

## Incremental Borrowing Rate (IBR) Calculator

An automated, smart solution for calculating lease liabilities



**International Financial Reporting Standards (IFRS 16)** requires complex discount rate calculations on multiple asset classes, including assets and liabilities for almost all leases. At inception, the lease liability is measured as the present value of future lease payments. The IBR is an important determinant in calculating the lease liability and right of use asset values under IFRS 16. Many lease accounting engines do not support the calculation of incremental borrowing rates, nor provide a record of how the IBR was developed.

**The IBR Calculator** allows organizations to measure the value of their lease liabilities by applying a discount rate to future lease payments. Determining discount rates represents a significant challenge in implementing IFRS 16. The solution calculates incremental borrowing rates tailored to each organization and in compliance with accounting standards, through an easy-to-use, and innovative digital product.

### Value proposition



#### Empowerment through self-service

The IBR Calculator assists organizations in navigating the challenges in producing a discount rate under IFRS 16. The self-service solution allows registered users to generate immediate results with confidence.



#### Stronger lease portfolio analysis

IBR is an area that requires significant management judgement. The IBR Calculator allows users to perform a sensitivity analysis – giving organizations the ability to assess the impact of these assumptions on lease portfolios.



#### Simple registration, fast access

The product enables generation of IBR for multiple lease currencies and up to 100 years lease tenors, within minutes. The IBR Calculator allows for quick access to the product once the request is processed and approved.



#### Proactive and ongoing compliance

Since the IBR is calculated in accordance with generally acceptable methodology, compliance activities place organizations ahead in managing current and ongoing compliance activities.

## IBR Calculator Product interfaces

Sensitivity analysis calculator

**Sample: Loss Given Default (LGD Selection)**

LGD to apply to lease portfolio

35%

Lease payment GBP 200000

Payment frequency Annually

Remaining term 10 years

Remaining useful life 10 years

Escalation rate 2.5 %

Calculate

Lease liability\*

\$2,004,607.18

Right of use asset\*

\$2,004,607.18

Interest expense\*

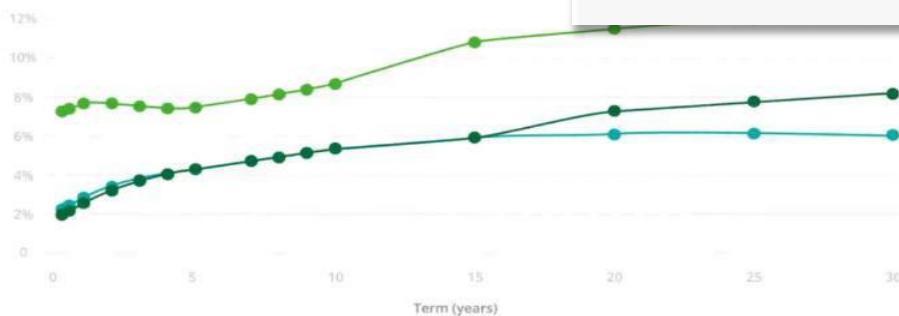
\$40,092.14

Depreciation expense\*

\$200,460.72

\*Estimated figures only  
Do not use for financial reporting purposes.

Currency All Term up to 30 years



**Sample: Calculation result (graph/curve)**

## IFRS 16 Knowledge

**Behind the product is a deep understanding of IFRS 16.** Beyond the IBR Calculator organizations can engage professionals with deep knowledge of businesses, accounting policies, internal controls and processes, data and systems, disclosures and reporting, and tax positions allows for high-quality service in an efficient way. An assembled service group brings together IFRS 16 specialists from geographies all over the world.

## Data Security & Technology

**The IBR Calculator is hosted on a secure cloud server, that can directly be accessed through each organization's browser.** A multi-level support team ensures all data centers operate flawlessly, making sure the IBR solution is available 24x7, with complete functionality.

## Contacts

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