

IFRS 16 LEASING TOOL DEOS Advisory GmbH



210.95

149.16

23.26

1.41%

207.70

24.27

18.92

Reason for development



Systematic approach

Process overview



Reason for the development of our leasing tool



New Standard - IFRS 16 Leases



New Requirements

- Higher number of and more complex calculations
- More complex determination of interest rates
- Increase in notes disclosure to be provided



Challenges in daily business

- Tool needed for ourselves, clients and network partners
- Multilanguage Versions
- German version and English version
- New requirements / changes to be reflected in the tool in the future (updates)
- Flexibility in calculations as “real life” is sometimes complicated...

Reason for development

Systematic approach

Process overview



Systematic approach – Systematic chosen

- Easy to use as the tool is based on Excel with an additional “Leasing” – ribbon to support the user
- Providing Automatic Calculation for standardized contracts and Manual Calculation for individual contracts or reassessments / modifications (supported by assistants!)
- Providing notes disclosure, booking entries, asset movement schedules and liability table
- Interfaces to other EDP systems can be customized (e.g. SAP)
- Not an “all in” tool (e.g. no document database for contracts), but the question always arises what is the system?
 - *Accounting Software*
 - *Reporting Packages*
 - *Consolidation / Reporting Software*
 - *Stand alone solution with interface*



Systematic approach – Advantages & Disadvantage

Advantages



- Easy to use as people in general know MS Excel
- User is supported by “Assistants” when working on contracts
- User is supported by determining interest rates (or completely determined by the tool itself!)
- Transparency in calculations (asset schedule / liability schedule for each contract)
- Export of journal entries via interface possible
- Fast implementation and fast calculation results
- No “software implementation” (project) costs
- Flat rate licensing model (not dependent on users / units / contracts / etc.)

Disadvantage



- Not suitable for an extremely high number of contracts that are underlying changes on a regular basis

Systematic approach

Target Group

- Industry
 - Public listed companies, small and medium-sized businesses and companies which are part of a group and have to provide reporting packages
- Consultants / Auditors
 - „hands-on“ tool that provides flexibility and supports with integrated calculation logic



Free trial version

- For free
- Visit www.deos-leasing.com and get your free trial version
- Special license model for consultants / auditors



Documentation

- Processes of the tool explained on following slides
- Additionally a detailed handbook in English and German



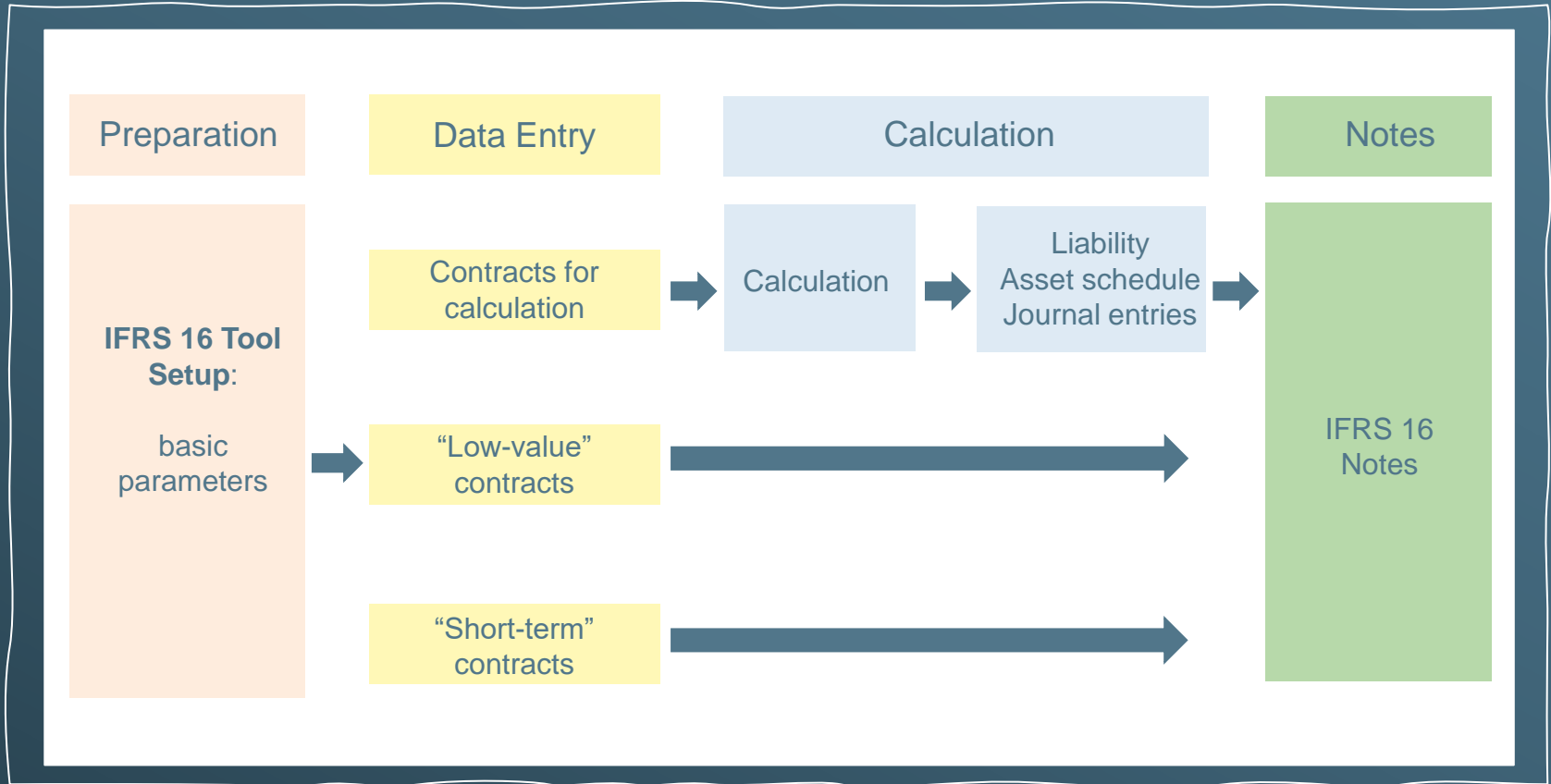
Reason for development

Systematic approach

Process overview



Process overview



Process overview – Preparation

General



- Company name
- Year for notes disclosure / booking entries
- Currency (only 1 currency per tool – if there are contracts in more currencies simply use additional tools)

Journal entries



- Categories for right-of-use asset categories
- Accounts for lease expense accounts

Information for interest determination



optional








- Country of domicile of the company the tool is used for (use of dropdown-list)
- Credit spread group
- Credit spread company

Process overview – Data Entry & Colour Scheme

Data entry in spreadsheets

- Input
- Input Suppl (additional input for notes disclosure)
- LowValue Input (non-material contracts, no liability / right-of-use asset)
- ShortTerm Input (short term contracts, no liability / right-of-use asset)

Colour scheme data entry

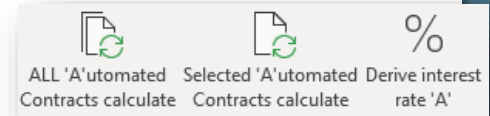
- Purple  – entries for programme-specific functions (calculate, delete, etc.)
- Light-green  – entry fields for documentation purposes
- Amber  – entry fields to calculate lease liability
- Orange  – entry field for interest rate
- Blue  – entry fields for right-of-use assets
- Grey  – internal fields (references or internal calculations)
- Dark-green  – entry fields for the calculation of notes disclosure for short term contracts (see “ShortTerm Input”) or contracts that are not material (see “LowValue Input”)

Process overview – Contracts

'A'utomated contracts



- Calculation after data entry is finished
- Support for derivation of interest rate



'M'annual contracts



- Start working on a ' M'annual contract
- Support for derivation of interest rate
- Support from assistants for reassessments / modifications
- Save changes (integrated consistency check)
- No limit on number of changes for a contract



Process overview – Assistants

Assistants ✕

Contract nr (ID) 1 Commencement Date 01.01.2019 End of non-cancellable term 31.12.2022
Int. nr. / contr. partner / summary Nr. 1 / Contract party 1 / Content 1


Assistants

Changes due to reassessments **Reassessments**

- Change of adjusted lease payments (not based on variable interest rates) and residual value guarantees
- Change of adjusted lease payments (based on variable interest rates)
- Recognition of an impairment or reversal of impairment
- Changes in the lease term (options to extend the contract, purchase options, etc.)

Changes due to contract modifications **Modifications**

- Cancellation of the lease before the end of the lease term
- Reduction in volume and / or time of the lease due to contract modifications
- Extension of the lease due to contract modifications (volume and/or time)

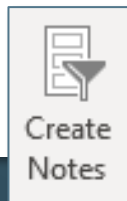


Assistants

Process overview

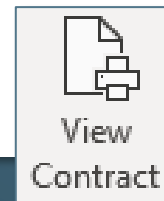
Notes disclosure

- N1 (notes disclosure with references to IFRS 16)
- N2 (liability schedule)
- N3 (asset schedule per asset category)
- N4 (additional information on expense)
- JE (journal entries – also included movements for asset schedule)
- Deferred taxes (if tax rate / tax base is entered in “JE”)



Presentation / Presentation period?

- Period is entered in spreadsheet ‘P’ – year (e.g. 2019)
- Presentation for any periods possible (e.g. 2020, 2021, etc.)
- E.g. for planning purposes (adjustments can be added for future periods if needed)
- Calculation for every lease contract can be viewed via



IFRS16 Made Easy

DEOS Leasing Tool für einfache Bearbeitung und Zinsberechnung.



FREE TRIAL

www.deos-leasing.de

Das DEOS Leasing Tool – IFRS 16 made easy

Leasing Tool für einfache Bearbeitung und Zinsberechnung



ASSISTANTS

Our leasing tool supports you in particular through its program functions and assistants in the required work steps.



DERIVATION OF INTEREST RATES

As a special feature, the leasing tool supports you in deriving the interest rate of a specific lease term. Upon request, we will provide monthly updated basic data for interest rate determination.



NOTES

The creation of the required information for the notes is possible with the leasing tool at the touch of a button and thus saves you valuable time.



INTERFACES

At the customer's request, interfaces to processing systems (e.g., SAP or other accounting software / consolidation software) may also be provided.



PLANNING

The calculation system in the leasing tool supports you in creating the required plan data and you can already incorporate the actual data into the planning data and subsequently take into consideration planning-specific facts.

Contact us for further information.



DEOS Advisory GmbH
Blumenanger 12a • 82418 Murnau

Dr. Andreas Cebul • +49 176 610 00 557 • andreas.cebul@deos-advisory.de