

NEW LEASE ACCOUNTING COMPLIANCE

Implementation Timeline



IFRS 16 & FASB ASU Leases Published

Finalisation of standard. Formerly announced to allow businesses to prepare for implementation.

Planning, data gathering and reporting are all time consuming tasks and must not be underestimated

PREPARATIONS MUST START NOW

Data Gathering & Review

Arguably the most time and resource consuming aspect of transition. Organisations need to collate data on all leases across the company. Most businesses do not have a complete archive of all active leases. Review which ones will be affected and what actions must be taken. Once a business has a greater visibility of its lease portfolio, it is easier to highlight areas most impacted and develop an effective response.

DEADLINE FOR PREPARATION

Interim Comparative Reports & FASB ASU Private Implemented

As part of the transition, entities may need to provide reports highlighting the effects of the new standards. Similarly, entities will need to specialised retrospective reports for leases that extend over the transition. Private companies have an additional year for to prepare. Their implementation date is December 15th 2020.

2016

2017

2018

2019

2020

2021

Understanding, Planning & Funding

Research the changes to forecast the impact and required response. Designate an internal team and begin early as budget funding and internal collaboration takes time to confirm. Entities should consider impact on key indicators such as debt covenants, financial ratios and compensation packages as well as changes to the assessment of what constitutes a lease.

Implementation of IFRS 16 & FASB ASU Public

December 15th 2018 for US GAAP and January 1st 2019 for IFRS. Entities must be prepared to produce the required reports and accounts. IAS 17 and Topic 840 will no longer be valid, but may need to provide comparative reports on transition.

Long Term Lease Management, Savings & Optimisation

To achieve ROI and drive significant savings, entities should employ an ongoing centralised lease management process. Improvements in efficiency will be highlighted with the greater visibility of active leases..

