



Getting ready for IFRS 16

10 key questions on the
new leases standard



October 2016

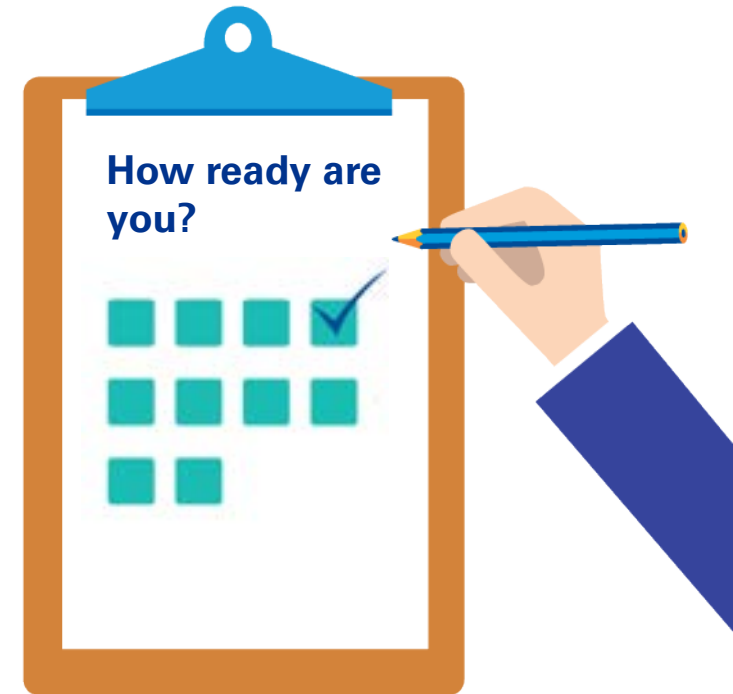
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Assessing the challenge

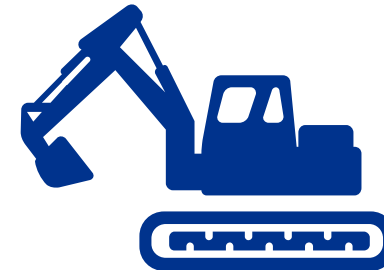
The new leases standard will have a significant impact when it comes into effect in 2019.

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 | Balance sheet | Ratios |
|--|-------------------------|---------------|----------------------------------|
|  | EBITDA | Total assets | Gearing |
| <hr/> | | | |
|  | 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?

They could save you time and money!



≤ 12 months?



≤ USD 5,000?

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*





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