Oracle Financial Consolidation and Close Cloud

Managing IFRS 16 compliance

Effective January 1, 2019 for many companies, the IASB's (IFRS16) and the FASB's (ASC842) new lease standards require nearly all leases to be reported on lessees' balance sheets as assets and liabilities.

The impact of IFRS 16 and ASC 842 will be pervasive, and with the deadline approaching fast, companies should not wait to develop their solution. Even for small to medium-sized businesses, the task of becoming fully compliant could be labor-intensive. For those with large portfolios or decentralized lease management practices, the task will be particularly burdensome. On the other hand, the new standard gives organizations a great opportunity to ensure future financial reporting is organized, transparent, and most of all, compliant.

Oracle Financial Consolidation and Close Cloud and IFRS 16

The objective of IFRS 16 is to report information that (a) faithfully represents lease transactions and (b) provides a basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. To meet that objective, a lessee should recognize assets and liabilities arising from a lease.

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

Oracle Financial Consolidation and Close Cloud provides an end-to-end solution for both effectively and efficiently managing the consolidation and close process. No matter what the size of company, organizations can have 100% confidence in their financial consolidation, close and reporting processes. Oracle Financial Consolidation and Close Cloud ensures that processes are: dependable and correct, timely and transparent, streamlined and efficient and, compliant and auditable. It also provides the perfect end-to-end solution to help manage the new leases standard including data collection, calculations, reporting & disclosures.

Leverage a single lease repository for analysis and modeling

With the solution, you can import and/or input data including leasing contract info, asset details, fixed and variables lease parameters. Creating a single lease data repository is one of the most critical aspects of achieving full compliance under IFRS 16 / ASC 842. You can easily integrate with any Oracle and non-Oracle source applications.

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ENTERPRISE PERFORMANCE MANAGEMENT CLOUD

KEY BUSINESS BENEFITS

- Provides solution for IFRS 16 that is effective for annual reporting periods beginning on or after 1 January 2019
- Integrated workflow provides end-to-end processing, including monitoring, automation, notifications and reporting
- A centralized lease library allows for easy modeling and analysis
- Leverages your organization's investment in Oracle / Hyperion products

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You can then calculate *right of use*, interest expense, amortization and repayments. A flexible and visual modelling framework allows you to easily configure and maintain calculation logic and rules with a user-friendly interface. Oracle Financial Consolidation and Close Cloud has robust reporting and in-built dashboards capabilities to meet every IFRS 16 & ASC 842 reporting requirement. In addition, with the additional capabilities of Oracle's Enterprise Performance Reporting Cloud, you have a secure, collaborative, process-driven approach for defining, authoring, reviewing, and publishing IFRS 16 & ASC 842 disclosures.
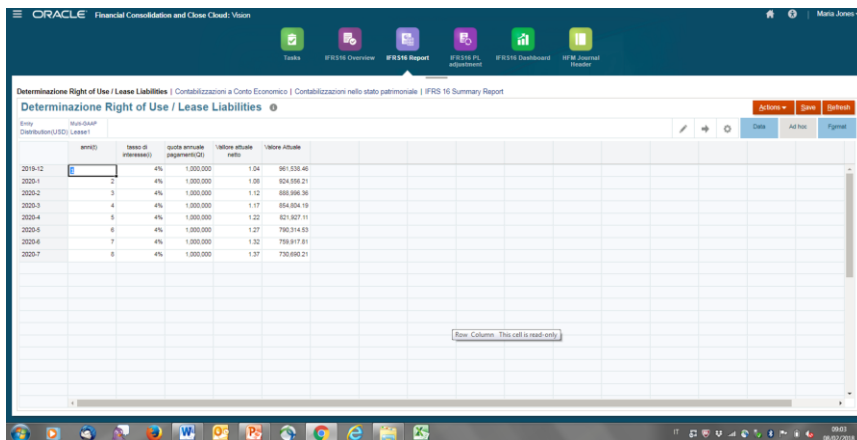

Figure 1. Easily calculate right of use, interest expense, amortization, repayments

Process driven workflow and reporting

Built-in collaborative task management and workflow capabilities guide the user throughout the entire process. Advanced workflow features like monitoring tasks for external system monitoring, automation tasks for automation of manual jobs and end user tasks for notification, reminders and reporting help keep your process efficient and effective.
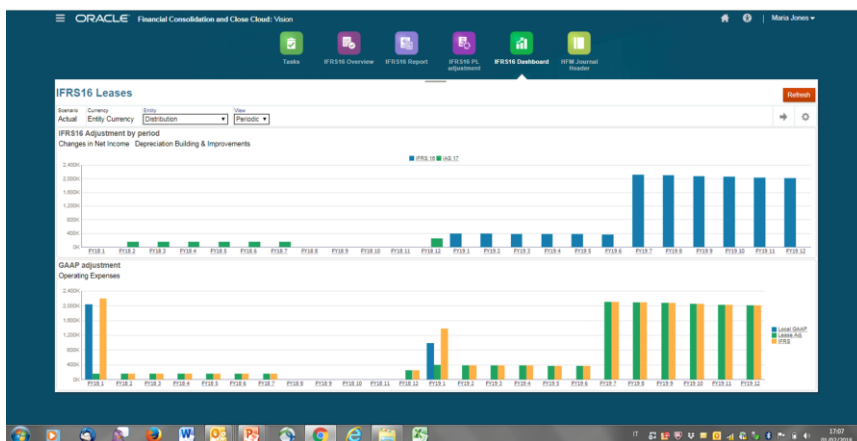

Figure 2. Advanced reporting via dashboards, Office and pixel perfect reports allows for output and analysis that matches your needs.

FEATURES

- Centralized lease library allows for easy modeling and analysis on impact of changes
- Easy integration with consolidation system for posting lease impacts back to consolidated results
- The Data Management capabilities enable automated data collection and mapping –improving controls and significantly reducing manual data effort
- A powerful Excel add-in, Smart View, for ad hoc analysis and Excel-based interactions with your allocation results
- Since it is a cloud solution, no capital infrastructure investments are required

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Integrated Cloud Applications & Platform Services

Integration with Key Financial and Operational Systems

The Oracle IFRS16 solution is designed to integrate with your key IT and business processes. Whether it is your ERP or your consolidation system, the Oracle IFRS16 solution leverages your existing investments and complements your IT strategy. The system is designed to easily import data from external solutions and output data for journal entries and other required adjustments. Built on the Oracle EPM Cloud, there is seamless data and process integration with other Oracle ERPs such as Oracle ERP Cloud, E-Business Suite, PeopleSoft, and JDE. Likewise, the solution is designed to work with the Oracle EPM Cloud and on-premises Hyperion products.

To learn more about how Oracle can help you with your IFRS 16 compliance requirements, please visit cloud.oracle.com or contact your Oracle account executive.

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