

Preparing for the new leases standard

IFRS 16

With just weeks to go until the new leases standard – IFRS 16 – becomes effective, here are five key points for companies to consider when setting their priorities...



Data, data, and more data...

- Having accurate and complete data will be critical in ensuring your accounting calculations are correct and compliant
- Don't underestimate the task ahead. Your data library needs to capture the current status and history of every lease contract
- Don't forget those leases that were classified as operating leases under IAS 17



Think beyond the lease contract

- Making the necessary accounting judgements can be complex. Allocate those judgements to people with the right knowledge – both centrally and in divisions
- Accounting and treasury teams will need to work together
- Those tasked with data collection need to be properly supported and trained



Compliance is key

- You'll need to design and implement a new end-to-end solution, as well as lease accounting processes
- If you're running behind, consider an interim solution that is compliant but may involve manual effort, before finalising your sustainable, efficient solution



Strong programme management is essential

- Define a clear project plan with detailed steps, responsibilities, timelines and governance to help speed up progress and flag potential risks early
- Strong programme management, with clear milestone and deliverable reporting, will be key to successfully executing the plan and managing your route to compliance



Manage your stakeholders' expectations

- Investors, banks, and lease providers may all have expectations – or even covenants – that will be impacted on transition
- Consider how you will address the needs of external stakeholders as part of your 2018 year-end disclosures

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