



Solution  
Primer

Financial Services

# *OneSumX for IFRS*

The accounting structure for many financial institutions and large companies transformed fundamentally the International Accounting Standards Board (IASB) introduced the International Financial Reporting Standards (IFRS) to bring transparency, accountability and efficiency to financial markets. The IFRS accounting framework has increasingly become the global benchmark, and has been emulated in many other jurisdictions around the world, such as Financial Accounting Standards Board (FASB) and its Current Expected Credit Loss (CECL) impairment standard.



*OneSumX for IFRS*

# IFRS – The Global Benchmark

Despite the clear advantage that these international standards can deliver in terms of transparency and comparability for investors and other stakeholders, they have also introduced new layers of complexity. This is not limited to accounting departments for firms to fully adhere to the standards, close collaboration is required across different departments – namely risk, finance, compliance and IT.

As the pace of IFRS implementation has been staggered across the world, there is now an uneven playing field, with some financial institutions installing tactical IT solutions to deal with early instances of the rules; others are currently implementing IFRS-ready systems for the first time. While some entities consider IFRS implementation as part of multi-country and multi-GAAP finance transformation programs, others may have chosen a more decentralized approach within each country/entity/division taking their own approach.

Wolters Kluwer can help financial institutions develop a strategic approach to manage current and future IFRS compliance, providing the required expertise, content and technology. Our extensive experience in dealing with IFRS in different jurisdictions, our proven and flexible solution and our constant adaptation to new standards can ensure you remain fully IFRS compliant.



*The IFRS accounting framework has increasingly become the global benchmark, and has been emulated in many other jurisdictions around the world, such as Financial Accounting Standards Board (FASB) and its Current Expected Credit Loss (CECL) impairment standard.*

*The first challenge when developing an IFRS solution is to create a pragmatic and efficient architecture to account for transactions which are generated by systems that have each used different logic models.*

This can be achieved with a central solution, although this kind of technology has to offer different approaches to match those of other applications while retaining the granularity of information found in the source systems. The second challenge is in providing the different IFRS measurements, such as amortized cost, fair value, hedge effectiveness, and calculation of expected credit losses that take into account reasonable and supportable information about the future.

OneSumX IFRS collates and standardizes the relevant data, enriches it with the additional measures as per the IFRS rules and automate the classification through flexible business rules. Having an end-to-end IFRS view which ensures an integrated complete auditability of the system reduces the month-end costs and enables firms to shift their attention from labour-intensive processing to valuable analysis.

Our platform can work out specific compliant IFRS calculations such as impairment, the expected credit losses under IFRS 9, hedge effectiveness calculations and so on, along with their often complex and sometimes retroactive impacts.

Various types of disclosure reporting are required by IFRS and by local supervisors. The solution can generate these disclosures in accordance with the different standards. We automate the IFRS regulatory reporting to numerous local authorities around the world, including the standardized EU-wide reporting framework, FINREP.

Firms need a comprehensive and modular IFRS solution that can fulfil the entire cycle of activities, from the way in which events or transactions should be treated, to processing the IFRS calculations and accounting to the delivery of disclosures.

Wide contract and event data management Through our data management capabilities we can process, monitor and generate information on a wide range of financial products and events covering the entire product life cycle, from a partial loan prepayment or a restructuring to an equity split.

*Our platform can work out specific compliant IFRS calculations such as impairment, the expected credit losses under IFRS 9, hedge effectiveness calculations and so on, along with their often complex and sometimes retroactive impacts.*



### IFRS (re-)classification

OneSumX IFRS applies the various IFRS classifications for financial instruments, transactions and events as defined by the standard or user-defined classification rules. It also automatically reclassifies financial instruments and measurement consequences if and when the business model for those instruments changes. It also includes the cash flow characteristic test and benchmark test if required for classification.

### Common calculations

The solution includes common calculations such as amortized cost, fair value, effective interest rate and implied interest rate calculations in accordance with IFRS Framework, specifically IFRS 9 and IFRS 16. The calculators in a wider stress testing and scenario based framework makes it possible to do impact analysis and use it across a wider IFRS framework.

### IFRS impairment

The solution contains incurred and expected loss calculations as well as the different decompositions (and disclosures) for these calculations. The impairment module contains extrapolation, macro economic variability impact generation (PD/LGD/EAD), stage assessment, segmentation and decomposition to fulfil the impairment requirements. It has the ability to manage the impairment on individual and collective level across stages. This module serves the different Finance, Risk and Reporting users – essential when getting an enterprise-wide view for management oversight.

### IFRS leasing

Ability to generate the accounting measurements for both lessor and lessee as well as bridging to the IFRS 9 requirements for the lessor and the calculation of the implicit interest rate. The calculation layer contains the cost and revaluation model including residual value, liability value, impairment, accumulated depreciation and net investment of the lease.

### IFRS hedging

OneSumX IFRS offers the end-to-end hedge accounting with the calculation of the hedged risk and hedge effectiveness as the accounting amounts to go into the ledger. This is available for cash flow and fair value hedge as well as on the different levels (micro, portfolio and macro).

### IFRS chart of accounts and accounting schemes

OneSumX IFRS also offers the possibility to generate the full IFRS balance for all financial instruments stored in the systems by means of standard accounting schemes for these instruments.

### Contract level subledger and general ledger

Beyond the standard accounting templates and processes, OneSumX IFRS offers a detailed subledger to better support the demanding analysis and control requirements. It has functionality to deal specifically with the accounting for foreign currency transactions, under the requirements and classification of IAS 21.

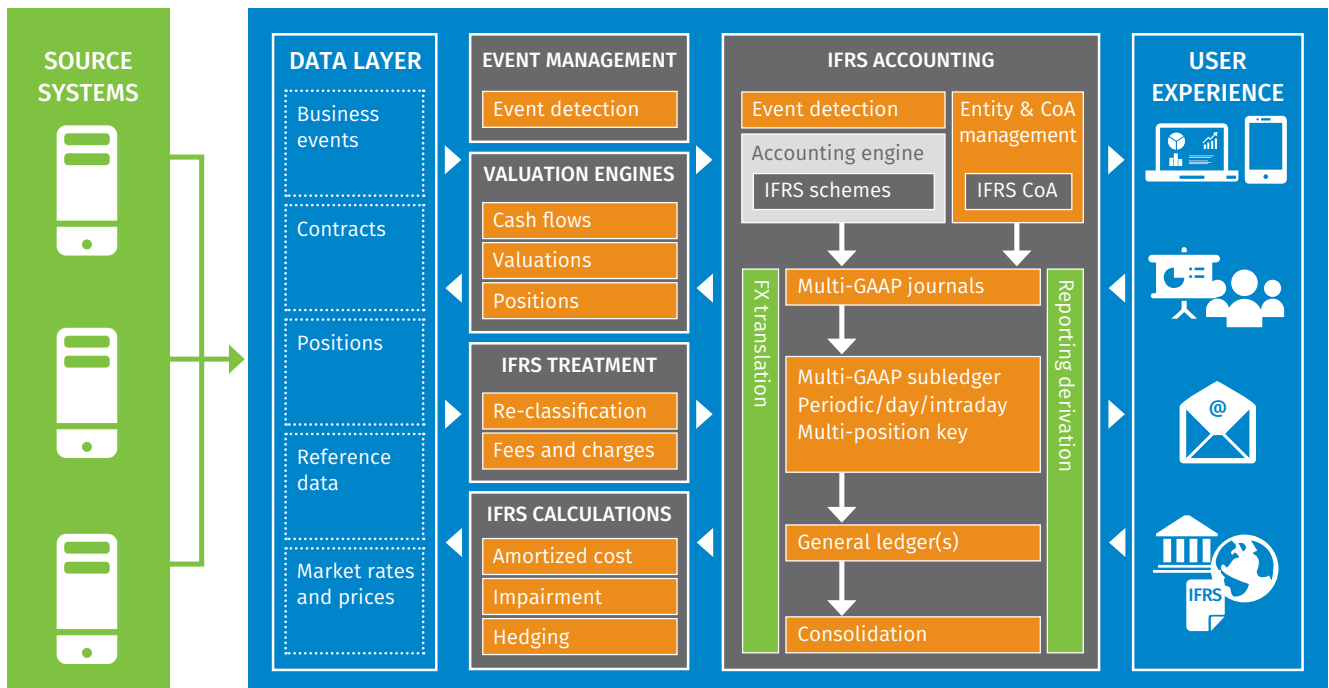
### IFRS disclosures

Next to the necessary IFRS calculation and processing, the OneSumX IFRS solution offers the necessary management information reporting tools and required IFRS disclosures as defined in the IFRS 7, IFRS 9, IFRS 12, etc. standards.

Multi-GAAP, multi-entity and consolidation  
The solution is genuinely multi-entity, multi-GAAP and multi-currency supporting complex GAAP derivation and consolidation requirements in line with IFRS 10, 11, and 12.

# OneSumX for IFRS functional architecture

Full transparency is available at every step, such as with the drill functionality from regulatory disclosure back to a single event. Even user defined business rules have full drill-back. The solution includes flexible and powerful end user analysis and visualization.



- ✓ Data validation
- ✓ Data enrichment
- ✓ Audit trail
- ✓ Reconciliation
- ✓ Security/access control
- ✓ Version control
- ✓ History management
- ✓ Documentation
- ✓ Business rules
- ✓ Workflow
- ✓ Web based
- ✓ Open and exportable



Our comprehensive solution can assist you in implementing IFRS in a solid, totally compliant and transparent way that will fully satisfy auditors and regulators. OneSumX IFRS comprehensively addresses the specific methodologies and calculations of IFRS, particularly fair value and amortized cost, expected credit losses and hedge accounting which are continuously evolving. The solution's modularity and flexibility enable firms to benefit from certified off-the-shelf functionality which can be tailored to deliver the most effective implementation for a firm's specific situation.

With its numerous successful IFRS implementations, Wolters Kluwer brings experience and methodology, enabling rapid implementation with practical, comprehensive solutions to take care of any eventuality. We are fully committed to adopt future IFRS evolutions in our solution. Our IFRS experts are continuously following this evolving domain and participate actively in seminars and impact studies. The implementation process creates an opportunity for firms to consolidate and streamline their accounting logic from its disparate base, spread over many systems into a solid, scalable and transparent solution. This improves transparency and consistency but also reduces complexity and operational costs. Integrated workflow and control mechanisms create a high level of automation which accelerates the closing process and reduces the time for stakeholders to receive reports. With a solution that is multi-entity, multi-currency and multi-GAAP, and complemented with consolidation, OneSumX IFRS can support the requirements of your global business.

Wolters Kluwer offers the solutions, content and expertise for firms to have a robust and reliable solution that will successfully integrate future IFRS evolution. Consistently named a leading provider of IFRS technology solutions by Chartis Research, Wolters Kluwer puts our clients in the best possible position to safely manage the continuous evolution of IFRS.

*Named leading provider of IFRS technology solutions by Chartis Research, Wolters Kluwer Financial Services puts our clients in the best possible position to safely manage the continuous evolution of IFRS.*



## About Wolters Kluwer

Wolters Kluwer (WKL) is a global leader in professional information, software solutions, and services for the healthcare; tax and accounting; governance, risk and compliance; and legal and regulatory sectors. We help our customers make critical decisions every day by providing expert solutions that combine deep domain knowledge with specialized technologies and services. Wolters Kluwer reported 2019 annual revenues of €4.6 billion.

The group serves customers in over 180 countries, maintains operations in over 40 countries, and employs approximately 19,000 people worldwide. The company is headquartered in Alphen aan den Rijn, the Netherlands. Wolters Kluwer shares are listed on Euronext Amsterdam (WKL) and are included in the AEX and Euronext 100 indices. Wolters Kluwer has a sponsored Level 1 American Depositary Receipt (ADR) program. The ADRs are traded on the over-the-counter market in the U.S. (WTKWY).

© 2020 Wolters Kluwer Financial Services, Inc. All Rights Reserved.

For more information visit [www.wolterskluwer.com/en/solutions/onesumx-for-finance-risk-and-regulatory-reporting](http://www.wolterskluwer.com/en/solutions/onesumx-for-finance-risk-and-regulatory-reporting). Follow us on Twitter, Facebook, LinkedIn and YouTube.

### Contact information:

**APAC**  
Wolters Kluwer  
5 Shenton Way,  
#20-01/03 UIC Building  
Singapore 068808

**EMEA**  
Wolters Kluwer  
25 Canada Square,  
41st Floor,  
Canary Wharf,  
E14 5LQ London,  
United Kingdom

**Americas**  
Wolters Kluwer  
130 Turner Street,  
Building 3, Fourth Floor,  
Waltham, MA,  
U.S.



Wolters Kluwer

When you have to be right