

## COMPLETE ACCOUNTING LIFECYCLE FOR CAPITAL AND OPERATING LEASES

### VALUE DELIVERED

#### Reduced Operational and Audit Risk

- Minimize billing errors with automated payment/invoice reconciliation
- Improve decision making with greater visibility into recurring obligations
- Increase traceability by eliminating spreadsheets and manual processes

#### Better Cost Management

- Improve forecasting of lease agreements for balance sheets
- Lower accounting and compliance expenses with process automation
- Reduce IT costs with a single integrated data repository for all lease contracts and leased assets including equipment and real estate

#### Greater Business Efficiency

- Increase visibility and controllership with a central repository
- Improve investment transparency and reporting of leases organization-wide
- Negotiate and manage lease contracts without adding accounting complexity
- Approve master lease agreements (MLAs), individual lease records (ILRs) and payments from any location with a mobile interface
- Track contracts in the currency it was recorded in, and PowerPlan will automatically convert to the organization's reporting currency for reporting and journal entries
- Manage all simple and complex lease types across all geographies

### A complete leased asset management tool that supports ASC 842 and IFRS 16...

PowerPlan's Lease Accounting module is fully compliant with the current lease accounting standards and the proposed accounting standards so that organizations can immediately start preparing for the convergence. Additionally, functionality exists to seamlessly transition to the new accounting standards so that comparable financials can be created for the look back period. The module is compatible with multiple accounting treatments (GAAP, IFRS and FERC) and includes robust functionality to support bookkeeping, future expense forecasting, investment management, workflow approvals and reporting. The extensive automated processes in the module reduce costs and IT complexities, while simultaneously increasing visibility into an organization's lease inventory.

### ...with flexible implementation options...

The Lease Accounting module can function as a standalone system or integrate with PowerPlan's industry-leading Tax, Project and Fixed Assets Suites for an all-encompassing, capital-asset solution. GL and A/P integration automates the entire lease accounting process, from lease origination to lease disposition, which vastly improves controllership over decentralized leasing practices. The system also comes with easy-to-use, lease-inventory templates that streamline data gathering across multiple business units and format data for automatic conversion and validation. This saves implementation time and improves data quality through consistency.

### ...to meet current lease regulations and lease accounting changes.

While leasing is an effective approach for managing cash, time and risk, many companies lack the central controls and efficient processing needed to automate their monthly accounting. PowerPlan's Lease Accounting module offers greater transparency into lease agreements and recurring payment obligations, enabling better decision making for budgeting, planning and investment management. Extensive optioning capabilities on lease agreement terms allow for the most accurate schedule/payment creation, both at the onset of the lease (initial obligation) and at its retirement (including early terminations, partial retirements and the resulting schedule modifications). Additionally, the module allows for separate revisions to be created on lease agreements, giving customers the ability to see how different term lengths, payment amounts and rates affect their lease schedules/payments. Integration with PowerPlan's mobile approvals module facilitates the management of ILRs, MLAs, and payments from any web-enabled smart device. Clients enjoy the operational benefits of an effective accounting tool while reducing audit risk with improved reporting, detailed logging and the elimination of manual and spreadsheet-based processes.

## LEASE ACCOUNTING – KEY FEATURES

### Automate the Accounting and Eliminate Spreadsheets

PowerPlan calculates and maintains the accounting schedule of leased assets for each month in the lease term. Additionally, PowerPlan handles all processes, including end-of-life and other lease events such as bargain purchase options (BPOs), retirements, transfers and gain/loss scenarios resulting from guaranteed residual values and early termination penalties. Every asset's lease expense and depreciation can be distributed based on online configuration. Balance sheet accounting is automatic for capital and operating leases, including monthly reclassification of current and non-current lease obligations.

### Lease Payment Work Flow

Full amortization and payment schedules are systematically maintained for every leased asset. The schedules itemize monthly accruals and payments for principal, interest, executory costs, contingent rent, sales tax, use tax, property taxes, vehicle taxes and depreciation. Workflow management handles approval and payment release for fixed, variable and contingent leases. PowerPlan includes payment reconciliation functionality that automatically detects disparities between payment and invoice amounts outside of configured tolerance thresholds.

### Standard Integration with AP and GL Systems

PowerPlan provides standard, configurable GL and A/P integration for leases, eliminating the need for spreadsheets, manual interfaces and dual-entry functions that are spread out over multiple departments. By offering a single data source with out-of-the-box integration, the Lease Accounting module reinforces internal controls, increases accounting transparency and reduces audit risk.

### Disclosure Reporting, Queries, and Alerts

PowerPlan Lease Accounting includes multiple standard reports, plus ad hoc query wizards for users to create their own reports. In addition, PowerPlan provides configurable, event-driven email notifications and workflow alerts that improve operational efficiency. Out-of-the-box reporting satisfies all disclosure reporting required from both a quantitative and qualitative perspective.

### Integration between Lessor and Lessee Accounting

PowerPlan provides sublease capabilities out of the box, enabling organizations to track assets that are subleased and disclose the sublease income on a gross basis, separate from finance or operating lease expense. This integration also enables intercompany leases, where one company leases an asset to another within the same organization. Not only does PowerPlan link the inter-organizational lessee and lessor agreements, it also automates the journal entries.

### Contract Storage Documentation

The Lease Accounting module can store any electronic document in its central repository. Lease contracts, lessor/vendor invoices and other associated notes and spreadsheets can be uploaded and attached to specific master lease agreements, individual lease records and leased assets. This further reduces audit risk by increasing traceability.

### Scalability

The PowerPlan Lease Accounting module has been in production at Fortune 500 companies for more than 15 years and is part of the PowerPlan suite that manages more than 2.3 trillion asset records yearly. Mass data uploads of leases, leased assets, invoices, lessors and vendors are made possible with our import tools. The delivered import tools, which include data validations, simplify the process of gathering and uploading data into the module.

### Transition to New Lease Standards

PowerPlan offers customers peace of mind with a commitment to update the system to comply with future Lease Accounting standards. All capital and operating leases are tracked on the continuing property record (CPR), allowing for improved reporting capabilities and easy capitalization, as well as the recognition of leased assets if they are required on the balance sheet. Additionally, PowerPlan can maintain multiple revisions of lease agreements, allowing for the creation and comparison of differing asset/payment schedules. This allows users to forecast the impact the new accounting standards will have on financial statements and utilize the most beneficial payment terms. The system has been architected to allow for easy and independent updates of the lease calculation engine as new regulations are released.



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