

Lease Accounting

IBM TRIRIGA Real Estate Management software helps you generate higher returns from real estate transactions, avoid lease penalties and over-payments, and streamline **lease accounting** practices. It incorporates current **lease accounting** standards so you can be up-to-date with industry best practices. Plus, it helps real estate executives make more-informed real estate decisions to reduce occupancy and operating costs.

Use the **Accounting** tab of the lease form to specify the Financial Accounting Standards Board (FASB) and International Accounting Standards Board (IASB) information. This information includes the accounting details, borrowing rate, growth assumptions, rent component assumptions, and likely term option. This tab also calculates the lease treatment or lease classification for FASB-IASB. The form shows this tab only if you have access as a **Lease Accountant** role with a **Real Estate Manager** license.

Contents

- [I. Notice to IBM TRIRIGA Clients](#)
- [II. Frequently Asked Questions](#)
- [III. Version Updates](#)

I. Notice to IBM TRIRIGA Clients

- Beginning **January 2020**, we resumed our normal processes of providing fixes via fix packs, which are available from Fix Central. We look forward to continuing to support you as you complete migration to the most recent version of the TRIRIGA solution.
- We would like to take this opportunity to provide you with information related to the upcoming implementation of the new lease accounting standards described in **ASC 842** and **IFRS 16**. IBM TRIRIGA includes features and functions to assist your company in adopting the new accounting standards. We recommend that you work with your financial advisors to address how these standards apply to your organization.
- Your company may have one or more agreements in place with companies or affiliates of IBM under which you have purchased entitlements to IBM's TRIRIGA offering. As you work with your advisors to interpret these new standards, it is imperative that you stay connected to the IBM community to take advantage of offering resources as soon as they become available. IBM will continue to monitor statements and guidance from standard-setters like **FASB** and **IASB** and may issue updates to TRIRIGA or communications as a result.
- IBM strongly recommends that clients upgrade to the [most recent release](#) of TRIRIGA and continue to install future releases to benefit from the full capabilities and utility of the software related to lease accounting standard. In addition, clients should frequently monitor this TRIRIGA section of the wiki for offering information, including fixes, software patches, release notes and other supporting documentation.
- CUSTOMERS SHOULD CONSULT WITH THEIR ACCOUNTING ADVISORS AND IMPLEMENTATION PARTNERS TO DETERMINE WHAT IMPACT, IF ANY, MAY RESULT FROM THE CHANGES IN THIS RELEASE/FIX PACK/OM PACKAGE. THIS RELEASE/FIX PACK/OM PACKAGE MAY CONTAIN CHANGES TO CERTAIN CALCULATION MODELS WHICH MAY AFFECT PREVIOUSLY PUBLISHED FINANCIAL RECORDS AND HOW FUTURE RECORDS ARE CALCULATED.
- Check out the **Frequently Asked Questions** (FAQ) below.

II. Frequently Asked Questions

IBM is providing the following FAQs to assist clients with implementation and use of IBM TRIRIGA **Lease Accounting** functionality.

1. How does IBM TRIRIGA help clients to prepare for the implementation of new accounting standards ASC 842 and IFRS 16?

- IBM TRIRIGA includes features and functions that support accounting calculations and business scenarios related to the new accounting standards, but IBM does not provide professional accounting advice. Each client is responsible for pursuing professional accounting services to assist them in evaluating the specific business requirements for their organization, ensuring they meet any applicable accounting requirements. For clients to receive the most up to date features, it is critical that they upgrade to the current release and promptly implement fixes as soon as they become available.

2. What is the current version of TRIRIGA applications?

- See the [IBM TRIRIGA Release Notes](#).

3. What should clients do if they are running a previous version of TRIRIGA?

- The recommended approach is to upgrade to the [most recent release](#).
- Certain individual fixes may be delivered for clients whose project timelines prevent them from performing an application upgrade. These fixes will be limited to certain versions and will be supported with manual instructions for use by the client technical teams or their implementation partners. Manual fixes may require effort beyond provided manual instructions to accommodate client configurations or customizations.
- For clients using **IBM TRIRIGA on Cloud**, the Cloud Service utilizes a continuous delivery model, with different terms for platform and technology updates and for application updates. Platform and technology updates are performed by IBM periodically and at IBM's sole discretion for all Cloud Service clients. Application updates will not be applied for Cloud Service clients who do not specifically select the IBM Facilities and Real Estate Management on Cloud (TRIRIGA) Setup for As-Shipped Applications, or for Cloud Service clients who select the IBM Facilities and Real Estate Management on Cloud (TRIRIGA) On Demand Setup for Fully Configurable Applications. When applied, application updates will override a client's application configurations.
- Clients should work with their implementation partner to determine upgrade plans.

4. If a client decides not to upgrade to a future version but needs current functionality/fixes, what is the IBM process for back migration of fixes/enhancements to prior versions?

- IBM will address issues on releases in accordance with the client's support contract. For example, the 10.6 release stream is generally supported from 2018 until 2023. If issues are found on this release and the client cannot upgrade, fixes will be provided, likely in the form of documentation. IBM reserves the right to deliver larger scale fixes via a fix pack on a later release.

5. How are fixes delivered between fix packs?

- Incremental fixes between fix packs are not currently available.
- If the client cannot locate a fix for their specific issue, they should report the issue using the standard support process.

6. How will fix packs be delivered?

- [Fix packs](#) are available from [Fix Central](#).

7. What is the roadmap for TRIRIGA?

- IBM typically makes the TRIRIGA Roadmap available during the semi-annual TRIRIGA User Group meeting. Updates are normally release every six to twelve months and include both TRIRIGA platform and application updates.

8. Will TRIRIGA be enhanced if the lease accounting standards change?

- IBM will continue to monitor statements and guidance from **FASB** and **IAS** and may issue future TRIRIGA updates or other communications as a result. IBM is finding variability in the way that clients interpret the standards for their own business needs, so clients should continue to work with their professional accounting service providers and implementation partners for interpretation of the standards and related customization of TRIRIGA.

9. What is the IBM plan for continued support beyond a client's "Go-Live" date?

- Refer to the client's software support contract or service description for support terms and conditions.

10. Why does a client need project-specific functionality?

- TRIRIGA functionality has been updated in response to the core aspects of **ASC 842** and **IFRS 16** (and ASC 840 and IAS 17), with the understanding that clients may need to configure or customize the solution to accommodate its own specific accounting, lease type, or business operational needs, such as customized lease types or payment arrangements. TRIRIGA is designed to be configurable by clients to optimize their system.

11. How can project-specific functionality be introduced into the standard TRIRIGA version?

- IBM maintains an active list of client requests. Clients can influence the prioritization through the [Request for Enhancement](#) (RFE) process, in which a client submits a request for new functionality and other clients can vote on such requests. The offering management and development teams review the RFEs regularly for consideration in the next feature pack or release. For enhancements that are relatively large in scope, clients can work with the offering management and development teams to collaborate on the design and specifications used by development.

12. How does the IBM support model work to cover client project-specific modifications until such time as the customization may become standard?

- TRIRIGA support is provided for the standard TRIRIGA product pursuant to the client's software support contract. Support of project-specific modifications is provided separately as an additional service delivered by IBM Services or implementation partners.

13. Is support of Non-Standard Calendars available?

- Non-Standard Calendar support was added with the 10.6.0.4 [fix pack](#), which is available from [Fix Central](#).

14. How does TRIRIGA update the incremental borrowing rate (IBR) across a population of leases?

- Borrowing rates can be loaded into TRIRIGA during implementation along with other data elements. After activation, borrowing rates must be updated manually, on a lease by lease basis. Clients should consult with their professional accounting service provider when establishing and setting incremental borrowing rate prior to standard adoption.

15. How does TRIRIGA calculate Net Present Value (NPV)?

- TRIRIGA calculates lease liability discounting the rent payments due over the likely term of the lease, using the rate implicit in the lease. If the rate implicit in the lease is not provided in the TRIRIGA record, the calculation will be made using the incremental borrowing rate provided in the TRIRIGA record. For the calculation, all rent payments are deemed to be made on the first day of the month, which may result in a difference between the calculated lease liability and any expected result using a daily discounting model. Some clients have requested lease liability calculation based on a daily discounting model. As NPV is currently being calculated consistently, any available changes to this model will be considered as an enhancement.

16. Does TRIRIGA provide pre-configured Journal Entries?

- TRIRIGA ships with over 400 Journal Entry templates designed to be configured for integration with a client's specific financial reporting system and process.

17. Does TRIRIGA support FASB/IFRS guidance for determining currency "blended rate" for Disclosure Reporting?

- Clients input and maintain exchange rates in TRIRIGA exchange rate tables. Each rate can be given an effective "from" and "to" date. During system setup, clients can determine from which exchange rate table, including a table of the blended rate, that each of the reports will pull.

18. How does TRIRIGA calculate weighted average?

- The weighted average discount rate and remaining average lease term are calculated in accordance with the following **ASC 842** disclosures:
- "Weighted-Average Remaining Lease Term and Weighted-Average Discount Rate Disclosures
842-20-55-11 The lessee should calculate the weighted-average remaining lease term on the basis of the remaining lease term and the lease liability balance for each lease as of the reporting date.
842-20-55-12 The lessee should calculate the weighted-average discount rate on the basis of both of the following:
 - a. The discount rate for the lease that was used to calculate the lease liability balance for each lease as of the reporting date
 - b. The remaining balance of the lease payments for each lease as of the reporting date."

19. Do TRIRIGA Disclosure Reports satisfy all compliance reporting?

- Template disclosure reports are provided and may be customized to assist clients with their quantitative disclosure requirements under **ASC 842** and **IFRS 16**. Consult with your accounting advisors to assess your organization's compliance with specific reporting requirements.

20. Does TRIRIGA provide reports showing all Assets and Liabilities?

- The following reports are delivered for client-specific customization:
 - Right-of use asset, finance leases
 - Right-of use asset, operating leases
 - Lease liabilities, finance leases
 - Lease liabilities, operating leases

21. How does TRIRIGA handle late fees and excess payments?

- **Late fees:** The **Late Fees** field allows for you to manually enter an amount of late fees, but it does not have any additional functionality built around it.
- **Excess payments:** The amount which is paid higher than the payment line items (PLIs) due is not considered in the as-shipped Aging Report or the Lease Invoice. But you can select the due date at a later point in time to get the payment line items (PLIs) due, which is equal to the amount you are paying even when paying in excess. It will be reflected in the as-shipped Aging Report and the PLIs will be marked as paid.

22. How do Process AR Receipts work in TRIRIGA?

- A sample scenario that explains the field functions when using Process AR Receipts, is available for download: [IBM TRIRIGA Process AR Receipts Scenario](#) (PDF)

23. How do you transition leases from another system into TRIRIGA?

- A guide that explains how to transition a lease from another system into TRIRIGA, is available for download: [IBM TRIRIGA Guide for Transitioning Leases to TRIRIGA](#) (PDF)

III. Version Updates

Version 11.2 and Later

- See the [IBM TRIRIGA Release Notes](#).

Version 11.1

- **IBM TRIRIGA 11.1** includes new and enhanced TRIRIGA Lease Accounting features, such as Disclosure Reports - Historical Reporting and Foreign Currency Exchange Rate (FX) Handling, Roll Forward Reports, and introduction to new functionality - GASB 87 Lessee Accounting. For complete details on these changes, see the [IBM TRIRIGA Release Notes for 11.1](#).
- For additional resources, the [IBM TRIRIGA 11.1 Documentation and Resources](#) (ZIP) is available for download.
- The ZIP folder contains the following files:
 - IBM TRIRIGA 11.1 Disclosure Report Descriptions
 - IBM TRIRIGA 11.1 Disclosure Reports List
 - IBM TRIRIGA 11.1 Roll Forward FX Rate Mapping Sheet

Version 10.7.0

- **IBM TRIRIGA 10.7.0** includes new and enhanced TRIRIGA Lease Accounting features, such as asset class enhancements and IFRS reversal impairment. For complete details on these changes, see the [IBM TRIRIGA Release Notes for 10.7.0 and 3.7.0](#).
- For specific Lease Accounting details on the updates, download the combined [IBM TRIRIGA Release Notes for 10.5.3-10.7.0 \(Lease Accounting\)](#).

Version 10.6.1

- **IBM TRIRIGA 10.6.1** includes new and enhanced TRIRIGA Lease Accounting features, many of which were introduced in the TRIRIGA 10.6.0.1, 10.6.0.3, and 10.6.0.4 fix packs. For complete details on these changes, see the [IBM TRIRIGA Release Notes for 10.6.1 and 3.6.1](#). Further documentation and updates to existing documentation will be released in upcoming months.
- The new [IBM TRIRIGA Guide for Transitioning Leases to TRIRIGA](#) (PDF) is available for download.

Version 10.6.0.4

- **IBM TRIRIGA 10.6.0.4** includes APARs as well as enhancements for lease accounting, including support for non-standard calendars. The fix pack is available for download from Fix Central. For specific details on the updates, download the combined [IBM TRIRIGA Release Notes for 10.5.3.1-10.6.0.4 \(Lease Accounting\)](#).

Version 10.6.0.3

- **IBM TRIRIGA 10.6.0.3** includes APARs as well as improvements in performance for lease accounting. The fix pack also includes updates to the BIRT disclosure reports, which had previously been offered as a separate OM package. The fix pack is available for download from Fix Central. For specific details on the updates, download the combined [IBM TRIRIGA Release Notes for 10.5.3.1-10.6.0.3 \(Lease Accounting\)](#).

Version 10.6.0.1

- **IBM TRIRIGA 10.6.0.1** includes 125 fixes, including many APARs, and is available for download from Fix Central. For specific details on the updates, download the combined [IBM TRIRIGA Release Notes for 10.5.3.1-10.6.0.1 \(Lease Accounting\)](#).

Version 10.6.0

- **IBM TRIRIGA 10.6.0** includes new and enhanced TRIRIGA Lease Accounting features that were introduced in the TRIRIGA 10.5.3.1 and 10.5.3.2 fix packs, which included improvements to areas like the adoption process, index adjustments, incentive schedules for tenant improvements, journal entry support, dismantle cost, disclosure reports, local reporting, and ASC 842 GAAP classification changes from Operating to Finance. For

complete details on these changes, see the [IBM TRIRIGA Release Notes for 10.5.3.1 and 10.5.3.2](#). In addition, TRIRIGA 10.6.0 includes enhancements to incentive schedules that are created after a modification and the ability to include exit or disposal liability carryover.

- For specific details on the updates, download the combined [IBM TRIRIGA Release Notes for 10.5.3.1-10.6.0 \(Lease Accounting\)](#).

Version 10.5.3.1 and Later: BIRT Disclosure Report Templates

- You can download templates to add **BIRT Disclosure Reports** to IBM TRIRIGA Lease Accounting. A separate OM package is available if you require local reporting. If you are not using local reporting, you do not need the second OM package. For more information on local reporting, see the [Local Reporting](#) (10.8.0) topic in the IBM Knowledge Center. The **OM packages** contain queries and BIRT report templates. After the OM import, existing queries are updated and the BIRT reports are created or updated in the Document Manager.
- The BIRT disclosure report templates run in IBM TRIRIGA version 10.5.3.1 and later.
- The **OM packages** containing the templates for the BIRT disclosure reports are available for download.
 - [BIRT Disclosure Report Templates \(v5\)](#) (ZIP)
 - [BIRT Disclosure Report Templates, Local Reporting \(v1\)](#) (ZIP)
- Follow these steps to apply the **OM package**:
 - **1.** Browse to the appropriate ZIP file.
 - **2.** In the **Administrator Console**, verify that the Object Migration Agent and the Object Publish Agent are running.
 - **3.** Log into TRIRIGA as an administrator.
 - **4.** Go to **Tools > Object Migration**.
 - **5.** Click **New Import Package**.
 - **6.** Browse for the appropriate ZIP file and click **OK**.
 - **7.** Use the **Validate** action to verify that the objects can be imported successfully.
 - **8.** Use the **Import** action to initiate the import process. A notification is sent to the user when the import process is completed.

Version 10.5.3.1

- **IBM TRIRIGA 10.5.3.1** provides advanced lease accounting enhancements and changes, including additional support in the areas of index adjustments, incentive schedules for tenant improvements, lease history performance, journal entries, dismantle cost, local reporting, and ASC 842 GAAP classification changes from Operating to Finance.
- For specific details on the updates and additional resources, the [IBM TRIRIGA 10.5.3.1 Documentation and Resources](#) (ZIP) is available for download.
- This ZIP file contains the following files:
 - IBM TRIRIGA 10.5.3.1 Release Notes (PDF)
 - IBM TRIRIGA 10.5.3.1 Best Practices for Index Adjustments (PDF)
 - IBM TRIRIGA 10.5.3.1 Index Adjustment Use Case Spreadsheets (ZIP)
 - IBM TRIRIGA 10.5.3.1 Journal Entry Updates (XLS)
 - IBM TRIRIGA 10.5.3.1 Disclosure Report Assumptions and Design (PDF)
 - IBM TRIRIGA 10.5.3.1 BIRT Disclosure Reports (PDF)
- Updates to the **BIRT disclosure report templates**, in an OM package (ZIP), are also available for download.
 - [BIRT Disclosure Report Templates 10.5.3.1 \(v4\)](#) (ZIP)

Version 10.5.3

- **IBM TRIRIGA 10.5.3** provides advanced lease accounting enhancements to IBM TRIRIGA Real Estate Manager. The feature set transforms the IBM TRIRIGA Real Estate Manager module into a sub-ledger system for real estate and asset lease accounting. This new set of functionality delivers the capability to generate journal entries for ASC 840 and ASC 842 under US-GAAP, as well as for IAS 17 and IFRS 16. It also covers period closings and report generation for the most common reports required under the ASC 842 accounting standard. Segregation of duties between the lease administrator and the lease accountant are also added to make a clear delineation of the roles.
- In addition to the updates in the IBM Knowledge Center, the [IBM TRIRIGA 10.5.3 Lease Accounting Implementation Guide](#) (PDF) is available for download.
- Additional **BIRT disclosure report templates**, in an OM package (ZIP), are also available for download.
 - [BIRT Disclosure Report Templates \(v3\)](#) (ZIP)

Version 10.5.2

- **IBM TRIRIGA 10.5.2** continues to enhance IBM TRIRIGA Real Estate Manager lease accounting processes to accelerate compliance with the final lease accounting standards announced by FASB in **February 2016** and IASB in **January 2016**.
- In addition to improvements to functionality for Monthly partial payments and enabling the Generate Payment Schedules wizard on clauses, specific improvements for the current accounting standard (ASC 840) and the new accounting standard (ASC 842) include:
 - **Current Accounting Standards (ASC 840)**
 - Improvements to Incentive schedules
 - Asset impairment for Capital/Finance Leases
 - Support for Fair Market less than Net Present value scenario
 - Gross lease support for Straight-Line/Amortization schedule
 - Impact of Initial Direct Cost and Rental Prepayment to Straight-Line/Amortization schedule
 - Full support of Monthly and Non-Monthly for Straight-Line/Amortization schedules for Standard Calendar
 - Capital/Finance to Capital/Finance Lease Modifications
 - **New Accounting Standards (ASC 842)**
 - Initial Right of Use of Asset Value processing to include:
 - Unamortized Costs (Rental Prepayment and Initial Direct Cost)
 - Unamortized Lease Incentives
 - Tenant incentive improvements to impact lease liability
 - Impact of Initial Direct Cost and Rental Prepayment to Operating/Finance accounting schedule
 - Full support of Monthly and Non-Monthly in Operating/Finance schedules for Standard Calendar
 - Gross lease calculations (for Monthly and Non-Monthly) for Adoption
 - Indexed Rent enhancements: Application of Min%(Floor) for GAAP (FASB)
 - Multinational support enhancements for ASC 842
 - Removal of Fair Market less than Net Present value scenario
- In addition to the 10.5.1 documentation, the [IBM TRIRIGA 10.5.2 Lease Accounting Implementation Guide](#) (PDF) is available for download.

Version 10.5.1

- **IBM TRIRIGA 10.5.1** allows you to adopt the new lease accounting requirements for FASB and IASB in time to be audit-ready with two years of historical data by 2019. The following documentation relevant to this release is available for download.
 - [IBM TRIRIGA Lease Accounting for the New FASB and IASB Standards](#) (PDF)
 - [IBM TRIRIGA Lease Accounting Fields](#) (XLSX)
 - [IBM TRIRIGA 10.5.2 Lease Accounting Implementation Guide](#) (PDF)
- You can also view the [Best Practices for Lease Accounting](#).

Version 10.5.0

- **IBM TRIRIGA 10.5.0** adds support for the following calculation types:
 - Partial payment calculations for special location-specific quarters
 - Partial payment calculations for annual and semi-annual frequencies
 - Retail monthly frequency net rent calculations enhancements for straight-lining
 - Adjust payment for general clauses and options
 - Lease Accounting chart enhancements
 - Straight-lining enhancements for non-monthly frequencies

Version 10.4.2

- **IBM TRIRIGA 10.4.2** lease accounting utilizes a new approach of Monthly Rate/Daily Rate which is calculated on each of the payment schedule within the Accounting Start/End Date. Based on application settings, Monthly Rate or Daily Rate is used to populate the Net Rent payment for a Straight Line Schedule (Operating Leases)/Capital/Finance schedules (Capital or Finance Leases).
- The 10.4.2 release also supports the partial-period calculations for Straight-Line/Capital/Finance Schedule. The Straight-Line calculation that was introduced in 10.3.2 is still supported.
- For information about avoiding errors with straight-line calculations and other FAQs, the [IBM TRIRIGA 10.4.2 Real Estate Manager Best Practices](#) (PDF) is available for download.

Version 10.3.2

- Prior to **IBM TRIRIGA 10.3.2**, the straight-line calculations for both real estate and asset leases were based on payment line items (PLIs) in the **Payments** section of the **Payments** tab. To better align with current FASB standards and to cover the latest developments from the May 2013 FASB/IASB exposure draft on lease accounting, the new **IBM TRIRIGA 10.3.2** straight-line calculations are based on fiscal line items (FLIs) in the **Schedule Straight Line** section of the **Accounting** tab of the lease form (for both real estate and asset leases).
- For information about the changes that were made in straight-line calculations, the [IBM TRIRIGA 10.3.2 Lease Accounting, Straight-Line Schedule Upgrade](#) (PDF) is available for download.