The accounting structure for many financial institutions and large companies transformed fundamentally when Europe adopted International Financial Reporting Standards (IFRS), a framework that many other jurisdictions in the world have emulated, increasingly become the global benchmark. However, as the pace of IFRS implementation has been staggered across the world, there is now an uneven playing field.

Some financial institutions have installed 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.
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 within accounting departments, resulting in a challenge across different departments that requires close collaboration between risk, finance, compliance and the supporting IT infrastructure.

In addition, IFRS accounting rules are subject to change both internally (new products) and externally (additional guidance and standards), and managing the constantly evolving rules and ever increasing disclosure requirements has been quite a challenge for many preparers. For instance, there has been significant change regarding the requirements of fair value measurement (IFRS 13) and accounting requirements for interest in other entities - whether these are controlled or not (IFRS 10,11,12). The related updates on the disclosure requirements have also changed, resulting in a further challenges.

The next big milestone for many financial institutions is of course the implementation of the new IFRS 9 accounting standard for financial instruments, and more specifically the new rules on expected credit losses (ECL) which will require firms to not only recognize credit losses that have already occurred but also losses that are anticipated in the future.

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 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. A central solution has to offer different approaches to match those of other applications while retaining the granularity of information found in the source system.

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 is able to collate and standardize the data, enrich 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 shifts attention from processing to analyzing.

Our platform can work out specific compliant IFRS calculations such as impairment, the new expected credit losses under IFRS9, 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.

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.

IFRS calculations
The solution includes IFRS calculations such as amortized cost, impairment (including ECL models), hedge effectiveness and fair value as per IAS 39/IFRS 9, IFRS 13 fair value measurement and IAS 18/IFRS 15 for revenue recognition.

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.
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.
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 Financial Services 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. 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 N.V. (AEX: WKL) is a global leader in information services and solutions for professionals in the health, tax and accounting, risk and compliance, finance and legal sectors. We help our customers make critical decisions every day by providing expert solutions that combine deep domain knowledge with specialized technology and services.

Wolters Kluwer reported 2015 annual revenues of €4.2 billion. The company, headquartered in Alphen aan den Rijn, the Netherlands, serves customers in over 180 countries, maintains operations in over 40 countries and employs 19,000 people worldwide.

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 program. The ADRs are traded on the over-the-counter market in the U.S. (WTKWY).

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