

# Financial reporting

## Biotechnology company

Developed budget planning tools, monthly operating review, short-term cash flow and consolidated financials models for various program and business units to be able to identify opportunities before preparing the budget, and consequently adjusted business strategy based on near-term forecast numbers.

# Biotechnology company needs Financial reporting

## Picture this...

You're looking to build consolidated financial models for Budget Planning, Cash Flow Forecasting, Trial Balance Accounting and performance monitoring model for Monthly Operations across programs.

## You turn to Accordion.

We partner with your team to develop budget planning tools, monthly operating review, short-term cash flow and consolidated financials models to identify opportunities before preparing the budget, and consequently adjust business strategy based on near-term forecast numbers, including:

- 1) Developing an integrated Budget Planning Model that aggregates the projections from departments across business units and benchmarking them against the top-level forecast generated by applying flexible 'growth rates' to previous year's company level performance
- 2) Building a 13-week Cashflow forecast model that has the capability to store/retrieve weekly forecasts and actuals. This model is to provide a snapshot into the variance of actuals against the forecast and tracks the performance of forecasting process for various cash inflow/outflow headers.
- 3) Building an automated consolidated model that captures Trial Balance adjustments for the GL accounts, generating quarterly and annual financial statements, validating intercompany transfers and comparing Quarter , YoY performance
- 4) Deploying a comprehensive executive reporting suite on the Monthly Operating Review that compares MTD, QTD, YTD P&Ls segments against previous year performance which can be investigated using EBITDA, Cash Sources/Usage bridges which can be drilled-down to each BU and department to track opportunities

## Your value is enhanced.

- Budget planning model streamlined your budget board meeting discussions and helped to setup the budgets by accounting for upcoming operational and expansion plans.
- Robust consolidated financial model helped analyze trial balance adjustments and pinpoint the missing adjustments and intercompany eliminations, and significantly reduced the manual effort for the process
- You have automated monthly operating review that enabled to review all the operations across the programs and find opportunities, reference to make strategic changes in the business operations.

## KEY RESULT

- Impact 1...
- Impact 2...

## VALUE LEVERS PULLED

- Trial balance adjustments
- Budget Planning Model
- Cashflow forecast model
- Executive reporting suite

# Financial planning and budgeting for a biotech company

## Situation

- Opportunity to monitor the operations/performance across 15 programs and build FP&A models for budgeting and cash positions
- Partnered with the client to build consolidated financial models for Budget Planning, Cash Flow Forecasting, Trial Balance Accounting and performance monitoring model for Monthly Operations across programs

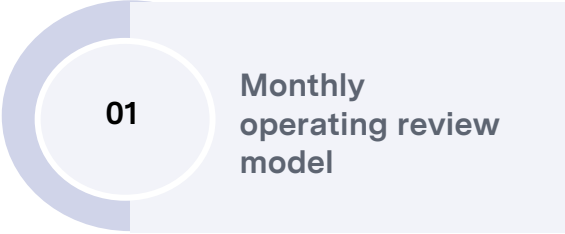
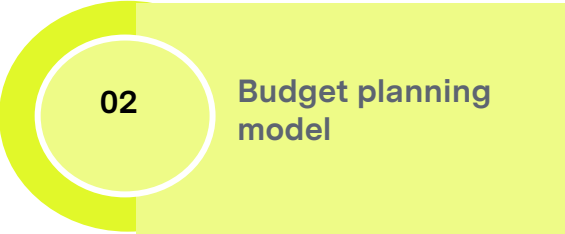


## Accordion Value Add

- Developed an integrated Budget Planning Model that aggregates the projections from departments across business units and benchmarks them against the top-level forecast generated by applying flexible 'growth rates' to previous year's company level performance.
- Built a 13-week Cashflow forecast model that has the capability to store/retrieve weekly forecasts and actuals. This model provides a snapshot into the variance of actuals against the forecast and tracks the performance of forecasting process for various cash inflow/outflow headers. Also, built an automated consolidated model that captures Trial Balance adjustments for the GL accounts, generates quarterly and annual financial statements, validates intercompany transfers and compares Qu , YoY performance.
- Deployed a comprehensive executive reporting suite on the Monthly Operating Review that compares MTD, QTD, YTD P&Ls segments against previous year performance which can be investigated using EBITDA, Cash Sources/Usage bridges which can be drilled-down to each BU and department to track opportunities.

## Impact

- Budget Planning Model streamlined the client budget board meeting discussions and helped them to setup the budgets by accounting for upcoming operational and expansion plans.
- Robust consolidated financial model helped analyze trial balance adjustments and pinpoint the missing adjustments and intercompany eliminations, and significantly reduced the manual effort for the process
- Automated Monthly Operating Review enabled user to review all the operations across the programs that helped find opportunities and reference to make strategic changes in the business operations.

# Summary of FP&A tools

Output	Impact	Areas of value add
 <p><b>01</b> Monthly operating review model</p>	<p>Client team is now able to focus on critical aspects of the business and providing the correct insights on operations, as all the outputs with various categories and views will address most of the business operations.</p> <p>MOR model acts as a <b>one-stop diagnostic tool</b> to measure and monitor performance of all programs and departments with time intelligence.</p>	<ul style="list-style-type: none"> <li>• Financial Modeling</li> <li>• Robotic Process Automation</li> <li>• Excel Reporting</li> </ul>
 <p><b>02</b> Budget planning model</p>	<p><b>Budget planning model</b> was customized to allow users to input various growth rates and inputs within the model.</p> <p>The tool also facilitates reporting and visualization of the results for the executive leadership to <b>support decision-making</b>.</p>	<ul style="list-style-type: none"> <li>• Budgeting</li> <li>• Financial Modeling</li> <li>• Visualization</li> </ul>
 <p><b>03</b> Short-term cash flow forecasting</p>	<p>Merilytics delivered a <b>granular level Cashflow Forecasting model</b> encompassing all the programs and showcasing the variance between actual and forecast on weekly basis.</p> <p>Model facilitated CFO office to <b>centrally monitor program level cashflow performance</b>, with greater confidence in numbers.</p>	<ul style="list-style-type: none"> <li>• Financial Modeling</li> <li>• Variance analysis</li> <li>• Excel Macros &amp; Automation</li> </ul>
 <p><b>04</b> Consolidated financials</p>	<p>Merilytics partnered with the client team to enhance the Consolidated Finance model to <b>store and consolidate different trial balances</b> (and adjustments) for the same period.</p> <p>In-depth automation was done on the model to reduce the manual interventions needed to update the model.</p>	<ul style="list-style-type: none"> <li>• Financial Modeling</li> <li>• Trail Balance</li> <li>• Robotic Process Automation/Excel Macros</li> </ul>

# Monthly operating review

P&amp;L Line Items

Actual vs Budget comparison  
for selected month.

Overall Consolidated (in thousands)	Actuals Jan CY	Budget Jan CY	Over/(Under) \$ Change	% Change	Actuals Jan PY	YoY \$	YoY %
<b>Revenues:</b>							
License Revenue	\$1,133	\$800	\$333	42%	\$750	\$383	51%
Milestone Payments	\$0	\$0	\$0	-	\$0	\$0	-
Others	\$1,439	\$1,263	\$176	14%	\$1,090	\$349	32%
<b>Total Revenues</b>	<b>\$2,572</b>	<b>\$2,063</b>	<b>\$509</b>	<b>25%</b>	<b>\$1,840</b>	<b>\$732</b>	<b>40%</b>
COGS	\$186	\$103	\$83	-80%	\$89	\$97	-109%
Royalty Based License Fees	\$75	\$38	\$37	-96%	\$20	\$55	-275%
<b>Operating Expenses:</b>							
R&D	\$250	\$348	(\$98)	28%	\$135	\$115	-85%
Non-Clinical	\$1,509	\$966	\$543	-56%	\$375	\$1,134	-303%
Clinical	\$800	\$1,069	(\$269)	25%	\$319	\$481	-151%
MFG	\$3,014	\$2,358	\$656	-28%	\$3,473	(\$459)	13%
Regulatory	\$189	\$174	\$15	-9%	\$85	\$104	-123%
Translational	\$197	\$180	\$17	-10%	\$0	\$197	-
QA	\$35	\$25	\$10	-42%	\$0	\$35	-
Admin	\$978	\$883	\$95	-11%	\$692	\$286	-41%
<b>Total Operating Expenses</b>	<b>\$6,972</b>	<b>\$6,001</b>	<b>\$971</b>	<b>-16%</b>	<b>\$5,077</b>	<b>\$1,895</b>	<b>-37%</b>
<b>EBITDA</b>	<b>(\$4,661)</b>	<b>(\$4,079)</b>	<b>(\$582)</b>	<b>-14%</b>	<b>(\$3,346)</b>	<b>(\$1,315)</b>	<b>-39%</b>

Prior Year  
Comparison

# Consolidated financials

As of date selection

Macro to store the trial balance adjustments

Trial balance adjustments

Trial Balance Adjustments										
As of Date		30-Sep	Click to Store Data							
			Program 1		Program 2		Program 3		Program 4	
AJEs	Category	Account & Description	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
Q319-016	Posted (+rev)	Load trial balance (Spain)								
		20000 · Accounts Payable:20100 · A/P - Vendor			-	118,221				
		12000 · Accounts Receivable:12100 · A/R - Trade			232,772	-				
		12000 · Accounts Receivable:12900 · A/R - Other			600	-				
		12000 · Accounts Receivable:12900 · A/R - Other			531,965	-				
		20000 · Accounts Payable:20200 · (E) A/P - Intercompany			-	6,444,170				
Q319-040		Record prorated tax provision (75% other than								
		13000 · Prepaids & Other Current Assets:13100 · Prepaid:13	20,468							
		13290 · Miscellaneous Receivable	302,089							
		24000 · Income Taxes Payable		302,089						
		24000 · Income Taxes Payable		2,210						
		17000 · Other Assets:17200 · Deferred Tax Asset				1,251,388				
		34000 · Currency Translation Adjustment		1,432						
		20000 · Accounts Payable:20200 · (E) A/P - Intercompany	19,233							
		64000 · Upstream Materials:64900 · Other			13,689					
		63000 · R&D Other Expenses:63900 · Other		38,504						
		62000 · Office Expense/Infrastructure:62300			815				29,222	
		90000 · Income Taxes	24,555							
		90000 · Income Taxes:90100 · Federal		22,110	1,236,884					29,222
		90000 · Income Taxes:90200 · State								
		94000-Deferred tax inc/ exp			-					