use of relevant information.

Learn more at
www.kpmg-corporate-treasury.com
or contact us directly. We would be pleased to hear from you.

* Legal services are provided by KPMG Law Rechtsanwaltsgesellschaft mbH.

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Your Treasury department: key issues and main tasks

- Standardised and exhaustive inventorying of all company-wide financial and commodity risk positions as the foundation for effective risk management
- Clear and efficient hedging strategies for the effective, transaction cost-optimised minimisation of risk
- Centralising risk management and implementing governance requirements
- Using Treasury IT for the efficient utilisation of resources
- Creating added value for the company through optimised treasury processes and methods

- Knowledge of current liquidity and projected cash flows
- Identifying the relevant cash drivers and the levers to control them
- Reducing the costs of internal payment transactions
- Improving interest income through cash pooling

- Aggregating and analysing data in order to implement recurring reporting requirements
- Establishing transparency in regard to treasury data and activities
- Creating plans and implementing scenario analyses based on actual data

- Security and compliance for payments
- Cost reduction through centralisation, automation and standardisation
- Integrating innovations such as real-time payments, eBAM or a payment service provider in the Treasury department

Our skills, your performance

Financial and commodity risk management

- Developing and optimising target operating models for risk management
- Determining risk appetite and defining risk-bearing capacity
- Consolidating exposure data from various source systems
- Designing and model-based testing of risk strategies and control models
- Developing flexible and user-friendly risk reporting

Cash and liquidity management

- Designing and handling the technical implementation of integrated liquidity planning and analysis
- Establishing a system of value-based liquidity management
- Assessing the risk/return profile for capital investments and developing tax optimisation concepts
- Designing and implementing an in-house bank to manage intercompany payments
- Setting up tailor-made cash pooling structures and assisting with the selection of banks
- Designing appropriate tax terms and charge rates for enterprise-wide cash management

Treasury analytics

- Comprehensive consulting on the topics of aggregation and analysis of corporate treasury data
- Designing and implementing reporting solutions with business intelligence tools to boost transparency and insights in regard to the factors influencing your treasury
- Using automated processes to decrease the manual effort involved in extracting and harmonising data from various systems
- Improving the quality and availability of data by developing a consistent and flexible database that's centrally available as the 'single point of truth'
- Utilising modern technologies to analyse actual data for the holistic, learning and data-driven prognosis of future values

Payments

- Strategy consulting (operating model, potential analysis and business case)
- Reviewing the security of the organisation, processes and IT solutions
- Designing and implementing solutions for internal and external payment transactions (in-house bank, payment/collection factories, shared service centres)
- Assisting with the selection of banks and software (RfP, Beauty Contest)
- Providing support with the implementation of embargo and sanction screening
- Setting up technical connections (formats, connectivity, e-banking)

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Your Treasury department: key issues and main tasks

Strategy, organisation and processes

- Strategy consulting (treasury strategy, TOM, treasury road map)
- Benchmarking and reviewing to ensure proper operations, effectiveness and efficiency
- Consulting on M&A transactions: establishing new treasury organisations or integrating existing treasury units
- Aligning treasury organisations with current challenges and cost targets
- Re-engineering processes in light of strategic objectives and compliance requirements by using digitisation
- Supporting the production of guidelines and organisational design

- Benchmarking the treasury function against your peer group and plotting a treasury road map
- Striking the right balance between efficiency and compliance requirements
- Reorganising and adjusting the treasury function in line with new requirements (centralisation, set-up of a finance company, corporate transactions such as carveouts or mergers)

Accounting and valuation

- Analysing and optimising market data supply
- Launching and validating valuation models for financial derivatives, stock option programmes and complex financing structures
- Advising on how to implement and optimise the recognition of financial instruments in accordance with existing IAS, IFRS, US GAAP and HGB provisions, especially with regard to hedge accounting requirements
- Designing, implementing and testing/supervising the transition to the IFRS 9 provisions that are applicable by now
- Defining and establishing a reporting system to meet disclosure requirements

- Implementing valuation methods in line with market requirements
- Applying accounting methods with secure audit trails, especially in hedge accounting
- Accompanying the transition to IFRS 9
- Cutting costs by standardising reporting

IT systems

- Analysing and designing system architectures and interfaces
- Selecting, introducing and optimising suitable treasury management systems and reporting platforms
- Assuring quality and performing tests/inspections during projects to launch or improve IT systems
- Performing health checks for existing system environments with regard to process efficiency, functionality, system operations, costs and sustainability
- Designing and optimising the treasury reporting system

- Homogenising system landscapes that feature numerous interfaces and reduction of manual activities
- Sketching the future orientation of the treasury's IT landscape
- Reducing the cost and effort involved in treasury reporting while making it more relevant to users
- Applying new technologies such as cloud computing and big data in treasury contexts

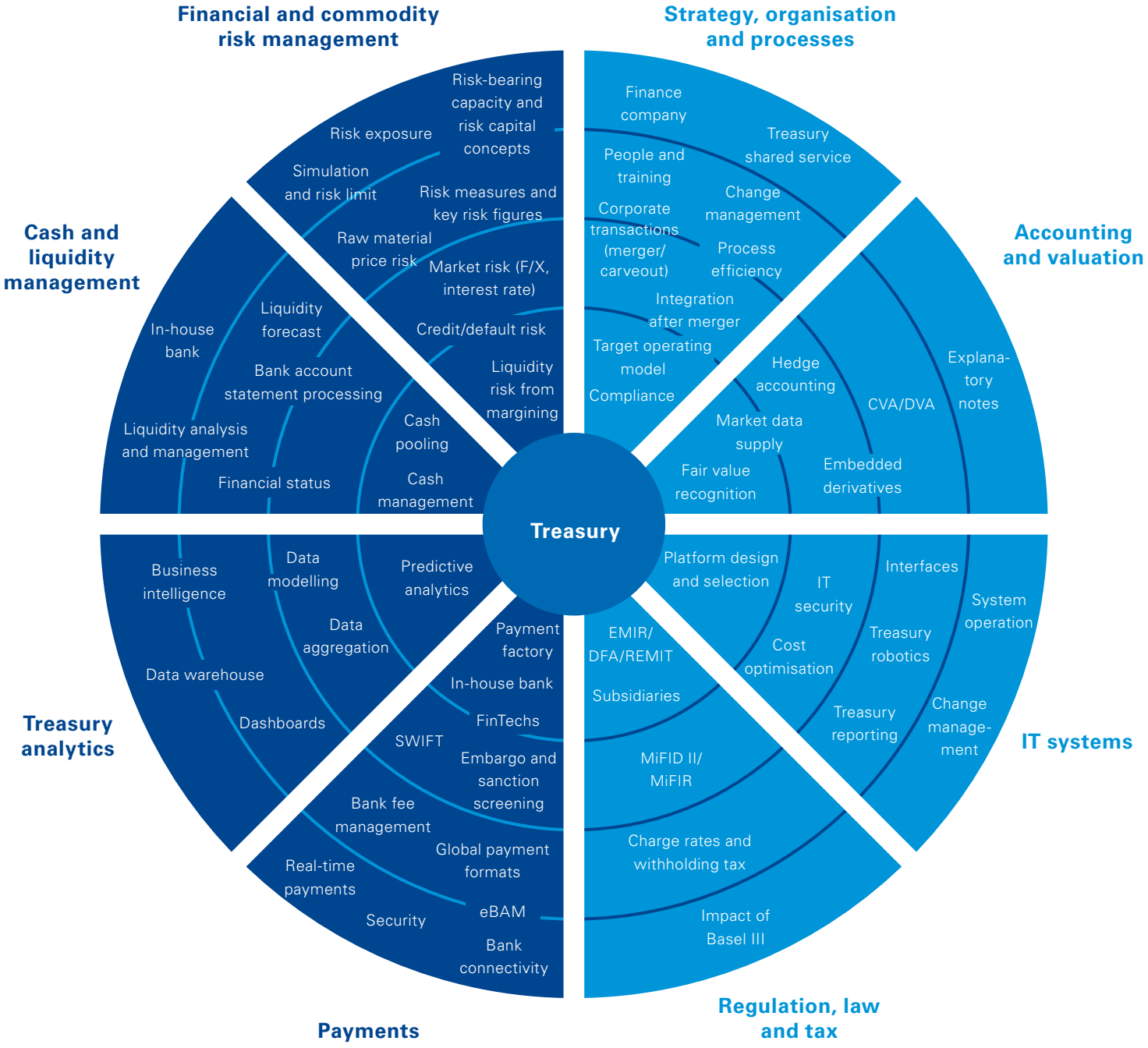
Regulation, law and tax

- Providing tax advice on the design of the treasury organisation and the treatment of financial transactions
- Analysing implications and advising on implementation of financial market regulations (EMIR, MiFID, REMIT)
- Performing the mandatory EMIR compliance audit stipulated by the Securities Trading Act in Germany
- Advising on supervisory implications for treasury organisation
- Analysing the impact of tax-related and supervisory initiatives (FATCA, financial transaction tax, Basel III)

- Launching legally independent finance companies
- Implementing the requirements of EMIR and REMIT
- Assessing the impact of regulatory initiatives
- Minimising tax risks arising from cash pools and financing measures

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Treasury department's customary areas of activity and responsibility



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