

## Unit4 for IFRS 16

# Align with lease accounting reporting standards faster



### Increasing transparency for leased asset reporting

As a result of new international financial accounting standards IFRS 16 requires virtually all leases be recognized in the lessee's balance sheet. This involves major changes, as the new standard completely eliminates off-balance-sheet accounting for leases and has additional effects on many important figures.

The new IASB standard IFRS 16, which replaces IAS 17, requires lessees to recognize all leases in their balance sheet – except for short-term leases (with a term of up to 12 months) and small-ticket leases (with a purchase value of up to \$5,000). The previous distinction between finance leases and operating leases no longer applies.

The main objective of IFRS 16 is to increase the transparency and comparability of financial information by requiring companies to recognize all leases on their balance sheets. Previously, organizations could classify some leases as operating leases and record only the lease payments as expenses in the income statement. This way, they could avoid showing the leased assets and liabilities on their balance sheets.

### What you can expect:



Automate the import of leasing contracts and database-driven recording



Multi-user capabilities



Identify the effects on your balance sheet, P&L and KPIs with a single click



Secure data storage



Transparent calculations



Simulation and analysis options (including visualizations)



Compatibility with all ERP or consolidation systems



A cost-effective and easy to implement (5-10 days) cloud-based solution

Identify the effects for each leasing contract on your balance sheet, P&L and KPIs with a single click and use intuitive simulation and analysis options to see the full picture.

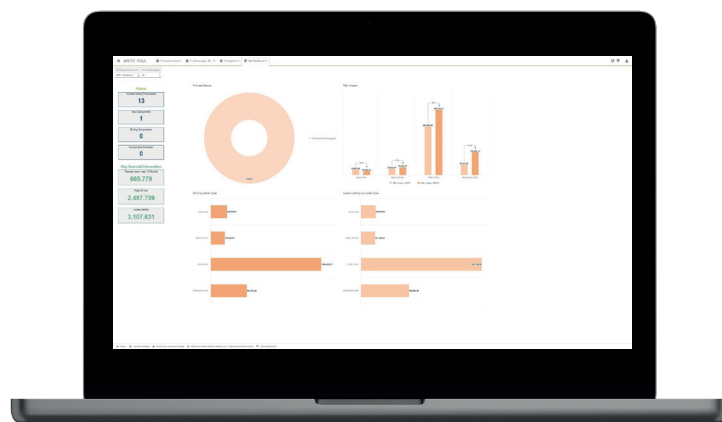


Fig. 1: Dashboard

### Impact

IFRS 16 affects all lessees' balance sheets, as you will need to capitalize all leasing values as assets in the future. Due to this balance sheet extension, your balance sheet ratios may decrease, particularly the equity ratio.

Under IFRS 16, you must recognize lease payments as interest and repayment components instead of operating expenses. Also, the asset depreciates over its scheduled useful life.

Organizations must recognize a right-of-use asset and a lease liability for almost all leases, regardless of their classification.

### Challenges for lessees

- Collecting, structuring and documenting all existing and future leasing contracts within the company or group
- Reassessment of on-balance-sheet leases
- Changes in operational calculations and performance indicators

### Unit4 IFRS 16 app

We have developed an application that allows a quick and easy introduction of IFRS 16 that you can implement without investing large amounts of time and costs.

With the help of our IFRS 16 app, you can adapt your organization to the new regulations with just a few steps:

1. Import or use database-driven recording of your company or group's leasing contracts
2. Identify the effects on accounting for each contract and aggregate the effects for each selected dimension (such as contract group, company, cost center, group, etc.)
3. Create a posting template to transfer data to the ERP or consolidation system to adjust the (consolidated) financial statements according to IFRS

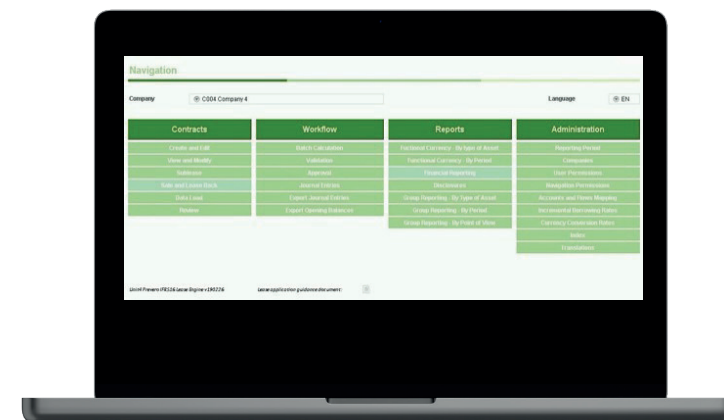


Fig. 2: Start screen and workflow