

Manage your transition to the IFRS 16/ ASC842/ AASB 16 standard with all-in-one lease accounting software solution SOFT4Lessee

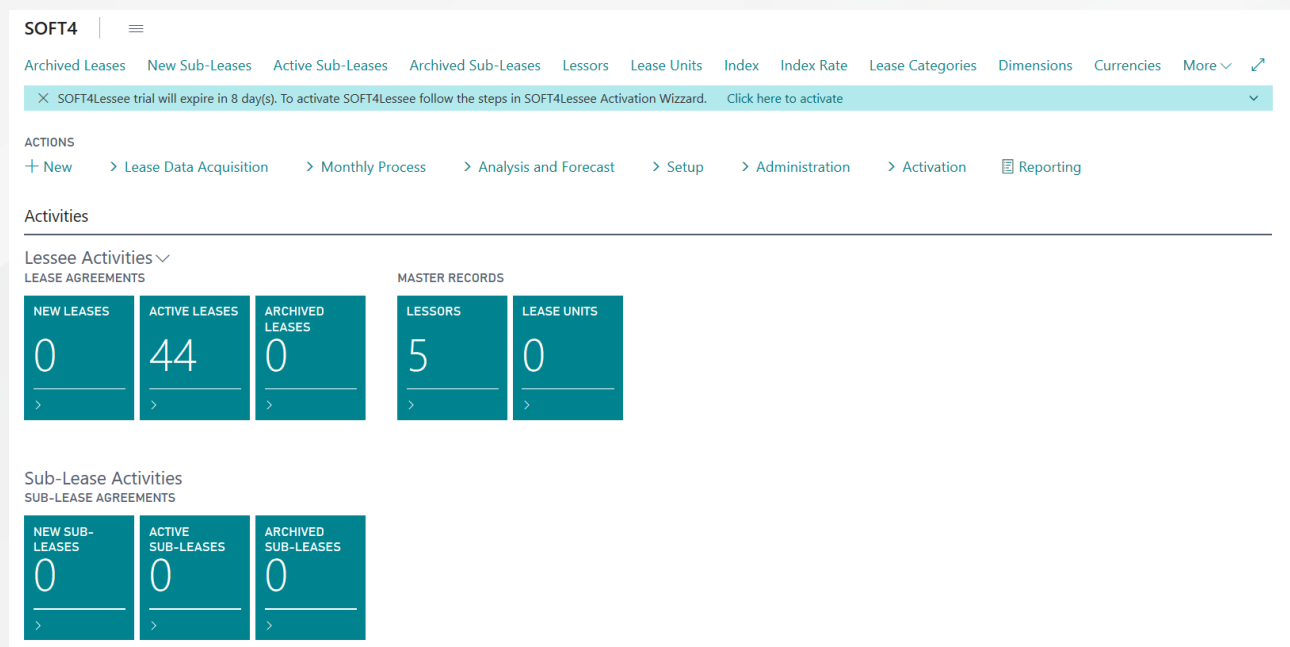
SOFT4Lessee is a software solution for lease accounting under IFRS 16 (International)/ ASC 842 (N. America)/ AASB 16 (Australia & NZ) accounting standard, available both in the Cloud (in SaaS model) and on-premise.

Businesses with large portfolios of operating leases (properties, vehicles, equipment) will be impacted by the change in accounting standards, as the new standards require lessees to recognize assets and liabilities arising from operating leases on the balance sheet.

SOFT4Lessee will help your business to:

- **Plan the transition to the IFRS 16/ AASB 16/ ASC 842 standard** – calculate the impact and choose one of the transition options.
- **Stay compliant with the standard** – upload new leases every month, let the system calculate values and download G/L transactions.

The Role Centre of the finance user (Lessee back-office)



The screenshot displays the SOFT4 Lessee software interface. At the top, there is a navigation bar with the following menu items: Archived Leases, New Sub-Leases, Active Sub-Leases, Archived Sub-Leases, Lessors, Lease Units, Index, Index Rate, Lease Categories, Dimensions, Currencies, and More. A notification banner indicates that the trial will expire in 8 days and provides a link to activate the software. Below the navigation bar, there is a section for 'ACTIONS' with a menu: + New, Lease Data Acquisition, Monthly Process, Analysis and Forecast, Setup, Administration, Activation, and Reporting. The main content area is titled 'Activities' and is divided into two sections: 'Lessee Activities' and 'Sub-Lease Activities'. The 'Lessee Activities' section is further divided into 'LEASE AGREEMENTS' and 'MASTER RECORDS'. The 'LEASE AGREEMENTS' section shows three metrics: NEW LEASES (0), ACTIVE LEASES (44), and ARCHIVED LEASES (0). The 'MASTER RECORDS' section shows two metrics: LESSORS (5) and LEASE UNITS (0). The 'Sub-Lease Activities' section is divided into 'SUB-LEASE AGREEMENTS' and shows three metrics: NEW SUB-LEASES (0), ACTIVE SUB-LEASES (0), and ARCHIVED SUB-LEASES (0).

SOFT4Lessee Main Features



Lease Agreement Data Management

In SOFT4Lessee, you have a database of your lease agreements, with three major statuses – new agreements under consideration, active leases, and archived leases (expired, or terminated early).

Data capture is either automatic or manual. You have the option to manually enter agreement details in structured form and attach a scanned contract together with supporting documents. If the lease origination process is done in another system, you have two options for data upload: a) import from Excel sheets or XML data files, and b) populate data via webservice. The data upload function can be used for data migration from a legacy application.

You can download your lease agreement details from SOFT4Lessee to Excel or feed them to other systems via webservice.

Active leases can be amended, and the system keeps an audit trail of all changes made.

Lease Agreement Card

LEASE AGREEMENT CARD

L0001

Process
Lease Agreement
Actions
Projection
Actions
Navigate
Fewer options

Lease Agreement

LEASE AGREEMENT	LESSOR	DIMENSIONS
Lease No. L0001	Inception Date 2018-01-01	Cost center Code 22001
External Ref. No. 54851-GTF854	Commencement Date 2018-01-01	Profit center Code 22005
Description Office, 18-2 Bevington Rd	Lessor No. (Contact) C0002	LEASE CATEGORY
Lease Status Active	Lessor Name RENT-MAX	Lease Category Code A
		Lease Category Descr. Land and Buildings

Lease Term and Asset Depr.

LEASE TERM	ASSET DEPRECIATION TERM
Contractual Lease Term (months) ... 48	Lessee gets Title of Ownership by... ..
Option to Extend (by no of mont... .. 0	Economic life of underlying asset 0
Option to Terminate (at month n... .. 0	Lease Term (months) 48
Lease Term (months) 48	Depreciation Term (mths) 48
Expected Ending Date 2021-12-31	ASSET ID
Contractual Renewal Option	Asset Description Office Rent
	Unique ID of the Asset 54865-6584

Payments >

Monthly	In Advance	1,100.00	1,100.00
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Interest Rates >

Interest rate implicit in the lease	2.00000000	2018-01-01
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Initial Measurement >

32,223.03	32,223.03
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Transition >

Lease Unit Master Records (equipment being leased)

You can have one or multiple (unlimited) units on lease agreement, with cost price, residual value, and a unique ID for each unit.

Data capture methods are a) manual entry, b) import from Excel or XML, c) via webservice, the same methods as listed above for lease agreements.

You can add a download an asset list, together with lease details and depreciation details, and make asset-based reports.

Asset grouping for accounting purposes is fully configurable (e.g. motor vehicles, ships, aircraft, office equipment, etc.) in order to group assets with similar characteristics. The asset class drives the standard depreciation term, which can be adjusted per individual asset.

Lessor Records

In SOFT4Lessee you have a database of lessors, with contact details and a lease portfolio for each lessor.

Keep Track of Lease Status

In addition to major lease statuses (under consideration, active, archived) the system gives you the option to track leases by more detailed statuses – requested, quoted, signed or withdrawn, activated, extended, early-terminated, buy-out, expired.

Determine Lease Term

For IFRS16 (ASC842) purposes, the lease term is determined by a number of circumstances – whether you are reasonably certain to execute the purchase option, or extension option, or terminate the lease before the end of the term. For accounting purposes, the lease term may differ from the contractual lease term.

Calculate Lease Liability

Based on the given parameters, the system calculates lease liability as the present value of lease payments, and the present value of amounts due at the end of the lease term, taking into account purchase or termination options. The system will automatically adjust lease liability as the circumstances change. The system calculates the initial measurement of lease liability at the commencement date, and subsequent measurements at the end of each reporting period (e.g. monthly, quarterly or early).



Calculate Value of Right-of-Use Asset (RoU)

The system calculates RoU Asset value taking into account lease liability, costs before lease commencement and the expected cost of asset return (e.g. costs of equipment dismantling, costs of restoring leased premises). If the lease liability is re-assessed, the RoU asset value changes accordingly.



Projection and Simulation

The SOFT4Lessee system enables you to calculate the projection of lease liability over the lease term (by each lease, group of similar leases, or overall portfolio) and calculate the projection of asset values over the asset lifetime (by each unit, asset class, or overall portfolio).



Determine Asset Depreciation Term

RoU Asset is depreciated over the lease term or over the useful life underlying the asset. If the lease transfers ownership of the asset to the lessee by the end of the lease term, or the lessee is certain to exercise the purchase option, the asset is depreciated over the useful life of the asset (the system has a pre-configured useful life parameter per asset category).



Interest on Lease Liability

The system calculates interest and creates G/L postings at the end of the reporting period, using either the interest rate implicit in the lease or the lessee incremental borrowing rate.



Non-lease Components

If you have a composite contract that includes leases and services, the non-lease component is separated and posts to the operating expense account, separately from interest expense and asset depreciation expense, as required by IFRS16.



Lease Modifications

The system allows lease modifications after the commencement date and will calculate the impact on lease liability and right-of-use asset. The system will produce G/L postings to reflect any lease modification.



Variable Leases

If you have leases with variable lease payments dependent on an index (like the Consumer Price Index) or reference interest rate (like LIBOR, EURIBOR), the system is able to calculate re-pricing and reflect it in accounting, as per IFRS16 requirements.



Re-measurement

As circumstances change, the system is able to calculate adjustments to lease liability and right-of-use asset value, and produce G/L postings accordingly.



Calculate RoU Asset Depreciation

The system calculates depreciation using one of three methods: straight-line, declining-balance, or production-based. The system produces postings to G/L accounts by asset class.



Cash-flow Reporting

The system will split cash-flows into the principal portion and the interest portion of lease payments, as required by IAS 7.



Foreign Currency

If you have leases denominated in a foreign currency, the system will re-measure lease liabilities using closing currency exchange rates at the end of each reporting period, as required by the IAS 21 standard. The exchange rate difference is recognized as a gain or loss, not affecting the Right-of-Use asset value.



General Ledger Integration

The SOFT4Lessee system will produce required G/L transactions at each due date and at the end of the accounting period. You can download G/L transactions in detail or at summary level and feed them into your general ledger system via webservice integration, or via an Excel or XML file. If you are using Microsoft Dynamics NAV as your ERP system, then G/L integration is totally seamless.



Data Import/ Export

As already mentioned above, the Soft4Lessee system has comprehensive functionality for import and export to/from other systems, using one of the following methods (or combination of methods):

webservice, Excel files, XML files. Using this feature, SOFT4Lessee can interface with other asset management, contract management systems, the general ledger system, and the management reporting system.

IFRS16 Practical Expedients

With SOFT4Lessee, you can choose to apply practical expedients allowed for short-term leases and low-value leases (posts to operating expenses).

Transition to IFRS16

On the first adoption of IFRS16, you can choose which transition option to apply, as SOFT4Lessee supports both options allowed by IFRS16 standard:

- Retrospective.
- Cumulative catch-up.

View of the SOFT4Lessee System

Lease Agreement Card – Section of Initial Measurement

LEASE AGREEMENT CARD ✓ SAVED

L0001

Process Lease Agreement Actions Projection Actions Navigate Fewer options

Lease Agreement > L0001 54851-GTF854 Office: 18-2 Bevington Rd Active 2018-01-01

Lease Term and Asset Depr. > 48 2021-12-31 48

Payments > Monthly In Advance 1,100.00 1,100.00

Interest Rates > Interest rate implicit in the lease 2.00000000 2018-01-01

Initial Measurement

LEASE LIABILITY		RIGHT-OF-USE ASSET	
Residual Value Guarantee	0.00	Lease Payments made on or before...	0.00
Exercise Price of Purchase Option (r...	0.00	Incentives Received	0.00
Penalty for Terminating (if reason...	0.00	Initial Direct Costs	0.00
PV of Amounts Due at Lease Term ...	0.00	Lease Liability at Commencement ...	32,223.03
Present Value of Lease Payments ...	32,223.03	Estimated Cost for Dismantling/R...	0.00
Interest Accrued at Transition	0.00	Description of Dismantling Obliga...	
Lease Liability at Commencement ...	32,223.03	Right-of-use Asset at Commence...	32,223.03

Transition >

Projection of lease liability and right-of-use asset values over the term (system calculated, datasheet view)

LEASE LIABILITY SCHEDULE SAVED

Search + New Edit List Delete Edit View Card Open in Excel Actions Fewer options

Period No.	Period Start Date	Opening Balance	Initial Measurement	Interest (+)	Payment (-)	Re measuring / Reassessment (+)	Closing Balance	Period End Date	Comment	Posted to G/L	Activat. Posted to G/L	Lease Category
19	2019-07-01	0.00	32,223.03	51.40	1,100.00	0.00	31,174.43	2019-07-31	Includes initial measurement of Lease Liabi	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	A
20	2019-08-01	31,174.43	0.00	49.67	1,100.00	0.00	30,124.10	2019-08-31		<input type="checkbox"/>	<input type="checkbox"/>	A
21	2019-09-01	30,124.10	0.00	47.94	1,100.00	0.00	29,072.04	2019-09-30		<input type="checkbox"/>	<input type="checkbox"/>	A
22	2019-10-01	29,072.04	0.00	46.20	1,100.00	0.00	28,018.24	2019-10-31		<input type="checkbox"/>	<input type="checkbox"/>	A
23	2019-11-01	28,018.24	0.00	44.46	1,100.00	0.00	26,962.70	2019-11-30		<input type="checkbox"/>	<input type="checkbox"/>	A
24	2019-12-01	26,962.70	0.00	42.71	1,100.00	0.00	25,905.41	2019-12-31		<input type="checkbox"/>	<input type="checkbox"/>	A
25	2020-01-01	25,905.41	0.00	40.97	1,100.00	0.00	24,846.38	2020-01-31		<input type="checkbox"/>	<input type="checkbox"/>	A
26	2020-02-01	24,846.38	0.00	39.22	1,100.00	0.00	23,785.60	2020-02-29		<input type="checkbox"/>	<input type="checkbox"/>	A
27	2020-03-01	23,785.60	0.00	37.47	1,100.00	0.00	22,723.07	2020-03-31		<input type="checkbox"/>	<input type="checkbox"/>	A
28	2020-04-01	22,723.07	0.00	35.71	1,100.00	0.00	21,658.78	2020-04-30		<input type="checkbox"/>	<input type="checkbox"/>	A
29	2020-05-01	21,658.78	0.00	33.95	1,100.00	0.00	20,592.73	2020-05-31		<input type="checkbox"/>	<input type="checkbox"/>	A
30	2020-06-01	20,592.73	0.00	32.19	1,100.00	0.00	19,524.92	2020-06-30		<input type="checkbox"/>	<input type="checkbox"/>	A
31	2020-07-01	19,524.92	0.00	30.43	1,100.00	0.00	18,455.35	2020-07-31		<input type="checkbox"/>	<input type="checkbox"/>	A
32	2020-08-01	18,455.35	0.00	28.66	1,100.00	0.00	17,384.01	2020-08-31		<input type="checkbox"/>	<input type="checkbox"/>	A
33	2020-09-01	17,384.01	0.00	26.89	1,100.00	0.00	16,310.90	2020-09-30		<input type="checkbox"/>	<input type="checkbox"/>	A
34	2020-10-01	16,310.90	0.00	25.12	1,100.00	0.00	15,236.02	2020-10-31		<input type="checkbox"/>	<input type="checkbox"/>	A
35	2020-11-01	15,236.02	0.00	23.35	1,100.00	0.00	14,159.37	2020-11-30		<input type="checkbox"/>	<input type="checkbox"/>	A
36	2020-12-01	14,159.37	0.00	21.57	1,100.00	0.00	13,080.94	2020-12-31		<input type="checkbox"/>	<input type="checkbox"/>	A
37	2021-01-01	13,080.94	0.00	19.79	1,100.00	0.00	12,000.73	2021-01-31		<input type="checkbox"/>	<input type="checkbox"/>	A
38	2021-02-01	12,000.73	0.00	18.00	1,100.00	0.00	10,918.73	2021-02-28		<input type="checkbox"/>	<input type="checkbox"/>	A
39	2021-03-01	10,918.73	0.00	16.22	1,100.00	0.00	9,834.95	2021-03-31		<input type="checkbox"/>	<input type="checkbox"/>	A
40	2021-04-01	9,834.95	0.00	14.43	1,100.00	0.00	8,749.38	2021-04-30		<input type="checkbox"/>	<input type="checkbox"/>	A
41	2021-05-01	8,749.38	0.00	12.63	1,100.00	0.00	7,662.01	2021-05-31		<input type="checkbox"/>	<input type="checkbox"/>	A
42	2021-06-01	7,662.01	0.00	10.84	1,100.00	0.00	6,572.85	2021-06-30		<input type="checkbox"/>	<input type="checkbox"/>	A
43	2021-07-01	6,572.85	0.00	9.04	1,100.00	0.00	5,481.89	2021-07-31		<input type="checkbox"/>	<input type="checkbox"/>	A
44	2021-08-01	5,481.89	0.00	7.24	1,100.00	0.00	4,389.13	2021-08-31		<input type="checkbox"/>	<input type="checkbox"/>	A
45	2021-09-01	4,389.13	0.00	5.43	1,100.00	0.00	3,294.56	2021-09-30		<input type="checkbox"/>	<input type="checkbox"/>	A
46	2021-10-01	3,294.56	0.00	3.62	1,100.00	0.00	2,198.18	2021-10-31		<input type="checkbox"/>	<input type="checkbox"/>	A
47	2021-11-01	2,198.18	0.00	1.81	1,100.00	0.00	1,099.99	2021-11-30		<input type="checkbox"/>	<input type="checkbox"/>	A
48	2021-12-01	1,099.99	0.00	0.00	1,100.00	0.01	0.00	2021-12-31		<input type="checkbox"/>	<input type="checkbox"/>	A

ROU ASSET SCHEDULE SAVED

Search + New Edit List Delete Edit View Card Open in Excel Actions Fewer options

Period No.	Period Start Date	Depreciation Term (mths)	Opening Balance	Initial Measurement	Impairment (-)	Direct Cost Added (+)	Depreciation (-)	Adjustment of Lease Liability (+)	ROU Sub-Leased	ROU increase/decrease	Losses on onerous leases (+)	Closing Balance	Period End Date	Co.	Post. to G/L	Posting Date	Posting Document No.
19	2019-07-01	48	0.00	32,223.03	0.00	0.00	1,074.10	0.00	0.00	0.00	0.00	31,148.93	2019-07-31		<input checked="" type="checkbox"/>	2019-07-31	L0001
20	2019-08-01	48	31,148.93	0.00	0.00	0.00	1,074.10	0.00	0.00	0.00	0.00	30,074.83	2019-08-31		<input type="checkbox"/>	2019-08-31	L0001
21	2019-09-01	48	30,074.83	0.00	0.00	0.00	1,074.10	0.00	0.00	0.00	0.00	29,000.73	2019-09-30		<input type="checkbox"/>	2019-09-30	L0001
22	2019-10-01	48	29,000.73	0.00	0.00	0.00	1,074.10	0.00	0.00	0.00	0.00	27,926.63	2019-10-31		<input type="checkbox"/>	2019-10-31	L0001
23	2019-11-01	48	27,926.63	0.00	0.00	0.00	1,074.10	0.00	0.00	0.00	0.00	26,852.53	2019-11-30		<input type="checkbox"/>	2019-11-30	L0001
24	2019-12-01	48	26,852.53	0.00	0.00	0.00	1,074.10	0.00	0.00	0.00	0.00	25,778.43	2019-12-31		<input type="checkbox"/>	2019-12-31	L0001
25	2020-01-01	48	25,778.43	0.00	0.00	0.00	1,074.10	0.00	0.00	0.00	0.00	24,704.33	2020-01-31		<input type="checkbox"/>	2020-01-31	L0001
26	2020-02-01	48	24,704.33	0.00	0.00	0.00	1,074.10	0.00	0.00	0.00	0.00	23,630.23	2020-02-29		<input type="checkbox"/>	2020-02-29	L0001
27	2020-03-01	48	23,630.23	0.00	0.00	0.00	1,074.10	0.00	0.00	0.00	0.00	22,556.13	2020-03-31		<input type="checkbox"/>	2020-03-31	L0001
28	2020-04-01	48	22,556.13	0.00	0.00	0.00	1,074.10	0.00	0.00	0.00	0.00	21,482.03	2020-04-30		<input type="checkbox"/>	2020-04-30	L0001
29	2020-05-01	48	21,482.03	0.00	0.00	0.00	1,074.10	0.00	0.00	0.00	0.00	20,407.93	2020-05-31		<input type="checkbox"/>	2020-05-31	L0001
30	2020-06-01	48	20,407.93	0.00	0.00	0.00	1,074.10	0.00	0.00	0.00	0.00	19,333.83	2020-06-30		<input type="checkbox"/>	2020-06-30	L0001
31	2020-07-01	48	19,333.83	0.00	0.00	0.00	1,074.10	0.00	0.00	0.00	0.00	18,259.73	2020-07-31		<input type="checkbox"/>	2020-07-31	L0001
32	2020-08-01	48	18,259.73	0.00	0.00	0.00	1,074.10	0.00	0.00	0.00	0.00	17,185.63	2020-08-31		<input type="checkbox"/>	2020-08-31	L0001
33	2020-09-01	48	17,185.63	0.00	0.00	0.00	1,074.10	0.00	0.00	0.00	0.00	16,111.53	2020-09-30		<input type="checkbox"/>	2020-09-30	L0001
34	2020-10-01	48	16,111.53	0.00	0.00	0.00	1,074.10	0.00	0.00	0.00	0.00	15,037.43	2020-10-31		<input type="checkbox"/>	2020-10-31	L0001
35	2020-11-01	48	15,037.43	0.00	0.00	0.00	1,074.10	0.00	0.00	0.00	0.00	13,963.33	2020-11-30		<input type="checkbox"/>	2020-11-30	L0001
36	2020-12-01	48	13,963.33	0.00	0.00	0.00	1,074.10	0.00	0.00	0.00	0.00	12,889.23	2020-12-31		<input type="checkbox"/>	2020-12-31	L0001
37	2021-01-01	48	12,889.23	0.00	0.00	0.00	1,074.10	0.00	0.00	0.00	0.00	11,815.13	2021-01-31		<input type="checkbox"/>		
38	2021-02-01	48	11,815.13	0.00	0.00	0.00	1,074.10	0.00	0.00	0.00	0.00	10,741.03	2021-02-28		<input type="checkbox"/>		
39	2021-03-01	48	10,741.03	0.00	0.00	0.00	1,074.10	0.00	0.00	0.00	0.00	9,666.93	2021-03-31		<input type="checkbox"/>		
40	2021-04-01	48	9,666.93	0.00	0.00	0.00	1,074.10	0.00	0.00	0.00	0.00	8,592.83	2021-04-30		<input type="checkbox"/>		
41	2021-05-01	48	8,592.83	0.00	0.00	0.00	1,074.10	0.00	0.00	0.00	0.00	7,518.73	2021-05-31		<input type="checkbox"/>		
42	2021-06-01	48	7,518.73	0.00	0.00	0.00	1,074.10	0.00	0.00	0.00	0.00	6,444.63	2021-06-30		<input type="checkbox"/>		
43	2021-07-01	48	6,444.63	0.00	0.00	0.00	1,074.11	0.00	0.00	0.00	0.00	5,370.52	2021-07-31		<input type="checkbox"/>		
44	2021-08-01	48	5,370.52	0.00	0.00	0.00	1,074.10	0.00	0.00	0.00	0.00	4,296.42	2021-08-31		<input type="checkbox"/>		
45	2021-09-01	48	4,296.42	0.00	0.00	0.00	1,074.11	0.00	0.00	0.00	0.00	3,222.31	2021-09-30		<input type="checkbox"/>		
46	2021-10-01	48	3,222.31	0.00	0.00	0.00	1,074.10	0.00	0.00	0.00	0.00	2,148.21	2021-10-31		<input type="checkbox"/>		
47	2021-11-01	48	2,148.21	0.00	0.00	0.00	1,074.11	0.00	0.00	0.00	0.00	1,074.10	2021-11-30		<input type="checkbox"/>		
48	2021-12-01	48	1,074.10	0.00	0.00	0.00	1,074.11	0.01	0.00	0.00	0.00	0.00	2021-12-31		<input type="checkbox"/>		

Overview of General ledger account, related to lessee accounting

No.	Name	Opening Balance, EUR	IFRS16 Net Change	IFRS16 Balance at Date ▼	No. 2
1	Assets	0.00	851,635.56	851,635.56	
141	Right-of-Use Assets	0.00	851,635.56	851,635.56	
1411	Land and Buildings	0.00	210,448.80	210,448.80	
141100	Cost on Transition - Land and Buildings	0.00	446,683.10	446,683.10	
141102	Cost on Lease Modification - Land and Buildings	0.00	16,256.75	16,256.75	
141181	Depr. on Active Lease - Land and Buildings	0.00	-252,491.05	-252,491.05	
1413	Motor Vehicles	0.00	641,186.76	641,186.76	
141301	Cost on Lease Commencement - Motor Vehicles	0.00	831,809.94	831,809.94	
141381	Depr. on Active Lease - Motor Vehicles	0.00	-190,623.18	-190,623.18	
2	Liabilities	0.00	-855,028.48	-855,028.48	
21	Current Liabilities	0.00	-376,275.71	-376,275.71	
211105	Lease Liabilities (discounted, current)	0.00	-376,275.71	-376,275.71	
22	Non-current Liabilities	0.00	-478,752.77	-478,752.77	
221105	Lease Liabilities (discounted, non-current)	0.00	-478,752.77	-478,752.77	
5	Expense	0.00	509,992.92	509,992.92	
50	Operating Expense	0.00	43,800.00	43,800.00	
502901	Non-lease components in Lease rate	0.00	43,800.00	43,800.00	
52	Depreciation and Amortization	0.00	443,114.23	443,114.23	
520100	Depreciation - RoU Assets (FL)	0.00	443,114.23	443,114.23	
53	Financing Costs	0.00	23,078.69	23,078.69	
530100	Interest Expense - Finance Leases	0.00	23,078.69	23,078.69	
7	Clearings in local GAAP	0.00	-506,600.00	-506,600.00	
712	A/P Clearing	0.00	-506,600.00	-506,600.00	
712010	Lease Payments (in Advance)	0.00	-506,600.00	-506,600.00	