IFRS 16 Lease Accounting Tool

A practical solution to a complex issue

Accounting Advisory

Middle East

pwc

A recap of the IFRS 16 headlines for lessees

- Effective from 1 January 2019.

- Brings most leases 'on balance sheet'.

- Will result in recognition of an IFRS 16 lease liability and right of use asset.

- EBITDA will increase due to reversal of previous IAS 17 lease expenses.

- Net profit will likely decrease in early years due to front loading impact of interest recognised on IFRS 16 lease liability.

Why is an IFRS 16 calculation tool required?

40+ data points are required to manage each lease and undertake IFRS 16 calculations.

Complex calculations are necessary where leases contain fluctuating periodic rentals, ongoing change in extension/termination options, different currencies, etc.

Managing lease data and their calculations, and tracking post-transition lease modifications becomes complex where more than 25 leases are held.

Basic spreadsheet models created for individual leases present a greater risk of input error, and require significantly more manual time and effort to aggregate balances, report consistently and perform audits or verifications.

Our IFRS 16 Lease Accounting Tool provides an accurate, reliable and cost effective solution

- ✓ Excel based, macro driven tool

- ✓ No requirement for storage space or annual subscription fees

- ✓ Provides an all in one solution: acts as a lease register and a financial impact calculator

- ✓ Customisable to your requirements

- ✓ Covers all three IFRS 16 transition approaches

- ✓ Produces IFRS 16 journals

- ✓ Capability to analyse and review IFRS 16 data
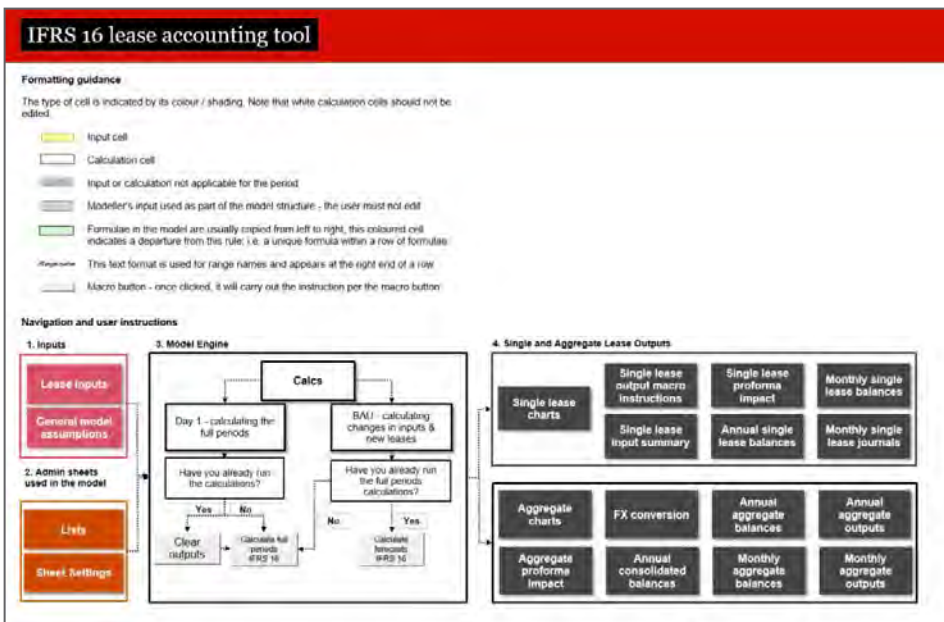
- ✓ Multiple entity and multiple currency enabled

IFRS 16 Lease Accounting Tool

How does it work?

Navigation screen

The tool features an easy to use Excel interface, enabling simple navigation to the lease input and output screens.

A single workbook houses all lease calculations, which are performed using an automated macro routine.

Lease input screen

Lease information is entered via an interactive input sheet that has built-in data validation checks and drop down options.

Output screen

Outputs can be displayed on an individual lease level, or aggregated by currency, company code or lease asset class.

Customisable views

The tool is customisable to your needs, including custom report views – ensuring that outputs match your stakeholders' expectations.

Contacts

Contact us to discuss how the PwC IFRS 16 Lease Accounting Tool can help your organisation.

Blaise Jenner
IFRS 16 Leader,
Accounting Advisory

M: +971 (0)52 918 1258
E: blaise.jenner@pwc.com

Taha Ali
Director,
Accounting Advisory

M: +971 (0)56 418 9963
E: taha.ali@pwc.com

Bachar Hani
Manager,
Accounting Advisory

M:+971 (0)56 676 3625
E: bachar.hani@pwc.com

pwc.com/me/IFRS16tool