

Where the figures come from

The basics

- Balancing check on each contract
- When the acquisition value differs from previous reporting
- Contract calculations
- Revaluation by index adjustment

Balancing check on each contract

In order for Leasing reports according to IFRS to be correct and balanced, each contract must also balance and be correctly laid out. There are several different tools to help with this.

1. Before the contract is saved, the following question will be asked to give you the chance to check the settings from the contract entry. If you click on "undo" you end up in edit mode again and can adjust the settings.

GRAPHIC

2. When you have saved the contract, you can check whether it balances by clicking on "Order new balancing check". The system then produces an annual report for each year during the entire leasing period.

Tip! - Use these reports for individual contracts if your accountant wants to check the calculations for a certain contract.

GRAPHIC

When the acquisition value differs from previous reporting

In order to have as smooth a transition as possible from previous reporting to the one you will subsequently produce through Leasify, it is important that the figures backwards match. In Leasify, the asset value/discounting of the leasing fees is calculated by the following factors.

- Fee/rent
- Payment periodicity
- Initial discounts in different time periods
- Index calculations of the rent and/or fixed annual calculations
- Residual value (in case of financial leasing)
- The marginal loan interest you specified

The discounting is done by calculating the present value of the interest, for example 5% marginal loan interest with monthly payment gives a periodic interest if: $((1+5\%)^{(1/12)}) = 1.004074$

Often, the above value can differ slightly from the periodic interest calculated in some Excel where the formula could be, for example: $5\% / 12 = 1.004167$

Therefore, the asset value may differ even though the same fees, periodicity and other settings are the same.

Measure: The numbers differ so little and the method used in Leasify is more accurate, so the recommendation is to make a small adjustment, which will facilitate handling in the future. But it is possible to set an exact asset value by entering a "price" and selecting "implicit interest" and asset value according to the "price in the contract", and get the exact value you calculated earlier. See below.

1. Enter the value you want to use
GRAPHIC
2. Use the discounted value and select "Use the price in the contract"
GRAPHIC

Contract calculations

You can see all the calculations that form the basis of the report if you click on "contract calculations". You then get all the months of the agreement and can see specifically which values are used in the report, for example;

GRAPHIC

Acquisition value

Revaluation

Liabilities;

- IB debt
- OB debt
- Leasing/rent
- Amortization
- Interest

Assets

- IB asset
- OB asset
- Depreciation
- IB first increased fee (cash bet)
- OB first increased fee (cash bet)
- Depreciation first increased fee (cash bet)

Difference asset and liability (the basis for example, for balanced tax)

Tax

- Tax - which tax rate is used
- Tax revaluation - if the tax is changed, the tax is adjusted by this amount
- Deferred tax - balanced deferred tax

Tip - Copy the asset calculations and enter in Excel as a basis for the auditor if information on calculations of certain assets is requested.

Revaluation by index adjustment

Revaluation of leasing assets takes place in the event of a change in contract length, fees, etc. Here is how adjustment according to Index works. Many lease agreements contain a clause which means that the rent is increased in line with the CPI, according to IFRS you must then make a new assessment of an existing lease agreement.

Example

An agreement is drawn up starting on 01/01/2019 and the monthly rent is then SEK 96.125 (base rent). The terms of the agreement state that the base rent is adjusted every year on January 1st according to the previous year's October index (KPI).

The system automatically generates a new version every January 1 during the contract period.

GRAPHIC

Monthly rent 2019: SEK 96.125 (KPI 2019 must be calculated according to the October index 2018 and is 330.72)

Monthly rent 2020: 97.671 (KPI was adjusted according to the October index 2019 which was 336.04) The revaluation has calculated the remaining rents from 2020-01-01 with the new monthly cost.

Monthly rent 2021: 97.942 (KPI was adjusted according to the October index 2020 which was 336.97) The revaluation has calculated the remaining rents from 2021-01-01 with the new monthly cost.

Monthly rent 2022: 100.694 (KPI was adjusted according to the October index 2020 which was 346.44) The revaluation has calculated the remaining rents from 2022-01-01 with the new monthly cost.

Revaluation takes place by calculating asset value with remaining time periods with the new monthly cost and all known possible discounts etc. The difference between that value and the initial acquisition value becomes the revaluation amount.

Of course, you can also set whether the base rent is to be adjusted to a certain percentage, from when the revaluation is to take place at the earliest, and whether there is a minimum adjustment

of the rent that takes place regardless of new index values.

Below; the image shows the revaluation amount that is added to liabilities and assets (click on the image for larger)

GRAPHIC