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