



A SOFTWARE SOLUTION  
FOR THE MANAGEMENT OF  
FINANCIAL INSTRUMENTS,  
LEASING, CASH & LIQUIDITY

TREASURY MANAGEMENT

LEASING

PORTFOLIO MANAGEMENT

CASH & LIQUIDITY



## The Leasing Module

# IFRS 16

***Are you prepared for the changes?***

## The New Leasing Module

Due to the new IFRS regulations, Escali has developed a Leasing Module in Escali Financials.

The main objective of the new module is to significantly enhance ability to manage leases via the system. It will also include features to cover both domestic and international accounting rules.

The main features in the module are:

- **A register of all leases**
- **Calculation and book-keeping of:**
  - Lease obligation
  - "Right to use"
  - Interest and installments
  - Accruals
- **Export of ledger transactions to ERP**
- **Calculation of implied interest**
- **Calculation of present value**
- **Management of changes in contracts**
- **Management of options related to the leasing contract**
- **Interfaces to BI-systems and MS Office**
- **Handles industry-specific needs such as off-hire, daily rates and double accounting currencies**
- **Overview of cash flows**

### A register of all leases

The register handles all types of leases. This includes terms of the agreement including maturity, lease amount, payment frequency, type of lease, start value and lease buyout. It will also be possible to enter options related to the lease contract, as well as service elements. Based on this, Escali Financials will be able to calculate book value, interest, installments and depreciations for the entire lease duration.



The screenshot displays the 'Leasing' module interface. At the top, there is a header for 'Lease Akerpala 17'. Below this, a table lists lease details. The table has columns for 'Lease ID', 'Start Date', 'End Date', 'Lease Amount', 'Present Value', 'Interest', and 'Installment'. The data rows show various lease entries with their respective dates and financial values. The interface also includes navigation buttons like 'Print', 'Export', and 'Refresh'.

Lease ID	Start Date	End Date	Lease Amount	Present Value	Interest	Installment
10000001	2019-01-01	2020-12-31	1000000	912894	87106	112894
10000002	2019-01-01	2020-12-31	1000000	912894	87106	112894
10000003	2019-01-01	2020-12-31	1000000	912894	87106	112894
10000004	2019-01-01	2020-12-31	1000000	912894	87106	112894
10000005	2019-01-01	2020-12-31	1000000	912894	87106	112894

## IFRS 16 - Accounting for leases

*From 1 January 2019, a new regulatory framework for leases (IFRS 16) will apply. This will require that comparable figures for the previous year are shown. Businesses should therefore have in place a system which meets the new requirements soon.*

*The main feature of the new IFRS regulations is that the distinction between operational and financial leases more or less disappears. All leases must be included in the balance sheet statement. This means that the lease obligation is recognized as a liability in the balance sheet, with a corresponding "Right to use" the lease on the asset side of the balance sheet.*

*The value of the lease obligation under IFRS 16 is based on the present value of future cash flows. The lease amount should be divided into an interest and an installment part. The "Right to use" on the asset side should be written-down according to the corresponding regulations on other fixed assets.*

*In principle this will mean that leases appear both in the balance sheet and the P&L account in the same way as assets funded by loans.*

*The distinction between financial and operational leases continues to apply to companies that use certain other Accounting Standards.*

## Calculation and book-keeping

The system, will split the lease amount into interest and installments, leasing and service fees, based on the terms of the agreement and calculated implied interest. This can be automatically posted and exported to the accounting system.

The module will, calculate and posts transactions regarding “Right to use”. Corrections in the balance sheet based on changes in the lease can be posted automatically.

It will also be possible to post and calculate accruals and the lease obligation.

## Export of ledger transactions to ERP

Based on your company’s Chart of Accounts, the system can export ledger transactions to more than 50 accounting systems.

## Calculation of implied interest

In leases where the lease amount and initial value are stated, the system will be able to calculate implied interest (IRR). This is used to distinguish the interest rate from the lease amount.

## Calculation of present value

In cases where initial value is not known, the system will be able to calculate the present value based on the expected cash flows and the specified incremental interest rate.

## Management of changes of the leases

Changes to the lease agreements can be easily managed in the module, in accordance with the new regulations.

If for example, the lease amount changes, a new implied interest will be calculated. Changes will normally require a re-calculation of present value for the leasing contract, based on existing implied interest.

## Management of options

Escali Financials will handle options related to the leasing contract. Terms and dates for the option can be registered together with the probability of exercise.

## Overview of cash flows

The new module gives full overview of historical and future cash flows. These can be exported to 3rd party solutions, such as OpusCapita, Trezone, Excel or BI systems.

The system enables you to perform cash flow analysis based on different interest- and FX scenarios. You can also produce your own budgets and forecasts.



## Other functionality

With approximately 200 standard reports and the possibility to integrate with Microsoft Office, Cash Management Systems, Dataware-houses, 3rd party reporting tools and BI systems, you have wide flexibility for reporting.

The system also handles industry-specific requirements such as off-hire days, daily rates and double accounting currencies.

The module can be used as a stand-alone application or together with other modules in Escali Financials.

Leases can be reported in detail or on an aggregated level. The user can choose which positions to include in the reports. For example, cash, loans, leases, bonds, stocks and funds.

## Key features Escali Financials

Escali Financials is the leading Treasury- and Asset Management System in Scandinavia. The software solution has more than 130 installations in corporate businesses, public sector, pension funds, insurance, bank and investment companies. Industries such as shipping, real estate, energy and industrials are well represented among our customers.

- √ Handles financial instruments such as:
  - bank deposits
  - credit facilities
  - leases
  - loans
  - options, warrants, forwards and futures
  - interest swaps, FRA's, caps and floors
  - FX: forwards, options, swaps and spot swaptions
  - bonds and treasury bills
  - stocks including short trade
- √ Multi-client system and consolidation abilities
- √ Handles operational cash flows
- √ Multi-currency system
- √ General Ledger
  - automatic posting
  - multiple ERP interfaces (+50)
- √ Loans, leases, bank accounts, bonds and interest derivatives
  - calculates interest and installments
  - calculates yield, price, duration and current portion of debt / leases
  - cash flow forecasting and analysis
  - analysis based on different interest- and currency scenarios
- √ FX / currencies
  - pricing / M2M of FX derivatives
  - calculates agio/disagio
- √ Internal bank
- √ Investments
- √ Settlement
- √ Investments
  - performance
  - performance on single positions, portfolios, clients and consolidated
  - performance against benchmarks
  - calculates price on bonds, options and forwards
  - calculates realised and unrealised profit and loss
  - allocation analysis
- √ Import of rates, transactions and reference data
- √ Flexible reporting
  - approximately 200 predefined and well visualised reports
  - export of reports to Excel, Word, PowerPoint, PDF, snapshot and HTML
  - report sets - 10 reports in one click
  - integrated with datawarehouses, BI-systems and 3rd party reporting tools
- √ Tailored menus and access rights for different users
- √ Cloud-based (Software-as-a-Service) or in-house installations
- √ Back-, middle- and front office
- √ SQL Server 2008R2 or newer

## Some customers:

