



Forest Grove
Data-Driven Decision Making

Optimising technology to
unlock insights that drive
better business decisions

Forest Grove Customer Conference 2023

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Data-Driven Decision Making

Optimising technology to
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[D2S4.1] Right of use assets (ROU modelling)

Presented by:

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About the session:

Following the change to Australian Accounting Standards, property and equipment leases previously recognised off-balance sheet, now accounted for as right-of-use (ROU) assets and lease liabilities, have increased complexity and risk in financial reporting. Many organisations opted to leverage Excel to track leased assets and calculate monthly journals resulting in cumbersome models. This session will demonstrate how a Prophix streamlines the overall process while giving you the flexibility to change lease parameters as needed, produce comprehensive reporting and generate journal entries. Let us show you how the tool you already have, and trust can further improve your efficiency!

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Right of use assets -(ROU) modelling

Background

Existing client approached Forest Grove Technology with a query, can Profix be leveraged to accommodate Leased Assets (AASB16)?

Challenge Accepted

Client currently using Excel, some pain points –

- Multiple entities
- Multiple categories
- Multiple leases
- Consolidation
- Version control
- Data / Calculation security.



Right of use assets -(ROU) modelling

Solution & Challenges

SOLUTION

- PROPHIX - Self Contained Detailed Planning Model
- Demo is Stand alone, client is on existing Fixed Assets

OUTCOMES

- Modelling various scenarios
- Reporting singular DPO

Why use PROPHIX?

- Already using it
- Step away from the inherent risks and complexities of excel
- Turn around times, e.g., if outsourced

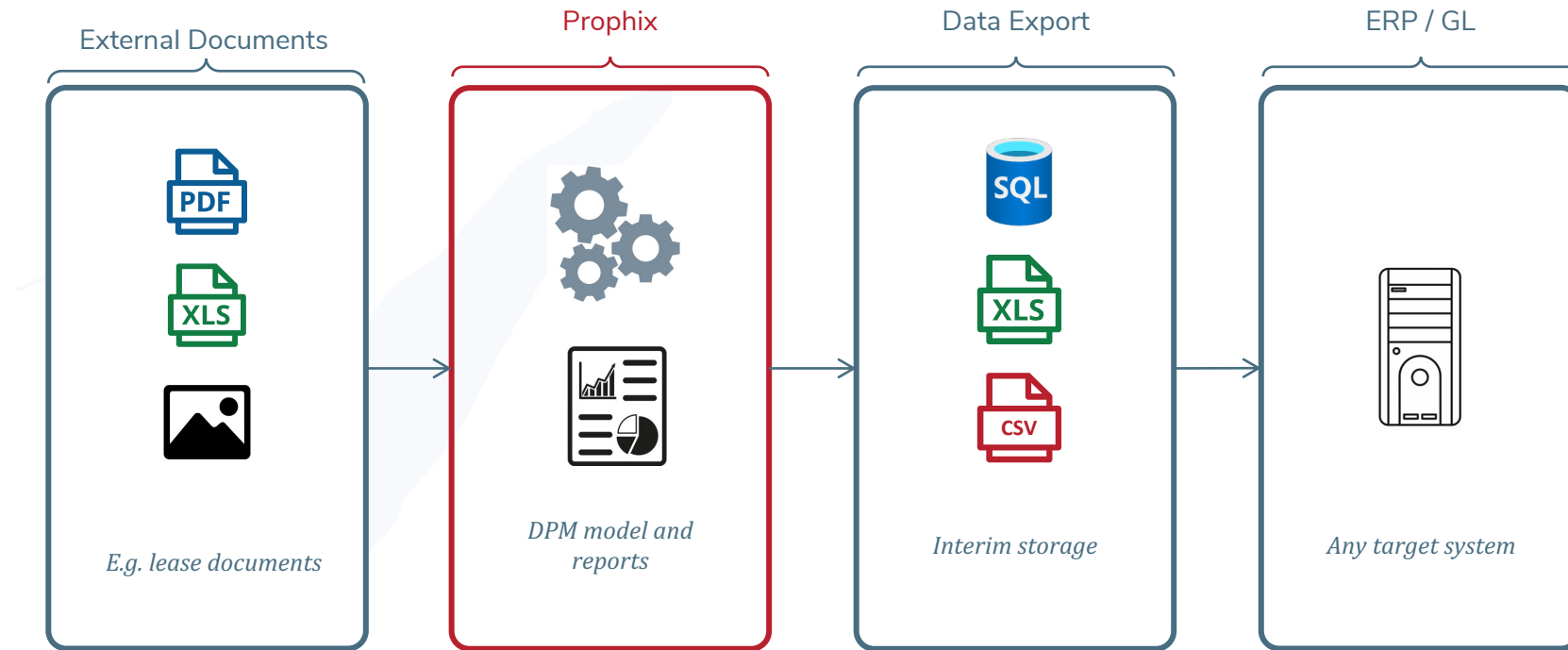
Right of use assets -(ROU) modelling

Scenarios Modelled

1. “Standard” Monthly – with a known increase in payments
2. IFRS 16 IE – Example 13 – Measurement by a lessee and accounting for a change in the lease term
3. IFRS 16 IE – Example 17 – Modification that decreases the scope of the lease

Right of use assets -(ROU) modelling

Model Overview



Demonstration

Right of use assets -(ROU) modelling

Sample Lease Schedule report with zero balances at lease end, highlighted open and closed Modification values - Illustrative example 17



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Lease Schedule Report

Example 17

[Linked Template - Lease Documents](#)

[Linked Template - Lease Journals](#)

Payment Number	Jun2021 1	Jun2022 2	Jun2023 3	Jun2024 4	Jun2025 5	Jun2026 1	Jun2027 2	Jun2028 3	Jun2029 4	Jun2030 5
Payment	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00
PV of Payment	47,169.81	44,499.82	41,980.96	39,604.68	37,362.91	28,571.43	27,210.88	25,915.13	24,681.07	23,505.78
Lease Liability										
Leased Liability OB	368,004.35	340,084.61	310,489.69	279,119.07	245,866.22	129,884.30	106,378.52	81,697.44	55,782.31	28,571.43
Interest Expense	22,080.26	20,405.08	18,629.38	16,747.14	14,751.97	6,494.22	5,318.93	4,084.87	2,789.12	1,428.57
Payment Outflow	(50,000.00)	(50,000.00)	(50,000.00)	(50,000.00)	(50,000.00)	(30,000.00)	(30,000.00)	(30,000.00)	(30,000.00)	(30,000.00)
Leased Liability CB	340,084.61	310,489.69	279,119.07	245,866.22	210,618.19	106,378.52	81,697.44	55,782.31	28,571.43	- 0.00
Right of Use Asset (Asset = Liab Method adj Indirect Costs/Incentives)										
Leased Asset OB	368,004.35	331,203.92	294,403.48	257,603.05	220,802.61	116,576.30	93,261.04	69,945.78	46,630.52	23,315.26
Amortisation Expense	(36,800.44)	(36,800.44)	(36,800.44)	(36,800.44)	(36,800.44)	(23,315.26)	(23,315.26)	(23,315.26)	(23,315.26)	(23,315.26)
Leased Asset CB	331,203.92	294,403.48	257,603.05	220,802.61	184,002.18	93,261.04	69,945.78	46,630.52	23,315.26	-
Profit & Loss:										
P&L Impact Amortisation	36,800.44	36,800.44	36,800.44	36,800.44	36,800.44	23,315.26	23,315.26	23,315.26	23,315.26	23,315.26
P&L Impact Interest Expense	22,080.26	20,405.08	18,629.38	16,747.14	14,751.97	6,494.22	5,318.93	4,084.87	2,789.12	1,428.57
Total P&L Impact	58,880.70	57,205.51	55,429.82	53,547.58	51,552.41	29,809.47	28,634.18	27,400.13	26,104.37	24,743.83
Current / Non Current Splits										
Current Lease Liability	29,594.92	31,370.62	33,252.86	35,248.03	37,362.91	24,681.07	25,915.13	27,210.88	28,571.43	- 0.00
Non Current Lease Liability	310,489.69	279,119.07	245,866.22	210,618.19	173,255.28	81,697.44	55,782.31	28,571.43	-	0.00
Current Lease Asset	36,800.44	36,800.44	36,800.44	36,800.44	36,800.44	23,315.26	23,315.26	23,315.26	23,315.26	-
Non Current Lease Asset	294,403.48	257,603.05	220,802.61	184,002.18	147,201.74	69,945.78	46,630.52	23,315.26	-	-

Right of use assets -(ROU) modelling

Annual Summary



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Data-Driven Decision Making

Lease Schedule Report

Example 17

[Linked Template - Lease Documents](#)

[Linked Template - Lease Journals](#)

Payment Number	Jun2021 1	Jun2022 2	Jun2023 3	Jun2024 4	Jun2025 5
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	Leased Liability CB	Leased Asset CB	Interest Expense	Amortisation Expense	P&L Impact
All			112,729.54	300,578.47	413,308.01
2020	340,084.61	331,203.92	22,080.26	36,800.44	58,880.70
2021	310,489.69	294,403.48	20,405.08	36,800.44	57,205.51
2022	279,119.07	257,603.05	18,629.38	36,800.44	55,429.82
2023	245,866.22	220,802.61	16,747.14	36,800.44	53,547.58
2024	210,618.19	184,002.18	14,751.97	36,800.44	51,552.41
2025	106,378.52	93,261.04	6,494.22	23,315.26	29,809.47
2026	81,697.44	69,945.78	5,318.93	23,315.26	28,634.18
2027	55,782.31	46,630.52	4,084.87	23,315.26	27,400.13
2028	28,571.43	23,315.26	2,789.12	23,315.26	26,104.37
2029	.00		1,428.57	23,315.26	24,743.83

Right of use assets -(ROU) modelling

Journals to support Modification per Illustrative example 17



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FORET GROVE TECHNOLOGY GENERAL JOURNAL FORM

Reference ID:

Entity: (All) All

Description: [Lease Assets Journals](#)

Raised by: Tony Stark

Date Raised: 24/02/2023 08:29

Posted by:

Date Posted:

GL Account		Debit	Credit	Description
5300-123-200	Leased Liability - Property	105,309.10		Example 17-123-Proportionate Mod Adj-Jul2025
6300-123-200	Leased Asset - Property		92,001.09	Example 17-123-Proportionate Mod Adj-Jul2025
4310-123-200	Lease Gain/(Loss) - Property		13,308.01	Example 17-123-G/(L) on Modification-Jul2025
5300-123-200	Leased Liability - Property		24,575.21	Example 17-123-Mod to carry amount-Jul2025
6300-123-200	Leased Asset - Property	24,575.21		Example 17-123-Leased Asset - Property-Jul2025
3210-456-100	Amortisation Expense - Plant & Machinery	42,039.11		Example 13-456-Amort-Jul2025
6210-456-100	Acc Amortisation Expense - Plant & Machinery		42,039.11	Example 13-456-Acc Amort-Jul2025
1000-456-100	Cash at Bank		50,000.00	Example 13-456-Payment-Jul2025
5200-456-100	Leased Liability - Plant & Machinery	50,000.00		Example 13-456-Leased Liability - Plant & Machinery-Jul2025
R023-456-100	Non Current Lease Asset		42,039.11	Example 13-456-Reclass NCA to CA-Jul2025
R022-456-100	Current Lease Asset	42,039.11		Example 13-456-Reclass NCA to CA-Jul2025
R021-456-100	Non Current Lease Liability	41,135.12		Example 13-456-Reclass NCL to CL-Jul2025
R020-456-100	Current Lease Liability		41,135.12	Example 13-456-Reclass NCL to CL-Jul2025

305,097.64 305,097.64

- OK

Right of use assets -(ROU) modelling

https://aasb.gov.au/admin/file/content105/c9/IFRS16_IE_1-22.pdf

Examples 13 and 17 used in live demo

IFRS 16 IE

International Financial Reporting Standard IFRS 16

Leases

January 2022

ILLUSTRATIVE EXAMPLES

APPENDIX TO THE ILLUSTRATIVE EXAMPLES

Amendments to guidance on other Standards

International Financial Reporting Standards together with their accompanying documents are issued by the IFRS Foundation.

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