

# LOIS By Innervision



## Lease Accounting Solution

Comply with the new lease accounting standards, IFRS 16 and FASB ASC 842, with LOIS, by Innervision.

See your entire lease portfolio in real-time, run amortisation schedules, journal entries & disclosure summaries with ease.



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## About Innervision

Innervision is a leasing consultancy and specialist lease service supplier, providing Lease Portfolio Management services and SaaS solutions to large corporates since 1992.

Innervision's lease accounting solution, LOIS – Lease Accounting, is the most advanced application available on the market and supports both lease accounting standards, IFRS 16 & FASB ASC 842, as well as existing IAS 17.

The system allows users to account for and manage all lease asset types, ranging from IT, plant & machinery to material handling equipment, vehicles and property.

Companies that use LOIS are easily able to comply with the new standards as the application allows them to produce all the accounting information required to accurately complete the financial statements obligatory for compliance; including income statement, cash flow and balance sheet.

With LOIS, users are easily able to run critical amortisation schedules, journal entries and disclosure summaries, as well as centralise lease information on one unified platform, validate lease information and forecast initial balance sheet implications. What's more, users have the ability to account for all lease categories or lease types at an asset level.

In addition to providing a pioneering lease accounting solution, Innervision

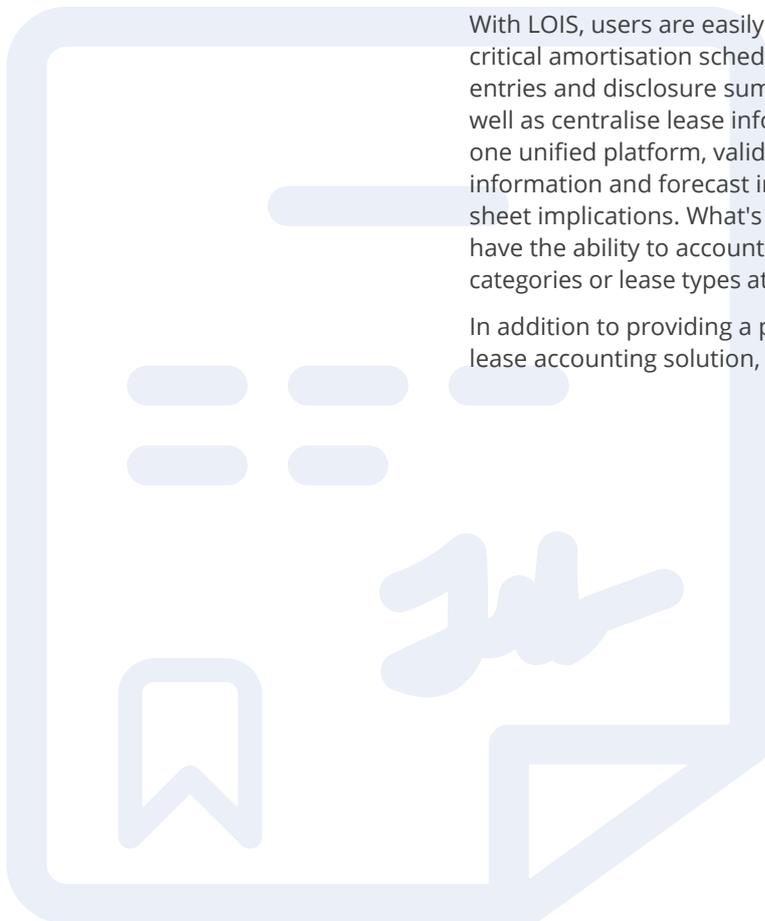
also offers a revolutionary lease management software, LOIS – Lease Management. This solution provides companies with a central hub for storing critical lease data, intuitive dashboards that provide users with an instant overview of the performance of a portfolio, as well as integrated lease management functionality – such as advanced reporting, end-of-lease management and full audit trails.

The lease management module also provides users with exemplary new lease arrangement capabilities, that alongside Innervision's extensive catalogue of lessors will ensure organisations have all tools to negotiate optimal lease terms at the best rates.

Based in the City of London, Innervision helps clients from all over the world, including Capgemini, General Electric Company, XPO Logistics and Amey amongst many other household names.

So, whichever solution you choose, Innervision and LOIS will provide you with all the necessary tools to unlock valuable, actionable insight from within your lease portfolio and avoid the complications surrounding lease accounting compliance.

**We believe that LOIS is the perfect partner for transitioning to the new standards.**



## A brief overview of the new lease accounting standard: **IFRS 16 At a Glance**

At the beginning of 2016, The International Accounting Standards Board (IASB) and The Financial Accounting Standards Board (FASB) announced the new standards for lease accounting, IFRS 16 Leases and FASB ASC 842. The new accounting principles will have a significant impact on the way leases are recognised on financial statements as lessees will be required to account for the majority of leases 'on balance sheet' and recognising a right of use asset and a lease liability arising from the agreement.

The official effective date for IFRS 16 Leases is for accounting periods beginning on or after 1st January 2019, with early adoption permitted for companies that also apply the changes to revenue recognition - IFRS 15 Revenue from Contracts with Customers.



These new accounting requirements bring lease accounting into the 21st century, ending the guesswork involved when calculating a company's often-substantial lease obligations.

The new Standard will provide much-needed transparency on companies' lease assets and liabilities, meaning that off balance sheet lease financing is no longer lurking in the shadows. It will also improve comparability between companies that lease and those that borrow to buy.

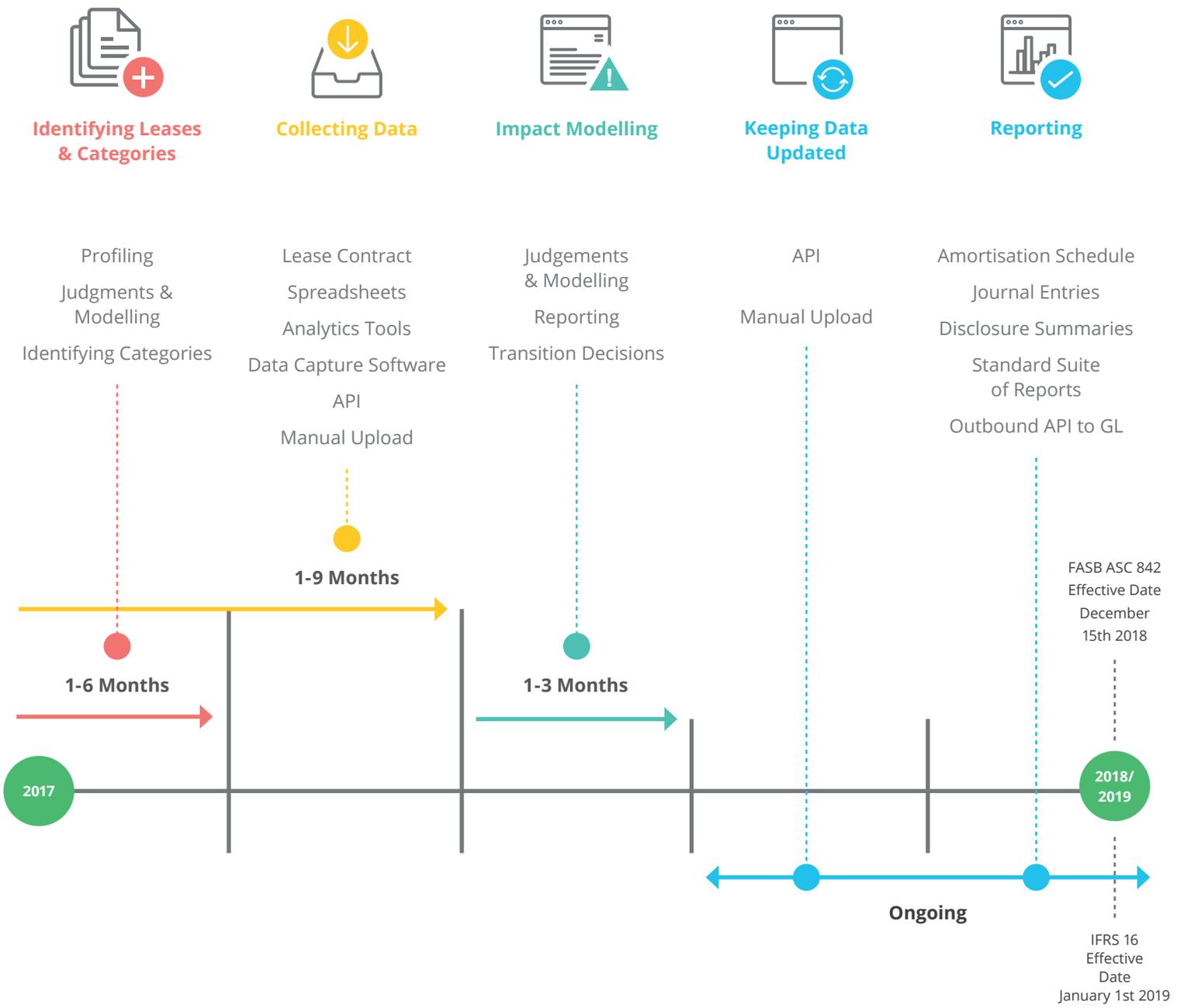
**Hans Hoogervorst, IASB Chairman**

<b>What is happening</b>	All leases will be included on balance sheet, excluding short term leases and small ticket assets. This standard replaces IAS17.
<b>Who will be affected</b>	All companies that lease assets; approximately 1 in 2 listed companies.
<b>What will be affected</b>	Gearing ratio, current ratio, asset turnover, interest cover, EBIT, EBITA, EBITAR, operating profit, net income, EPS, ROCE, ROE and operating cash flows.
<b>Implementation Deadline</b>	1st January 2019 + retrospective reports Early adoption available alongside IFRS 15 'Revenue from Contracts with Customers'.
<b>Immediate Implications</b>	An estimated US\$2.8 Trillion of lease commitments will come on to balance sheet affecting assets, liabilities, depreciation and cash flow. Entities need to gather and review all active leases in order to produce required reports.
<b>Main Changes</b>	<ul style="list-style-type: none"> <li>• Leases will no longer be categorised based on risk and reward, but rather on who controls the ROU asset.</li> <li>• Definition of a lease may result in agreements formerly known as leases to be defined as services; and vice versa.</li> <li>• Changes to cash flow presentation, measurements of lease liabilities and recognition of lease expenses.</li> <li>• New guidance for lease variants including sale and leaseback and subleases. Retrospective reporting will require lessees to review all leases; although transition reliefs are available.</li> </ul>

## Main changes

- Operating and finance leases will effectively cease to exist as all leases will be accounted for "on balance sheet".
- New standard will impact a company's asset turnover, interest cover, EBIT(A/AR), operating profit, net income, cash flows and financial ratios, among others.
- Short term leases and small ticket assets will be exempt from balance sheet reporting.
- This new standard will replace IAS 17, however, lessor accounting remains mainly unchanged.
- The IASB estimate that 1 in 2 listed companies will be affected.
- The new standard will be effective from January 1st 2019. Some lessees will need to produce comparative balance sheet and P&L reports for financial years before this date.
- Early adoption is available, but only alongside IFRS 15 'Revenue from Contracts with Customers'.
- IASB has provided transition reliefs to reduce financial burdens.

# Challenges of Implementation: A Time-Line For Compliance



# Why You Need Lease Accounting Software

## Simplifying Compliance

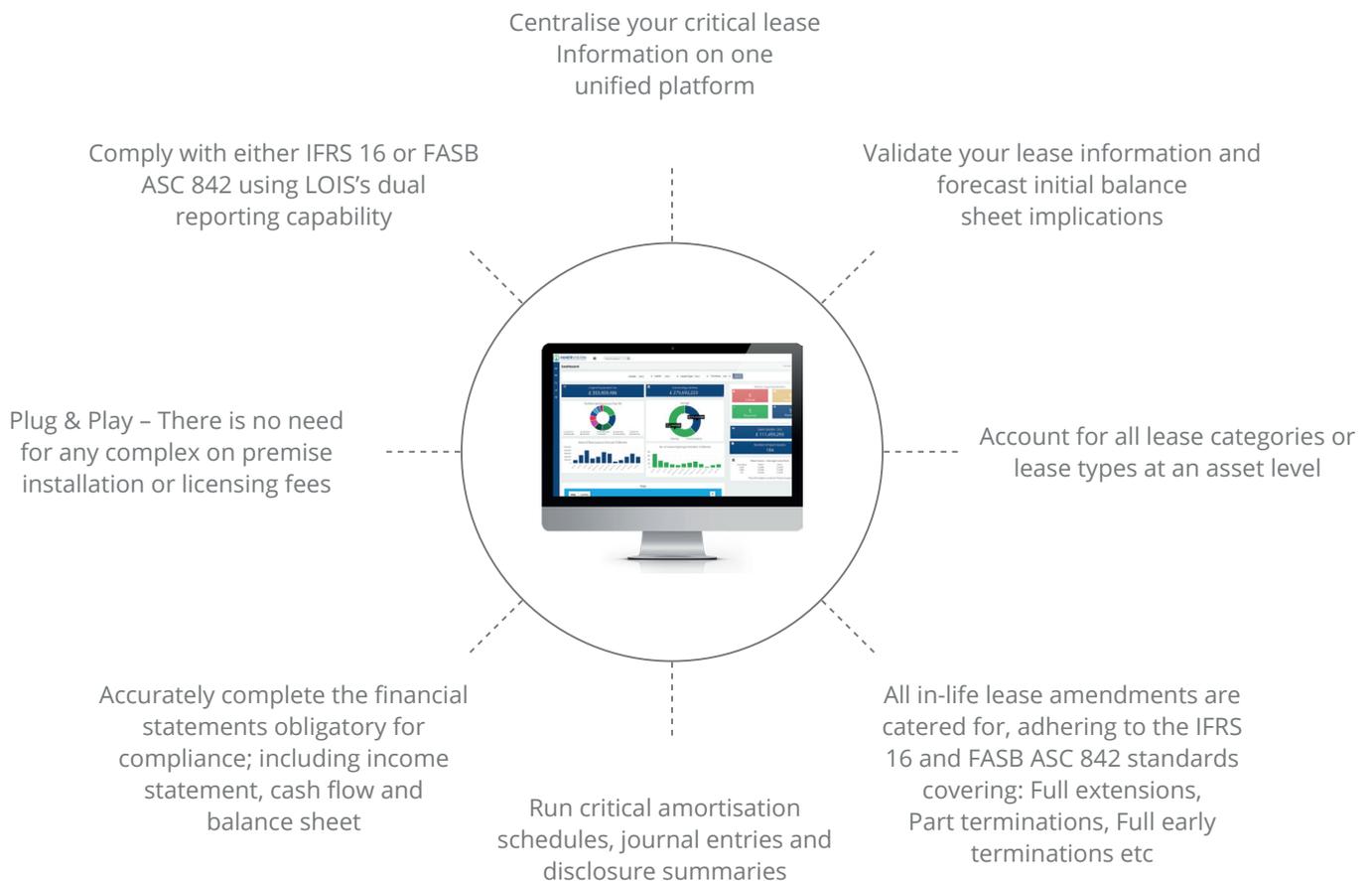
In order to meet the transition requirements and implementation deadlines, entities have the challenging task of collating and centralising their entire lease portfolio so they are able to apply the new accounting treatments to every active lease within their organisation. A project of this scope will be extremely time and resource intensive and one that will require the adoption of specialised lease accounting software, a clearly defined strategy and efficient lease management processes to help ensure a seamless transition.

Lease accounting software is different to many other accounting products, as it has been specifically designed and constructed to tackle the compliance challenges presented by the new standards.

The most advanced applications available on the market will support the implementation of both lease accounting standards – IFRS 16 & FASB ASC 842, as well as existing standards IAS 17 & FASB ASC 840. These systems should also allow businesses to account for and manage all lease asset types, including: equipment, vehicles, plant & machinery and real estate/property.

In an effort to simplify the transitioning to the new standard, Innervision has developed such an application.

# What To Look For In A Lease Accounting Engine



# Meet LOIS

## Pioneering Lease Accounting Software

LOIS - Lease Accounting 2.0, By Innervision, is a hassle-free accounting solution that delivers all the transition tools and functionality needed to extract, validate and report on all the critical lease data required for full compliance with both IFRS 16 and FASB ASC 842. By loading your lease information onto LOIS, you're easily able to evaluate your entire portfolio and identify what leases are impacted by the new standards.

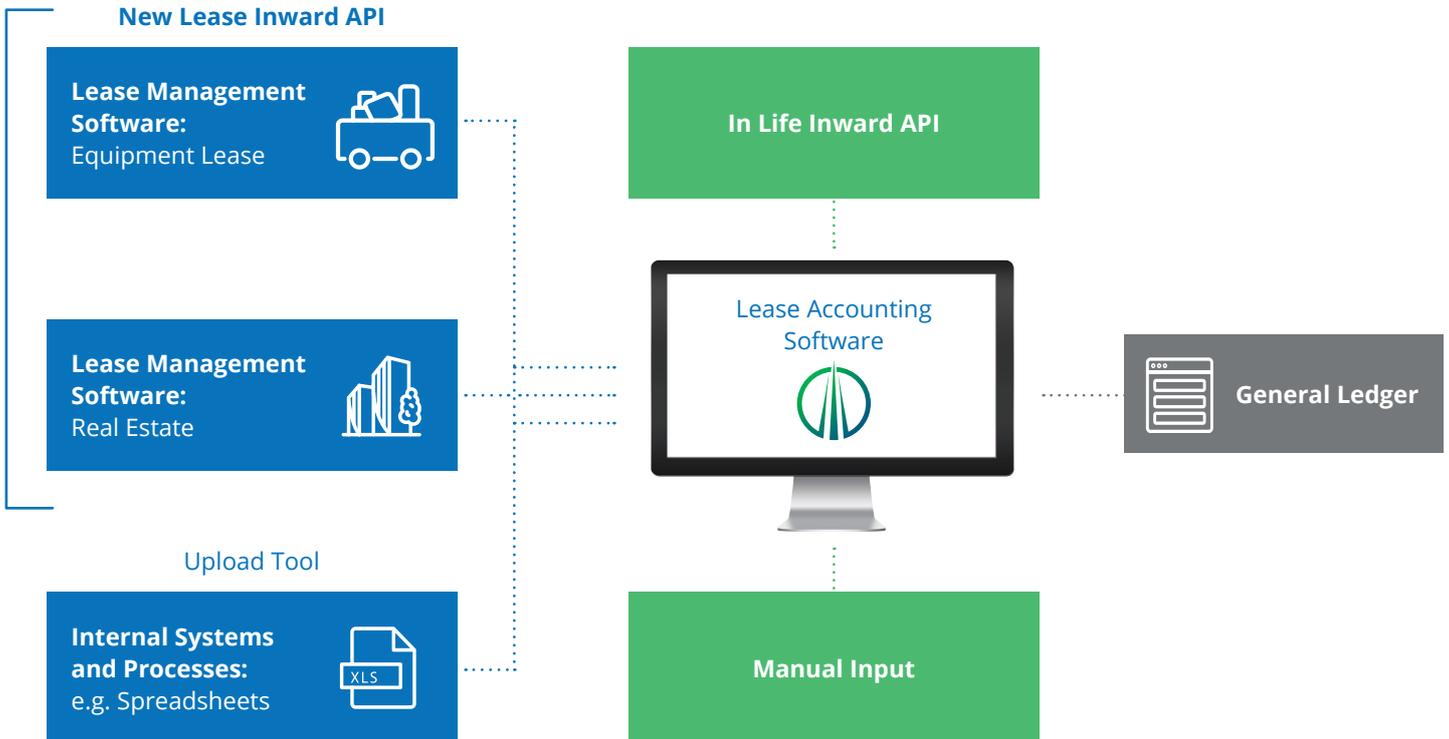
The newly enhanced accounting solution is capable of functioning as a stand-alone system or in conjunction with Innervision's lease management software, LOIS – Lease Management.

LOIS is online so it's easy to track, organise and maintain accounting compliance for all your leases from one unified platform. You'll also have much greater visibility of your entire lease portfolio, so modelling the impact of the new standard is simplified using the system.

The new solution tackles the more challenging aspects of lease accounting compliance with an array of new features, tools and automated processes that make confronting even the most complex portfolios effortlessly simple.

## LOIS – Lease Accounting 2.0 By Innervision

### Integration Options



**NOTE:** New leases can be added via the API, upload tool, manual input or a combination of all three methods.

The API for new leases eliminates dual entry and duplication of effort where users already have consolidated elements of their lease portfolios e.g. property, managed on existing lease management systems.

The in life API will capture in life amendments made in users existing lease management systems and transmit these changes for action in LOIS.

Finally, the journal outputs can be exported to Excel and uploaded into your general ledger or you can use the API to update your general ledger in an automated fashion.

# All You Need To Comply With The New Lease Accounting Standards

Companies that use LOIS to manage and enhance their lease portfolio are able to produce all the accounting information required to accurately complete the financial statements obligatory for compliance; including income statement, cash flow and balance sheet. LOIS will also generate the complex calculations for you at the touch of a button.

Innervision and LOIS will also provide users with all the necessary tools, features and reporting capabilities needed so that they are able to effectively communicate and collaborate with the key stakeholders of their organisation. Whether that's by receiving automated alerts and notifications, running reports that form part of their readiness or impact assessments, or identifying areas within a portfolio that can be optimised – We believe that LOIS is the perfect partner for compliance.

## All-In-One Lease Accounting Software For Full Compliance



### Lease Accounting

LOIS incorporates a powerful reporting facility, that allows you to run the required lease accounting reports for both the current and new lease accounting standards – including both IFRS 16 Leases and FASB ASC 842. LOIS will even create the right of use asset schedules/liability amortisations and journals for you, so you don't have to.



### Lease Reporting

With LOIS's integrated reporting, you are easily able to produce a before and after analysis of the standards' effects. This analysis is a valuable resource for educating departments, employees, key stakeholder and investors as to the impact of the new standard. (Note: This feature is applicable for IAS 17 to IFRS 16 only)



### Store and Centralise

Manage the transition to new accounting standards through one unified platform and data repository. Reduce cost and operational burdens, whilst ensuring consistency and compliance. Store and centralise all documentation for easy management and search filtration.



### Easily Identify Leases

With all your lease data and documentation centralised and stored on LOIS, you'll have instant access to all the key leasing information required for lease accounting. With this information readily available, identifying all the operating leases and necessary information is made easier.



### Optimise End of Lease

LOIS's automated end of lease notifications will send users automated staggered alerts whenever a lease requires a certain action or is approaching a critical lease date.

With this information, users can make appropriate lease decisions at an opportune time as well as ensuring important lease actions are never missed.



### Advanced Business Intelligence

LOIS incorporates advanced BI reporting, dashboards and visualisation tools that will provide you with a snapshot of your portfolio's performance at a glance. Use this information to gain tangible insight into the overall health of your portfolio and identify any inefficiencies that may exist.

# Features

## Dashboard

The LOIS user dashboard provides you with a consolidated overview of all the active leases within your organisation.

Use this information to:

- Present the initial scope of the project
- See how active leases are distributed globally
- Recognise leases that require immediate attention
- View and analyse data dependent on the selected search criteria set by the user

## Lease Reporting

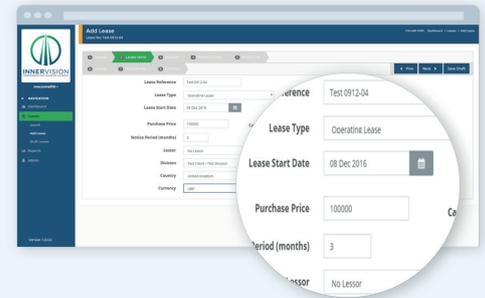
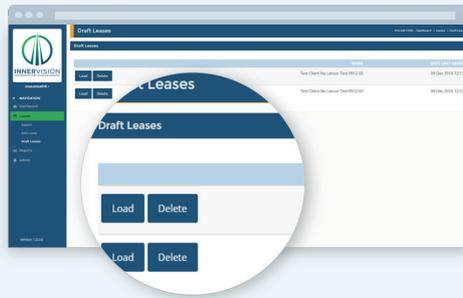
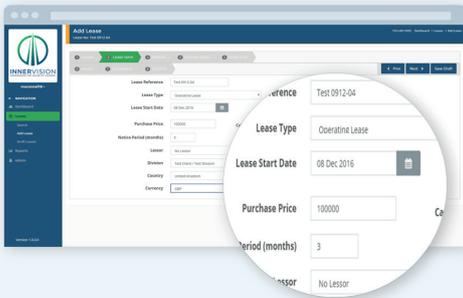
All in-life lease amendments are catered for, adhering to the IFRS 16 and FASB ASC 842 standards covering:

- Full extensions
- Part terminations
- Full early terminations
- Consideration changes
- Indexation price changes (IFRS)
- Rental corrections and impairments

## Store and Centralise

Upload your lease data with ease. Ensure all your critical lease information is centralised in one place.

- Add leases to the system using New Lease API, integrated upload tool or manual input
- Regular and Irregular profiles (multiple rentals with different periodicities)
- Reporting using IRR or IBR
- Multi-asset addition
- Document storage
- Ability to save mid input as Draft Lease or confirm to Activate a lease
- Edit Add Lease inputs pre-activation



# All-In-One Lease Accounting Output Reports

## Amortisation and Depreciation

At the commencement of a lease, LOIS generates an asset and amortisation schedule based on the financial information input into the system. With each modification to the lease, a new amortisation and asset schedule is created and stored to allow retrospective reporting based on the schedules in play at that time. These schedules drive the accounting outputs.

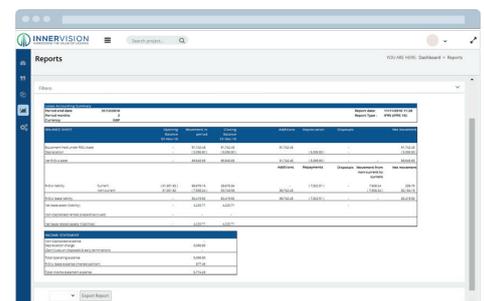
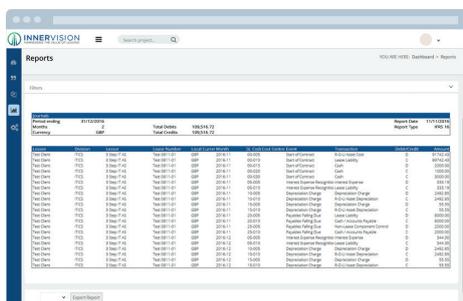
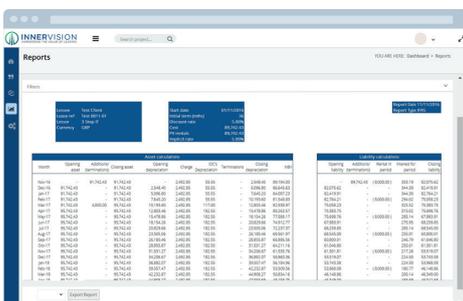
## Journal Entries

Journals are created in the system for both IFRS 16 and FASB ASC 842 accounting entries. LOIS has its own generic general ledger codes associated with each event in a lease's life. These codes can be mapped to the user's general ledger codes. Journals can be exported to Excel for upload to the general ledger or avail of the GL API to remit the journals to the user's general ledger in an automated fashion.

## Lease Accounting Summary

The summary report provides users with a detailed overview of the changes to financial statements and extracts the right of use (R-O-U) asset and liability movements under IFRS 16 with the associated income statement and cash flow movements. The lease rentals are spread across the required time buckets to enable the lease disclosure notes to be completed.

The FASB version of the accounting summary contains the same information as the IFRS 16 report above but splits the outputs into Finance and Operating leases.



## Accounting Reports

Run multiple lease accounting reports for numerous accounting standards (IAS 17, IFRS 16 and FASB ASC 842). Instantly see how your critical performance metrics change under each standard.

- IFRS 16 accounting report showing asset, liability, future rentals and disclosure summaries
- IFRS 16 journals
- IAS17 vs IFRS16 showing the difference in reporting outputs based on the reporting rates of the leases held in the system
- FASB ASC 842 accounting report showing asset, liability, future rentals and disclosure summaries
- FASB ASC 842 journals
- the selected search criteria set by the user

## Standard Reports

LOIS's full suite of standard reports provides you with all the tools required to help ensure a successful transition to either IFRS 16 or FASB ASC 842. Track your progress from beginning to end.

Forecasting reports i.e. future portfolio run off reports:

- Rentals obligations report
- Capital outstanding report
- Interest outstanding report
- Outstanding liabilities not capitalised

Movements between defined date parameters:

- Capital paid
- Interest paid

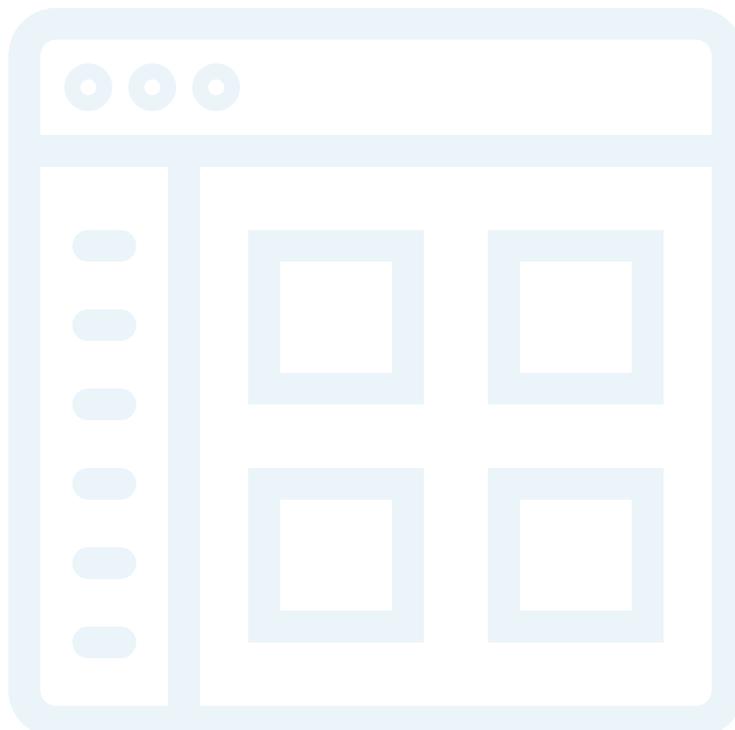
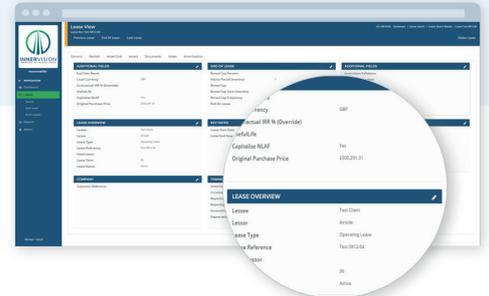
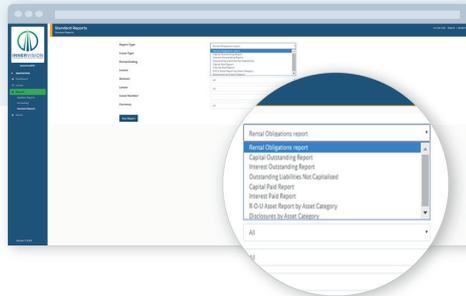
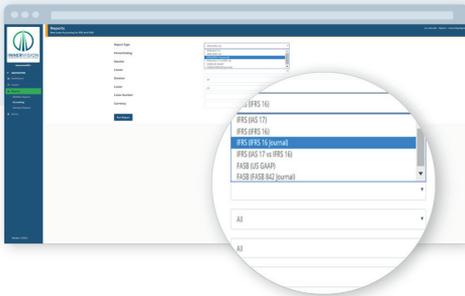
Supplementary accounting disclosure reports:

- R-O-U asset by asset category
- Disclosures by asset category

## Edit Lease

Edit your lease information to adjust and recalculate financial figures for end of lease actions and notifications.

- Unlock lease information to amend financial data and initiate recalculation of Amorts
- Supplement core information derived from Add Lease
- View and export Asset Schedule (including Initial Direct Costs (IDCs schedule) and Liability Amortisation
- End of Lease (EOL) , allows you to extend, buyout or return all assets on a lease, simultaneously updating Amorts and Asset Schedules accordingly
- Amend rental values and update Amorts, Asset Schedules and accounting outputs accordingly
- Edit Add Lease inputs pre-activation



To find out how Innervision and LOIS will provide you with the keys to unlocking valuable, actionable insights from within your lease portfolio and supply you all the tools to ease the burden of compliance contact:

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