EXECUTIVE SUMMARY

COGNITUS

HAMILT�N

Accounting Automation Engine

Hamilton IFRS 16 Comply

Budi Rachman
IFRS Practice Lead at Cognitus Consulting
brachman@cognitus.one

Currently, all leases are either recognised as operating leases or as finance leases that are recorded on the balance sheet. Under IFRS 16, this distinction no longer applies to lessees. Through the new provisions, all leases are comparable to the current finance lease and therefore must be recognized on the balance sheet in the form of a right-of-use asset and a lease liability. This expands the balance sheet. In the future, lessees that currently hold only operating leases will have to recognize the rights of use for leased assets such as property, land, aircraft, vehicles, and equipment. Nowadays, companies worldwide are dealing with the implementation of this new standard of leasing.

"It sounds very simple to put your operating leases on the balance sheet, but it's actually very complex. In order to do that the standard requires a number of very complex calculations and a number of judgments within those calculations to actually get the numbers on the financial statements. That's a huge challenge for finance functions." -**Lucy Newman, Partner, Deloitte**

Hamilton engine provides a comprehensive, integrated, and complete solution for IFRS 16 use cases and its mandatory quantitative disclosures.

The following are key benefits supporting Hamilton engine:

■ Non-disruptive approach, minimum to zero changes to the existing business process. Minimizing impacts of IFRS 16 and adopting IFRS 16 compliance with ease.

■ Being SAP Premium Certified, our unique accounting and compliance add-on solution integrates with your existing SAP software ecosystem without any additional software, hardware, system upgrades, or investments.

■ Easy to implement: all objects are configurable which can be completed between 2 to 3 months, including all IFRS 16 quantitative disclosure requirements. Ability to go-live as soon as business data is ready.

■ Hamilton is convenient, easy to use, and navigate; natively integrated with SAP ECC or SAP S/4 HANA, which makes integrating with your existing G/L and A/P accounts a breeze.

■ It is a one stop solution for IFRS 15 and IFRS 16, as well as adaptable to any future requirements, including any accounting automation requirement in the future.

■ Total cost of ownership (TCO) is arguably the lowest in the market for IFRS 16 solution.

■ It is a complete IFRS 16 solution, supporting lessee accounting and lessor accounting.

 Consequences of Non-Compliance
■ Non-compliance could cause problems with company audits.

■ Ability to source credit lines and find investors will be slim to none.

■ Delaying could mean you have to apply the retrospective approach, which is complex and costly.

■ Implementation is a time-consuming exercise.

■ Outdated key performance indicators.

Purpose
To automate businesses' lease accounting process and make it compliant with lease accounting standards IFRS 16 and ASC 842 simple, easy, and efficient. Hamilton is a comprehensive solution for lease accounting and lease administration that supports several accounting features such as lease contract creation, management, classifications, accruals, disclosures, and reporting.

COGNITUS
PRODUCTS

HAMILT N

IFRS 16

PURPOSE

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HAMILTON ENGINE – MAIN COMPONENTS

CONTRACT CREATION

- Contract classification
- Portfolio approach
- Short term & low value contracts for reporting purposes

DEPRECIATION

- Payment schedule
- Depreciation schedule
- Reporting

DATA LOAD

- Excel / manual upload
- Storage of supporting documents
- Import history for audit trail

CONTRACT MODIFICATION

- Contract management
- Change in contract term
- Change in annuity rates

ANALYSIS

- Analysis by asset type, lease type, etc
- Analysis by cost center, profit center, etc
- Analysis by period

REPORTING

- Cash flow impact
- ROU detailed report
- Lease liability reports
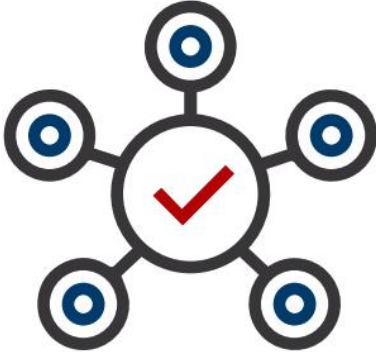- Other disclosure reports

DATA EXPORT

- By period and entity
- Adjustments pushed to SAP system
- Reversal if any will be pushed

POSTINGS

- Outcome of calculation will be posted
- Can also generate pro forma reporting

FEATURES / FUNCTIONALITIES

- PVMLP
- Tiered Pricing
- Initial Direct Cost
- Purchase Option
- Renewal Term
- Guaranteed Residual Value
- Lease Incentives
- Non-Cancellable Period
- Discount Rate Determination
- Increase/Decrease RoU Scope
- Change in Consideration
- Early Termination
- Backdated

- Contract Category Structure
- Payment Method
- Parallel Currency
- Sublease
- Intercompany Lease
- Consumer Price Index
- Parallel Ledger / ASC 842
- ASC 842: Classification
- Non-Calendar Period
- Asset Integration
- G/L Account Determination
- Transition:
  Full & Modified Retros

REPORTING / DISCLOSURES

- Lease Contract Dashboard
- Projection of SFP / SPL
- Depreciation / Amortization
- Financial Position Movement
- Lease Transaction Movement
- Bucketing / Liquidity Risk Disclosure
- Lease Information System
- Zero-Sum Report
- Proforma
- Weighted-Average Discount Rate
- Weighted-Average Remaining Lease Term

2002
Cognitus Consulting established

9
Regional offices across USA, EMEA, and APAC

350+
Employees globally

sales@hamilton.one