IMA’s 2020 Accounts Closing Benchmarks Report

An assessment of the speed and efficiency of the process of closing books of accounts, covering:
Closing timelines, budgetary spends, staff allocation, outsourcing, governance mechanisms, automation and tech adoption
A COMPREHENSIVE ASSESSMENT OF THE ACCOUNTS CLOSING PROCESS*

India-centric benchmarks to assess the practices of Finance departments around the closing process.

- **Closing timelines**
  Days taken to close books of accounts annually, quarterly and monthly; split of time slice by each sub-activity in the close process lifecycle

- **Budgetary spends**
  Measures of budgetary allocation towards the accounts closing process at the overall level and splits by various categories

- **Staff allocation**
  Finance Full Time Employees (FTEs) and Part-Time Employees (PTEs) involved in close activities

- **Outsourcing**
  Extent of outsourcing of closing related work

- **Governance mechanisms**
  Tools used for enabling accuracy and visibility of the closing process

- **Automation and technology adoption**
  The level of automation that exists across close processes and technologies used in the process

*For internal reporting and MIS*
Detailed process data and metrics & cross tabulation

- 125 India-based organisations studied
- 16 close activities evaluated
- Detailed peer comparisons
- 8 sectors analysed
- 8-way cross-tabulation of data

In addition to size, workforce, sector and ownership splits, detailed cross-tabulations are made on the basis of the following parameters:

- **Best-in-class (BIC)/Worst-in-class (WIC):** The top 25%/bottom 25% of companies in terms of days taken to close accounts
- **Spending:** The top 25%/median/bottom 25% companies in terms of spends on the accounts closing process as a percentage of revenue or the overall Finance budget
- **Number of subsidiaries to consolidate for reporting/review of accounts**
- **Number of cities in which Finance/Accounts operations are carried out**
IN-DEPTH COVERAGE ACROSS SECTORS, SIZE, OWNERSHIP LEVELS, AND MORE

Survey Sample Demographics

Revenue (India, 2019)

- <Rs 250 cr: 21%
- Rs 250-500 cr: 22%
- Rs 500-1,000 cr: 13%
- Rs 1,000-5,000 cr: 28%
- >Rs 5,000 cr: 16%

Ownership

- Foreign-owned: 23%
- Indian MNC: 59%
- Indian pure-play: 18%

Sector

- BFSI: 20%
- ITeS: 4%
- Manufacturing: 33%
- Pharma/Healthcare: 8%
- General Services: 16%
- Infrastructure: 8%
- IT: 11%
- Listed in India & overseas: 6%
- Listed only in India: 22%
- Listed only overseas: 26%
- Unlisted: 46%

Other parameters include: workforce, domain, number of cities with offices in India, cities where Finance operations are carried out.
ENABLING CFOS WITH ACTIONABLE INTELLIGENCE

The 90-page report helps to:

✓ Benchmark your company's closing speed and efficiency against the industry as well as against segmented peer sets
✓ Identify areas of over- and under-spend in the close process
✓ Understand opportunities for cost reduction or performance improvement
✓ Compare your close process activity level performance, process automation, staff allocation against others in the same sector or size band
✓ Establish actionable yardsticks for CFOs that can feed into business-planning
HIGHLIGHTS: TOTAL DAYS TO CLOSE ACCOUNTS

- The median company takes **20 days** to close its annual accounts for the purposes of management reporting.
- The top 25% companies (25th percentile) take just **8 days** while the bottom 25% (75th percentile) take **30 days**.

*FY19

Days to close*
(Annual books)
HIGHLIGHTS: DAYS TO CLOSE ACCOUNTS (% OF COMPANIES)

- 7% of companies are able to close their annual books in less than 5 days, while a fifth takes between 5 to 10 days.
- 40% of companies take 20-50 days to close and 16% take more than 50 days.
OTHER HIGHLIGHTS

- **Closing cost:** As a percentage of the *Finance budget*, the median cost of the close process stood at 10.6%*. Fast closers (best-in-class) dedicate a greater share of the Finance budget to closing activities – up to 2.5x as much as slow closers (worst-in-class) do.

- **Staff allocation:** The average company has 31 full-time employees (FTEs) in the Finance department. Of these, about 40% are involved in accounts closing in some form or another.

- **Outsourcing:** Only 16% of companies outsource their accounts closing work, partially or completely.

- **Governance:** A significant proportion of firms still use shared spreadsheets to ensure suitable visibility in the reconciliation process.

- **Automation and Technology Adoption:** Income accounting and AP/AR are the most automated activities.

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The above highlights are some high-level examples. The full report contains detailed insights and cross-tabulations.
**TABLE OF CONTENTS**

**Introduction and Overview**
- Demographic Profile of Respondents
- Executive Summary

**Taking Stock: Closing, Timelines, Priorities and Challenges**
- Days to Close Accounts*: Overview
- Days to Close Accounts: Monthly, Quarterly, Half-yearly, Annually; Segmentation (9-way cross tab*)
- Change in Close Timelines: Top Reasons
- Timelines for Major Close-Related Processes; Segmentation (9-way cross tab)
- Timelines for Sub-Processes: Fast versus Slow Closers; Segmentation (9-way cross tab)
- Accounts Closing: Top Priorities
- Pain-points in the Close Process

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*by revenue, sector, listing, ownership, workforce, spending, number of subsidiaries to consolidate for reporting/review of accounts and number of cities in which Finance/Accounts operations are carried out, and best-in-class/worst-in-class (for selected parameters).
# Table of Contents

**Resources: Budget, Headcount and Technology Spends**

- Total Costs of Accounts Closing; Segmentation (9-way cross tab*)
- Closing Costs: Split by Closing Speed; Segmentation (8-way cross tab*)
- Accounts Closing Cost Split: Manual, Technology, Outsourcing; Segmentation (8-way cross tab*)
- Cost of Systems and Technology; Segmentation (8-way cross tab*)
- Factors Driving Accounts Closing Costs; Segmentation (8-way cross tab*)
- Staff Strength: Full Time Employees; Segmentation (8-way cross tab*)
- Level-wise Split of Employees: Corporate, SBU, SSC/CoE; Segmentation (8-way cross tab*)
- Accounts Closing Staff Allocation: Expected Change in FY20; Segmentation (8-way cross tab*)
- Staff Allocation: Reasons for Change in FY20
- Extent of Outsourcing of Closing Work; Segmentation (9-way cross tab*)
- In-house vs Outsourced Accounts-Closing Work

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TABLE OF CONTENTS

Governance Mechanisms

• Accounts Closing: Key Expectations
• Enabling Accuracy and Visibility of the Reconciliation Process
• Tools for Transaction Matching and Balance Reporting
• Archiving of Accounts Closing Results

Automation and Technology Adoption

• Level of Automation across Accounts Closing Processes; Segmentation (9-way cross tab*)
• Accounts Closing Technology Decisions; Segmentation (9-way cross tab*)
• Technologies used in Accounts Closing; Segmentation (9-way cross tab*)
• Implementation of Specific Governance Tools

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  - Other Forums: **Rs 35,000 + GST**

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