

# Aptitude Lease Accounting Engine

## An Accounting Solution for an Accounting Requirement



*An Aptitude Software customer has calculated that the new rules will require 66 times more journal entries, challenging the finance team to automate lease accounting within financial processing work flows.*



- EFFICIENTLY ADDRESS NEW LEASE ACCOUNTING REQUIREMENTS**  
Address IFRS 16 and ASC 842 requirements for lessee and lessor accounting with a packaged, finance-focused product
- GAIN LEASE ACCOUNTING CONTROL**  
Centralize the application of and ongoing maintenance of lease accounting – improve finance’s control over lease life cycles
- DELIVER FINANCIAL REPORTING CONFIDENTLY**  
Deliver with books & records quality financial information; drill-down from consolidated accounting to underlying lease accounting rules and data
- EASE THE TRANSITION**  
Incorporate lease accounting into existing finance processes, running parallel reporting to transition from existing lease accounting; support finance workflows including reporting, reconciliations and scenario modelling



# Gain financial control over lease accounting

// *One of my great ambitions before I die is to fly in an aircraft that is on an airline's balance sheet.* //

*Sir David Tweedle – the former Chairman of the IASB.*

IFRS 16 & FASB ASC 842 lease accounting standards intend to provide investors and others with an accurate picture of a company's lease assets and liabilities. Successful implementation of the standards will have a significant impact on the balance sheet, income statement and other key finance KPIs, making it critical for finance teams to understand, explain and model potential scenarios to test the effects of strategic decisions.

Aptitude Software's deep finance expertise ensures the lease accounting solution delivers financial controls and rigor to the lease accounting processes.

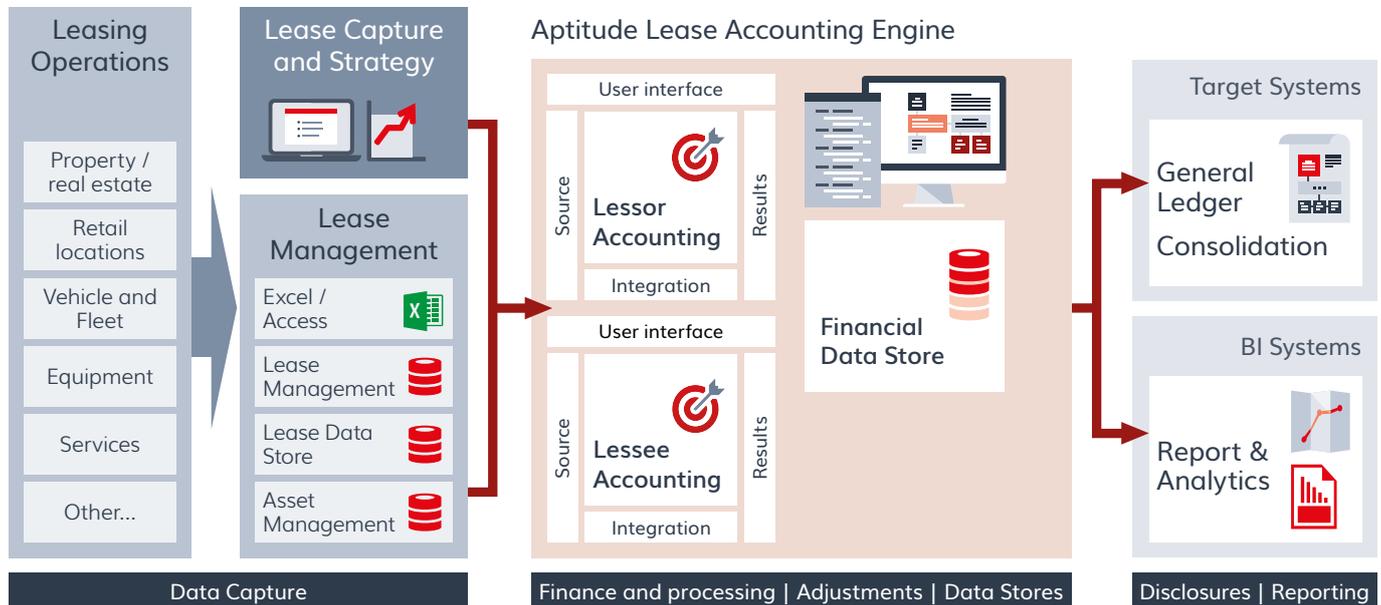
The Aptitude Lease Accounting 'Engine' is a packaged software product that enables finance teams to comply with the new standards and gain control and visibility over lease accounting.

The product enables enterprise finance teams to capture lease information, control accounting over lease lifecycles, and confidently deliver multi-GAAP accounting. Further, the Aptitude product eases finances transition from prior standards, supporting parallel books, existing finance workflows and integrating with ERP and lease management systems.

## The Aptitude Lease Accounting Engine addresses finance requirements

FINANCE'S REQUIREMENTS	APTITUDE LEASE ACCOUNTING CAPABILITY
Perform required calculations and lease life-cycle accounting	<ul style="list-style-type: none"> <li>• Support a significant increase in the number of calculations and the level of granularity at which they will need to be performed.</li> <li>• Support complex modification calculations for finance/sales type lease (IFRS and US GAAP.)</li> <li>• Deliver leasing calculations (i.e. interest and amortization) <b>daily</b> to enable seamless processing of modifications and option exercise at any point during the life of a lease.</li> </ul>
Control accounting judgments with consistent treatment	<ul style="list-style-type: none"> <li>• Ensure accounting judgements and assumptions are visible and auditable.</li> <li>• Understand the impact to financial ratios &amp; KPIs, through modelling 'what-if' scenarios</li> <li>• Consistently perform ASC 842 lease tests.</li> </ul>
Deliver multi-GAAP, multi-entity accounting	<ul style="list-style-type: none"> <li>• Ensure harmonization between the IFRS &amp; US GAAPs with 'walks' between the GAAPs to facilitate audits and finance understanding.</li> <li>• Support for hierarchical entities that then can be rolled up for group consolidation.</li> <li>• Manage the intricate interactions with other accounting standards including revenue recognition (IFRS 15, ASC606) and financial instruments (IFRS 9, CECL)</li> </ul>
Transition from IAS 17, existing accounting	<ul style="list-style-type: none"> <li>• Support for range of different transition options and practical expedients for different GAAPs.</li> <li>• Multiple options for calculating the Right of Use asset under IFRS 16 &amp; ASC 842.</li> <li>• Deliver parallel reporting across transition period and to support MI, tax and other stakeholders.</li> </ul>
Support finance workflows	<ul style="list-style-type: none"> <li>• Integrate lease accounting into existing reporting, close and reconciliation processes.</li> <li>• Support auditors and executive management with the ability to drill-down from balance sheet categories to underlying lease data and accounting judgments.</li> </ul>

# The Aptitude Lease Accounting Engine – an accounting solution for an accounting requirement



## What challenges are addressed with the Aptitude Lease Accounting Engine?

For many organizations, the new standard will move hundreds or thousands of lease contracts onto the books and require a level of data collection, storage and lease accounting scenarios that were not previously required.

- **CAPTURE AND ENRICH GLOBAL LEASE DATA**

Lease accounting requirements drive the need to for finance to capture data to determine lease types and durations, that map leases to current accounting asset type codes, that breakdown liability components, and link to interest rates. This granular lease data needs to be captured from across the enterprise, including from existing lease management systems, spreadsheets and un-captured contracts. Much of the information in existing lease management systems will need to be enriched to drive required accounting. ALAE supports three methods of lease data input; manually, via excel or intergrated with current systems.

- **CALCULATE CONSISTENT LEASE ACCOUNTING WITH CENTRALIZED FINANCIAL CONTROLS**

Lease accounting calculations include those used to determine right of use (ROU), generate journals, and handle accounting events, including impairments, incentives, mid-period starts, ownership transfer, etc. Further depreciation needs to be managed over lease life cycle. Calculations need to be repeated to serve multi-GAAP reporting requirements

The leasing standard will require considerable judgements to be made at various points during the lease accounting process and once determined, consistency of application will be key. For example,

finance teams will need to deploy a consistent and auditable approach for contract modifications, the exercise of options, adoption of practical expedients, exemptions and lease tests.

- **TRANSITION WITH EASE**

In moving from IAS 17 to IFRS 16 / ASC 842, global organizations will have to evaluate multiple transition options. Once these decisions are made (full retrospective with restatement versus a modified retrospective) the organization will have to manage the application of accounting policy across the group. The Aptitude Lease Accounting Engine offers full support for both approaches.

- **INTEGRATE IFRS 16, ASC 842 INTO EXISTING FINANCE PROCESSES AND SYSTEMS.**

Finance teams looking to support IFRS 16 and ASC 842 requirements seek to integrate lease accounting into existing reporting, close and reconciliation processes. Further, with the new need to justify the classification of leases, finance teams will need to support auditors and executive management with the ability to drill-down from balance sheet categories to underlying lease data and accounting judgments.

Lease accounting systems will need to integrate with existing finance workflows, processes and systems.

# The Aptitude Lease Accounting Engine Features

- Lessor & lessee accounting engine
- IFRS 16 & ASC 842 compliant
- All asset classes covered
- Multi-currency
- Standalone product and agnostic to surrounding architecture
- Daily and highly detailed accounting

## SUPPORT FOR WIDE-RANGE OF LEASE ACCOUNTING SCENARIOS:

- Multiple subleases with a single headlease
- All varieties of variable payments including:
  - Multiple rent reviews on a long-term property lease
  - Index-linked lease payments
  - Turnover-based lease payments
- Multiple transition options
- Embedded lease classifications tests
- Scenario modelling for
  - Embedded options
  - New leasing decisions
  - Modification decisions
- Exemptions & practical expedients

## IDEAL FOR COMPANIES WITH:

- Complex lease architectures
- Large volume of leases
- Complex lease structures
- Multiple regions
- Hierarchical entities

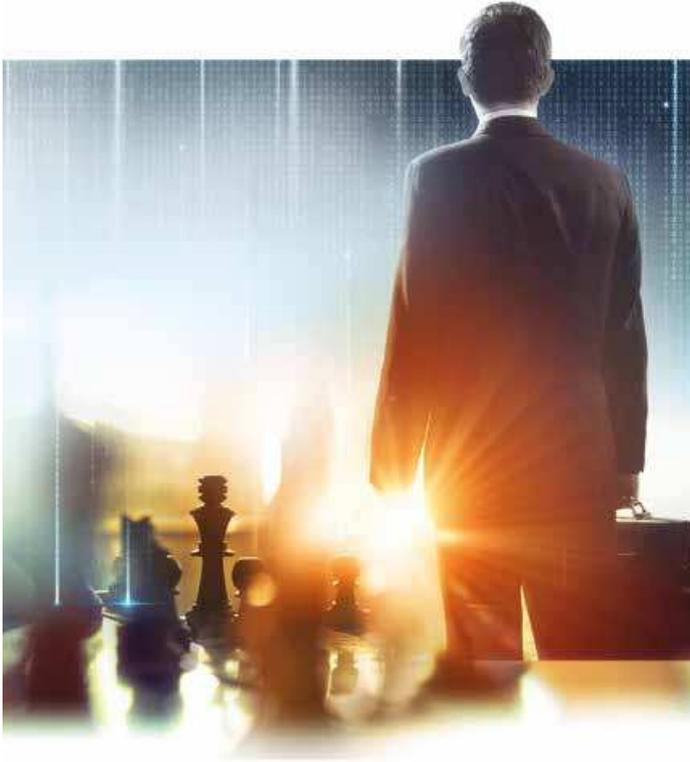
The screenshot displays the Aptitude Lease Accounting Engine interface. It features a navigation bar with 'Back', 'Financial Events', and 'Accounting Events' buttons. The main content area is divided into several sections:

- CONTRACT DETAILS:** A summary table showing contract ID, name, start date, end date, and other key information.
- SUMMARY COMPONENTS:** A table listing various lease components with columns for ID, Code, Entry Date, LPS ID, Transaction Type, Version, Start Date, End Date, Status, and Description.
- SUMMARY COMPONENTS BY VERSION:** A table showing components grouped by version, including columns for ID, Transaction Code, Version Code, Name, Description, Entry Date, Input Date, LPS ID, and Status.
- CONTRACT PAYMENT SCHEDULE:** A table detailing the payment schedule with columns for ID, Code, Name, Variable Index, Description, Input Date, Entry Date, LPS ID, and Status.

## SUMMARY OF ALAE BENEFITS

- ✓ Packaged & purpose-built for compliance
- ✓ Finance-user driven
- ✓ Focused on addressing accounting complexity
- ✓ Assists in strategic decision making

# About Aptitude Software



Aptitude Software enables CFOs to supercharge control, reporting and analysis, with a portfolio of specialist enterprise finance applications.

Our software controls and automates high volume, complex accounting processes providing solutions that aren't served well by legacy ERP and IT-centric approaches.

We equip Chief Financial Officers, financial controllers, accounting policy leaders and heads of finance IT at many of the world's largest companies to:

- Create a centralised ledger-certified financial data foundation to serve improved decision and analysis processes
- Address complex industry specific IFRS/GAAP and other regulatory reporting requirements
- Automate manual or inconsistent accounting processes while increasing control, throughput and audit-ability

## Aptitude Software's finance expertise

Selected by multiple telecoms, including 3 of the top 4 in the US, to help them achieve compliance with IFRS 15 / ASC 606.

Delivering Enhanced Financial Control and Automation of high-volume, complex accounting processes that aren't served well by legacy ERP and IT-centric approaches.

Over 20 years serving the CFO by delivering specialist finance applications to increase control, transparency and data-driven insights.

## Aptitude Software delivers accounting change expertise

**IFRS 15  
ASC 606**

**Revenue Recognition**  
Identifying performance obligations of individual contracts, calculating relative values

**IFRS 16  
ASC 842**

**Leases**  
Finance ownership of leasing: Assessment of individual lease obligations; b/s impact

**IFRS 9  
CECL**

**Financial Instruments**  
Accounting for expected loss on contract/ asset-level with regular reassessment

**IFRS 17  
A.I.C**

**Insurance contracts**  
Breaking down elements in insurance contracts and contractual services margin calculations



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