Accounting reports IFRS16 & K3

With Leasify's service, you get the basis for your accounting with a couple of quick clicks. All the necessary information for IFRS16 can be used in a smarter and significantly more modern and fun way - profitably and efficiently.

Where the figures come from

The basics

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: $((1+5\%)^{\wedge}(1/12)) = 1.004074$

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

Creating the basics for extracting reports

Create report templates based on selection

Which contracts, types of contracts etc. should be included in the report?

GRAPHIC

1.) When you click on "Create Report Template", you must first name the template something that you can easily derive from the selections.

2.) Currency conversion - only use this function if you have few contracts in foreign currency. This is a simplified function that converts local currency into accounting currency according to a fixed rate for the entire duration of the agreement. For a more correct handling of currency, you should select a certain currency and use the currency function (see the next chapter).

3.) Contracts entered into Leasify have certain settings that also create opportunities to select different selections for reports. For example, you can create a report for only contracts on financial leasing, or only contracts within a certain company (department) or business area/cost center. Of course, the different criteria can also be combined so you get exactly the report you want for the time period you want.

If you leave the field for selection blank, all contracts that fit the selection will be included in the report. You can also choose several categories in each selection except for currency and minimum/maximum asset value and contract length. The selections are based on;

Agreement type

- Financial leasing
- Operational leasing
- Rent

Cost center

- You set the cost center yourself under settings and the choices presented here are the ones you created yourself

Section

- You set the department yourself under settings and the choices presented here are the ones you created yourself

Agreement categories

- Here there are many different asset types already as standard in the system, but you can choose to add if you want more/other asset types under settings

Currency files

- All currencies are selectable when creating an agreement. You can only leave this field empty if you only have one currency, alternatively choose a selection where all agreements have the same currency

Single agreement

You can select single or certain agreements and restrict so that the report only shows selected agreements.

Minimum asset value*

You can limit the selection so that it only includes contracts with the minimum value (local currency) that you specify

Maximum asset value*

You can limit the selection so that it only includes contracts with the maximum value (local currency) that you specify

Minimum contract length*

You can limit the selection so that it only includes contracts with at least the contract length you specify

Maximum contract length*

You can limit the selection so that it only includes contracts with a maximum of the contract length you specify

* Leasify recommends that you create a cost center for "Low value & short term leases" and add these contracts after it when setting up. It makes it easier to create clear boundaries when generating reports.

Editing report templates

You can create as many templates as you want and of course you can also edit existing report templates. Note, however, that for each selection you must generate reports "from the start", i.e. from the year the first contract in the selection started, so there is a balance between each new report. If you change the selection, new reports will not balance against old ones.

When you want to edit a template, you click on the middle of the three symbols on the right. You will then enter the template and then just adjust and then click on "Update report template".

GRAPHIC

If you are to create a new template that is similar to an existing template, it is easiest to first copy the first template and then go into the copy and edit/rename it. Select the template you want to copy and click on "choose action", and then click on the blue "play button".

GRAPHIC

How reports are created

Creating reports

Creating reports in Leasify is easy, you create a report by clicking "Create IFR report" and specify the report.

1. Give the report a name that is easy to connect to the content.
2. Select a template for your report.
   Screenshot
3. Select dates (always the last of the month) by typing in the date (format yyyy-mm-dd), or click and select the right year and month.
   Screenshot
4. Select how many months to use in the report. For example, an annual report contains 12 months, and an accumulated Q2 report contains 6 months, etc.
5. To create a balanced report, the report must follow a previous report. In the following example, an annual report for 2021 is created and thus there are 12 months of events, from 2021-01-01 (12 months before the report's date (2021-12-31), which must continue on the figures of 2020-12-31.
   Screenshot
6. You might want to create several years that follow 2020-12-31, and then just select the number under "multi-year report".

Once the selections are done, click "Run Action".

Start by creating a report for the first agreement of the agreement selection

Each report that is created is a continuation of the previous report, which means that you must have a connection between the previous report when a new report is created to get balance.

In booking systems, this usually means entering an "opening balance" and then continuing with the changes for a certain period. In Leasify, this means that you have to create a "basic report" from the first period of the contract selection. If the oldest agreements in the selection were started on 2019-01-01, for example, then you must first create a report for 2019-12-31 (if you report according to calendar year).

You then create further reports that you connect to the previous one.

In Leasify, you can create several annual reports one after the other directly without having to create a "basic report" + subsequent reports year by year.

Screenshot

Creating a report in a different currency

If you have contracts in different currencies that you want to convert to an accounting currency, you can add the IFRS Currency Conversion module, which converts the local currency according to an average rate and a balance rate.

This is how you create a report in local currency that is to be converted to another reporting currency;

1. To convert local currency to accounting currency, you must first create a report based on the selection you want to include and limited to the current currency. You must therefore have a report template in, for example, euros.
   Tip! There are many currency codes, start writing for example "EU..." and the list will be on "EUR" and then just click enter.
   Screenshot
2. After you have created a report in local currency, you convert that report to the desired currency by highlighting and then selecting "Currency report". Click "play" to generate.
   Screenshot
3. You will then arrive at a new window where you name the report, select the accounting currency and set the exchange rates*. The comparison period is usually the entire previous year so in the case of reports in 2021, for example, the previous period throughout 2020.
   Screenshot
   *) It is possible to convert to all different rates and the source for IB Balance rate, Average rate, and UB Balance rate can be obtained from, for example, Morningstar, the European Central Bank or Sweden's Riksbank. You can also enter your own rates and they will be saved under your settings.
4. When you save the report, it should look, for example, as below. Note that the redone report has a symbol to show that it is redone and that the IB and UB are converted to the new currency.
   Screenshot
5. The report now has a conversion difference added to the result, see the following example.
   Screenshot

How to edit a report

It is only possible to edit the name on the web page of a report, add notes and set the report as "posted" or as "Favorite" (see image below). For accounting security reasons, the reports are not updated, but are generated and saved without the possibility of correction.

However, you can easily delete a report that has gone wrong and generate it again.

Usually, reports are generated several times during onboarding as you often want to adjust selections, add agreements you missed, etc. but once you have used a report in accounting, you should not adjust "backwards" in time. If you need to adjust possibly incorrect or missing agreements, you do so in the next period.

Screenshot

Tips for checking if the report does not balance

The reasons why a report balances are;

1. The contracts in the selection balance (see balancing check)
2. The report is linked to a previous report so UB-IB will be correct (see link to previous report)

If you do not get the balancing symbol (see green symbol below), and that the report is connected to the previous report (see connection symbol below), and the report that the new report is connected to balances, you must contact Leasify for support at (email protected).

Screenshot

Manage created reports

Reports that have been created remain in the list until they are deleted. It is good to keep a certain structure among your reports by deleting those that are wrong and only save those that are necessary to save, for example annual reports that must be saved so that subsequent reports can be linked.

In order for you to be able to sort out important reports more easily, you can mark your reported annual report, for example, and indicate it as "booked". For reports you are "working with" and think will be the one you post, you can, for example, put them as "favorite".

A good thing to aim for is that you have checked that no new agreements have been added, and that all possible extensions and agreements that have been terminated prematurely are adjusted before you generate and mark the annual report. If you create, for example, accumulated monthly reports, or quarterly reports, it is a bit forgiving during the financial year if you missed adding or adjusting an agreement because the figures are adjusted in the next report.

Screenshot

Below, the annual report per 2020-12-31 is marked as "Booked" and the report per 2021-12-31 is marked as "Favorite".

Screenshot

Accounting

Please come back later...

How to save and download a report

Reports are saved on the page but can be "protected" from accidentally deleting the report by marking the report as "booked" (see Manage created reports).

When the report has been generated, there is an excel symbol you can click on to quickly download the report in Excel format.

Screenshot

You can also click the "eye" to find more formats.

Screenshot

Scroll down to see icons for PDF, Excel, JSON and ODS.

Screenshot

How the report is structured

The report has six different parts (tabs) when it comes in Excel format and four parts when it comes in PDF format, these are;

1. The report specification (Excel + PDF)
   - Name of the report
   - Name of the person who created the report
   - Report template used
   - Report date
   - Date when the report was generated

2. Summary (Excel + PDF) (see Description of Summary)
   - Cash flow analysis
   - Assets and depreciation
   - Assets and depreciation of any cash contributions
   - Liabilities

3. Consolidation report (Excel + PDF) (see Description of consolidation report)
   - Formation for legal entity
   - Group arrangement
   - Consolidation Booking proposal

4. K3 (Excel + PDF) (see Description of K3 report)
   - Booking proposal

5. Contracts (Excel only) (see description of the tab for contracts and closed contracts)
   - Specifies all agreements that are included in the selection

6. Terminated assets (Excel only) (see description of the Agreements and Terminated Agreements tab)
   - Similar list to "Agreements" but only with completed agreements

Background to the numbers

The numbers are based on the selection you selected in the report template and the time period you entered. From the respective contract, all figures for the selected time period are retrieved from the "contract calculations" in the version of the contract that has the closest date on or before the report date.

Below example from an agreement with index enumeration and thus several versions;

- A report during 2019 until 2019-12-31 would use the original version of the agreement
- A report in 2020 through 2020-12-31 would use the version created as of 2020-01-01
- A report in 2021 through 2021-12-31 would use the version created as of 2021-01-01

Screenshot

Description of summary

The summary can be used as a note arrangement both for IFRS Leasing and parts can be used for notes in K3 reporting - for example the cash flow for the coming year. The figures are the total sums for the time period covered by the report for all agreements in the sample.

The summary comes in three columns where the first refers to the figures for the report to which the new report is linked and the middle one is the difference between the new report's figures and the linked report's (usually the previous year's figures).

Below is a description of each line in the summary;

Screenshot

Description of consolidation report

The consolidation report consists of four parts and these are;

1. Specification for legal entity
2. Specification for group
3. Consolidation = Group - legal entity
4. Booking proposal based on the consolidation

Below is description and guidance in the different parts of the report;

1. **Specification for legal entity**
   Screenshot

2. **Specification for group**
   Screenshot

3. **Consolidation = Group - legal entity**
   Screenshot

4. **Booking proposal based on the consolidation**
   The booking sets up the consolidation above in Debit & Credit
   Screenshot

Description of K3 report

The report we call "K3 report" is a gross statement on the asset side with total acquisition values and accumulated depreciation in the balance sheet.

Screenshot

Description of the tab for contracts and closed contracts

Below, all the columns in the tab for "Contracts" and "Concluded contracts" are transposed to rows in this explanation. Both tabs have the same columns, but "Terminated contracts" only contain the contracts that have been terminated in order to be able to quickly find the amounts for scrapping.

Under each column are the contracts included in the report and the values that are current for the report to use. The sum of each row becomes the total amount in summary and reports.

Screenshot

Tip if the figures do not match previous reporting

If the numbers do not match, it is due to one or more of the reasons below;

- The input of the numbers, - depreciation time, fee etc. differs
- Some difference in calculation of debt (see "when the figures differ from previous accounting")
- There has been a lack of agreement in previous reporting
- There are no agreements posted in Leasify

If you checked above and can see a certain difference between UB comparison year and UB in Leasify, sometimes the easiest thing to do is to make a minor adjustment. Below are examples of how an adjustment can be made in the summary and in the report.

Below; adjustment in the summary where there is a diff in acquisition value and depreciation

Screenshot

Below; The same adjustment as above but how it affects the booking

Screenshot