



Getting ready for IFRS 16

10 key questions on the
new leases standard

October 2016
kpmg.com/ifrs



Assessing the challenge

The new leases standard will have a significant impact when it comes into effect in 2019.

These 10 questions will help you assess the challenge ahead.



1. How many leases do you have?

A useful rule of thumb is that it is more than you think!



2. Who holds your lease information?

Do you have a database?

Is it kept centrally or in the business units?



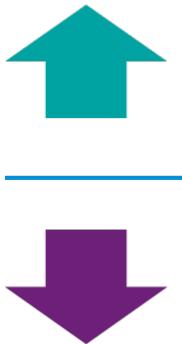
3. What new leases will you sign by 2019?



4.

How will IFRS 16 affect your KPIs?

Do any change in ways you wouldn't expect?



Profit/loss

EBITDA

Balance sheet

Total assets

Ratios

Gearing

EPS
(in early years)

Net assets

Interest cover
Asset turnover

5. Will your covenant compliance be affected?

For many covenants, GAAP will be frozen – but are they all?



6. Which transition method will you apply?

Apply IFRS 16 retrospectively to all accounting periods?

Or, as a 'big bang' on the date of application?

Cost



Comparability



7. Will you apply the optional exemptions?



≤ 12 months?



≤ USD 5,000?

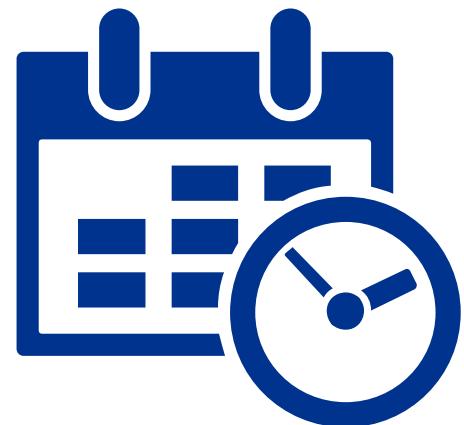
They could save you time
and money!

8. Are your operating lease disclosures complete and accurate?



9. What will you say about IFRS 16 in your 2016 annual report?

Your regulators and stakeholders will expect a steer



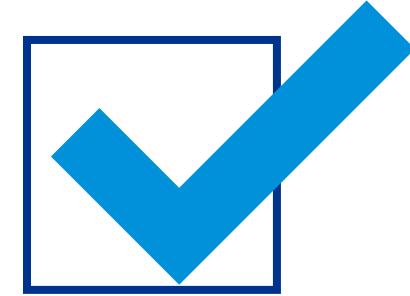
10. Who owns your IFRS 16 implementation project?

If you don't know, the answer could be 'you'!



How did you do?

How many of our ten questions
could you answer?



9–10

Great!

5–8

You're with the pack

0–4

You really need to engage

Find out more

Take a look at our SlideShare
*IFRS 16 Leases – A more
transparent balance sheet*





kpmg.com/socialmedia



kpmg.com/app



© 2016 KPMG IFRG Limited, a UK company limited by guarantee and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.