



Processing contract transfers

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Background

What is a contract transfer?

A contract transfer is an operation which involves transferring a contract from one lessee (the transferor) to another (the transferee).

Implementation

This note provides the instructions required for setting up and understanding contract transfers in Lease.

In this document, we will use the terms:

- Transferor (former lessee)
- Transferee (new lessee)

Repository

In "manage standards" of the repository, the client administrator will have to choose the right options for all the transfer operations that will take place in Lease.

The result of the operation will be entered in the income statement (the default option) or in reserves, depending on the option chosen.

Settings of transition approaches

Choose your approach to view the leases

Additional options

☒ Compare transition approaches

Select the calculation method for the initial automatic rate ⓘ

Conversion option for the modified retrospective approach ⓘ

Contract transfer configuration

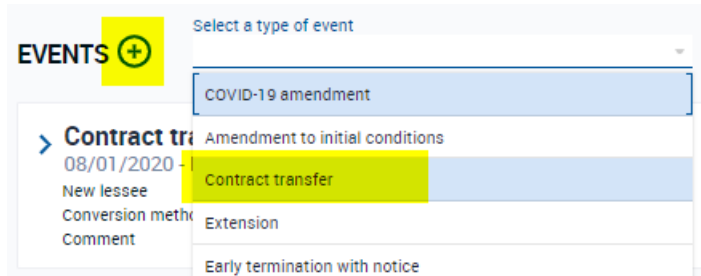
Method of accounting events option ⓘ

This option is final for contract transfer accounting treatments. Changing option will imply a change of accounting method

Lease

Transferring one contract

On the contract sheet, "Contract transfer" must be selected from the events to trigger the calculation of transfer operations.



✓ Contract transfer 08/01/2020 - Residual period: 39 months

Amendment Effective date 08/01/2020	Comment Transfert From Lessee A to B
New lessee LD_TEST - Id test 05	
Conversion method Average rate for the period	

Important notes

- The transfer may take place on a different date to that of the payment date.
- Depending on the option chosen in the case of conversion, it may be carried out at the average rate for the period or the closing rate for the previous period.
- The comments section is a free-text area.

Transferring multiple contracts

It is possible to transfer multiple contracts using filters in the contracts repository.

To do so:

- Perform a search (in this example, two contracts will be transferred)

Click to add a filter

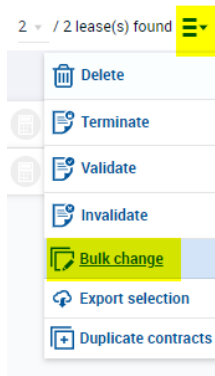
Clear filters

Status: Active contracts | Reference: Contracts, transfert m

2 / 2 lease(s) found

Reference	Lessor	Lessee	Created by	Modified	Alerts	Status	Actions
TRANSFERT MASSE 2	BNP - BNP Paribas	LD, CEDANT - Prieur Cedant	LDIDIER	02/22/2021			
TRANSFERT MASSE 1	BNP - BNP Paribas	LD, CEDANT - Prieur Cedant	LDIDIER	02/22/2021			

- Select the option "Change multiple contracts" in the menu



- The "Change multiple contracts" section has various fields, including the contract transfer event

Portal > Find leases > Bulk change

Contractual clauses | Monitor assets | Report

> Description

> Accounting

> Additional information

> Initial lease conditions

▼ Contract transfer

Amendment	Comment
Effective starting date *	
New lessee *	
Conversion method	
Average rate for the period	

- The event must be confirmed in order to proceed with the transfer



 Change 2 leases

- You will be asked to confirm

Modification of 2 leases

Do you confirm your changes on the 2 selected leases?

Cancel

Confirm

Accounting treatment in the contract currency

In the transferor's accounts

The example below shows a contract with an annual payment. The contract is transferred on 10 February 2021.

In Lease, accounting events belong to the transferor until 9 February 2021 in the example, **so the transfer date is not entered in the transferor's accounts.**

No accounting items will be generated the day before this date. From this date, the "transfer" to the transferee will be entered.

Audit

Analysis

Filters

Lease - BNP_TRANSFERT

Lessee - Preneur Cédant

Period...

2020.12.31

Period...

2021.12.31

Period...

2021.12.31

Period...

2021.12.31

Period...

2021.12.31

Period...

2021.12.31

Period...

2021.12.31

Period...

2021.12.31

Total 2021.1...

Period...

2021.12.31

Flow

CO03

CR01

FC02

FC03

FC09

FE12

Total 2021.1...

Accou...

L-A210 - Gross value

L-A280 - Depreciation

Total Asset

54,551

-13,365

41,186

-

-

-1,201

-

-

-54,551

-

-54,551

13,365

-41,186

Accou...

L-L106 - Retained earnings

L-L120 - Result of the exercise

L-L160 - Non-Current Lease Liability

L-L161 - Current Lease Liability

Total Liability

-234

-927

31,864

10,483

41,186

-

-

-

-1,141

0

1,160

0

-41,205

0

-41,186

Accou...

L-R612 - Lease payment

L-R661 - Interest

L-R681 - Allocation back to depreciation

L-R758-3 - Profit on lease transfer

Total Profit and Loss

12,000

-2,017

-10,910

-

-927

-

-

-

-

0

-

-

-

-

0

0

0

0

0

0

1,321

-180

-1,201

1,220

1,160

Important notes

In this case, as the option affects the income statement, the transfer flow FC09 is not balanced. The difference is owing to the income statement effect, which is entered in this case in credit balance of account L-R758-3 "Result from contract transfer (profit)".

It should therefore be noted that the accounts L-L120 "Result for the financial year" and L-L106 "Reserve" are not balanced to zero (they will be from the next tax year).

In the transferee's accounts

From 10 February 2021, the contract lessee changes, so the transfer date is entered in the transferee's accounts.

This means the transfer flow that appeared in the former lessee's accounts (the transferor) will appear in the transfer flow (FC09).

Filters											
Lease - BNP_TRANSFERT		Lessee - Preneur Cessionnaire									
Period...		2020.12.31	Period...		2021.12.31	2021.12.31	2021.12.31	2021.12.31	2021.12.31	2021.12.31	Total 2021.1...
Flow			Flow		CC03	CR01	FC02	FC09	FE12		
Accou...											
L-A210 - Gross value		-			-	-	-	54,551	-	54,551	54,551
L-A280 - Depreciation		-			-	-9,709	-	-14,567	-	-24,275	-24,275
Total Asset		0			0	-9,709	0	39,985	0	30,276	30,276
Accou...											
L-L120 - Result of the exercise		-			-	-	-1,588	-	-	-1,588	-1,588
L-L160 - Non-Current Lease Liability		-			-	-	-	30,665	-9,808	20,857	20,857
L-L161 - Current Lease Liability		-			-9,341	-	-	10,540	9,808	11,007	11,007
Total Liability		0			-9,341	0	-1,588	41,205	0	30,276	30,276
Accou...											
L-R612 - Lease payment		-			-	-	-	-	-	0	10,679
L-R658-3 - Loss on lease transfer		-			-	-	-	-	-	0	-1,220
L-R661 - Interest		-			-	-	-	-	-	0	-1,337
L-R681 - Allocation back to depreciation		-			-	-	-	-	-	0	-9,709
Total Profit and Loss		0			0	0	0	0	0	0	-1,588

Important notes

In this case, as the option affects the income statement, the transfer flow FC09 is not balanced.

The difference is owing to the income statement effect, which is entered in this case in debit balance of account L-R758-3 "Result from contract transfer (loss)".

Accounting treatment in the lessee's currency

As a reminder, accounts in the lessee's functional currency will be converted using the historical rate method. For more information, please see "Data Sheet - Conversion in Lease".

Please note, however, that contract transfer operations, separated in the transfer flow FC09 can be converted using two methods:

- The average rate for the period on the transfer date
- The closing rate for the period before the transfer date (used when the merger date will be the first day of the month)

Important notes

- If the wrong option is chosen, it may be changed/deleted. Please see the "Other actions" section.
- The "default" value is the "Average rate for the period" option.
- When converting accounts, non-monetary items should be distinguished from monetary items.

In the transferor's accounts

After the transfer, the transferor's accounts no longer change.

This means that during the fiscal year the transfer is carried out, the accounting entries after the transfer period will no longer be affected by exchange rates.

Apart from non-monetary items, converted at the historical rate, the rate used for the transfer period is therefore the last rate applicable for the conversion of the transferor's movements.

Filters

Lease - BNP_TRANSFERT

Lessee - Preneur Cédant

Conversion currency - USD

Period...

2020.12.31

Period...

2021.12.31

Period...

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2021

In the transferee's accounts

The transferee's transfer flow is converted at the rate used for the transfer period by the transferor.

Also note that non-monetary items transferred to the transferee's accounts are converted at the historical rate used when entered in the transferor's accounts.

Filters: Lease - BNP_TRANSFERT Lessee - Preneur Cessionnaire Conversion currency - USD

Period...	2020.12.31	Period...	2021.12.31	2021.12.31	2021.12.31	2021.12.31	2021.12.31	2021.12.31	2021.12.31	2021.12.31	2021.12.31	Period...	2021.12.31
Flow		Flow	CC03	CR01	FC02	FC05	FC09	FE12	Total 2021.1...			Period...	2021.12.31
Accou...													
L-A210 - Gross value	-	-	-	-	-	-	70,295	-	70,295				70,295
L-A280 - Depreciation	-	-	-12,511	-	-	-	-18,770	-	-31,281				-31,281
Total Asset	0	0	-12,511	0	0	0	51,525	0	39,014				39,014
Accou...													
L-L105 - Retained earnings	-	-	-	-	-	-	-12,858	-	-12,858				-12,858
L-L120 - Result of the exercise	-	-	-	-4,763	-	-	-	-	-4,763				-4,763
L-L160 - Non-Current Lease Liability	-	-	-	-	-	3,396	49,376	-15,693	37,079				37,079
L-L161 - Current Lease Liability	-	-	-14,946	-	-	1,850	16,971	15,693	19,568				19,568
Total Liability	0	-14,946	0	-4,763	5,246	53,489	0	39,026	39,026				39,026
Accou...													
L-R612 - Lease payment	-	-	-	-	-	-	-	-	0				17,086
L-R658-3 - Loss on lease transfer	-	-	-	-	-	-	-	-	0				-1,952
L-R661 - Interest	-	-	-	-	-	-	-	-	0				-2,140
L-R666 - Unrealised foreign exchange gain and losses	-	-	-	-	-	-	-	-	0				-5,246
L-R681 - Allocation back to depreciation	-	-	-	-	-	-	-	-	0				-12,511
Total Profit and Loss	0	0	0	0	0	0	0	0	0				-4,763

Accounting treatment in the consolidation currency

As a reminder, accounts in the lessee's functional currency will be converted to the consolidation currency using the historical rate method.

For more information, please see "Data Sheet - Conversion in Lease".

In the transferor's accounts

The transfer flow will therefore be converted from the amounts in the transferor's functional currency at the average rate for the transfer period.

After the transfer, the transferor's accounts no longer change.

This means that during the fiscal year, the transfer is carried out in, the accounting entries after the transfer period will no longer be affected by exchange rates.

Filters Lease - BNP_TRANSFERT Lessee - Preneur Cédant Conversion currency - EUR													
	Period...	2020.12.31	Period...							2021.12.31	2021.12.31	2021.12.31	2021.12.31
	Flow		CC03	CR01	FC02	FC03	FC04	FC05	FC09	FE12	Total 2021.1...	2021.12.31	2021.12.31
Accou...													
L-A210 - Gross value		-28,118	-	-	-	-	7,030	1,850	-35,997	-	-28,118	-	-
L-A280 - Depreciation		-6,889	-	-815	-	-	-1,722	-453	9,879	-	6,889	-	-
Total Asset		21,229	0	-815	0	0	5,307	1,397	-27,118	0	-21,229	0	0
Accou...													
L-L106 - Retained earnings		-3,191	-	-	-	-15,772	-	-	-	-	-15,772	-	-18,963
L-L106-1 - Translation Reserve		4,902	-	-	-	-	-3,515	-925	-464	-	-4,903	-	-
L-L120 - Result of the exercise		-15,772	-	-	18,963	15,772	-	-	-	-	34,736	-	18,963
L-L160 - Non-Current Lease Liability		26,553	-	-	-	-	-2,499	2,950	-25,988	-1,016	-26,553	-	-
L-L161 - Current Lease Liability		8,736	-967	-	-	-	-822	970	-8,932	1,016	-8,736	-	-
Total Liability		21,229	-967	0	18,963	0	-4,837	2,965	-35,383	0	-21,229	0	0
Accou...													
L-R612 - Lease payment		10,909	-	-	-	-	-	-	-	-	0	-	1,170
L-R661 - Interest		-1,833	-	-	-	-	-	-	-	-	0	-	-152
L-R666 - Unrealised foreign exchange gain and losses		17,819	-	-	-	-	-	-	-	-	0	-	10,546
L-R681 - Allocation back to depreciation		-7,030	-	-	-	-	-	-	-	-	0	-	-815
L-R758-3 - Profit on lease transfer		-	-	-	-	-	-	-	-	-	0	-	8,265
Total Profit and Loss		-15,772	0	0	0	0	0	0	0	0	0	0	18,963

In the transferee's accounts

The transferee's transfer flow is converted at the rate used for the transfer period by the transferor.

Filters Lease - BNP_TRANSFERT Lessee - Preneur Cessionnaire Conversion currency - EUR													
	Period...	2020.12.31	Period...							2021.12.31	2021.12.31	2021.12.31	2021.12.31
	Flow		CC03	CR01	FC02	FC05	FC09	FE12	Total 2021.1...	2021.12.31	2021.12.31	2021.12.31	2021.12.31
Accou...													
L-A210 - Gross value		-	-	-	-	-7,322	29,290	-	21,967	-	21,967	-	21,967
L-A280 - Depreciation		-	-	-5,213	-	3,258	-7,821	-	-9,775	-	-9,775	-	-9,775
Total Asset		0	0	-5,213	0	-4,064	21,469	0	12,192	0	12,192	0	12,192
Accou...													
L-L106 - Retained earnings		-	-	-	-	1,339	-5,357	-	-4,018	-	-4,018	-	-4,018
L-L106-1 - Translation Reserve		-	-	-	-	497	-	-	497	-	497	-	497
L-L120 - Result of the exercise		-	-	-	-1,985	-	-	-	-1,985	-	-1,985	-	-1,985
L-L160 - Non-Current Lease Liability		-	-	-	-	-2,447	20,574	-6,539	11,587	-	11,587	-	11,587
L-L161 - Current Lease Liability		-	-6,227	-	-	-1,268	7,071	6,539	6,115	-	6,115	-	6,115
Total Liability		0	-6,227	0	-1,985	-1,878	22,287	0	12,197	0	12,197	0	12,197
Accou...													
L-R612 - Lease payment		-	-	-	-	-	-	-	0	-	7,119	-	7,119
L-R658-3 - Loss on lease transfer		-	-	-	-	-	-	-	0	-	-813	-	-813
L-R661 - Interest		-	-	-	-	-	-	-	0	-	-892	-	-892
L-R666 - Unrealised foreign exchange gain and losses		-	-	-	-	-	-	-	0	-	-2,186	-	-2,186
L-R681 - Allocation back to depreciation		-	-	-	-	-	-	-	0	-	-5,213	-	-5,213
Total Profit and Loss		0	0	0	0	0	0	0	0	0	-1,985	0	-1,985

Other actions

Changing transfer parameters

Changing the transfer parameters involves allowing the user to change one of the three pieces of information requested when declaring the event.

To do this, go to the contract, then go to the event and change the anomalous criterion or criteria.

EVENTS 

 **Contract transfer**
02/10/2021

Amendment

Effective date

 02/10/2021

New lessee

 LD_CESS - Preneur Cessionnaire

Conversion method

Average rate for the period

Comment

transfert From lessee A to B

Important notes

If closed by your administrator, this may generate the flow FE11 "Correct again".

Deleting a transfer

Following the same principle as that of changing the contract transfer, it is also possible to delete the contract transfer.

To do this, go to the event and delete it using the appropriate button.

Exporting entries

It is important to specify that the mapping files used for the flows must be adapted in order to generate the entries.

The contract transfer will be managed by:

- A new flow, flow FC09 "Transfer".
- The account L-R658-3 "Result from contract transfer (loss)"
- The account L-R758-3 "Result from contract transfer (profit)"

The templates provided by Lease therefore change with new lines being added.