



Lease Accounting Management

IFRS 16 Compliant Lease Accounting Solution in
Dynamics 365 Finance and Operations

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LEASE ACCOUNTING MANAGEMENT



A fusion the apps people Financial Services Product

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As of January 2019, the global standard for lease accounting changed. IFRS 16 is a regulation created by the IASB (International Accounting Standard Board) that requires the use of a single lessee accounting model. The new standard makes it necessary for publicly listed companies to include all leasing contracts with a term longer than 12 months on their balance sheets. This ensures a lessee recognises their assets and liabilities for all leases that are contracted to last over a year.

Due to the complexity and importance of complying with the new standards, using IFRS 16 Lease Accounting Software is necessary to ensure all regulations are met and reported in the most efficient way possible.

SIS Global can deliver IFRS 16 Lease Accounting Software that is compliant with all the necessary regulations, ensuring your business can comply to industry standards.

IFRS 16

Contract management is the basis for the leasing process under IFRS 16



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SIS Global Lease Accounting provides full lease management for Lessees. Lease automation routines provide all the calculations required for compliance with IFRS 16 and other relevant accounting standards.

Why use SIS Global Lease Accounting?

| | |
|---|---|
| Full life cycle of a lease automated for lessors | Automatic calculation of monthly schedule and GL postings |
| Complies with IFRS 16 ASC842 accounting standards | ROU asset details automatically maintained |
| Intuitive Excel upload and download facilities | Full mid-term adjustment facilities |

Lease Contract Data Management

Centrally manage all lease liability data in alignment to contracts and individual lease lines.



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Centrally manage all lease liability data in alignment to contracts and individual lease lines.

Lease Liability Accounting

- Calculate lease liability as the present value of lease payments, and the present value of amounts due at the end of the lease term, considering purchase or termination options. The system will automatically adjust lease liability as the circumstances change.
- Present lease liability on the balance sheet: According to the new IFRS 16 and ASC842 standard, lessees are required to recognise almost all lease agreements they have on the balance sheet. That way, their right to use an asset for a certain period and the associated payment liability will be reflected. Short-term leases and low-value assets are exempted.
- Calculate lease liability: Based on the given parameters, the system calculates lease liability as the present value of the lease payments and the present value of amounts due at the end of the lease term, considering purchase or termination options. The system calculates the initial measurement of the lease liability at the commencement date and subsequent measurements at the end of each reporting period (e.g., monthly, quarterly or yearly) within a Liability summary for easy analysis.
- Lease Workspace: The lease workspace allows for an at-a-glance view of lease statuses and renewals in upcoming periods.



Lease Status Management

In addition to major lease statuses the solution provides the ability to track leases by more detailed statuses – requested, quoted, signed or withdrawn, activated, extended, early-terminated, buy-out and expired.

Statement of Financial Position and Reporting

In the Statement of financial position, you must present right-of-use assets, per asset category (separately from other assets) and lease liabilities, separately from other liabilities. These are readily available as an excel report and/or data file of G/L transactions for uploading to other systems.

- Profit and Loss Reporting: In the profit and loss statement, you must present the interest expense on lease liability and the depreciation charge for the right-of-use asset. The non-lease component included in lease payments goes separately to operating expenses. All this is readily available from Lease Accounting Management for reporting or uploading to other general ledger systems you may use.
- In the cash flow statement, it is required to present separate cash payments for the principal portion of the lease liability and interest portion. The solution provides the required breakdown of cash flows, handling payments for low-value and short-term leases, which are included in cash flows from operating activities.



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Accounting for Right-of-Use Asset

- Recognition of the RoU Asset: Right of Use Asset is depreciated over the lease term or over the useful life of the underlying asset.

Calculating Right of Use Asset

- The new lease accounting standard IFRS16 has brought changes in operating lease charges accounting. Under IFRS 16 the operating lease charges are replaced with a depreciation charge for leased assets and an interest expense on leased liabilities.
- The solution calculates the initial measurement of the right-of-use asset, which consists of:
 - Lease liability
 - Lease payments made on or before the commencement date of the lease
 - Any initial direct cost incurred by the lessee
- Subsequent measurement of the right-of-use asset includes:
 - Depreciation
 - Any changes in lease liability
 - Asset impairment provision.

Lease Accounting Management





CONNECTING PEOPLE, TECHNOLOGY AND INNOVATION ACROSS THE WORLD

We make it happen

SIS Global brings over two decades of ERP, CRM and Business Intelligence experience, technology innovation and industry expertise. We work collaboratively with global organisations and have created, designed and developed a global portfolio of cutting-edge industry solutions.

We unleash the potential within organisations, by breaking down data silos to better connect their customers, products, people and operations. SIS Global work with customers to grow, evolve, and transform their business to better meet the changing market, the needs of their customers and to work smarter, more efficiently and in a dynamic way that today's market demands. Together with modern approaches, business apps and cutting-edge technologies, Artificial Intelligence (AI), Augmented Reality (AR), Internet-of-Things (IOT), and the modern workplace, SIS Global are making the future of true digital transformation a reality.

SIS Global are empowered to collaborate across the world, providing solutions and services to all our customers, wherever they might be situated in the world, it makes no difference to us. We are a true cloud first organisation delivering a real-time, cloud first experience, empowering our customers as well to collaborate across geographies, have the insight to make critical decisions, take advantage of new trends, disrupt and adapt, and reimagine what's possible.

We are more than a systems integrator offering end-to-end business technology solutions. We consider ourselves the partner of choice when it comes to providing market leading solutions, that help our customers do what they do best. Our culture is based upon an innovative spirit and a collaborative approach to finding solutions that work and help achieve faster, long term rewards and a return on the IT investments being made.

Please do get in touch, we would love to hear from you.

We are everywhere our customers want us to be, a true digital organisation driving business transformation.



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Connecting people, technology and innovation across the world

SIS Global is a systems integrator, offering end-to-end business solutions and providing market leading technologies that help you do what you do better. With a successful history spanning 2 decades, SIS Global has become a business champion in the mid-size, enterprise markets and public sector, specialising in Microsoft Business Solutions.

We make it happen

SIS Global 'make it happen' and our approach, solutions and partnership will help your business move forward faster.



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