


ORACLE®



The New Lease Accounting Standard - What This Means To JD Edwards EnterpriseOne For Lessees Of Property And Non-Property

David Scott
Senior Principal Product Manager
JD Edwards, Product Management
February 15, 2018

Safe Harbor Statement

The following is intended to outline our general product direction. It is intended for information purposes only, and may not be incorporated into any contract. It is not a commitment to deliver any material, code, or functionality, and should not be relied upon in making purchasing decisions. The development, release, and timing of any features or functionality described for Oracle's products remains at the sole discretion of Oracle.

Lessee Accounting for Property - Agenda

- Overall Scope
- High Level Business Process for Lessee Accounting
- Demo of Highlights of Enhancements for Lessee Accounting
- Helping You Transition
- Summary



Lessee Accounting for Property - Agenda

- **Overall Scope**
- High Level Business Process for Lessee Accounting
- Demo of Highlights of Enhancements for Lessee Accounting
- Helping You Transition
- Summary



Lease Accounting Standard

FASB ASC 842 and IFRS 16 Leases



What

- Revenue Recognition for lease management companies
- Lessor Accounting for property and non-property leases
- Lessee Accounting for property and non-property leases

Available

- ✓ Revenue Recognition for Real Estate
- ✓ Lessor Accounting (FASB 13) for Real Estate - Straight Line Rent
- ✓ Lessee Accounting for Real Estate

Planned

- Lease Accounting for non-property
- Lease Term Change Management
- Lease Conversion (Finance to operating or operating to finance)
- Lease Simplification

Lease Accounting - *Balance Sheet Lessee Accounting for Real Estate*



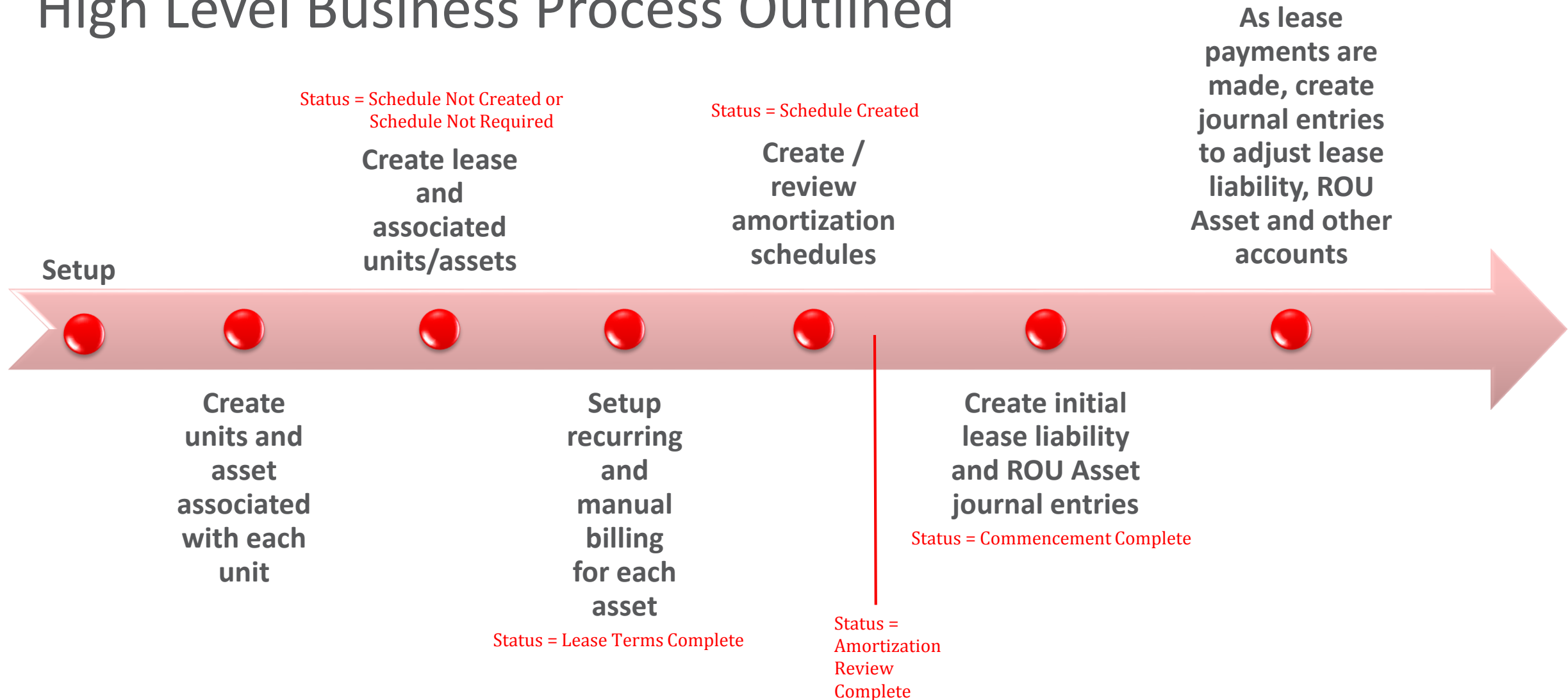
What	<ul style="list-style-type: none"> ▪ The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) have issued IFRS 16 and ASC 842 ▪ Lessees of property/real estate shall account for leases on the balance sheet
Why	<ul style="list-style-type: none"> ▪ Provide investors and creditors more transparency into long-term leases of assets
How	<ul style="list-style-type: none"> ▪ Set lease classification defaults ▪ Set defaults for lease payable items to be used in the lease liability and right-of-use asset and other calculations ▪ Automatically create an asset in the Asset Master, from the Unit Master ▪ Override the default lease classification for each lease ▪ Override lease classification for each asset on a lease ▪ Override payable defaults ▪ Ability to specify the lease liability, right-of-use asset and other accounts. ▪ Create the lease liability and right-of-use asset amortization schedules for each asset on a lease for the entire length of the lease ▪ At lease commencement for each asset on a lease, create the initial lease liability, right-of-use asset and other accounting entries ▪ Handle accounting related to payables in advance and in arrears ▪ Create AP accounting entries for payables for each asset on a lease ▪ Ability to create monthly accounting entries for balance sheet accounts ▪ Sublease accounting ▪ UX One landing pages for Lease Administrator and Lessee Accounting Manager ▪ Ability to write amortization schedule balance to alternate ledger for retrospective and other reporting ▪ Ability to import lease information using new Z tables
Results	<ul style="list-style-type: none"> ▪ Lower costs by minimizing the time needed to calculate and report amortization amounts for leased assets on the balance sheet ▪ Eliminate financial journal entry corrections with automated adjustments to balance sheet accounts for leased assets ▪ Minimize additional time to close monthly financial books with accurate and auditable financial journal entries for leased assets

Lessee Accounting for Property - Agenda

- Overall Scope
- **High Level Business Process for Lessee Accounting**
- Demo of Highlights of Enhancements for Lessee Accounting
- Helping You Transition
- Summary



High Level Business Process Outlined



Lessee Accounting for Property - Agenda

- Overall Scope
- High Level Business Process for Lessee Accounting
- **Demo of Highlights of Enhancements for Lessee Accounting**
- Helping You Transition
- Summary



Demo

WatchList Component frame

All Matches Warning Critical

0 New Leased Assets

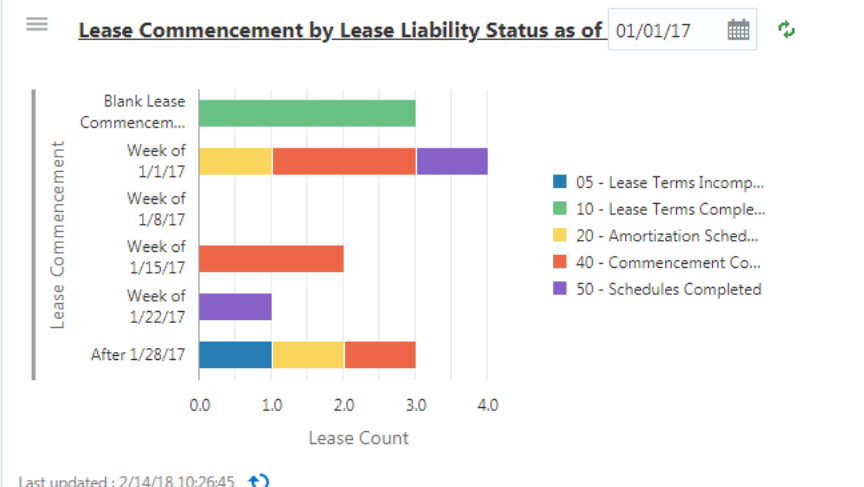
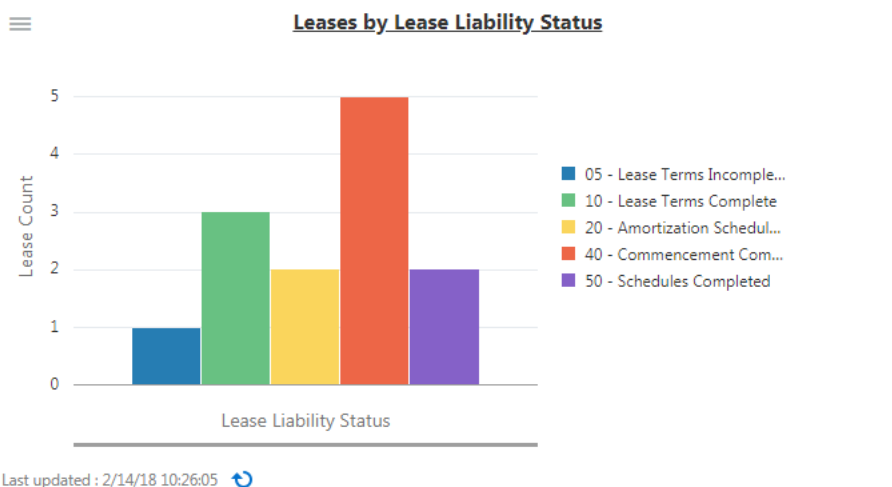
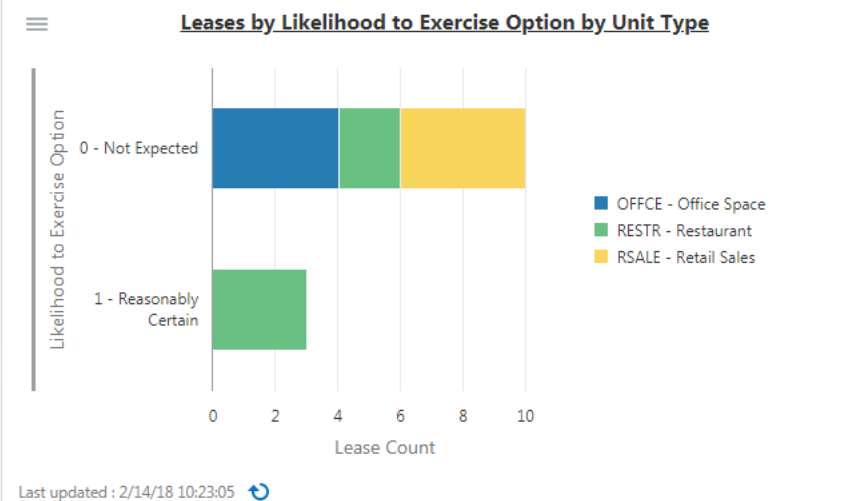
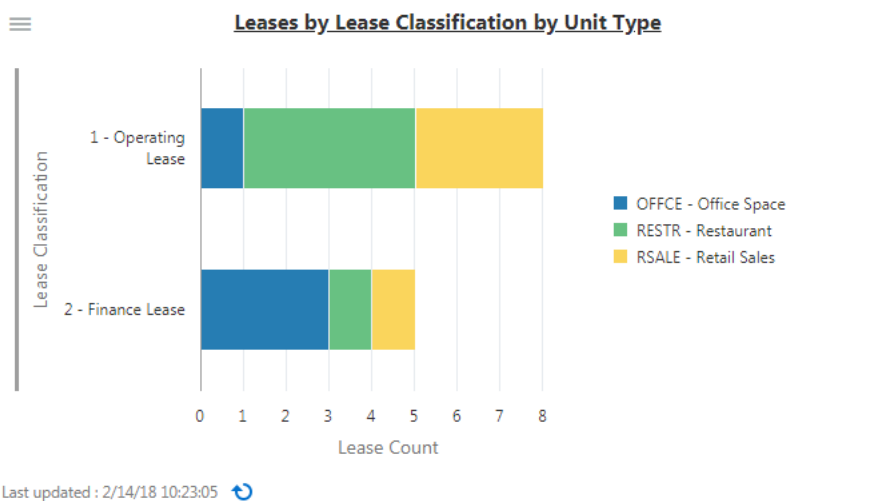
4 Amortization Schedules...

0 Commencement Journa...

2 Asset Balances Require...

0 Leases Set to Expire

500+ Units Missing Asset



Lessee Account...



Lease Master



Amortization Schedules



Unit Master



Bill Codes



Recurring Billing



Manual Billing



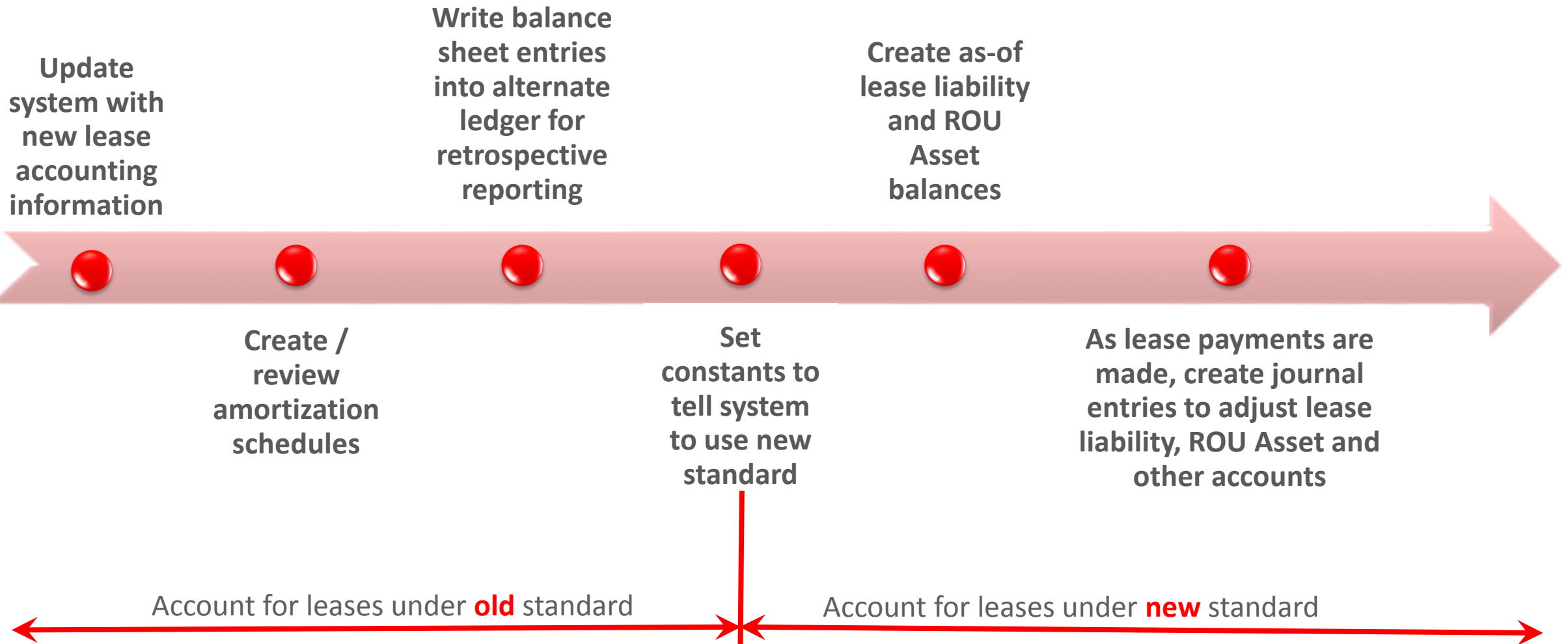
Trial Balance by Subledger

Lessee Accounting for Property - Agenda

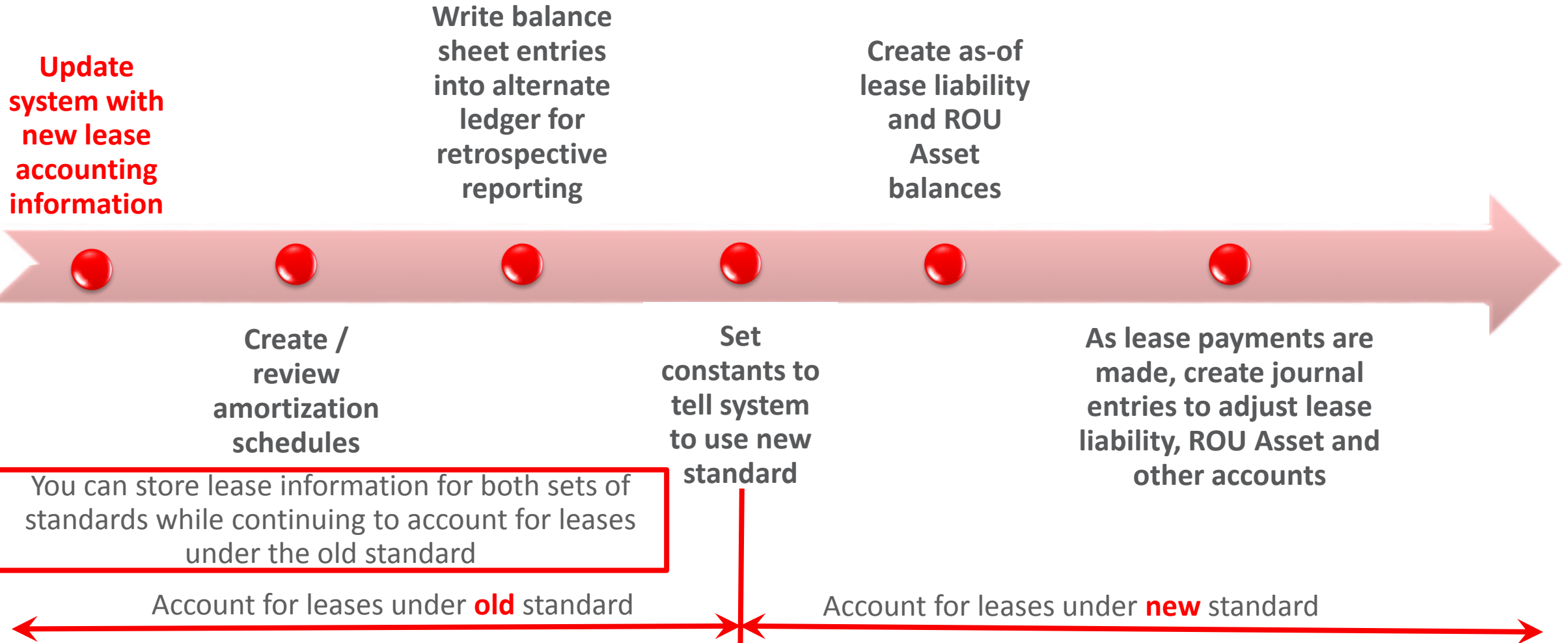
- Overall Scope
- High Level Business Process for Lessee Accounting
- Highlights of Enhancements for Lessee Accounting
- **Helping You Transition**
 - Data Import
 - Retrospective reporting
- Summary



Transition To The New Lease Accounting Standard



Transition To The New Lease Accounting Standard



Z Table Import/Export of Lease Information

- Data import/export includes:

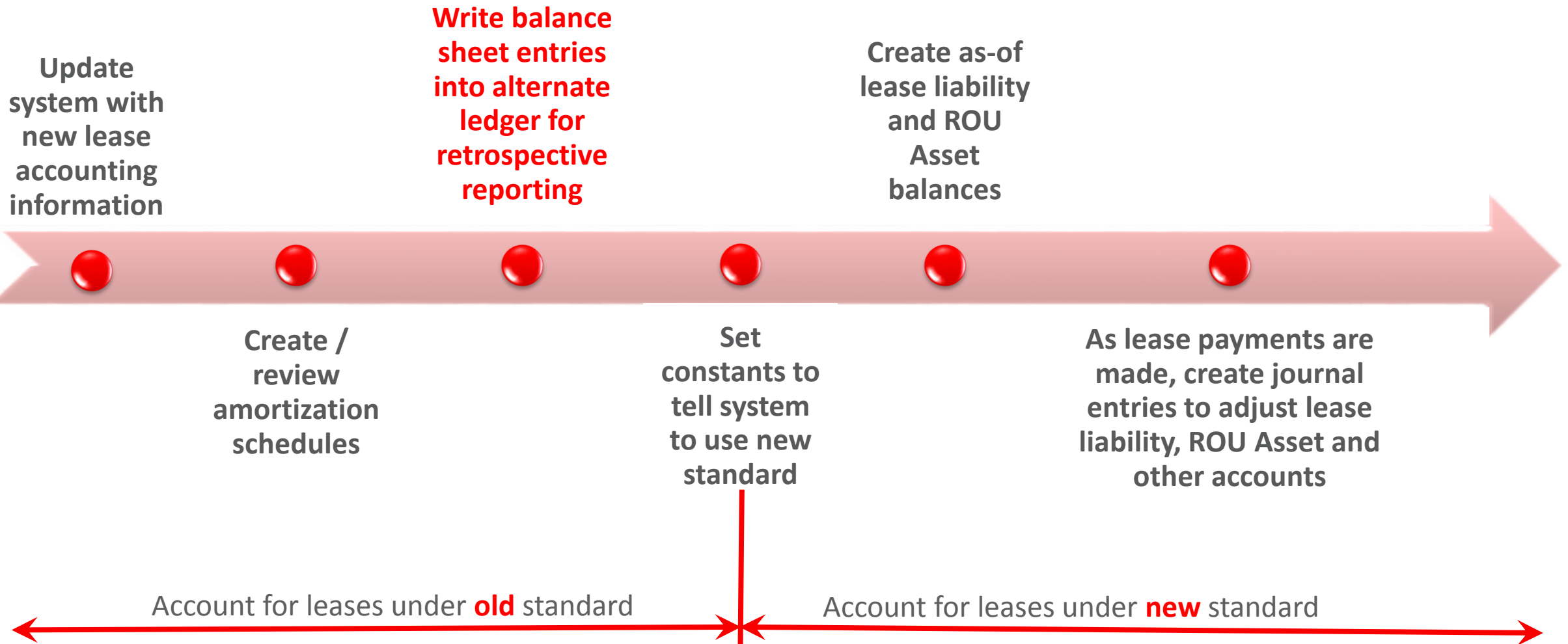
- Bill Codes
- Unit Master
- Area Master
- Lease Header
- Lease Detail
- Recurring Billing
- Manual Billing

The bottom-most window, 'Work with Unedited Manual Billing Transactions', displays the following table:

User ID	Batch Number	Transaction Number	EDI Line Number	Doc Ty	Trans Type	Translation Format	Tran Date	Dir Ind
JH6014180	1461643	733141	1.000	ZT			11/17/2017	1

- For new data in EnterpriseOne
- Ability to update existing information with new lease accounting attributes

Transition To The New Lease Accounting Standard



Lessee Alternate Ledger Journals

ORACLE JD Edwards

Lease Liability Amortization Schedule

Lease Number / Version: 3389 / 2
Asset Number: 35609
Property/Building: BARN
Unit: 1133

Bev Barn Lease
Bev Barn Unit 1133
Bev Barn
Bev Barn Unit 1133

Amortization Schedule Type
Lease Classification
Lease Commencement Date
Billing Start Date

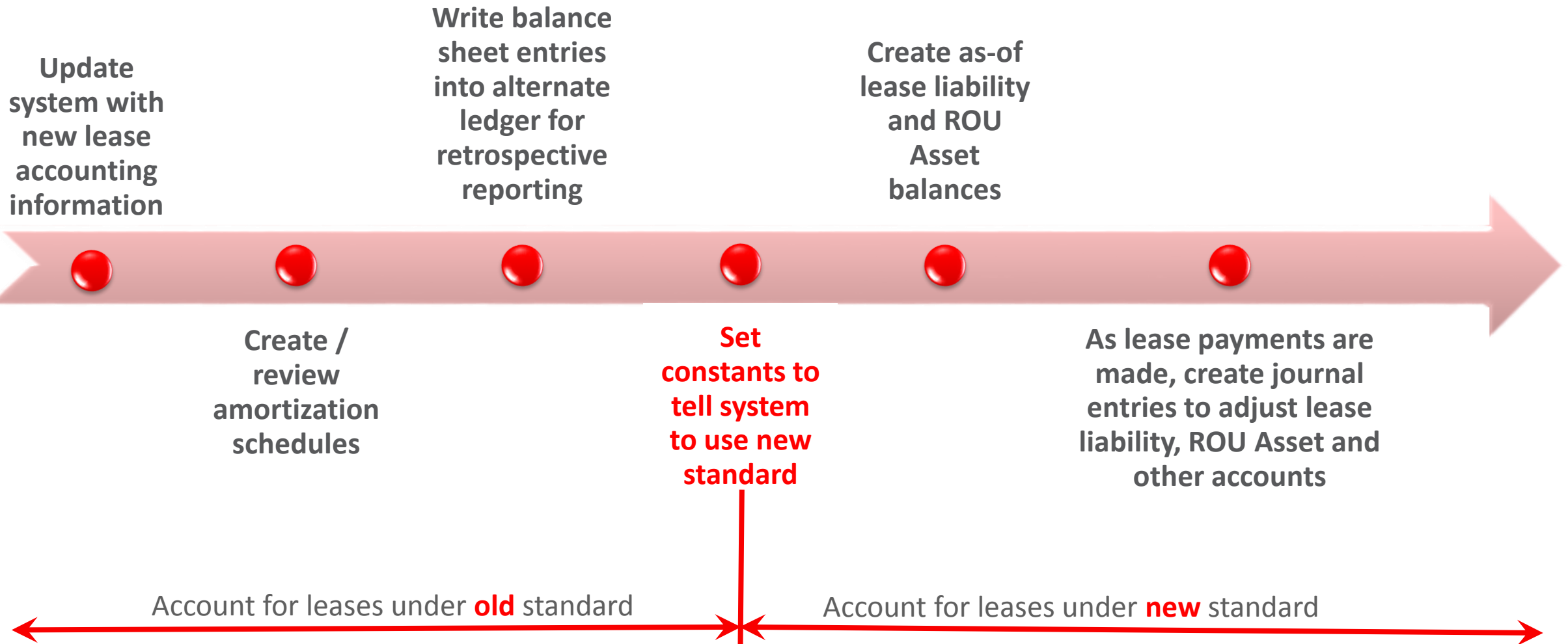
Records 1 - 10

Lessee Journals Exist	Amortization Schedule Line	Schedule Begin Date	Beginning Balance	Payment Amount	Interest Amount	Interest Expense	ROUA Expense	Reduction Amount	Ending Balance	Cur Cod	Document Number	G/L Date
			77,290.81						77,290.81	USD		
	1	01/23/2017	77,290.81	5,250.00	4,536.97			713.03	76,577.78	USD		
	2	02/23/2017	76,577.78	5,250.00	4,495.12			754.88	75,822.90	USD		
	3	03/23/2017	75,822.90	5,250.00	4,450.80			799.20	75,023.70	USD		
	4	04/23/2017	75,023.70	5,250.00	4,403.89			846.11	74,177.60	USD		
	5	05/23/2017	74,177.60	5,250.00	4,354.22			895.78	73,281.82	USD		
	6	06/23/2017	73,281.82	5,250.00	4,301.64			948.36	72,333.46	USD		
	7	07/23/2017	72,333.46	5,250.00	4,245.97			1,004.03	71,329.44	USD		
	8	08/23/2017	71,329.44	5,250.00	4,187.04			1,062.96	70,266.48	USD		
	9	09/23/2017	70,266.48	5,250.00	4,124.64			1,125.36	69,141.12	USD		

- Batch program to post lease liability and ROUA balances to an alternate ledger
- Specify from / end dates
- For retrospective reporting

Post balances from amortization schedules by period to user-defined ledger

Transition To The New Lease Accounting Standard



P1510 - Switch Over to New Standard

ORACLE® JD Edwards

Work with Real Estate Management Constants

✓ 🔍 + 🗑️ ✕ ⌵ Row ⚙️ Tools ↻ One View

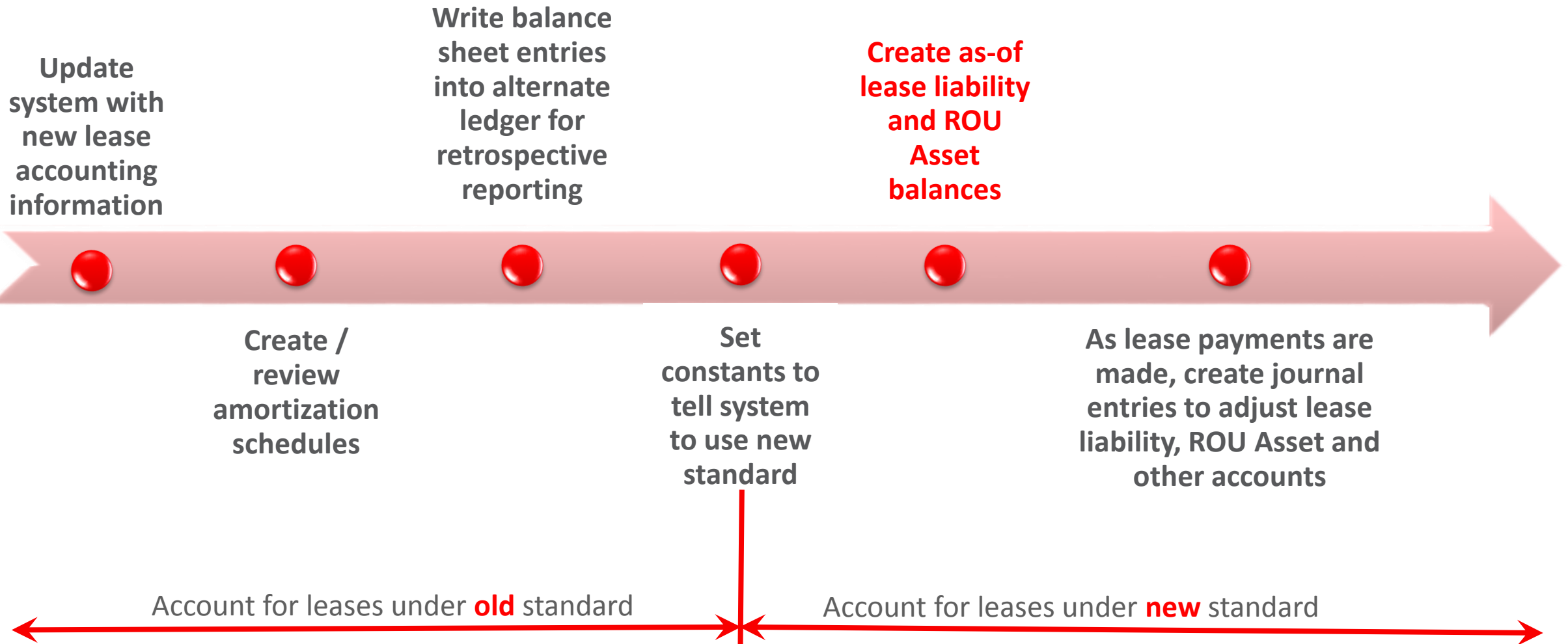
Company

Building

Records 1 - 5

<input type="checkbox"/>	Co	Property/ Building	Lease Classification	Lease Classification Description	Reasonably Certain To Exercise Option	Generate Unit Asset	Activate Balance Sheet Accounting
<input type="checkbox"/>	00000		1	Operating Lease	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<input type="checkbox"/>	00000	JHT		Not On Balance Sheet	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<input type="checkbox"/>	00000	BARN		Not On Balance Sheet	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	00000	15020		Not On Balance Sheet	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<input type="checkbox"/>	00000	15050		Not On Balance Sheet	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Transition To The New Lease Accounting Standard



Create as-of lease liability and ROU Asset balances

ORACLE® JD Edwards

Lease Liability Amortization Schedule

Lease Number / Version: 3389 2 Bev Barn Lease
 Asset Number: 35609 Bev Barn Unit 1133
 Property/Building: BARN Bev Barn
 Unit: 1133 Bev Barn Unit 1133

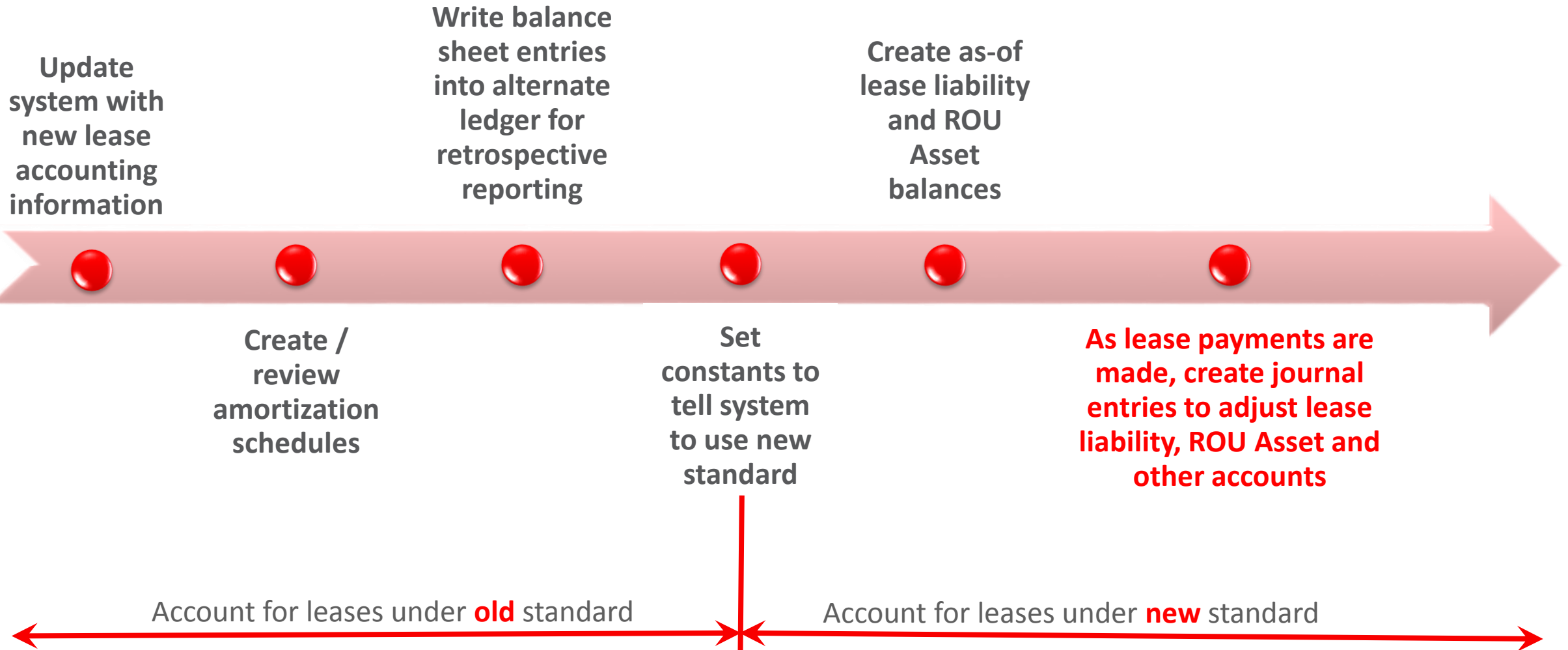
Amortization Schedule Type
 Lease Classification
 Lease Commencement Date
 Billing Start Date

Records 1 - 10 > X

Lessee Journals Exist	Amortization Schedule Line	Schedule Begin Date	Beginning Balance	Payment Amount	Interest Amount	Interest Expense	ROUA Expense	Reduction Amount	Ending Balance	Cur Cod	Document Number	G/L Date
			77,290.81						77,290.81 USD			
	1	01/23/2017	77,290.81	5,250.00	4,536.97			713.03	76,577.78 USD			
	2	02/23/2017	76,577.78	5,250.00	4,495.12			754.88	75,822.90 USD			
	3	03/23/2017	75,822.90	5,250.00	4,450.80			799.20	75,023.70 USD			
	4	04/23/2017	75,023.70	5,250.00	4,403.89			846.11	74,177.60 USD			
	5	05/23/2017	74,177.60	5,250.00	4,354.22			895.78	73,281.82 USD			
	6	06/23/2017	73,281.82	5,250.00	4,301.64			948.36	72,333.46 USD			
	7	07/23/2017	72,333.46	5,250.00	4,245.97			1,004.03	71,329.44 USD			
	8	08/23/2017	71,329.44	5,250.00	4,187.04			1,062.96	70,266.48 USD			
	9	09/23/2017	70,266.48	5,250.00	4,124.64			1,125.36	69,141.12 USD			

Run a batch program to create journal entries for the lease liability and ROU Asset balances as of a specified date

Transition To The New Lease Accounting Standard



Lessee Accounting for Property - Agenda

- Overall Scope
- High Level Business Process for Lessee Accounting
- Highlights of Enhancements for Lessee Accounting
- Helping You Transition
- **Summary**



Lease Accounting Standard

FASB ASC 842 and IFRS 16 Leases



What

- Revenue Recognition for lease management companies
- Lessor Accounting for property and non-property leases
- Lessee Accounting for property and non-property leases

Available

- ✓ Revenue Recognition for Real Estate
- ✓ Lessor Accounting (FASB 13) for Real Estate - Straight Line Rent
- ✓ Lessee Accounting for Real Estate

Planned

- Lease Accounting for non-property
- Lease Term Change Management
- Lease Conversion (Finance to operating or operating to finance)
- Lease Simplification

Balance Sheet Lessee Accounting for Real Estate



What

- The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) have issued IFRS 16 and ASC 842. Effective January 1, 2019 for public companies, January 1, 2020 for private companies.
- Lessees of property/real estate shall account for leases on the balance sheet

Why

- Provide investors and creditors more transparency into long-term leases of assets

How

- Set lease classification defaults
- Set defaults for lease payable items to be used in the lease liability and right-of-use asset and other calculations
- Automatically create an asset in the Asset Master, from the Unit Master
- Override the default lease classification for each lease
- Override lease classification for each asset on a lease
- Ability to specify the lease liability, right-of-use asset and other accounts.
- Create the lease liability and right-of-use asset amortization schedules for each asset on a lease for the entire length of the lease
- At lease commencement for each asset on a lease, create the initial lease liability, right-of-use asset and other accounting entries
- Handle accounting related to payables in advance and in arrears
- Create AP accounting entries for payables for each asset on a lease
- Ability to create monthly accounting entries for balance sheet accounts
- Sublease accounting
- UX One landing pages for Lease Administrator and Lessee Accounting Manager

Results

- Lower costs by minimizing the time needed to calculate and report amortization amounts for leased assets on the balance sheet
- Eliminate financial journal entry corrections with automated adjustments to balance sheet accounts for leased assets
- Minimize additional time to close monthly financial books with accurate and auditable financial journal entries for leased assets

Bug numbers and Data Pack and ESUs For Lessee Accounting for Property

Bug number	Data Pack, ESU
26380011	JN14978
27249333 - Analytic Apps	JN14970
26916761 - UDOs	UDO_9.2_10334
27332611 - DP	DP0129201



ORACLE®