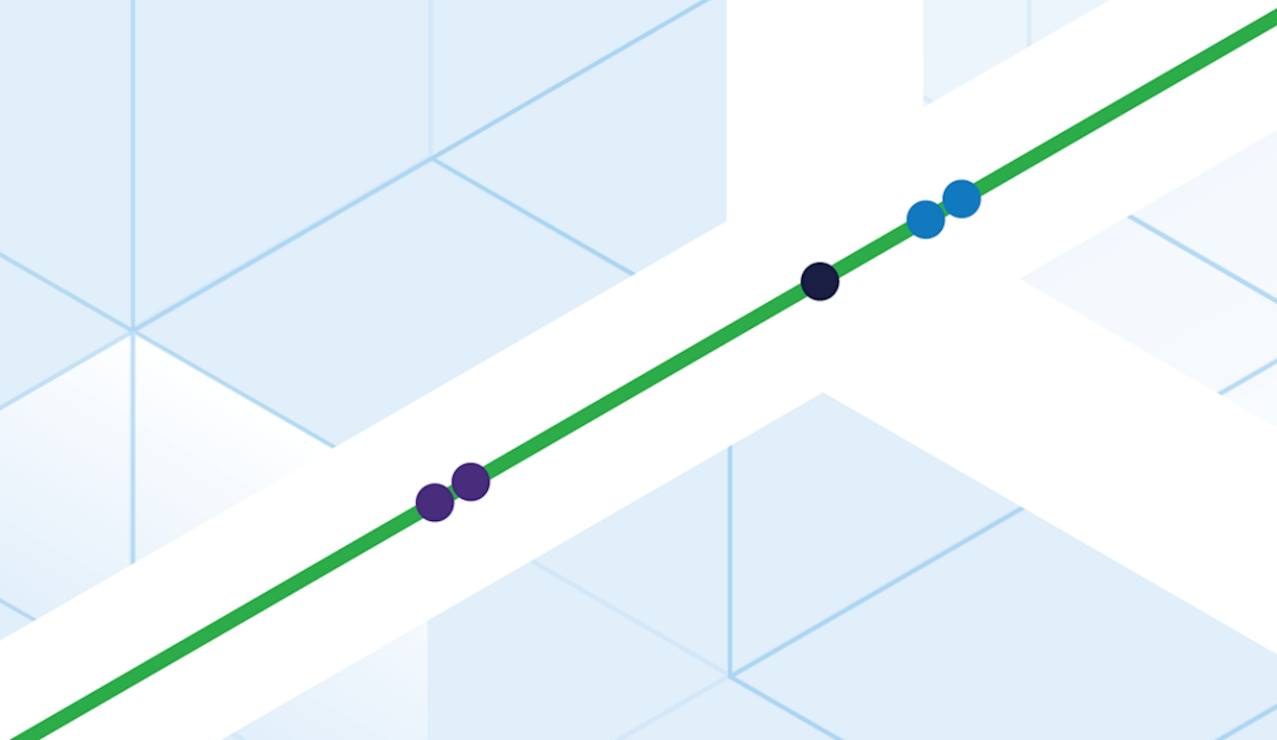




# FX Reporting User Guide

LeaseAccelerator

Version 25.2



# Document Information

## Notices

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### Disclaimer

This guide is designed to help you to use the LeaseAccelerator applications effectively and efficiently. All data shown in graphics are provided as examples only. The example companies and calculations herein are fictitious. No association with any real company or organization is intended or should be inferred.

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# FX Reporting

## Business Summary

LeaseAccelerator's Foreign Currency features provide the following core functions:

- Entering Foreign Currency Exchange Rates.
- Supplying FX conversion dates and exchange rate types in an integration file (ledger export) to enable period-end remeasurement activities within the ERP.
- Generating Journal Entries in functional currency including period-end remeasurement entries.
- Reporting standard accounting activity, balance, and roll forward reports in different currencies based on pre-defined business rules.

This guide addresses the business rules applied within LeaseAccelerator to generate reports in functional and reporting currency. Information relating to Entering Foreign Currency Exchange Rates can be found in the [Customer Implementation Guide \(CIG\)](#). Information relating to the Ledger Export Report and the FX conversion dates/exchange rate types is provided in the [LeaseAccelerator User Guide to Reporting](#).



**Note:** The FX business rules should be read in conjunction with the account descriptions included in the [LeaseAccelerator User Guide to Generic Accounts](#).

## Background

ASC 830 generally requires entities to define two types of currencies in the accounting process and applies different accounting methods based on the types of entities, transactions, etc. For simplicity, LeaseAccelerator assumes that our customers' foreign entities are self-sustaining and therefore the application is focused on the Remeasurement and Translation processes as defined below.

- **Remeasurement** is a two-step process as follows:
  - Conversion of a transaction from its transactional (contract) currency to its functional currency. This calculation is done at the transaction level, meaning it is a recalculation that must be done for each individual journal entry.
  - Remeasurement of monetary balance sheet accounts using the period-end spot rate. This activity results in a Gain/Loss on FX Remeasurement which is part of Net Income.
- **Translation** is the process used for converting the functional currency financial statements of an entity into the reporting currency used by the parent company. This is required to consolidate the financial statements of entities with different functional currencies into a single currency. This activity results in an adjustment to equity which is called Other Comprehensive Income (OCI).

- Translation is also available for foreign subsidiaries where there are statutory reporting requirements in the subsidiary's local jurisdiction and financial statements need to be translated into the local currency.

There are four potential currencies involved in the accounting flow:

- **Transactional** (or Contract) - Currency in which a contract is denominated.
- **Functional** - Currency for which a business entity records its accounting records.
- **Reporting** - Currency in which a parent company reports its financial statements.
- **Local** - Currency most commonly used within a country. Foreign subsidiaries may need to report in this currency.

LeaseAccelerator generates all journal entries in transactional currency and provides the necessary information for an ERP to perform remeasurement actions. The rate type and rate date to perform these calculations is provided in the standard Ledger Export Report. The conversion rates that LeaseAccelerator uses to generate reports are contained in the rate tables imported by the user. As such, it is important for these rates to be in sync with those used by the ERP for its own reporting.

LeaseAccelerator provides reporting on Remeasured and Translated account activity and balances as analytical information. These amounts are directional in nature due to the unique ERP configurations which a customer may have deployed. As such, there may be small differences in the Remeasured and Translated activity and balances. LeaseAccelerator advises that Ledger to Subledger reconciliations for control purposes focus on transactional activity and balances. The reports should be used as a corroborative source and should not be relied upon independently.

## Report Generation

LeaseAccelerator includes the ability to generate various Accounting Reports in the four currency types listed above. Requirements regarding the different currency types follow:

- **Transactional** (or Contract) – Currency assigned to the individual lease when entering it into the system either via PIW or UI.
- **Functional** – Every lease must be assigned a company participant to which the functional currency is assigned. The default deal participant is Entity but may vary based on customer configuration.
- **Reporting & Local** – Currency assigned during ledger creation. If no currency was assigned during ledger creation, the default is the reporting currency assigned during initial configuration.



**Note:** At least one exchange rate dating from the earliest lease start date included in the reporting period must be loaded into the system prior to report generation.


Additionally, the system will use rates available at the time of report generation to perform the conversion from transactional to functional currency values. Reports, however, only perform remeasurement through the report's As At date. As a result, when reports such as the Functional Ledger

Export are run using backdated As At dates in environments where exchange rates have been loaded beyond the As At date, the report will appear to have hanging balances for monetary balance sheet accounts. This is because the subsequent remeasurement event recording the Gain/Loss on FX Remeasurement has not occurred after the report As At date.

Report parameters differ based on the type of report being generated:

- BI-based Reports
- Legacy Excel-based Reports

The following parameters are used for currency-related data in the **BI-version reports**. Please refer to Exhibit 3 for examples.

Parameter	Drop- down Options	Description
Report Using	Transactional Functional Reporting	<p>This selection drives the FX treatment used for the report and is a REQUIRED field. The default selection is Reporting.</p> <p>If Transactional or Functional is chosen, then a WARNING will appear noting that the Currency Measured In parameter must also be selected.</p> <p>The Reporting option should be selected for “Local” currency reporting.</p>
Currency Measured In	Currency List	<p>This parameter defines the currency which is applied to the Report Using parameter. <b>(Only one currency may be selected.)</b></p> <p>If Report Using = Transactional</p> <ul style="list-style-type: none"> <li>■ Currency Measured In drop-down list will include the currencies in which schedules booked to the selected ledger were transacted (contracted).</li> </ul> <p>If Report Using = Functional</p> <ul style="list-style-type: none"> <li>■ Currency Measured In drop-down list will be include the currencies defined as functional for the configured company role</li> </ul> <p>If Report Using = Reporting</p> <ul style="list-style-type: none"> <li>■ Currency Measured In drop-down will default to the currency assigned to the selected ledger. (This option should be used for Local Currency reporting as well.)</li> </ul>
Show Deals Transacted In	Currency List	<p>This parameter provides a more granular filter for specific schedules. The drop-down will include currencies in which schedules booked to the selected ledger were transacted (contracted).</p> <div>  <b>Note:</b> When Report Using = Transactional then users must select the same currency in the Currency Measured In and Show Deals Transacted drop-downs. </div>

The following parameters are used for currency-related data in Legacy Excel-based reports.

Parameter	Drop-down Options	Description
Report Using	Transactional Functional Reporting	<p>This selection drives the FX treatment used for the report and is a REQUIRED field. The default selection is Reporting.</p> <p>If Transactional or Functional is chosen, then a WARNING will appear noting that the Currency Measured In parameter must also be selected.</p> <p>The Reporting option should be selected for “Local” currency reporting.</p>
Show Deals Denominated In	Currency List	<p>This parameter functions in the same manner as the Currency Measured In parameter described above. As such, it defines the currency which is applied to the Report Using parameter. <b>(Only one currency may be selected.)</b></p> <p>If Report Using = Transactional</p> <ul style="list-style-type: none"> <li>▪ Currency Measured In drop-down list will include the currencies in which schedules booked to the selected ledger were transacted (contracted).</li> </ul> <p>If Report Using = Functional</p> <ul style="list-style-type: none"> <li>▪ Currency Measured In drop-down list will be include the currencies defined as functional for the configured company role.</li> </ul> <p>If Report Using = Reporting</p> <p>Currency Measured In drop-down will default to the currency assigned to the selected ledger. (This option should be used for Local Currency reporting as well.)</p> <p><b>Note:</b> While the BI report parameters may restrict the drop-down menu to the specific currencies related to the ledger &amp; parameter selection, the Legacy reports are not dynamic and will include all available currencies. Selecting a currency not included in the result set will produce a blank report.</p>

## Reporting Business Rules

Remeasurement and Translation processes use the Current FX Exchange rate (or Current Rate) as imported into LeaseAccelerator. However, the applicable Current Rate differs based on the type of conversion (remeasurement or translation) and the type of account (Balance Sheet or Income Statement).

- **Exhibit 1:** Summary Rules by Account Type illustrates these combinations.
- **Exhibit 2:** Detail Rules by Account defines each account's specific ruleset.

## Exhibit 1: Summary Rules by Account Type

Account Type	Remeasurement	Translation
Balance Sheet	<p><b>Monetary Accounts</b> are converted using the spot rate at original transaction's date and subsequently remeasured at Period End applying the spot rate at fiscal period end.</p> <p><b>Non-Monetary Accounts</b> are converted using the spot rate at original transaction's date (i.e., historical rate). No remeasurement is required.</p>	<p><b>Monetary Accounts:</b> Spot Rate at Period End.</p> <p><b>Non-Monetary Accounts:</b> Spot Rate at Period End.</p>
Income Statement	<p>Transactions are converted at the appropriate Average Rate for the Fiscal Period. No remeasurement is required.</p> <p><b>Exceptions:</b> These accounts are converted at the historical rate associated with the underlying asset:</p> <ul style="list-style-type: none"> <li>▪ Depreciation Expense</li> <li>▪ Lease Rental Expense - CapOp Depreciation</li> <li>▪ ARO Amortization Expense</li> <li>▪ Leased Asset Impairment Expense -- Finance Lease</li> <li>▪ Leased Asset Impairment Expense -- Operating Lease</li> <li>▪ IDC Expense</li> <li>▪ Lease Incentive Contra</li> </ul>	Weighted Average Rate for the Fiscal Period

LeaseAccelerator accommodates customer-provided Weighted Average rates or three options as proxies for Weighted Average as listed below. This selection is made during the environment configuration. The configured default option is visible on the Exchange Rates section under Configuration Settings.

- Current period-end spot
- Previous period-end spot
- System-calculated simple average using prior period-end and current period-end

Some customers may define the Current Rate as an average rate for the period based on the actual activity dates of the ledger entries. To enable this, during implementation, customers should request a special configuration which will be applied only to a specified list of accounts. LeaseAccelerator refers to this special configuration as **Activity Weighted**. This will override the Weighted Average Default calculation for remeasurement while retaining the Weighted Average Default for Reporting Currency Translation.



**Note:** The Ledger Export report will reflect “Weighted Average” for the FX Rate Type regardless of the configuration.

Configuration Settings

Templates
Notifications
Cost Centers
Tags
Custom Participant Configuration
Exchange Rates
Lessee Rates

Asset Types
Policy Thresholds
Lessee Info
Financials

Exchange Rates:

Please note that a change to any historical rate will impact results on all reports run in functional and reporting currency. This includes closed periods.

Default FX Conversion Rate for P&L accounts: Weighted Average (customer provided).

## Exhibit 2: Detail Rules by Account

(Please review in conjunction with Exhibit 4 below)

F/S	Generic Account Name	Monetary/ Non-Monetary	Conversion Rate Type	Remeasure (Yes/No)	Remeasurement Rate Type	Translation Rate Type
Asset	Accumulated Depreciation - Finance Lease	Non-Monetary	Historical Spot	No	N/A	Period End Spot
Asset	Accumulated Depreciation - Operating Lease	Non-Monetary	Historical Spot	No	N/A	Period End Spot
Asset	Accumulated Depreciation - Step Payment Timing Adjustment Operating Lease	Non-Monetary	Historical Spot	No	N/A	Period End Spot
Asset	Allowance for Leased Asset Impairment - Finance Lease	Non-Monetary	Historical Spot	No	N/A	Period End Spot
Asset	Allowance for Leased Asset Impairment - Operating Lease	Non-Monetary	Historical Spot	No	N/A	Period End Spot
Asset	ARO Accumulated Amortization	Non-Monetary	Historical Spot	No	N/A	Period End Spot

F/S	Generic Account Name	Monetary/ Non-Monetary	Conversion Rate Type	Rem easure (Yes/ No)	Rem easurement Rate Type	Translation Rate Type
Asset	ARO Asset	Non-Monetary	Historical Spot	No	N/A	Period End Spot
Asset	Cash	Monetary	Transaction Date Spot	Yes	Period End Spot	Period End Spot
Asset	Finance Lease Asset	Non-Monetary	Historical Spot	No	N/A	Period End Spot
Asset	Intercompany Clearing	Non-Monetary	Transaction Date Spot	No	N/A	Period End Spot
Asset	Lease Incentive Receivable	Monetary	Transaction Date Spot	Yes	Period End Spot	Period End Spot
Asset	Non-Trade Receivable Clearing	Monetary	Transaction Date Spot	Yes	Period End Spot	Period End Spot
Asset	Operating Lease Asset	Non-Monetary	Historical Spot	No	N/A	Period End Spot
Asset	Prepaid IDC	Monetary	Transaction Date Spot	Yes	Period End Spot	Period End Spot
Asset	Prepaid Rent	Monetary	Transaction Date Spot	Yes	Period End Spot	Period End Spot
Asset	Purchased Asset	Non-Monetary	Historical Spot	No	N/A	Period End Spot
Asset	Security Deposit	Monetary	Transaction Date Spot	Yes	Period End Spot	Period End Spot
Asset	Special Deposit	Monetary	Transaction Date Spot	Yes	Period End Spot	Period End Spot
Liab	Accounts Payable Clearing	Monetary	Transaction Date Spot	Yes	Period End Spot	Period End Spot
Liab	Accounts Payable Interim Rent	Monetary	Transaction Date Spot	Yes	Period End Spot	Period End Spot
Liab	Accounts Payable Purchase Assets	Monetary	Transaction Date Spot	Yes	Period End Spot	Period End Spot
Liab	Accounts Payable Termination Fees	Monetary	Transaction Date Spot	Yes	Period End Spot	Period End Spot
Liab	Accrued IDC	Monetary	Transaction Date Spot	Yes	Period End Spot	Period End Spot
Liab	Accrued Liability - CAMS/Other Related	Monetary	Transaction Date Spot	Yes	Period End Spot	Period End Spot

F/S	Generic Account Name	Monetary/ Non-Monetary	Conversion Rate Type	Remeasure (Yes/No)	Remeasurement Rate Type	Translation Rate Type
Liab	Accrued Liability - Variable Lease Expense	Monetary	Transaction Date Spot	Yes	Period End Spot	Period End Spot
Liab	ARO Liability	Monetary	Transaction Date Spot	Yes	Period End Spot	Period End Spot
Liab	Deferred Lease Incentive	Monetary	Transaction Date Spot	Yes	Period End Spot	Period End Spot
Liab	Deferred Rent	Monetary	Transaction Date Spot	Yes	Period End Spot	Period End Spot
Liab	Finance Lease Obligation - LT	Monetary	Transaction Date Spot	Yes	Period End Spot	Period End Spot
Liab	Finance Lease Obligation - ST	Monetary	Transaction Date Spot	Yes	Period End Spot	Period End Spot
Liab	Guaranteed Residual Liability	Monetary	Transaction Date Spot	Yes	Period End Spot	Period End Spot
Liab	Interest Accrued	Monetary	Transaction Date Spot	Yes	Period End Spot	Period End Spot
Liab	Operating Lease Obligation - LT	Monetary	Transaction Date Spot	Yes	Period End Spot	Period End Spot
Liab	Operating Lease Obligation - ST	Monetary	Transaction Date Spot	Yes	Period End Spot	Period End Spot
Liab	Purchase Option Liability	Monetary	Transaction Date Spot	Yes	Period End Spot	Period End Spot
Exp	ARO Amortization Expense	N/A	Historical Spot	No	N/A	Period Wtd Avg
Exp	ARO Interest Expense	N/A	Period Wtd Avg	No	N/A	Period Wtd Avg
Exp	CAMS Expense	N/A	Period Wtd Avg	No	N/A	Period Wtd Avg
Exp	Depreciation Expense	N/A	Historical Spot	No	N/A	Period Wtd Avg
Exp	Gain (Loss) on ARO	N/A	Historical Spot	No	N/A	Period Wtd Avg
Exp	Gain (Loss) on FX Remeasurement	N/A	N/A	No	N/A	Period Wtd Avg
Exp	Gain (Loss) on FX Remeasurement-AP Clearing	N/A	N/A	No	N/A	Period Wtd Avg
Exp	Gain (Loss) on Modification	N/A	Transaction Date Spot	No	N/A	Period Wtd Avg

F/S	Generic Account Name	Monetary/ Non-Monetary	Conversion Rate Type	Rem easure (Yes/ No)	Rem easurement Rate Type	Translation Rate Type
Exp	Gain (Loss) on Reduction of Scope	N/A	Historical Spot	No	N/A	Period Wtd Avg
Exp	Gain (Loss) on Return	N/A	Transaction Date Spot	No	N/A	Period Wtd Avg
Exp	Gain (Loss) on Buyout	N/A	Transaction Date Spot	No	N/A	Period Wtd Avg
Exp	IDC Expense	N/A	Historical Spot	No	N/A	Period Wtd Avg
Exp	Interest Expense	N/A	Period Wtd Avg	No	N/A	Period Wtd Avg
Exp	Interim Rent Expense	N/A	Period Wtd Avg	No	N/A	Period Wtd Avg
Exp	Late Fees	N/A	Period Wtd Avg	No	N/A	Period Wtd Avg
Exp	Lease Incentive Contra Expense	N/A	Historical Spot	No	N/A	Period Wtd Avg
Exp	Lease Rental Expense	N/A	Period Wtd Avg	No	N/A	Period Wtd Avg
Exp	Lease Rental Expense - CapOp Depreciation	N/A	Historical Spot	No	N/A	Period Wtd Avg
Exp	Leased Asset Impairment Expense - Finance Lease	N/A	Historical Spot	No	N/A	Period Wtd Avg
Exp	Leased Asset Impairment Expense - Operating Lease	N/A	Historical Spot	No	N/A	Period Wtd Avg
Exp	Operating Expense	N/A	Period Wtd Avg	No	N/A	Period Wtd Avg
Exp	Other Related Expense	N/A	Period Wtd Avg	No	N/A	Period Wtd Avg
Exp	Property Insurance Expense	N/A	Period Wtd Avg	No	N/A	Period Wtd Avg
Exp	Real Estate Tax Expense	N/A	Period Wtd Avg	No	N/A	Period Wtd Avg
Exp	Return/Early Termination Fee	N/A	Period Wtd Avg	No	N/A	Period Wtd Avg

F/S	Generic Account Name	Monetary/ Non-Monetary	Conversion Rate Type	Rem easure (Yes/ No)	Rem easurement Rate Type	Translation Rate Type
Inc	Non-Trade Interest Income	N/A	Period Wtd Avg	No	N/A	Period Wtd Avg
CTA	Translation Adjustment	N/A	N/A	N/A	N/A	N/A
CTA	Translation Adjustment-AP Clearing	N/A	N/A	N/A	N/A	N/A

## Exhibit 3: Examples to Generate BI-version Reports

REMINDER: Reports generated in Functional or Reporting Currency will only include data for leases if the company participant configured for the Functional Currency Code is populated.

Ex	Description	Report Using	Currency Measured In	Show Deals Transacted In
1	Schedule: Account Balance Report: • Report to include all leases accounted for in Polish Zloty.	Functional	PLN	Blank
2	Schedule: Account Activity Trend Report: • Report to include only leases transacted in Euros measured and accounted for in Polish Zloty.	Functional	PLN	Euro
3	Portfolio Trial Balance Report: • Total Company Consolidated report for all schedules regardless of the currency that the schedules were transacted in or accounted for in.	Reporting	USD	Blank
4	Portfolio Trial Balance Report: • Total Company Consolidated Report for all schedules originally transacted in Euro regardless of the currency they are accounted for in.	Reporting	USD	Euro
5	Portfolio Trial Balance Report: • Total Company Consolidated Report for all schedules originally transacted in USD regardless of the currency they are accounted for in.  Note: Results will only match Example 3 if all schedules in the selected ledger were originally transacted in USD.	Reporting	USD	USD

## Exhibit 4: Known Inconsistencies to above exhibits

Recent FX testing has revealed journal entries that are not converting from transactional to functional currency following the guidelines presented within Exhibit 2. These journal entries are summarized

below. Hanging balances with these entries are not an issue as both legs of the entry currently use the same conversion method. This will be addressed in the future.

Lease Classification	Account Description	ENTRY_TYPE	LEASE_COMPONENT	Current Behavior	Future Corrected Behavior
Capital/Finance	Prepaid Rent	Payment	Base Lease	Period Wtd Avg	Transaction Date Spot
Capital/Finance	Interest Accrued	Payment	Base Lease	Period Wtd Avg	Transaction Date Spot
Capital/Finance	Finance Lease Obligation-LT	Payment	Base Lease	Period Wtd Avg	Transaction Date Spot
Capital/Finance	Accounts Payable Clearing	Payment	Base Lease; Nonremeasuring payment adjustment; Variable expense	Period Wtd Avg	Transaction Date Spot
Capital/Finance	Deferred Rent	Payment	Nonremeasuring payment adjustment	Period Wtd Avg	Transaction Date Spot
Capital/Finance	Accrued Variable Lease Expense	Payment	Variable expense	Period Wtd Avg	Transaction Date Spot
Capitalized-Operating	Accrued Variable Lease Expense	Payment	Variable expense	Period Wtd Avg	Transaction Date Spot
Capitalized-Operating	Accounts Payable Clearing	Payment	Variable expense	Period Wtd Avg	Transaction Date Spot
Capitalized-Operating	Prepaid Rent	Payment	Base Lease	Period Wtd Avg	Transaction Date Spot
Capitalized-Operating	Operating Lease Obligation-LT	Payment	Base Lease	Period Wtd Avg	Transaction Date Spot
Operating	Deferred Rent	Payment	Base lease; Nonremeasuring payment adjustment	Period Wtd Avg	Transaction Date Spot
Operating & NonLease	Accounts Payable Clearing	Payment	Base lease; Nonremeasuring payment adjustment; IDC; Variable expense	Period Wtd Avg	Transaction Date Spot
Operating & NonLease	Prepaid IDC	Additions	IDC	Period Wtd Avg	Transaction Date Spot
Operating & NonLease	Accrued IDC	Additions; Payment	IDC	Period Wtd Avg	Transaction Date Spot
Operating & NonLease	Non-trade Receivable Clearing	Receipt	Lease Incentive	Period Wtd Avg	Transaction Date Spot

Lease Classification	Account Description	ENTRY_TYPE	LEASE_COMPONENT	Current Behavior	Future Corrected Behavior
Operating & NonLease	Lease Incentive Receivable	Receipt; Additions	Lease Incentive	Period Wtd Avg	Transaction Date Spot
Operating & NonLease	Deferred Lease Incentive	Additions	Lease Incentive	Period Wtd Avg	Transaction Date Spot
Operating & NonLease	Accrued Variable Lease Expense	Payment	Variable Expense	Period Wtd Avg	Transaction Date Spot
All	All affected by Intercompany reallocation entries	Reallocation	All affected by Intercompany reallocation entries. These are journal entries with Posting Codes 701 thru 704.	Historical Spot	Transaction Date Spot

# Version Summary

Version	Changes/ Updates	Date
22R2	Updated guide, added Contents and Version Summary	07/15/2022

