

Innervision by IRIS – IRIS Lease Accounting (ILA)

Product Highlights

Innervision's Lease Accounting solution (ILA) is a cloud-based application designed specifically to address the accounting requirements of the IFRS 16 and FRS 102 accounting standards for the public and business sectors.

Compliance with IFRS 16 has been required from April 2022 for public sector organisations. Local authorities' adoption was delayed to 2024. FRS 102 changes are due to come in in 2026.

The system acts as a leasing sub-ledger to clients' ERPs.

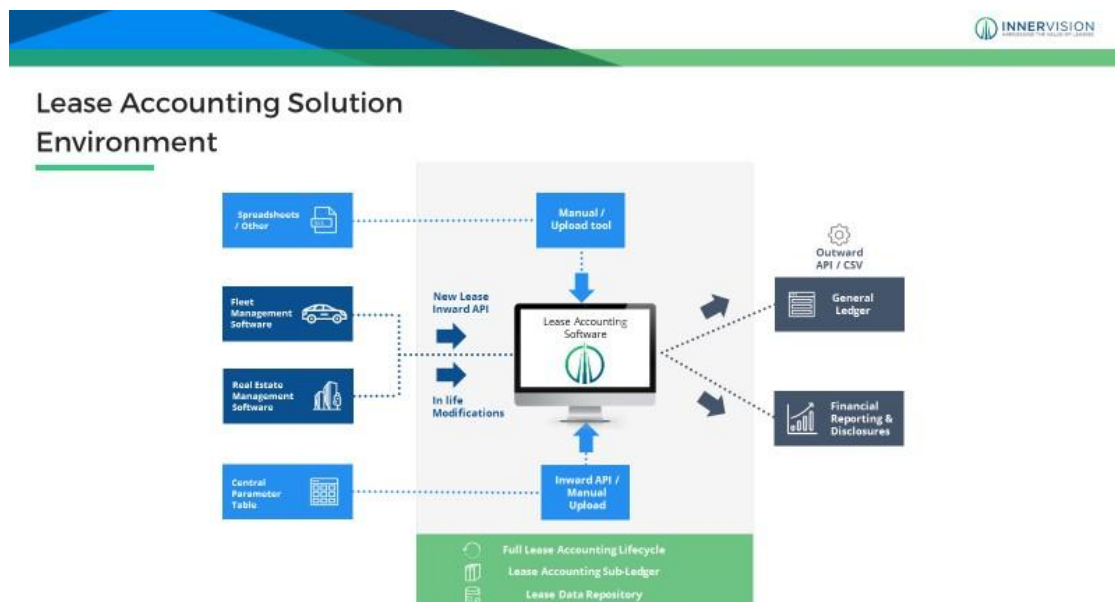
The system allows users to comply with the complex requirements of the standard and manages all lease asset types including property, land, IT equipment, vehicles etc. The system manages leases from both a lessee and lessor perspective and therefore also accommodates sub leasing requirements from both the lessor and lessee perspective. ILA is built with simplicity and transparency in mind.

Our first customer started using the system back in 2017 and we now have **c.300** organisations using the system. This is a tried and tested product and the outputs from the system have been included in consecutive year end accounts and have been through numerous year end audits.

Core Functionality

Innervision's ILA solution is a Software-As-A-Service (SAAS) based solution which is hosted on AWS or UK Azure.

Our ILA solution is used as a repository for all lease information and only the accounting journals are passed back to the ERP. There is no requirement for fixed asset modules in the ERP to be updated as all Right-of-Use asset modifications are performed in our system and our system should, in effect, be seen as a sub-ledger of your ERP. All lease documentation can be stored within our solution.



Implementation of the system is straightforward and can happen within weeks (dependent on data readiness).

Key Features

Lease contract management tool

Data can be input into the system in several ways; manual input, upload tool (Excel based) or New Lease API. There is a minimum dataset required to activate a lease, and checks are performed on all inputs to ensure the data is valid before a lease can be activated.

As part of the setup process, we would model your reporting structure.

You get your own database with the highest reporting level being a group reporting level, we then have lessee, division, and sub-division levels for further granularity in reporting. Users' access can be limited at the most granular level e.g., sub-division.

The definition of the reporting structure forms the framework against which the authorities' matrix is applied. The setup can be modelled in such a way as to give a lateral and/or horizontal view of the organisation.

Lease accounting

We have adhered to the standards and are confident the accounting for IFRS 16 and FRS 102 is compliant and robust, having over 350 clients, most of which have been audited multiple times since the system was implemented. The accounting reports and journals are derived from the Right-of-Use (R-O-U) Asset and Liability Amortization schedules, at a lease level, based on different lease types (including lease types for exemptions), non-lease components are recorded but not amortized.

At inception of a lease, when a lease is activated, the system creates a R-O-U asset and amortisation schedule showing how the leased asset is depreciated and liability amortized over time.

With each in-life change of a lease, a new R-O-U asset schedule and liability amortization is created and visible in the user interface. In-life changes cover the following: impairments, extensions, full early terminations, part terminations either with/without an extension of remaining leases assets, mid-period incentives, price changes due to index change, consideration only changes and rental corrections or updates due to input errors or updates to non-lease components because of variable lease payments respectively, Covid 19 rent concessions, decrease in scope and dismantling charge adjustments.

With each in-life change, we track at lease level what type of change was made and in what business period.

We have developed a separate in-life modification API to interface such changes from existing lease management systems to our system. Any backdated in-life changes are reflected in the current open GL period, but the amortization/ business month is also recorded for ease of understanding/audit purposes.

We have a separate GL functionality in the system allowing suitably authorized users to close all or some of the ledgers in the month and generate the month end journals.

The journals can be exported as a flat file (csv) or interfaced to your ERP systems using the GL API. Prior to month end close you can run as many trials as you require to validate the data before closing for the period.

We have a GL mapping facility to allow users to map from our default mapping template to your organisation or individual entity ledgers. The mapping can be done at asset category or lease type level or higher as required and you can enable and disable new mappings as and when required.

The mapping table can be exported to Excel for ease of use if required or copied from another ledger in the system.

Journals are at a cost/profit centre level, cost/profit centres being recorded at an asset level when a lease is added.

Disclosures

The quantitative disclosures are covered in the system by using our accounting reports together with our Disclosures by Asset Category report. The accounting report contains disclosure details for assets, liabilities, and rentals by lease with a summary showing the balance sheet, cash flow and income statement movement.

The reports can be run against future or past periods based on the R-O-U asset and amortization schedules in the system at the point of reporting as all historical schedules are

retained in the system.

Security and authorisations

At setup, users access rights are set up based on an authority's matrix.

Users' rights are limited to the entities, divisions (sectors) and sub-divisions (activities) they have rights to. Users may have view or edit rights, may be account approver, month end close authorizer or administrator or a combination of several of these functions.

The user access rights are set up in the admin menu bar and is accessible by authorized administrators. We have also developed a Single Sign On (SSO) offering available at an additional charge.

Reporting

Our solution offers:

- a dashboard
- accounting reports
- a suite of standardized reports for forecasting
- date parameter reporting
- full audit trail which can be output

There is also the ability to search and filter the data and export to Excel.

The General Ledger within our system allows you to export individual reporting period transaction movements down at a lease and asset category level. All reports are exportable to Excel.

Interfacing/integration

As mentioned above, we have APIs for adding new leases into our system and exporting journals to the ERPs.

Should APIs not be required, we have an Excel-based upload tool for importing new lease information into our lease accounting system. There is also the ability to export the journals as a flat file for import into the ERPs should the GL API not be required. We have developed an in-life bulk change API and an Edit API to allow automation of the in-life changes and update of management information (MI) data, respectively. Please note all upload/export tools we develop utilize the same functionality and validations as the APIs.

Onboarding Support

Each client is allocated a dedicated Implementation Manager for the duration of the implementation phase.

The Implementation Managers are accountants who can interpret your requirements and guide you through the implementation process using a tried and tested model.

We pride ourselves on our speed and quality of implementation.

Training is provided throughout the implementation phase.

Once implementation is complete, clients move into our Support model, supported by our knowledgeable team, with all queries handled in accordance with agreed SLAs

Training

Innervision adopts a 'train the trainer' approach to system training. Full training is provided by Innervision to customer users online to the extent reasonably required for 'Super Users' to gain sufficient working knowledge of the system. Typically, this takes between 2-4 hours.

In addition, within the Zendesk support centre, there are tutorial videos and FAQs as well as useful tips based on customer feedback.

ILA Infrastructure

Amazon Web Services (“AWS”) are tailored for Customers that may have requirements such as multinational location of data (inside and outside of UK/EU), additional compliance issues (EU GDPR), lower latency (than those available in Innervision’s UK and NL Datacentres), high transaction volumes, highly resilient uptime requirements etc.

Features include:

- Single-tenant SaaS, worldwide data centres
- HTTPS 2048bit SSL, custom domain
- Basic SSO across ILA suite

A full backup/restore with daily backups, a 24-hour Recovery Point Objective (“RPO”) and a 2-hour Recovery Time Objective (“RTO”).

Default backup retention is 35 days.

Each client has its own isolated Virtual Private Environment. All public traffic is encrypted via HTTPS/SSL (2048 bit).

Key Features

- Calculate and track ROU assets and liabilities
- Perform lease modifications, in-life changes and remeasurements
- Facilitate accurate financial reporting and accounting
- Run amortisation schedules, journal entries and disclosure summaries
- Robust and accurate audit trail
- Powerful suite of standard and advanced reports

Key Benefits

- Consolidate critical lease data on one unified platform and data repository
- Ensure lease portfolio consistency
- Calculate and track ROU assets and liabilities
- Perform lease modifications, in-life changes and remeasurements
- Facilitate accurate financial reporting and accounting
- Run amortisation schedules, journal entries and disclosure summaries
- Achieve and maintain compliance with IFRS 16
- Automate the complex accounting calculations, helping to ensure the integrity of your financial reports is maintained

Customer Responsibilities

The customer is responsible for inputting and maintaining full lease records and user access rights once the service is live.

Any accounting judgements and elections need to be made by the customer in conjunction with their advisors.

Pricing – see pricing document

There are two core elements involved in the pricing.

- (i) Implementation – An upfront charge based on the complexity and size of the project
- (ii) Monthly subscription charge – A recurring monthly charge (payable annually) covering full access to the system and access to the help desk and support for super users. Level of charge is based on the number of lease schedules and number of users.