



# MANAGEMENT COMPANY ACCOUNTING

With firm growth comes expense allocation and reporting challenges. Understanding the pitfalls of generic accounting systems and features of PE-specific corporate accounting solutions is critical to ensuring success.

Management Company Accounting involves the procedures and reporting of a Private Capital firm's operating entities and overall operating results for GPs. It is common for fund and portfolio company-related expenses to be paid out of the management company for centralization purposes.

## EXPENSE ALLOCATION

As a firm grows so does the volume of expenses to allocate for funds, investors, deals, and portfolio companies. A systematic solution can automate the calculation and entry of expenses between the management company and fund books.

## TAX PAYMENTS & ALLOCATION

Operating expenses, such as taxes, are typically paid by the management company. As more blocker and feeder entities are set up, challenges arise with proper allocation of tax payments and flowing through for capital calls.

## REPORTING PROCEDURES

Generic accounting programs lack allocation rules for tracking and reporting expenses to the GP-level. Properly consolidating management company reporting should feature a systematic process based on the firm's financial structure.

## EXPENSE REIMBURSEMENT

Expenses can no longer be reconciled and allocated offline using Excel. A high volume of activity on employee corporate cards requires an automated reconciliation process between the bank and the accounting system.

## INTERCOMPANY PROCESSING

As more entities are set up to address taxation and reporting requirements, it can become difficult to properly track intercompany payments and receipts and obtain a holistic view of operating results.

## A/P & INVOICING

Increased volume of payables, receivables, invoices and payments requires a proper A/P module and automated invoicing process. Manual creation of company invoices is not feasible with an increase in volume.

## SAMPLE OF SOLUTIONS

A proper Management Company Accounting system and process need to be put in place that enables automated allocation and entry of expenses across entities. Available solutions include Mineralware, G-Treasury, Microsoft Dynamics, and NetSuite.

## HOW CAN STEELBRIDGE HELP?

Our accounting experts understand the complexities of navigating the Management Company Accounting systems landscape. SteelBridge ensures best-in-class solutions adapt quickly and successfully into your framework. We tailor our strategic guidance to your firm's needs, with services such as:

Process Improvements

System Implementation

Data Migration

Manager Services



For more information, please contact our experts at [info@steelbridgeconsulting.com](mailto:info@steelbridgeconsulting.com).

