



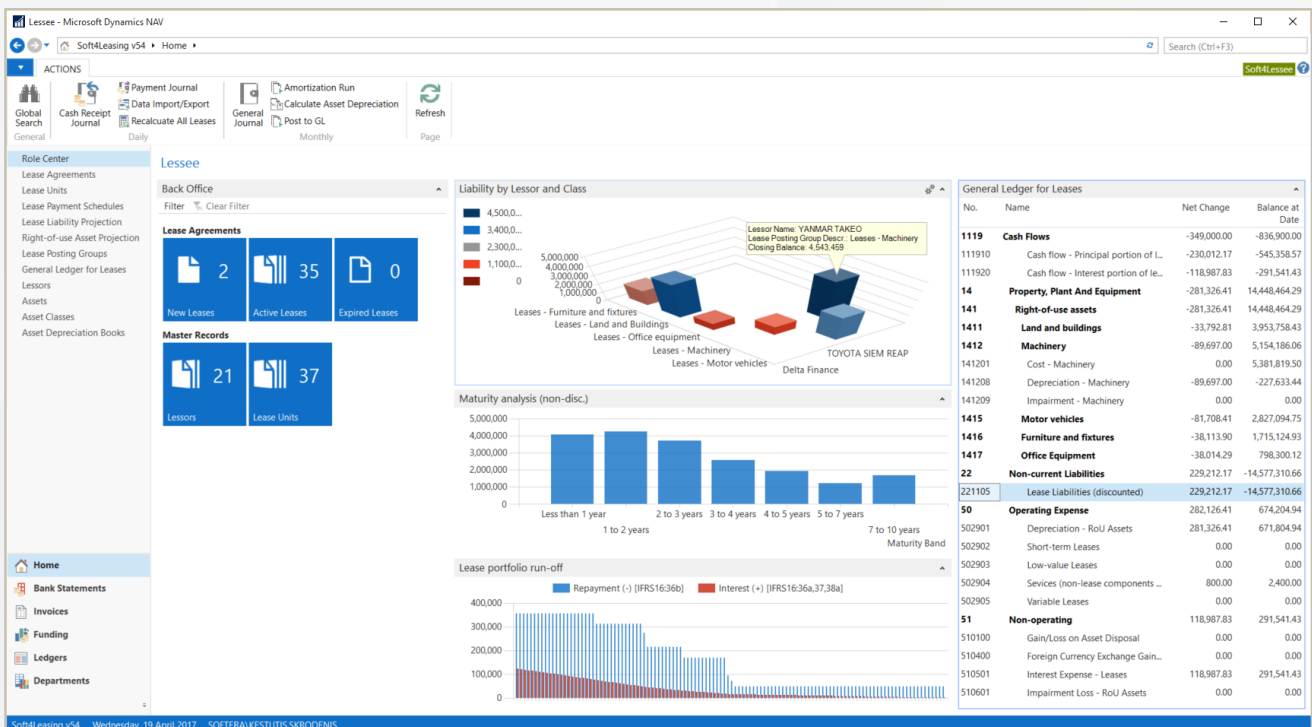
**Soft4Lessee is a software solution for lease accounting under IFRS 16 standard (ASC 842 in US and AASB 16 in Australia), available both in the Cloud (in SaaS mode) and on-premise.**

Businesses with large portfolios of operating leases 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 / 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)**





## 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

Edit - Lease Agreement Card - OL17-0024

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Calc Liability and Asset Projection

Lease Liability Projection

Right-of-use Asset Projection

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OL17-0024

Lease Agreement

Lease Agreement No.: OL17-0024

External Ref. No.:

Lease Status: Active

Inception Date: 2017-03-08

Commencement Date: 2017-03-15

Lessor No.: 1004

Lessor Name: TOYOTA SIEM REAP

Lessee No.:

Lessee Name: Cronus International Ltd.

Lease Posting Group: E

Lease Posting Group Descr: Leases - Motor vehicles

Terms

Lease Term

Contractual Lease Term (months): 36

Non-Cancellable Term (months): 12

Option to Extend (by no of months): 0

Option to Terminate (at month no.): 0

Lease Term (months) [IFRS16:18] 36

Expected Ending Date: 2020-03-15

Asset Depreciation Term

Lessee gets title of ownership?: No

Useful life of the right-of-use asset (months): 60

Lease Term (months) [IFRS16:18] 36

Depreciation Term (mths) [IFRS16:32] 36

Depreciation Books

Repayments Monthly 14,400.00 0.00 14,400.00

Interest Rates 12 Interest rate implicit in the lease 2017-03-15

Variable Lease Payments Not applicable

Initial Measurement 433,548.07 433,548.07

Foreign Currency 0

Lease Payment Schedule

Lease Units

Card New Find

Unit No.	Description	Asset Class	Asset Class Description	Serial No. / Unique ID	Registration No.	Residual Value Guarantee [IFRS16:27c]
FA0024	Toyota RAV4	E	Motor vehicles	SB777854000	HF-455-RD	0.00

OK



### **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.



### **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

Edit - Lease Agreement Card - OL17-0011

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Lease Agreement

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Calc Liability and Asset Projection

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Lease Liability Projection

Right-of-use Asset Projection

Projection

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Soft4Lessee ?

OL17-0011

Lease Agreement	OL17-0011	Active	2017-02-25	Delta Finance	▼
Terms	24	24	▼		
Depreciation Books	▼				
Repayments	Monthly	12,100.00	0.00	12,100.00	▼
Interest Rates	10	Interest rate implicit in the lease	2017-02-25	▼	
Variable Lease Payments	Not applicable				
Initial Measurement	^				
<b>Lease Liability</b>					
Residual Value Guarantee [IFRS16:27c]	50,000.00				
Exercise Price of Purchase Option (reasonably certain) [IFRS1...	0.00				
Penalty for Terminating (if reasonably certain) [IFRS16:27e]	0.00				
PV of Amounts Due at Lease Term:	40,970.48				
Present Value of Lease Payments:	262,217.34				
Lease Liability at Commencement Date:	303,187.82				
<b>Right-of-use Asset</b>					
Lease Payments made on or before commencement date [IFRS1...	0.00				
Initial Direct Costs [IFRS16:24c]	0.00				
Lease Liability at Commencement Date:	303,187.82				
Estimated Cost for Dismantling/Restoring Asset [IFRS16:24d]	0.00				
Right-of-use Asset at Commencement Date:	303,187.82				
Foreign Currency	0	▼			
Lease Payment Schedule	▼				
Lease Units	▼				

OK



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

View - Lease Liability Schedule

HOME ACTIONS

Lease Liability Schedule

Type to filter (F3) | Period No. | Filter: OL17-0011

Period No.	Period Start Date	Opening Balance	Initial Measurement	Interest (+) [IFRS16:36a]	Repayment (-) [IFRS16:36b]	Remeasuring / Reassessment (+) [IFRS16:36c]	Closing Balance	Comment	Period End Date	Discount Rate [IFRS16:26]	Discount Rate Option	Discount Rate Value Date
	2017-02-01	0.00	303,187.82	0.00	0.00	0.00	303,187.82	Includes initial measure...	2017-02-28	10	Interest rate impl...	2017-02-25
1	2017-03-01	303,187.82	0.00	2,526.57	12,100.00	0.00	293,614.39		2017-03-31	10	Interest rate impl...	2017-02-25
2	2017-04-01	293,614.39	0.00	2,446.79	12,100.00	0.00	283,961.18		2017-04-30	10	Interest rate impl...	2017-02-25
3	2017-05-01	283,961.18	0.00	2,366.34	12,100.00	0.00	274,227.52		2017-05-31	10	Interest rate impl...	2017-02-25
20	2018-10-01	95,775.72	0.00	891.53	12,100.00	0.00	84,473.85		2018-10-31	10	Interest rate impl...	2017-02-25
21	2018-11-01	84,473.85	0.00	798.13	12,100.00	0.00	73,077.80		2018-11-30	10	Interest rate impl...	2017-02-25
22	2018-12-01	73,077.80	0.00	703.95	12,100.00	0.00	61,586.78		2018-12-31	10	Interest rate impl...	2017-02-25
23	2019-01-01	61,586.78	0.00	608.98	12,100.00	0.00	0.00	Includes Residual Value;	2019-01-31	10	Interest rate impl...	2017-02-25
24	2019-02-01	0.00	0.00	513.22	62,100.00	0.00	0.00		2019-02-28	10	Interest rate impl...	2017-02-25

Close

View - RoU Asset Schedule

HOME

RoU Asset Schedule

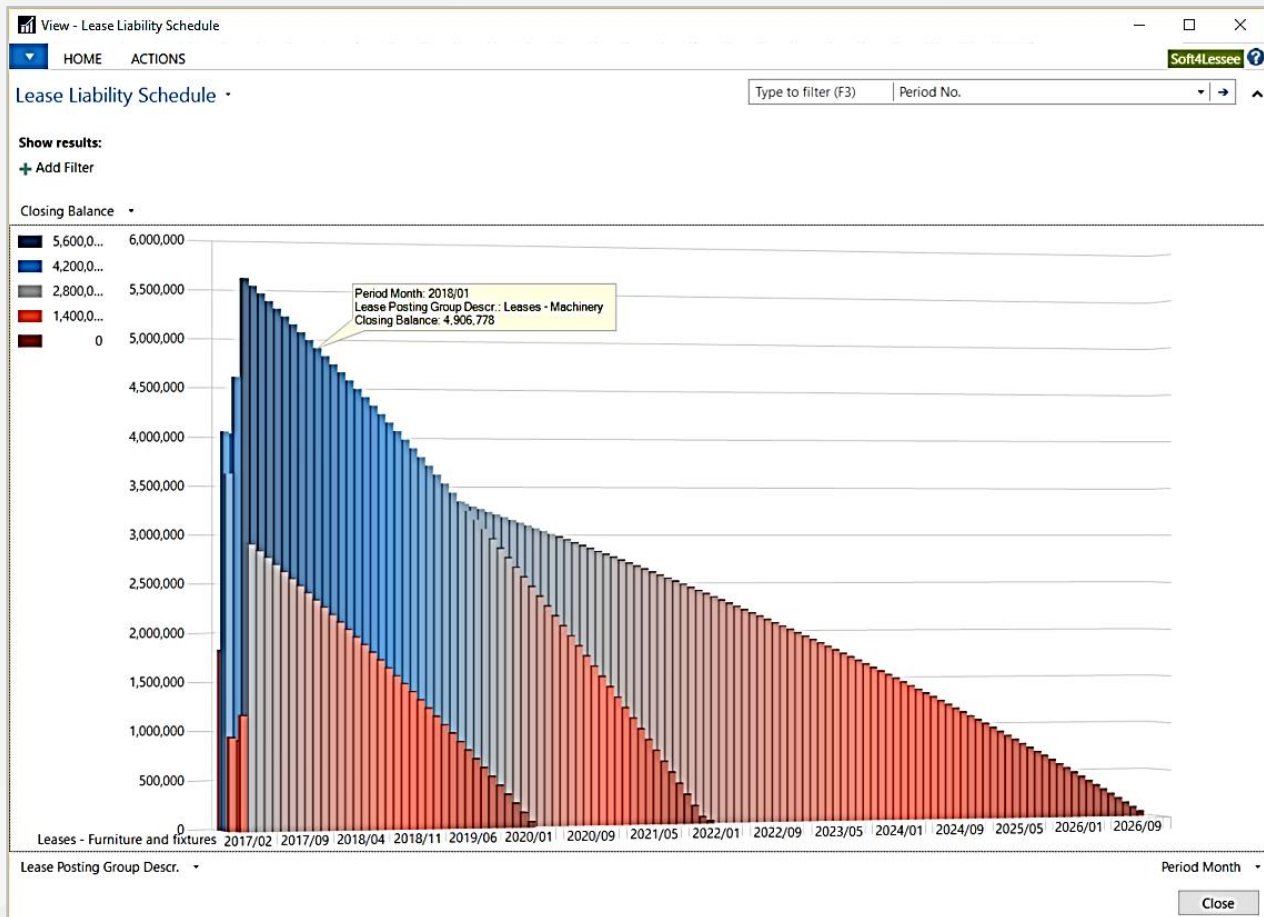
Type to filter (F3) | Period No. | Filter: OL17-0011

Period No.	Period Start Date	Depreciation Term (mths) [IFRS16:32]	Opening Balance	Initial Measurement	Impairment (-) [IFRS16:30a]	Depreciation (-) [IFRS16:30a,31]	Adjustment of Lease Liability (+) [IFRS16:30b]	Adjustment on Lease Modification (+)	Closing Balance	Comment	Period End Date
	2017-02-01	24	0.00	303,187.82	0.00	0.00	0.00	0.00	303,187.82		2017-02-28
1	2017-03-01	24	303,187.82	0.00	0.00	12,632.83	0.00	0.00	290,554.99		2017-03-31
2	2017-04-01	24	290,554.99	0.00	0.00	12,632.83	0.00	0.00	277,922.16		2017-04-30
3	2017-05-01	24	277,922.16	0.00	0.00	12,632.83	0.00	0.00	265,289.33		2017-05-31
20	2018-10-01	24	50,531.30	0.00	0.00	12,632.82	0.00	0.00	37,898.47		2018-10-31
21	2018-11-01	24	37,898.47	0.00	0.00	12,632.82	0.00	0.00	25,265.65		2018-11-30
22	2018-12-01	24	25,265.65	0.00	0.00	12,632.82	0.00	0.00	12,632.82		2018-12-31
23	2019-01-01	24	12,632.82	0.00	0.00	12,632.82	0.00	0.00	0.00		2019-01-31
24	2019-02-01	24	0.00	0.00	0.00	12,632.82	0.00	0.00	0.00		2019-02-28

Close



## Projection of lease liability, per lease groups (system calculated, chart view)



## Overview of General ledger account, related to lessee accounting

View - General Ledger for Leases			
HOME NAVIGATE REPORT			
New	Edit	View	Delete
New	Manage	Process	Report
G/L Register	Detail Trial Balance	Trial Balance	G/L Register
Show as List	Show as Chart	OneNote	Refresh
Notes	Clear Filter	Find	Page
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General Ledger for Leases			
Type to filter (F3) No. Limit totals: 17-05-01..17-05-31			
No.	Name	Net Change	Balance at Date
<b>1119</b>	<b>Cash Flows</b>	-349,000.00	-836,900.00
111910	Cash flow - Principal portion of lease liability	-230,012.17	-545,358.57
111920	Cash flow - Interest portion of lease liability	-118,987.83	-291,541.43
<b>14</b>	<b>Property, Plant And Equipment</b>	-281,326.41	14,448,464.29
<b>141</b>	<b>Right-of-use assets</b>	-281,326.41	14,448,464.29
<b>1411</b>	<b>Land and buildings</b>	-33,792.81	3,953,758.43
<b>1412</b>	<b>Machinery</b>	-89,697.00	5,154,186.06
141201	Cost - Machinery	0.00	5,381,819.50
141208	Depreciation - Machinery	-89,697.00	-227,633.44
141209	Impairment - Machinery	0.00	0.00
<b>1415</b>	<b>Motor vehicles</b>	-81,708.41	2,827,094.75
<b>1416</b>	<b>Furniture and fixtures</b>	-38,113.90	1,715,124.93
<b>1417</b>	<b>Office Equipment</b>	-38,014.29	798,300.12
<b>22</b>	<b>Non-current Liabilities</b>	229,212.17	-14,577,310.66
221105	Lease Liabilities (discounted)	229,212.17	-14,577,310.66
<b>50</b>	<b>Operating Expense</b>	282,126.41	674,204.94
502901	Depreciation - RoU Assets	281,326.41	671,804.94
502902	Short-term Leases	0.00	0.00
502903	Low-value Leases	0.00	0.00
502904	Services (non-lease components in Lease Agreement)	800.00	2,400.00
502905	Variable Leases	0.00	0.00
<b>51</b>	<b>Non-operating</b>	118,987.83	291,541.43
510100	Gain/Loss on Asset Disposal	0.00	0.00
510400	Foreign Currency Exchange Gain/Loss	0.00	0.00
510501	Interest Expense - Leases	118,987.83	291,541.43
510601	Impairment Loss - RoU Assets	0.00	0.00