

Frequently Asked Questions

1. What can I do to increase performance of the leases model as mine seems to be slow?

The 50 lease model draws a significant amount of computer power. To improve performance:

- Close all programs except excel
- Only have the relevant excel spreadsheet open and close all other spreadsheets
- Turn calculation to manual (formulas/calculation options/manual)

If you have tried all of the above and are still experiencing issues, please feel free to email vicleasesupport@moorestephens.com.au.

2. What does the operating lease account represent?

The operating lease account represents the balance sheet items in your financial statements under the previous lease accounting standard. Typically, it represents the unamortised lease incentive and straight lining accrual. To see more details on this account go to the calculation tab on the spreadsheet and expand the boxes for a particular lease. There is a separate calculation of the 'Accrual' each month which you can track.

3. What happens if the operating lease account doesn't equal what I have in my Balance sheet on transition?

The model makes certain assumptions regarding the lease incentives and straight lining accruals under the old standard. Any variation between what the model calculates for the operating lease account and your actual balance on transition should be treated as follows:

- Transition options 1 and 2 adjust the entry to retained earnings (for instance if the model calculates the operating lease account as \$20,000 and your actual balance on transition is \$15,000 then increase the entry to retained earnings by \$5,000)
- Transition option 3 adjust the entry to ROU asset (for instance if the model calculates the operating lease account as \$20,000 and your actual balance on transition is \$15,000 then increase the entry to ROU asset by \$5,000)

The above entries can not be hard coded into the model but rather as an adjustment in your actual ledger system when posting the entry.

4. What does the 'consolidated FS Impacts' tab in the transition model represent?

The tab compares the existing standard (AASB 117) to option 1 under the new standard (AASB 16).

- The EBITDA line = operating lease expense under the existing standard (no expense in EBITDA under the new standard)
- The EBIT line compares the expenses under the existing standard to option 1 under the new standard (excluding interest)
- The NPBT line compares the expenses under the existing standard to option 1 under the new standard (shows overall impact of new standard)

5. Can the model produce monthly journals?

Yes it can. Expand the boxes on the calculations tab in either model to find the monthly journals.

6. What is my transition year?

AASB 16 is mandatory for financial years commencing on or after 1 January 2019. So, for a December year end they would typically apply AASB 16 for the 31 December 2019 financial year end. The transition year input into the model would be 2019.

For a June year end they would typically apply AASB 16 for the 30 June 2020 financial year end. The transition year input into the model would be 2020.

7. If I have a lease that starts during the transition year, do I enter it in the Transition model or the Calculator model?

You enter it into the transition model. Whilst it won't appear in the transitional journal entries it will appear in columns M-P in the option_analysis tab (see below). In this example the initial entry would be Dr ROU asset \$360,294 and Cr Lease Liability \$360,294. The movement for the year would be Dr Dep'n \$36,029 Cr Acc Dep'n \$36,029 and Dr interest expense \$20,880 Dr Lease liability \$27,120 Cr Cash \$48,000.

8. Do I have the right model version?

Always check the title to see the date of the model release. Currently the latest model is 311018 (i.e. 31 October 2018).

9. Are there ongoing costs?

No, the purchase price is a once only cost and includes the technical support required to assist you in using the model as part of this cost. There are no ongoing subscriptions fees and you will receive any future updates for free.

- Pitch books
- Valuation and scenario modeling
- Outsourced CFO services

A	B	C	D	E	F	G	L	M	N	O	P
AASB16 Option Analysis											
AASB16 At Market Lease Trans											
Go to Table of Contents											
↑ ← → ☰ ☲ ☳ ☴											
Financial Statement Transition											
Lease 5											
Income Statement											
Operating Lease Expense											
								48,000	-	-	-
Right of Use Asset Depreciation											
								-	36,029	36,029	36,029
Make Good Depreciation											
								-	-	-	-
Leasehold Improvements Depreciation											
								-	-	-	-
Lease Liability Interest Expense											
								-	20,880	20,880	20,880
Make Good Interest Expense											
								-	-	-	-
								48,000	56,909	56,909	56,909
Balance Sheet											
Right of Use Asset - Cost											
								-	360,294	360,294	360,294
Right of Use Asset - Accum. Depreciation											
								-	(36,029)	(36,029)	(36,029)
Make Good Asset											
								-	-	-	-
Leasehold Improvements											
								-	-	-	-
Lease Liability											
								-	(333,174)	(333,174)	(333,174)
Make Good Provision											
								-	-	-	-
Accrual											
								-	-	-	-

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