



Brochure

# LTIMindtree's International Financial Reporting Standards (IFRS) 16 Lease Accounting and Reporting Solution

## Introduction

Streamline your Profit and Loss (P&L) and balance sheet consolidation process for IFRS-16 lease calculations with our consolidation framework. Utilize Oracle Financial Consolidation and Close Service (FCCS) and Supplemental Data Manager to identify short and long-term leases, consolidate lease data, and choose between full and modified retrospective approaches.



## Business Problem

Global industries encounter persistent challenges when dealing with lease contracts, whether short-term or long-term. The main challenges include:

- Evaluating lease contracts and their effects on business operations and legal frameworks to identify any potential impacts.
- Identifying the suitability of the current in-house lease systems with the new lease accounting model.
- Reclassifying lease terms, definitions, and values according to the guidelines and standards of the new accounting framework.
- Considering lease renegotiation or restructuring for existing and future leases.
- Separating the lease and non-lease components.

## Our Solution

Our solution encompasses implementing a modified retrospective approach for lease accounting. It includes the following features:

- Generates accounting entries impacting P&L and balance sheets for foreign currency leases.
- Compares IFRS-16 with existing Generally Accepted Accounting Practices (GAAP) to reconcile interest and depreciation under IFRS-16 with periodic lease rentals under local GAAP.
- Provides simulation analysis to assess P&L and balance sheet impacts under multiple scenarios
- Identifies leases falling under the International Accounting Standard (IAS)-17.
- Maps asset IDs to underlying leases to determine depreciation costs and interest rates.
- Calculates present value and converts foreign leases to functional currency using average rates.
- Performs balance sheet impact analysis, i.e., calculation of balance sheet Right-of-Use (RoU) assets and lease liabilities based on the go-live period.
- Analyzes interest and depreciation costs under P&L as part of the impact analysis.
- Utilizes what-if/simulation scenarios for checks and balances and reconciles them using local GAAP vs. IFRS-16 scenario analysis.





## Why LTIMindtree

- LTIMindtree brings over two decades of experience in Enterprise Performance Management (EPM) transformation capabilities with expertise in financial transformation for corporate finance and operational streamlining.
- We also specialize in solution building on cost, financial, and strategy management solutions.

LTIMindtree embraces the limitless possibilities of technology with a range of comprehensive IT services and solutions, that help empower your business to thrive in this digital age.

For more information, write to us at [oraclemarketing@ltimindtree.com](mailto:oraclemarketing@ltimindtree.com).

### About LTIMindtree

**LTIMindtree** is a global technology consulting and digital solutions company that enables enterprises across industries to reimagine business models, accelerate innovation, and maximize growth by harnessing digital technologies. As a digital transformation partner to more than 700 clients, LTIMindtree brings extensive domain and technology expertise to help drive superior competitive differentiation, customer experiences, and business outcomes in a converging world. Powered by 84,000+ talented and entrepreneurial professionals across more than 30 countries, LTIMindtree — a Larsen & Toubro Group company — combines the industry-acclaimed strengths of erstwhile Larsen and Toubro Infotech and Mindtree in solving the most complex business challenges and delivering transformation at scale. For more information, please visit: [www.ltimindtree.com](http://www.ltimindtree.com)