

Functional & Technical Requirements Design

Once the definition study and gap analysis have been terminated, we can assist your team with the **design of the “to be” system**. We will cover all steps of the IFRS 9 process chain, including:

<p>Valuation</p>	<p>If you do not yet have an IAS 39 compliant valuation system, we can help assemble one from scratch with you.</p> <p>If you already have an IAS 39 valuation system, our consultants will focus on getting it ready for IFRS 9.</p> <p>Amortisation according to the effective interest method holds some very specific challenges. The formula of the effective interest in itself is not the challenge, but rather obtaining the cash flows that go into the formula. IFRS 9 holds some additional challenges, as compared to IAS 39, which will be addressed here.</p> <p>Our experts do not limit themselves to IFRS 9 only, but also deal with, amongst others, the fair value requirements of IFRS 13.</p> <p>Probably the most prominent IFRS 9 challenge lies in Phase 2: Impairment. We will help you assess your current impairment methods and alter them for compliance with IFRS 9’s expected loss model.</p> <p>Our consultants will clarify available methods to address the specific challenges of dealing with expected, future losses. They can provide expert advice on which models to use for which type of portfolio on the basis of the data available.</p> <p>Moreover, lifetime expected loss assessment will be broken down and our experts will recommend the most appropriate methods.</p> <p>Next to the selection of methods, IFRS 9 impairment requires altered workflow control: you will need to manage migration between the 3 IFRS 9 impairment “Stages”, including handling migration thresholds, workflow support and audit trail.</p>
<p>Accounting</p>	<p>IFRS 9 compliant book values will need to be translated into IFRS 9 compliant debit & credit journal entries. Not only the initially recognised values need to be posted but also subsequent measurement. E.g. for impairment, interest recognition after impairment (so-called “unwinding”) needs to be addressed and also ultimate write-off/up, recovery, re-assessment of the expected recoverable amount, and so on. Each of those accounting challenges can be addressed in detail.</p> <p>Moreover, your General Ledger may have to be changed, including a change of the chart of accounts, possibly even the account number structure and accounts may need to be reclassified or added. An analysis of the necessary level of granularity is part of the exercise.</p> <p>IFRS 9 Phase 3: Hedge Accounting is covered: our experts will recommend how to adjust your hedge effectiveness testing, including qualitative thresholds, and how to adapt your overall hedge management and valuation.</p> <p>Our consultants can analyse your entire accounting logic and General Ledger setup, make recommendations to alter it and coordinate the amendments.</p>
<p>Reporting & Analysis</p>	<p>Our experts can analyse your existing standard reports and can comment on them:</p> <ul style="list-style-type: none"> • Which reports need to be altered or added? • Are the current reports fully IFRS 7 compliant? • What amendments need to be made to incorporate the specific IFRS 9 accounting and IFRS 13 fair value disclosure requirements? • Which analyses may we add to establish additional leverage: IFRS 9 is not only a cost factor, you can turn it into an opportunity, by turning the additional disclosure into a benefit for your decision making. Turn your accounting system into a true management accounting system with the help of our experts!
<p>The Sample Portfolio</p>	<p>Our consultants can share our “sample portfolio” approach with you: For all kinds of financial instruments and for all kinds of business events related to them, our sample portfolio contains at least 1 simple instrument. For each such instrument, we have created templates for data import & validation, valuation, accounting and reporting.</p> <p>Lots of information is available in Excel templates and slides, explaining the IFRS 9 challenges.</p> <p>Our consultants can use this sample portfolio as a matrix, a template, to streamline how every challenge can be handled, also in your portfolio. It can serve as a basis for user training, for functional solution design and for technical implementation of the entire IFRS 9 logic in your environment.</p> <p>The sample portfolio is a very powerful tool, which encapsulates a lot of IFRS experience and IFRS 9 competence in particular.</p>