

Aptitude Lease Accounting Engine

A pre-packaged & purpose-built lease accounting solution, delivering IFRS 16 and ASC 842 compliance and core lease management capabilities, for the most complex leasing requirements

Aptitude's Lease Accounting Engine (ALAE), is a standalone solution, purpose built to support global companies with complex lease architectures and structures. The solution is flexible, highly configurable and integrates seamlessly with existing systems, finance workflows and surrounding architecture.

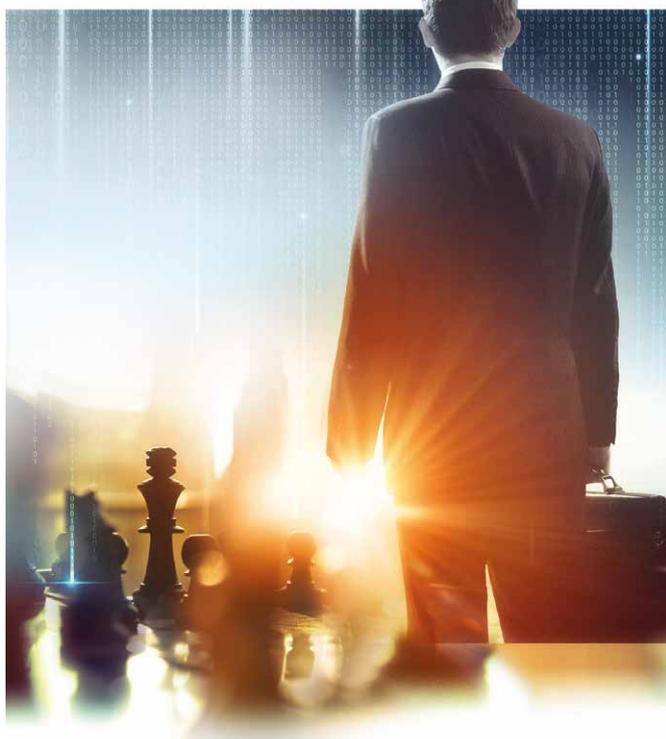
It handles a wide range of complex lease accounting scenarios, providing consistent, consolidated reporting and full visibility and control over lease accounting, for the entire lifecycle of leases.

The product enables enterprise finance teams to capture lease information and confidently deliver multi-GAAP accounting. Multiple transition options are supported, as the solution has a sandbox environment which handles all prior standards, supporting parallel books and existing finance workflows.



PRODUCT HIGHLIGHTS

| | | |
|----------------------|-----|---|
| FLEXIBLE | »»» | Out of the box and highly configurable to adapt to the unique ways your company handles leases including control to tailor time frames, periods, termination rules extensions |
| INTEGRATABLE | »»» | Platform agnostic, easy integration with ERP and existing systems |
| COMPREHENSIVE | »»» | Supports all leasing requirements; lessee, lessor, subleasing, inter-company, embedded leases |
| ADDRESSES COMPLEXITY | »»» | Manages and accounting complexities, multi-company, multi-hierarchical entities, multi-currency, covering all asset classes |
| VOLUME AND SCALE | »»» | Manages large volumes of leases with complex lease structures across multiple regions |
| GRANULAR DETAIL | »»» | Daily highly detailed accounting down to events across a lease lifecycle and additional documentation management. Any change to a lease creates a new version (for audit purposes), can attach the actual document to the lease |
| TRANSITION | »»» | Lease accounting support from the old standards to the new – Aptitude supports both full retrospective with restatement or modified retrospective A/B and runs parallel to current reporting for smooth transition |
| CLOUD | »»» | Available on premise, or via cloud |
| EFFICIENCY | »»» | Built-in, powerful reporting tool |
| CONTROL | »»» | Core lease management capabilities - providing control and visibility |



Market background

IFRS 16 and ASC 842 compliance is a necessity – and the deadline for this standard financial reporting regulation is fast approaching (January 2019).

For many organisations, the new standard will move hundreds or even thousands of lease contracts onto the balance sheet, requiring a new level of data collection and consolidation – and a new range of lease accounting scenarios that were not previously required.

The outcome of the new standard will have a significant impact on a company's balance sheet and income statements, providing an accurate picture of assets and liabilities. This not only provides visibility and a single view of cash position – but offers potential for predictive modelling and cash forecasting with analytics. Future strategic decisions could be made easier with the ability to test effects on business insight tools. Having the ability to make decisions on 'lease vs buy' will enable the business to make more educated decisions. Aptitude's Lease Accounting Engine empowers finance departments to manage leases and their leasing strategy both present and future, across the business.



Challenges addressed by Aptitude's Lease Accounting Engine

DATA DISPARITY

Complying with the new standards can be more challenging for some because many companies have leases scattered across different entities, departments, regions and systems. Companies are also having to train people to understand what constitutes a lease. Variations of lease types can range from property and machinery to office equipment and vehicles. Data and documentation for these leases is often held in siloes, in different ledger systems and with no unified reporting standards. Many organisations are simply not aware of how many leases they have and thus the impact the standard will have on them.

The Aptitude Lease Accounting Engine supports multiple methods of data entry. These include: mapping via excel, upload via an ETL tool and manual entry into the system.

PROVIDING REQUIRED LEVELS OF DETAIL FOR COMPLIANCE

New standards request a granularity of data that might not be readily available across all the current sources of lease data. Leases could be years old and the data points held could be minimal – therefore they will need to be enriched to provide the required breakdowns.

The Aptitude product manages daily and highly detailed data and has the functionality to record and attach additional information such as a pdf of the contract for each lease at a granular level.

COST OF COMPLIANCE

Regulation, compliance and managing the risk involved in non-compliance can cost an organisation \$millions. Add to that the money ring-fenced in case of fines and it all adds up. Money spent and reserved on compliance is money that is not being spent on innovation, digitization and business growth.

Aptitude have proven delivery in compliance for IFRS regulation - taking away that risk of non-compliance and freeing up budget for elsewhere. Also – Aptitude products are available on premise or via cloud – cloud requiring less up-front budget and offering scale at an incremental cost – so you only pay for what you use.

GAINING CENTRALISED CONTROL AND VISIBILITY ACROSS ALL LEASES

Companies will need to calculate consistent lease accounting with centralized 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.

Aptitude helps a finance department deploy a consistent and auditable approach for contract modifications, the exercise of options, adoption of practical expedients, exemptions and lease tests, bringing the control needed to the hands of the users. The 'four eyes' principle incorporated in the ALAE helps ensure any change or adjustment is reviewed before its updated/changed.

TRANSITION TO NEW RULES WITH MINIMAL DISRUPTION AND RISK

Transitioning to new reporting standards whilst supporting current reporting makes for a much smoother project for everyone. In moving from IAS 17/ASC 840 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 multiple approaches, allowing you to incorporate lease accounting into existing finance processes. Its sandbox environment allows you to run parallel reporting to transition from existing lease accounting; support finance workflows including reporting, reconciliations and scenario modelling allows for better informed decision making.

INTEGRATION INTO EXISTING 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.

Aptitude makes this easy. The platform agnostic products fit into your current technical landscapes via (buses?). This allows you to choose a best of breed specialist for Lease Accounting, with seamless integration to your financial landscape. The solution offers 'audit user' as a role within the system to speed up the audit process and ensure they have the visibility they need.

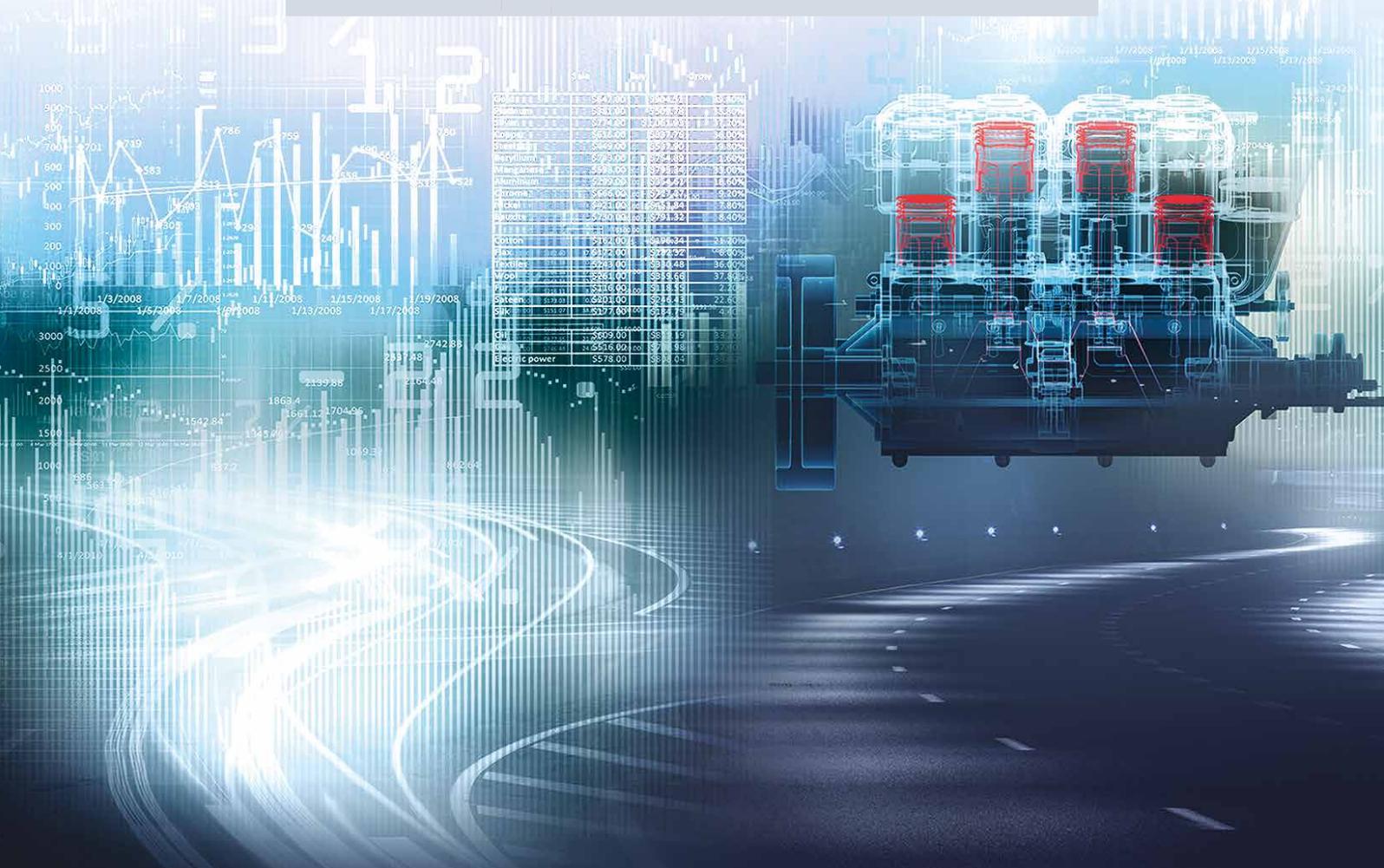
IMPLEMENTATION FEARS

Implementation projects are daunting – especially those that are constrained by a fixed deadline. Software implementations have reputations for scope-creep, cost escalation and missed deadlines. With IFRS 16 specific implementations – there is scarce available resource globally, so this can also add to project disruption. Planning too late could mean there are no resources to implement the solution as they will already be allocated to alternative projects.

Aptitude Software have established global partnerships with large consulting firms who work with our experts to provide specialist resource around the world. Implementations are carried out using agile methodology and dev-ops, providing quick time to benefit, and lower-risk.

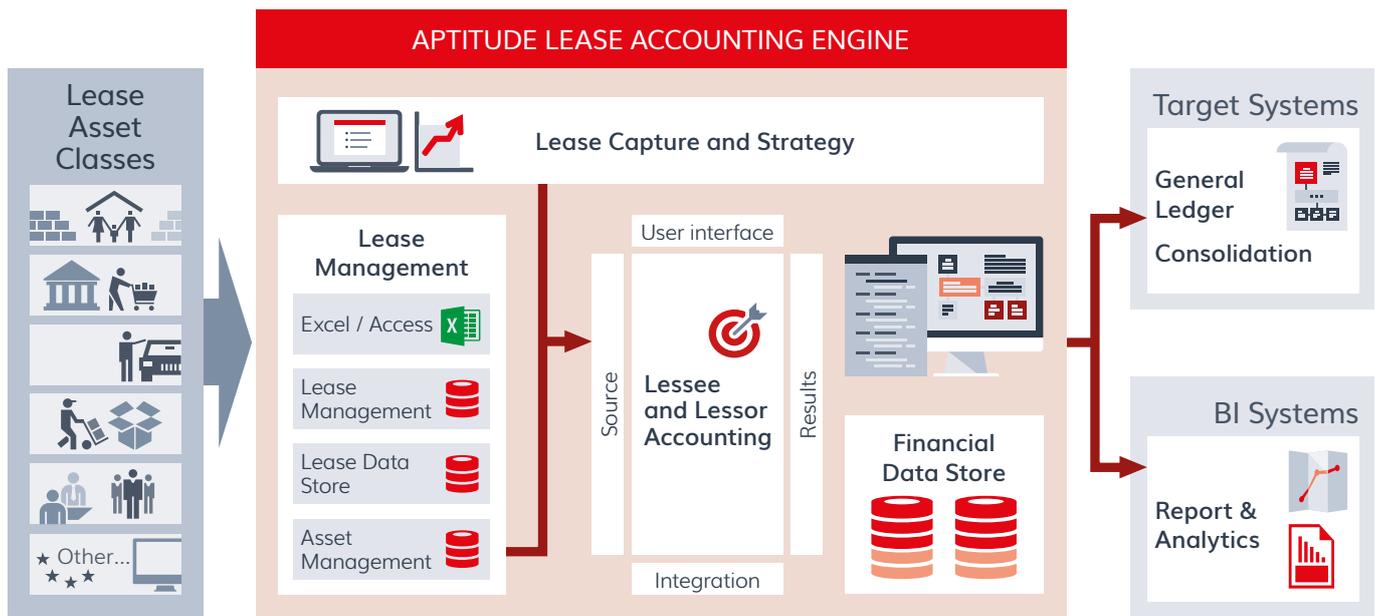
BENEFITS OF THE LEASE ACCOUNTING ENGINE

- ✓ ACHIEVE COMPLIANCE
- ✓ IMPROVED RISK AND CONTROL WITH REPORTING
- ✓ LOWER COST OF OWNERSHIP AND FAST TIME-TO-BENEFIT
- ✓ RAPID AND SMOOTH IMPLEMENTATION
- ✓ SEAMLESS INTEGRATION
- ✓ AVOID COST OF NON-COMPLIANCE
- ✓ STANDALONE, TESTED AND HIGHLY CONFIGURABLE
- ✓ SANDBOX TO MODEL SCENARIOS
- ✓ GRANULAR DATA



Watch our lease accounting video

What does it look like?



DATA CAPTURE



FINANCE AND PROCESSING | ADJUSTMENTS | DATA STORES



DISCLOSURES | REPORTING

Aptitude Lease Accounting Engine Packages

Due to the nature of the IFRS 16 and ASC 842 rules, the scope of a project depends heavily on the complexity and scale of the leases a company holds. Aptitude has a tiered pricing structure to ensure that pricing matches the delivered solution.

To gather requirements and determine the tier-size for each project we look at a number of factors such as;

- Total number of leases
- Number of legal entities
- Countries that are operated in
- Items classes of leases
- Lease types - lessee/lessor/subleases/embedded leases
- Number of chart of accounts

The results and the information provided are used to calculate the level of pricing and estimated timeline for the project.

Below is an indication of timing for each scale of project.*

| | IMPLEMENTATION | | |
|----------------|----------------|---------------|--------------|
| | SMALL (SaaS) | MEDIUM (SaaS) | LARGE (SaaS) |
| Weeks duration | 8 - 11 weeks | 14-18 weeks | 22-26 weeks |

**Project timings can vary dependent on many factors. These timelines are for indication only and cannot be guaranteed without fully understanding your project requirements.*



Summary

Aptitude's Lease Accounting Engine is the most comprehensive in the market and enables finance teams to comply with the new standards and gain control and visibility over lease accounting.

Non-compliance with the new lease accounting standards is not an option and could have severe ripple effects throughout your business.

To find out how Aptitude Software can help your organisation achieve the new standards, email Thomas Perkins on thomas.perkins@aptitudesoftware.com to arrange a no obligation demo with one of our experts.

Next steps



Arrange a demo



Visit our lease accounting resource hub



Watch our lease accounting video



aptitudesoftware.com

Why choose Aptitude?

Aptitude combine specialist regulatory knowledge with accounting expertise and industry leading software products. With sharp focus on accounting, a global network of partnerships and over 20 years of proven success with the largest companies globally, Aptitude is the software vendor to support your journey to comply with regulatory and reporting standards.



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