

## Leasing & Accounting? LISA! IFRS 16 as an SAP add-on: Integration at its best

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As the new accounting regulation on leasing (contracts) are released within IFRS 16, time is running out quickly for corporations to figure out how to report their rented real estate or leased equipment according to IFRS in the future.

IFRS reporters are faced with the new challenge to capitalize many operating leases and record these lease obligations on the balance sheet as right of use assets and leasing liabilities. The companies' accounting system and contract management have to be adjusted by January 2019 at the very latest to overcome these challenges. To turn this legal challenge into an easy-to-handle IT solution IKOR developed LISA as an SAP-Add-on.

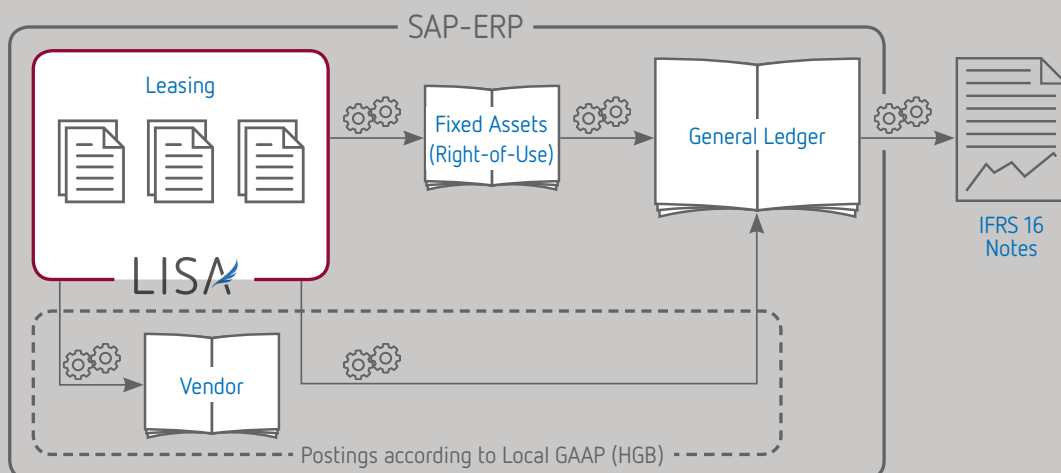
The LISA solution allows,

- to record and monitor your entire leasing arrangements as well as all possible business transactions (concerning leasing contracts),
- to use all advantages of SAP-integration, including automated posting entries,
- to define processes in an optimal way while assuring audit compliance.

LISA (Leasing according to IFRS 16 Accounting standards) is the only tailor-made solution on the market for this new reporting standard. Designed as a subledger in SAP-FI, LISA combines all services provided by SAP-Standard techniques with an extraordinary flexibility due to its customizable structure.

### From LISA directly into the General Ledger

This way, the question about how to connect the application to the GL or the ERP-system in general does not even arise in the first place. Posting entries are being executed automatically while the maturity of lease contracts is taken into account by using mechanical processes like the cyclical valuation run, the depreciation run and the payment run. The design of LISA is fully aligned with the technical demands of an SAP infrastructure and meets the functional requirements while securing the audit trail. For its development, IKOR partnered up with the accounting departments of some well-known companies in the sector of financial services. In the form of an add-on the day-to-day work with LISA will be easy to handle for versed SAP-users. Implementation efforts regarding administration, maintenance and user trainings will be low.





## Intuitive handling

You recognize your leases based on selected master data in a contract database. The leasing contracts will eventually be displayed in your fixed assets categorized by a set of different asset classes. A monthly valuation run for this sub ledger determines all possible business transactions and initiates their execution – from the initial posting entry of a liability, to interest calculations and up to change postings. Even after the valuation run the process continues automatically by initiating SAP-standard operation runs directly out of LISA. The system will do its work in accordance with the defined authorizations and workflows.

## Contract modifications? No problem for LISA

LISA manages all of your leasing contracts by any standards regarding the underlying asset. All relevant transactions in day-to-day operations are tracked and recorded in this manner. That way, all changes in maturity or leasing rate and their effects on interest rates etc. are a self-evident process to LISA. Furthermore, the execution of IFRS 16 regulations including its simplification rules and exercised options is a standard in LISA. In addition, the customizing settings take into account individual preferences, e. g. the applicable level of interest.

## Defining processes for IFRS 16...

Putting LISA into operation does not simply mean adding another application to your portfolio of SAP-modules. Its implementation goes along with an impact-analysis and the definition of processes for editing the leasing arrangements and contracts of your company. Accordingly, LISA takes on the majority of processes like interest payments, calculations and book entries and provides a contract database – so the functional departments in charge (e.g. Legal, Tax, Compliance or Accounting) can focus on management, governance, supervision and controlling of master data, configurations and economical implications.

## ...while not forgetting about Local GAAP (e.g. HGB)

Even for HGB-accounting LISA has an advantage up its sleeve: The contract database here again provides automations that simplify approval processes of monthly payments.

The implementation of LISA

- automates large portions of business processes for IFRS 16 – including journal entries
- features a low-maintenance, SAP-integrated standard software instead of an individual solution (no external interfaces!)
- makes accounting in accordance with IFRS clear and comprehensible for all users, the revision and external auditors.

In summary: Your accounting of leases becomes fast, audit-proof and transparent!

## LISA – the only SAP-add-on exclusively built for IFRS 16

- Administration of all lease contracts
- Automated posting entries in GL and sub ledgers
- Integration into SAP-FI
- Configurable approval process
- Practice-oriented transaction, simplification rules, options (right of choice)

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LISA

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