

CONTACT INFORMATION

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ARIADNE
BUSINESS ANALYTICS

**P&L AND
INCOME
ANALYSIS**

INTRODUCTION

Net income or generally Profit & Loss is the most important management target variable. Although pushed in the background by risk analysis and regulatory reporting, it remains the prime target of the management. Ariadne treats income, value and liquidity at the same level. With Ariadne it is possible to separate interest income, fees, value changes due to market conditions inclusive FX, credit loss and credit revaluation and even include operational costs.

HISTORY, CURRENT POSITION AND FORECAST

Regulatory reporting and risk analysis for the greater part are static, a snapshot for a point in time. Income does not make sense without passing of time wherefore it cannot be applied in static analysis. Income however is important in history and dynamic forecasting.

Ariadne offers a so called Canonical Solve. This is a daily end-of-day solve, for all the active financial contracts under accurate (what the management believes to be true – hence canonical) market conditions on a single contract basis. Value, income and the liquidity profile are calculated and stored. Each Canonical is stored which creates a time series for each contract which then shows historical results. For performance reasons, historic values can be aggregated over time and if needed on a balance sheet structure.

Every canonical result is also available in dynamic simulation. Time buckets can be freely chosen with respect to horizon and granularity, down to the single day.

PARALLEL VALUATION

Ariadne calculates four values in parallel: Nominal-Value, Fair-Value and two book values that can be freely chosen. One might be IFRS the other LGAAP. Correspondingly there are four income concepts. These four values are 100% consistent, since all information goes back to the same underlying cash-flow pattern.

FUNDS TRANSFER PRICING

Funds Transfer pricing is consistently implemented in the historic and the forecasting perspective. It is possible to define besides the pure transfer price up to five additional different margins which can be used for default reserve, liquidity purpose or whatever is needed.



ABOUT ARIADNE

Ariadne is a new initiative in Finance and Risk Management. It is profiting from over 100 combined years of successful entrepreneurial and academic experience of our Ariadne founding partners. Our team combines a unique combination of skills and experience in financial and enterprise risk management, risk software development, finance and risk consulting.

Ariadne was initiated by Willi Brammertz, the lead author of "Unified Financial Analysis". Financial experts consider Willi Brammertz to be the driving force pushing the edges of financial analytics and leading the industry forward.

GENERAL INFORMATION

Founder

Dr. Willi Brammertz

Area of Expertise

Risk Management Consulting

Risk Management Software

Data Standardisation

