

Misys Almonde

## Misys Almonde IAS

**Misys Almonde IAS is a complete multi-currency solution for enabling banks to comply with accounting and reporting requirements of financial instruments, in accordance with accounting standards issued by the International Accounting Standards Board (IASB).**

The solution provides the ability to:

- + maintain precise cash flow records on financial instruments
- + achieve compliance with international financial reporting standards, in so far as they affect financial instruments
- + generate accounting entries for financial instruments
- + generate comprehensive set of reports to satisfy regulatory, statutory and management information requirements

The Almonde IAS solution includes the following components:

- + IAS Calculator
- + IAS Posting Assistant
- + IAS Reporting
- + IAS Hedge Definition and Management (available at release 4.8)

### IAS Calculator

#### Classification of financial instruments

The IAS Calculator enables classification of financial instruments into various categories stipulated in IAS 39, namely:

- + Held For Trading
- + Designated At Fair Value
- + Available For Sale
- + Held To Maturity
- + Loans and Receivables
- + Other Liabilities

Depending on the classification of financial instruments, appropriate valuation methods (cost, amortised cost, fair value) are set for financial instruments.

#### Calculation of amortised costs and effective interest rate

Amortised cost calculations are carried out taking into account the fees and costs that are considered integral to the yield, including any premiums and discounts on debt instruments acquired or issued by the enterprise, and taking into account expected future cash flows on financial instruments. Effective interest rate is also calculated as part of amortised cost calculations, and an amortisation profile of fees and costs incurred or received is generated.

#### Fair value changes

For financial instruments that are valued at fair value, the IAS Calculator calculates changes in fair value such financial

instruments and generates related accounting entries.

#### Events handling

The IAS Calculator also provides extensive capability to cater for all events that occur during the lifecycle of financial instruments, including pre-payments, early repayments, re-structurings and any other events that cause the actual cash flows on the financial instruments to be different from the expected cash flows. For all such events, the IAS Calculator derives the revised amortised cost of the financial instrument taking into account the amended future cash flows, arrives at an amortised cost adjustment and generates the resulting accounting entries.

#### Individual impairment, impairment recovery and collective impairment

The IAS Calculator provides the functionality to calculate individual impairment losses, individual impairment loss recoveries and collective impairment losses.

Individual impairment loss amounts are calculated based on entry of impairment factors that can be defined for future principal and interest cash flows. Alternatively, future cash flows on impaired financial instruments can be defined on a customised basis. The IAS Calculator calculates revised future cash flows, discounts them to net present value using original effective interest rates, and calculates individual impairment loss amounts. When actual cash flows turn out

to be different than those originally expected, the IAS Calculator also calculates individual impairment loss recovery amounts and generates accounting entries for the same.

The IAS Calculator provides for calculation of collection impairment loss amounts by allowing definition of probability of default (PD) and loss given default (LGD) factors at portfolio level. The IAS Calculator then calculates collective impairment loss amounts based value of contracts included in such portfolios.

#### De-recognition

Almonde IAS allows partial or full de-recognition of financial instruments to be recorded by entry of appropriate setting in the events file, together with entry of quantity and price. Almonde IAS then calculates the sale consideration, the cost of sale and the resulting gain or loss on disposal. For partial disposals, Almonde IAS also adjusts the remaining fair value or amortised cost of the financial instrument.

Where disposal involves a financial instrument that has been classified as Available For Sale, Almonde IAS will generate the accounting entries to transfer the cumulative changes in fair value of the financial instrument from equity to profit and loss, as IAS regulations stipulate.

#### IAS Posting Assistant

The IAS Calculator generates accounting entries at all stages in the lifecycle of financial instruments, i.e. at initial recognition, subsequent measurement, for handling of events, individual impairment and individual impairment recovery, collective impairment and de-recognition.

The IAS Posting component enables retrieval of accounting entries generated by the IAS Calculator which can then be

viewed on screen, and exported to suitable formats such as Excel, CSV, etc. Accounting entries can be retrieved and exported for any period chosen by a user. Additional fields of a financial nature, such as amortised costs, fair values, exchange gains and losses, etc. relating to financial instruments can also be similarly retrieved and exported.

#### IAS Reporting

Almonde IAS provides comprehensive set of reports to satisfy various statutory and regulatory reporting, and management information requirements. The reports have been designed with the reporting requirements of IFRS 7 in mind to ensure that maximum leverage is obtained from IAS information held in the Almonde IAS solution.

Examples of some of the reports that can be obtained from Almonde IAS include the following:

- + List of financial instruments by account category, i.e. Held for Trading, Designated At Fair Value, Available For Sale, Held To Maturity, Loans and Receivables, Other Liabilities, etc
- + List of financial instruments initially recognised, subsequently measured, etc
- + List of financial instruments with events between specified balance sheet dates
- + List of financial instruments individually impaired
- + List of financial instruments de-recognised between specified balance sheet dates
- + List of assets past due but not impaired
- + Details of fair values of collateral held on financial assets, etc.

The reports can either be viewed using the “cube” feature of Almonde – this feature is similar to the Microsoft Excel feature of Pivot Table which allows a user to view the information he / she wants to obtain by mixing and matching various variables.

#### IAS Hedge Definition and Management

Release 4.8 of Almonde IAS solution provides the functionality to define different types of hedge accounting methods prescribed by IAS 39, namely:

- + Fair value hedge
- + Cash flow hedge
- + Hedge of a net investment in a foreign entity

This release also provides the functionality to define prospective and retrospective hedge effectiveness methods, carry out hedge effectiveness testing, record results of such testing and generate accounting entries.

For more information on how Misys Almonde can help you, please visit: [www.misys.com/banking](http://www.misys.com/banking)

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