LeaseEagle and the new Accounting Standards (IFRS16 & FASB13)

The release of the LE*Compliance* module

LeaseEagle is well advanced in preparation for the upcoming changes to the Lease Accounting Standards, known internationally as IFRS16 or FASB13 in the United States. Officially released in early 2016, although these changes are not mandated for fiscal periods commencing prior to January 1st 2019, the LeaseEagle solutions team is focused on providing Customers with access to the new module by December 2017. This will enable Customers to have an extended period of adoption and internal acceptance prior to the regulated effective date.

In much the same way that LeaseEagle currently provides Customers with automated 'straight-line' calculations and reporting under the current Accounting Standards, it is our expectation to provide customers with the ability to configure the applicable standard and transition method(s) appropriate for their business, record all necessary auditable assumptions (i.e. interest rate, recognition of options) to be applied, and then make the necessary calculations at the commencement of each lease, and the appropriate periodic adjustments over the 'definable term'.

Further, we are including in our scope, the ability for Customers to be able to export this data in pre-defined formats, for conversion to adjustment journal files both for the P&L and Balance Sheet, or for supporting evidentiary purposes under audit.

By April 2017, we completed functional testing and third-party assurance on our functional prototype, proof-pointing the application of the correct leased-rent calculations, as per the published standards. As at October 2017, we have also undertaken an extensive consultation period with selected BETA customers, including preliminary testing and additional functional requirements gathering. Final testing will be concluded both internally and with these BETA customers during November 2017, prior to the production release of the new LE*Compliance* module by December.

As an entirely new approach to lease accounting, as well as the unique and critical effect of each customer's assumptions on their calculations, we plan to continue the process of customer consultation post the v1 release, to ensure ongoing improvement of the new module.

With our solutions team now having completed the final functional scope of the module, beyond just the necessary technical calculations, we can ensure the delivery of an intelligent and valuable new software module.

It's what we call "*Creating Simple Intelligence*". As with all aspects of the LeaseEagle platform we will continue to take a continuous improvement approach to this module, and expect to be making multiple updates and improvements to the module leading up to 2019, to support our customers. For subscribers of this module all improvements will remain at no additional cost to standard licensing.

LeaseEagle

LE*Compliance* Module Functional Checklist

Configure parameters of business' Lease Compliance Policy	
Select Applicable Compliance Standard(s)	✔
Select Default Transition Method / Date	✔
Assign Specific User Access Roles	✔
Establish default applicable Interest Rate (%)	✔
Establish default treatment of Lease Options	✔

Record business' assumptions on a lease-by-lease basis	
Select inclusion of applicable leases	✔
Configure dates for calculable 'DCF period'	✔
Define applicable Transition Method	✔
Enter applicable Interest Rate (%)	✔
Record notes/reasons for assumptions	✔
Record applicable Direct and/or Restoration Costs	✔
Auditable tracking of User actions	✔

Business' reporting and data exports	
All Periodic values for Balance Sheet and Profit & Loss – lease by lease basis	✔
Reportable periodic values for Balance Sheet and Profit & Loss – All Leases	✔