Commodities Accounting

Trading Software solution provider

Streamlined the accounting processes to efficiently manage Purchase to Pay (P2P), Order to Cash (O2C), Fixed Assets Register (FAR), Bank Reconciliations, Balance Sheet Reconciliations, Payroll, Journal Entries Management, and Monthly and Weekly reporting activities. Also, enabled a fast month-end accounts closure through real-time processing and analysis.

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Trading software solutions provider needs to optimize its commodity accounting

COMMODITIES ACCOUNTING

Picture this…

You're looking to set up a new accounting system for providing real time P2P & O2C processes as a one-stop solution. Currently, financial processes are fragmented and decentralized, resulting in inefficiencies without visibility into the end-to-end process and hand-offs between the processes were not seamless. Majority of the tasks are executed manually in Excel files with redundancy and augmented the risk of manual errors.

You turn to Accordion.

We partner with your team to streamline the accounting processes to efficiently manage Purchase to Pay (P2P), Order to Cash (O2C), Fixed Assets Register (FAR), Bank Reconciliations, Balance Sheet Reconciliations, Payroll, Journal Entries Management, and Monthly and Weekly reporting activities. Also, enabled a fast month-end accounts closure through real-time processing and analysis, including:

1) Setting up the new accounting system as part of the carve-out by conducting extensive User Acceptance Testing (UAT) for all processes in the Sandbox environment to address the anomalies
2) Migrating all historical records from the old system to the new ERP instance, without any data leakage
3) Creating SOPs for all the processes and automating the recurring processes to minimize manual intervention and the probability of errors
4) Ensuring that AP invoices, AR invoices, and Journal Entries were posted on a real-time basis, thereby improving working capital management

Your value is enhanced.

- You have streamlined activities categorized as "business as usual" for the accounting team, which help to close books by WD5 (5th Working Day) as opposed to book closure on WD10 earlier.
- You have improved AR management and cash flow by real time invoicing and streamlined customer collections, thereby improving DSO by 25% in three months
- You have achieved "Go – Live" on the target date with improved operations and reduced manhours by over 40% for month-end close (MEC)

KEY RESULT

- Manhours saved by over 50%
- 25% improvement in DSO

VALUE LEVERS PULLED

- Sandbox environment testing
- Real time accounting services

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Accounting solutions for commodity trading software solution provider

Commodities accounting

Situation

- Company was carved out of a PE-owned energy trading software firm. Financial processes were fragmented and decentralized, resulting in inefficiencies. Client team did not have visibility into the end-to-end process and hand-offs between the processes were not seamless.
- Majority of the tasks were executed manually in Excel files which led to redundancy and augmented the risk of manual errors. PTP and OTC processes were not real-time, leading to accumulation of AR and AP invoices for processing at the month end.
- Partnered with the client in setting up new accounting system and P2P & O2C processes to provide a one-stop solution for both these workstreams

Accordion Value Add

- Set up the company's new accounting system as part of the carve-out by conducting extensive User Acceptance Testing (UAT) for all processes in the Sandbox environment and partnered with the client to address the anomalies
- Migrated all historical records from the old system to the new ERP instance, without any data leakage
- Created SOPs for all the processes and automated the recurring processes to minimize manual intervention and the probability of errors
- Ensured that AP invoices, AR invoices, and Journal Entries were posted on a real-time basis, thereby improving working capital management

Impact

- Streamlined activities categorized as "business as usual" for the client's accounting team, which helped the team to close books by WD5 (5th Working Day) as opposed to book closure on WD10 earlier.
- Improved AR management and cash flow by real time invoicing and streamlined customer collections, thereby improving DSO by 25% in three months
- Achieved "Go – Live" on the target date with improved operations and reduced manhours by over 40% for month-end close (MEC)

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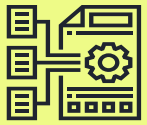
Summary of accounting solutions delivered each month

INVOICING AND JOURNAL ENTRIES MANAGEMENT

- Receivables and Payables invoices upload
- Journal entries posting and GL management
- Propose and Depreciate Fixed Assets
- Amortize prepayments



RECONCILIATION

- Gross Receipts Reconciliation
- Balance Sheet Reconciliation
- Bank statements Reconciliation

REPORTING

- Aged Debt Report
- Payment Proposal Report

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Summary of accounting calendar with timelines for key activities

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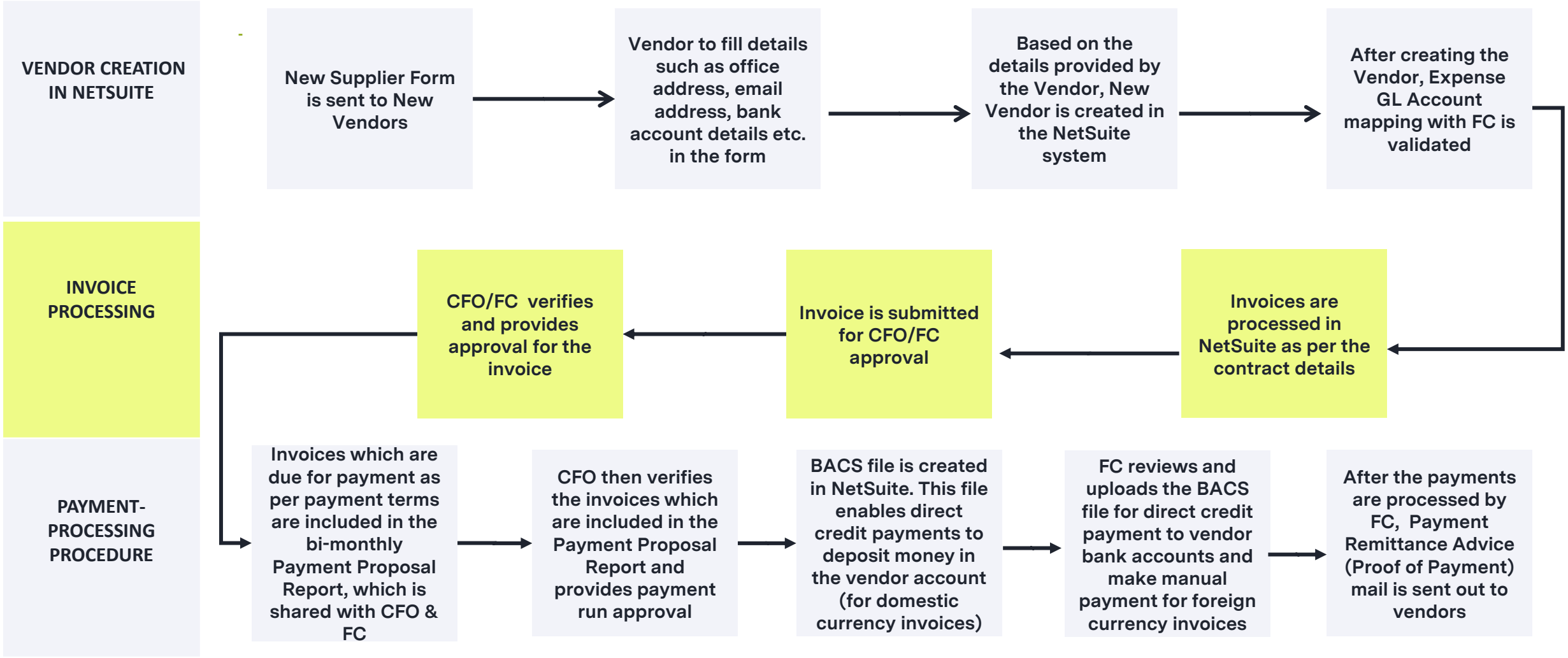
Procure to pay process flow (P2P)

Enabled establishing the P2P process post migration of the carved-out client



* FC – Financial Controller, BACS – Banker's Automated Clearing System

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Output - Procurement process flow (P2P)

As per Old Process

PAYMENT PROPOSAL REPORT SNAPSHOT

Old Process:

>> Download Open AP Invoices list from NetSuite

>> Invoices which are already paid are also included in this report, Check the Bank Statement and highlight those Invoices as Paid

>> Check the Foreign Currency Invoice (other than GBP) and highlight the rows in different colors

>> Share the updated Payment Proposal list with CFO for approval

Bill Number	Vendor	Bill Date	Memo	Date Due	Amount Due	Currenc	Amount (Foreign Currency)	Payment Hold	
123	V01 ABC Ltd.	24/02	Subcription Fee	24/02	£82,067.92	CHF	sFr.101,869.26	No	Paid
345	V04 ABC Ltd.	01/12	Other Expenses	30/12	£11,535.60	GBP	£11,535.60	No	Paid
456	V05 XYZ & co.	08/12	Subcription Fee	07/01	£246.68	USD	$300.60	No	Paid
678	V06 124 Partners Ltd.	01/01	Consultancy Services	15/04	£31,565.45	USD	$38,203.68	No	Paid
891	V07 ABC Ltd.	28/02	Electricity Bill	30/03	£2,490.13	USD	$3,000.00	No	Paid
321	V08 XYZ & co.	31/03	Other Expenses	15/05	£11,639.68	USD	$14,430.64	No	Paid
467	V09 125 Partners Ltd.	06/04	Subcription Fee	06/04	£108.00	GBP	£108.00	No	Paid
592	V10 ABC Ltd.	30/04	Consultancy Services	15/05	£567.36	GBP	£567.36	No	Paid
683	V11 XYZ & co.	01/05	Electricity Bill	31/05	£17,820.00	GBP	£17,820.00	No	
111	V12 126 Partners Ltd.	30/06	Other Expenses	30/06	£13,075.67	USD	$16,500.00	No	
222	V13 ABC Ltd.	01/07	Subcription Fee	31/07	£9,045.60	GBP	£9,045.60	No	
333	V14 XYZ & co.	27/07	Consultancy Services	26/08	£13,371.20	USD	$17,331.48	No	
445	V15 127 Partners Ltd.	01/08	Electricity Bill	31/08	£12,000.00	GBP	£12,000.00	No	
546	V16 ABC Ltd.	01/08	Other Expenses	31/08	£2,580.36	GBP	£2,580.36	No	
787	V17 XYZ & co.	01/09	Subcription Fee	01/10	£41,033.96	CHF	sFr.50,934.63	No	
399	V18 128 Partners Ltd.	01/09	Consultancy Services	01/10	£3,879.60	GBP	£3,879.60	No	
401	V19 ABC Ltd.	01/10	Electricity Bill	31/10	£4,065.91	GBP	£4,065.91	No	
597	V20 XYZ & co.	01/10	Other Expenses	31/10	£7,250.40	EUR	8,700.48 €	No	

- Payments were not applied real time leading to inefficiencies, hustling and errors during payment cycle
- Proposals included invoices not due and led to duplicate payments
- Payments were not segregated based on currency thereby causing analytical errors and incorrect payments

Color coding used to highlight the bills were not intuitive

As per New Process

PAYMENT PROPOSAL REPORT SNAPSHOT

Payment Proposal Suggestion

Cut off date	30/11

Domestic Currency Payment Proposal Suggestion

To pay?	Yes
Is Employee Exp	FALSE

Bill Number	Vendor	Bill Date	Memo	Date Due	Payment Hold	Sum of Amount Due
1002	Vendor_2	02/11	XYZ Subscription	07/11	No	28,301.58
1003	Vendor_3	03/11	EDF Software Dev & Support	08/11	No	3,306.70
1004	Vendor_4	04/11	ABC Payment	09/11	No	9,613.00
1007	Vendor_7	07/11	ABC Payment	12/11	No	2,075.11
1008	Vendor_8	08/11	XYZ Subscription	13/11	No	9,699.74
1009	Vendor_9	09/11	EDF Software Dev & Support	14/11	No	90.00
1010	Vendor_10	10/11	ABC Payment	15/11	No	472.80
1011	Vendor_11	11/11	XYZ Subscription	16/11	No	14,850.00
1012	Vendor_12	12/11	EDF Software Dev & Support	17/11	No	10,896.40
1015	Vendor_15	15/11	EDF Software Dev & Support	20/11	No	10,000.00
1017	Vendor_17	17/11	XYZ Subscription	22/11	No	1,576.70
1018	Vendor_18	18/11	EDF Software Dev & Support	23/11	No	3,233.00
1019	Vendor_19	19/11	ABC Payment	24/11	No	3,388.26
1020	Vendor_20	20/11	XYZ Subscription	25/11	No	6,042.00
Grand Total						**150,886.35**

- Payments got applied in NetSuite real time eliminating manual overheads in proposal creation and ensuring smooth payment cycles
- Proposal report factors in the due date of invoices for better cash flow management and avoiding duplicate payments
- Payments are segregated based on currency thereby improving analysis

The Bills highlighted in green are the ones which have been verified by CFO for payment

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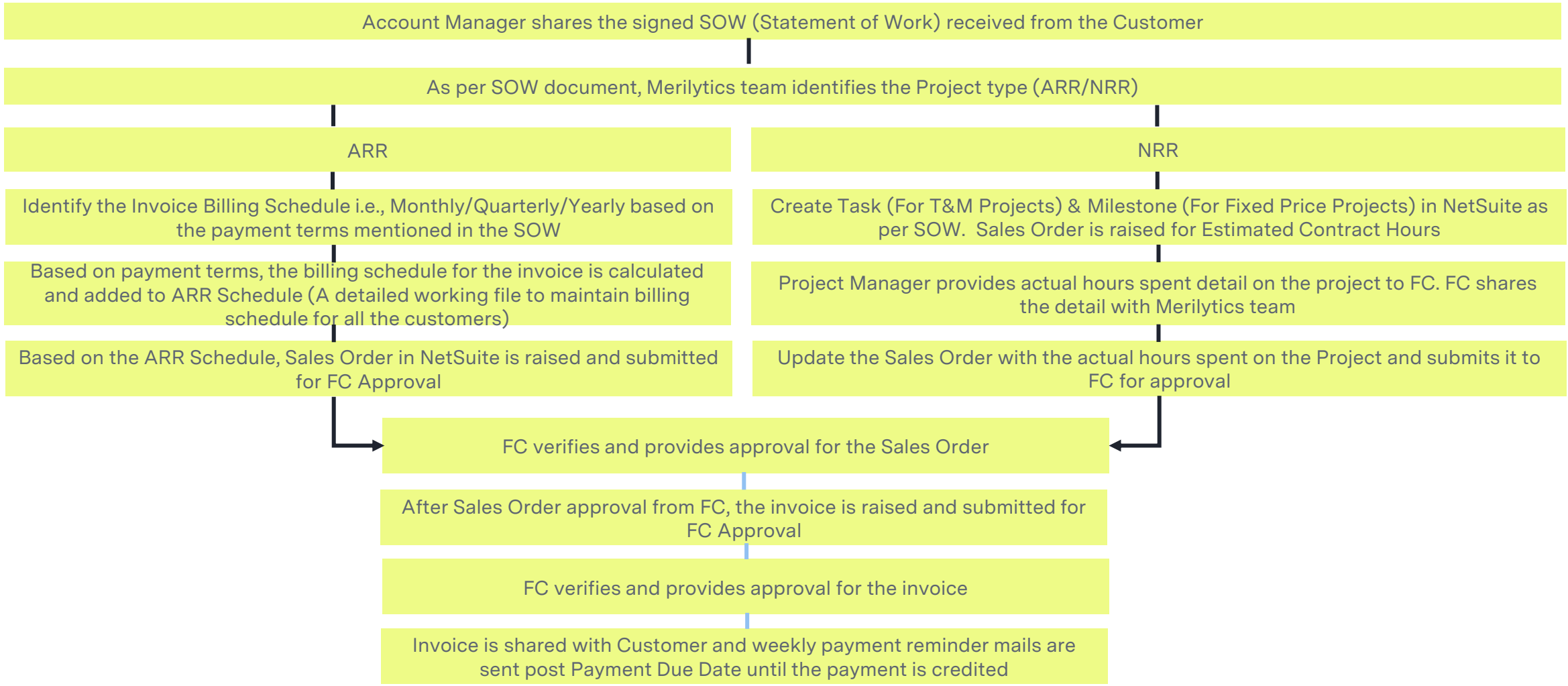
Order to cash process flow (OTC)

Enabled establishing the OTC process post migration of the carved-out client



*** ARR- Annual Recurring Revenue, NRR- Non-Recurring Revenue, FC – Financial Controller, T&M – Time and Material,**

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