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Speech

on the

Sustainability Report

of

Karen Vornholt – Unternehmensberatung,

Bilanzanalyse und Schulungen

Handout

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My name is Paolo Bartocci, and I am a consultant at Karen Vornholt Business Consulting. The Company office is located in Wiesbaden, about 30 kilometers west from Frankfurt in Germany.

I am here to talk about our participation in the project of Sustainability Report.

1. I am going to begin with a few words about our Company
2. After that, I am going to tell you about why did we agree to be involved in the Project
3. And finally, I am going to explain how we got the job done.

1. a few words about our Company

The firm was founded by Karen Vornholt and has been providing consulting services since 2003 in the area of business analysis. The Firm's business core consists in providing **financial statement analysis** for trade credit insurance purposes.

Other services our Firm offers are **vocational training courses** for personnel in charge of the risk assessment area for credit insurance and guarantees.

Business advisory services are also offered to **start up** entities within Germany.

Our business core: the **financial statement analysis**:

Trade credit insurance covers the receivables so that the enterprise's cash flow is safeguarded. Accounts receivables typically represent more than 40% of a company's assets.

The financial statements' analysis allows to evaluate the credit risk in order to determine the insurance premium or the opportunity to take on the risk.

How does it work:

Suppose there is a manufacturer that receives a 500-thousand-euro order. The payment will probably not take place upon delivery of the goods. It could be at 30, 60 or even 90 days. This is a receivable. A credit.

What happens if the customer does not pay at the set deadline?

However, the manufacturer has purchased raw materials and services to produce that good. Raw materials and services that were probably paid off in debt. The manufacturer has to recover somehow the money to pay off his debts. It can go to a Bank. But the Bank does not necessarily agree to provide the credit.

Unpleasant situation!

If it does not have liquidity, it must probably sell part of the company. Or its own assets or personal properties. It has to deal with things that are not within its expertise. And you can imagine the unpredictability of the results. It is even possible that the company goes bankrupt !

But if the manufacturer insures its credit, things are very different.

It only has to communicate to the insurance company that it has not received the payment on schedule. It will be compensated and the insurance company will recover the credit.

Magnificent service!

But what is the price?

It all depends on the risk represented by the entities involved.

Our financial statement analysis is one of the elements required to evaluate the risk. The evaluation is basic to understand if the risk is sustainable and to define its price.

The financial statement analysis can be also adjusted to produce a rating, so as to give a clear indicator on the client's financial rank.

2. why did we agree to be involved in the Project.

The sustainability report is a communication tool for the company. Communicating the sustainability of our business serves to increase our company's value. The sustainability report provides an additional piece of valuable information about how the company is accepted by the social context. And this is certainly an added value.

Producing a sustainability report involves a cost in working hours. The time required to collect data and to complete the report.

From an accounting point of view, we incurred a cost to make an investment in goodwill. We increased our intangible assets.

A non-repayable investment has been made. This does not mean that it has no value, on the contrary. We will verify how much the investment has been worth in the upcoming future. When we analyse what are the benefits derived from publishing our sustainability report, if any.

This brings me to my conclusion:

3. how we got the job done.

According to the Project we should have hosted a project participant from Italy for a few days. Due to the Covid 19 crisis, it was not possible. The exchange of information took place through a couple of video conferences and several emails. The result was there. The document has been produced.

Maybe it missed a further deepening on the human side. However, the benefits of working remotely are priceless. Cost reduction in terms of time and money, increased efficiency, reduced environmental impact.

But indeed a little bit of the human component came missing. And with this consideration, I take my leave.

On behalf of the Karen Vornholt I thank the Itkam and the PMIR for the opportunity given.

Thanks also to the Project participant Giacomo Bacci for the work he has done.

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To visit our website:

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