

# Live Under IFRS 16: The Good, The Bad and What Comes Next

Wednesday 4<sup>th</sup> December 2019

NAKISA  
LeaseAdministration



# Moderator



## Jay Tahtah

Partner



Jay Tahtah is a PwC partner leading the global IFRS 16 proposition. He advises clients on a variety of complex finance transformations across a range of industries. With the wave of accounting changes, he brings PwC's methodologies, technology solutions and capabilities to help clients in their end-to-end implementation of major IFRS changes including IFRS 16 Leases. He is also responsible for (academic) research publications on IFRS and is a frequent speaker at international financial reporting conferences.

# Panelists



**Andre Besson**

Head of Financial Reporting Guidelines



Andre has led the Financial Reporting Guidelines team at Nestlé's Group headquarters for the past seven years. As project sponsor for the group project to implement IFRS 16 Leases at Nestlé, he brings specialist knowledge to the conversation.



**Antoine Vallet**

Global Process Owner Asset Management



With close to 15 years of financial experience with Bayer alone, Antoine brings end-to-end knowledge on accounting processes. Focusing in the area of Asset Management, Antoine has valuable experience leading initial implementation for IFRS 16 compliance.



**Dana Jircikova**

Head of Capital Investment Consolidation



Dana has been the global Project Manager for the IFRS 16 implementation. Dana joined Nestlé in 2001 in Czech Republic and has held various positions in Internal Audit, SAP deployment project in Zone Europe and Costing.



**Imran Mia**

Head of Center of Excellence



With over 16 years of experience in technical accounting, financial reporting and business transformation, Imran has helped develop best practices to enable organizations to plan, transition, and comply with financial regulations, including IFRS 16.

# Agenda



Functional/Technical  
Landscape

Day 0 –  
Implementation

Day 1 –  
Transition

Day 2 –  
Business as  
Usual

Q&A

# IFRS 16 - Beyond the Implementation

## 2019 IFRS 16 Post-Implementation Survey

PwC's 2019 Global IFRS 16 Post-Implementation Survey sought to understand how IFRS 16 implementations progressed in context of the considerations above and where challenges continue to reside post-transition.

### About the Survey:

- 400 public companies surveyed
- Main regions: Europe, North America, Asia Pacific and Middle East & Africa
- Respondents across all industries
- More than 50% of respondents with global revenues > US\$1 billion

# 2019 IFRS 16 Post-Implementation Survey Results

Four themes:



A race to implement IFRS 16



Benefits yet to come



More guidance needed



Complex investor communications

# Functional/Technical Landscape



# Functional Landscape



Number of contracts and assets



Makeup of Portfolio



Real-estate vs Equipment

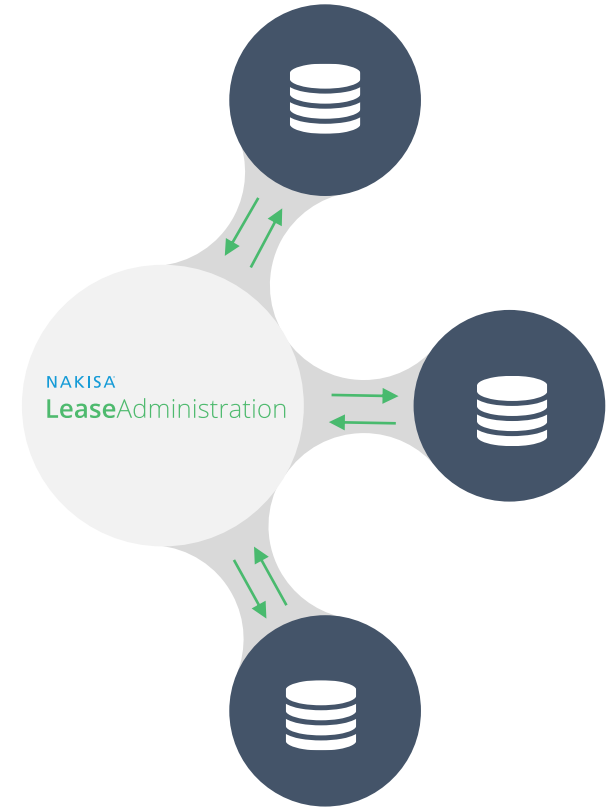


Number of Markets



# Technical Landscape

- 1 | Types of ERP systems used
- 2 | Number of different ERP systems used
- 3 | Localized and Global systems
- 4 | Existing lease/contract management systems prior to IFRS 16



## Polling Question

How many contracts are there in your lease portfolio?

- a) 0 - 100
- b) 100 - 500
- c) 500 - 1,000
- d) 1,000 – 10,000
- e) 10,000 or more

# Day 0 - Implementation

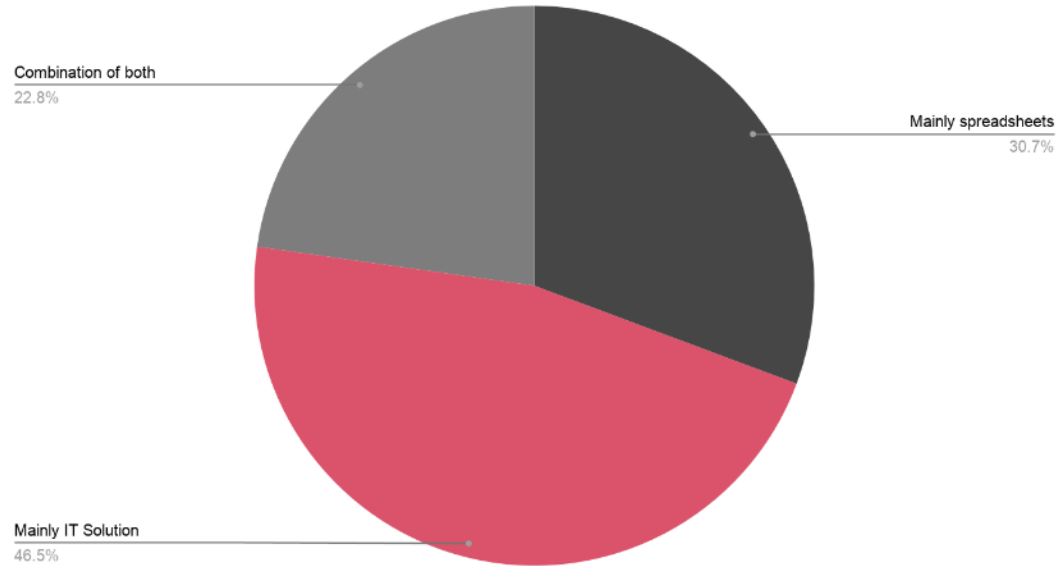
# Polling Question

What are you using to support accounting under the new standards?

- a) Spreadsheets
- b) A lease accounting solution
- c) Custom in-house software
- d) Both spreadsheets and software
- e) Haven't decided

# Survey: a race to implement the standard

Solutions used to manage IFRS 16 Transition



# Day 0 - Implementation

Key considerations while selecting your lease accounting IT solution



Integration  
and fit with  
ERP system



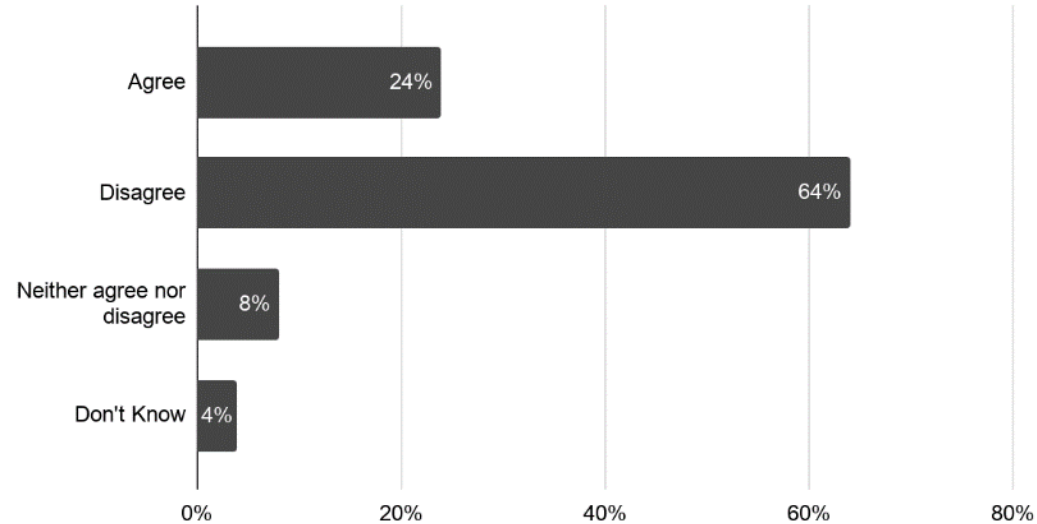
Scalability to handle  
large number of  
contracts and assets



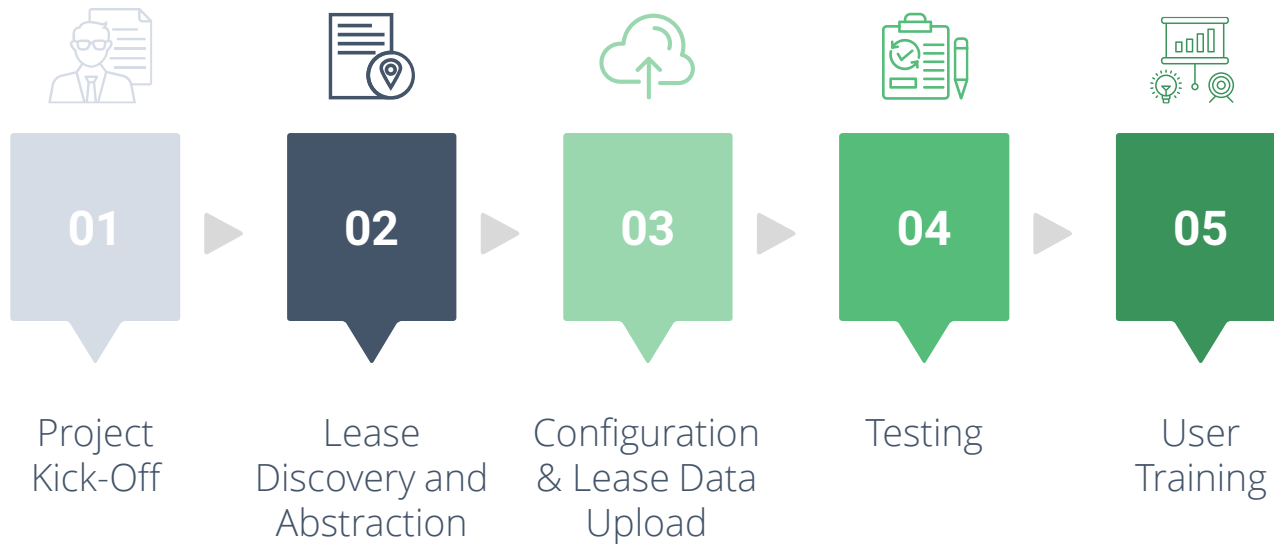
Strong accounting  
capabilities to handle  
our business complexity

# Survey: a race to implement the standard

The full 3-year implementation period (2016, 2017, 2018) were used to transition to IFRS 16



# Day 0 - Implementation





# Day 1 - Transition



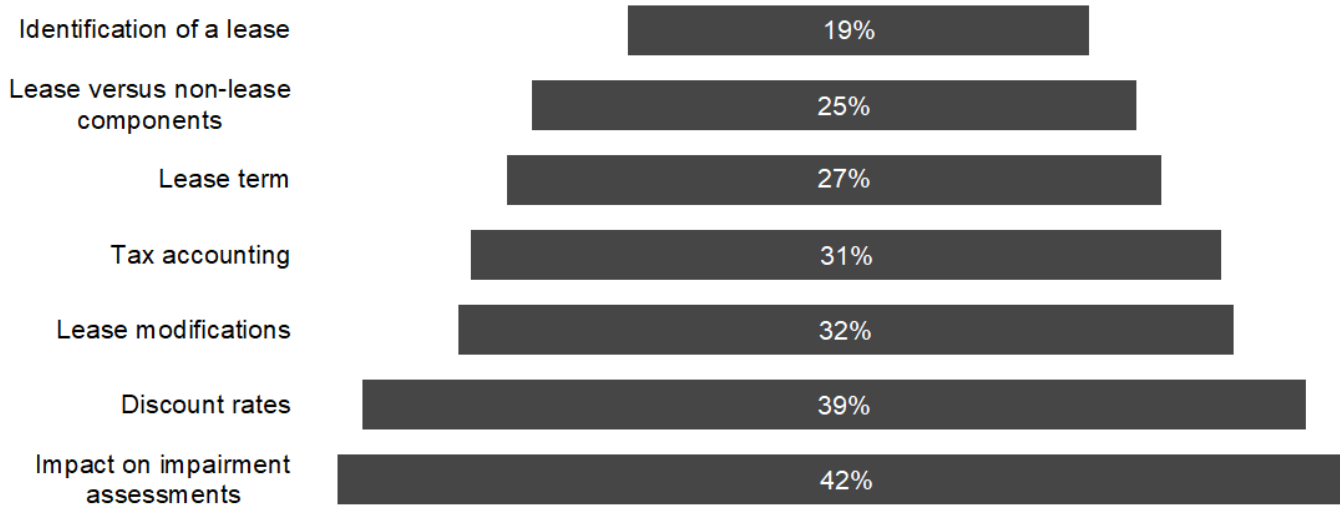
# Polling Question

Which of these judgments were most challenging for your business?

- a) Identification of a lease
- b) Lease vs non-lease components
- c) Lease term
- d) Tax accounting
- e) Lease modifications
- f) Discount rate
- g) Impact on impairment assessments

# Survey: more guidance needed

## Top technical accounting topics and judgements requiring further clarity from standard setters



# Technology Integration with ERP System



A complete record of financial transactions



Track, capitalize, and manage ROU Assets



Execute payments

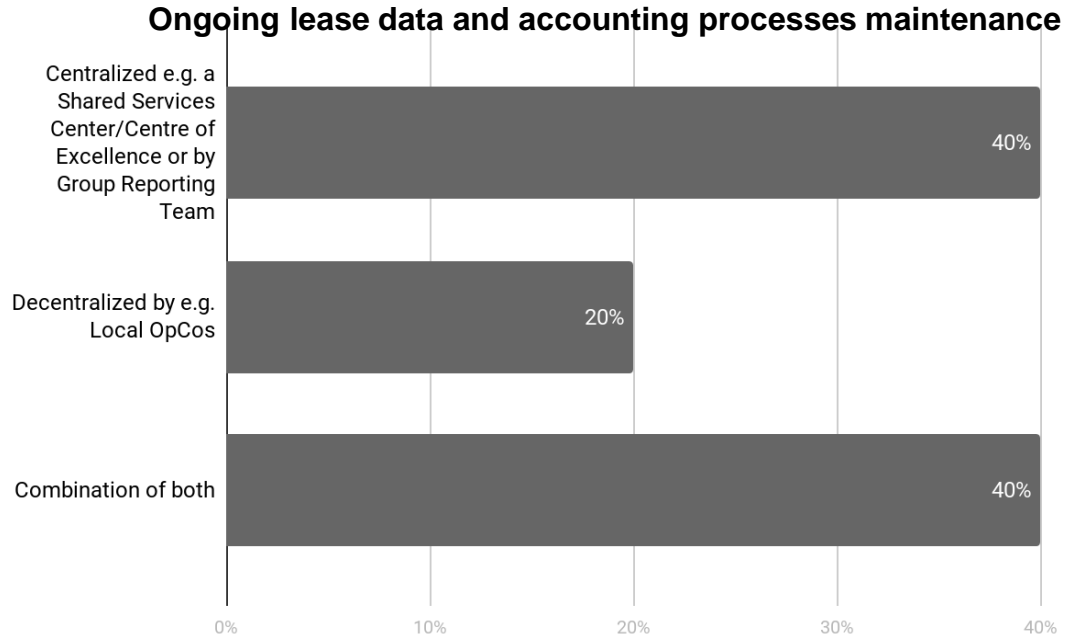


Link Lease Contract to Purchase Order

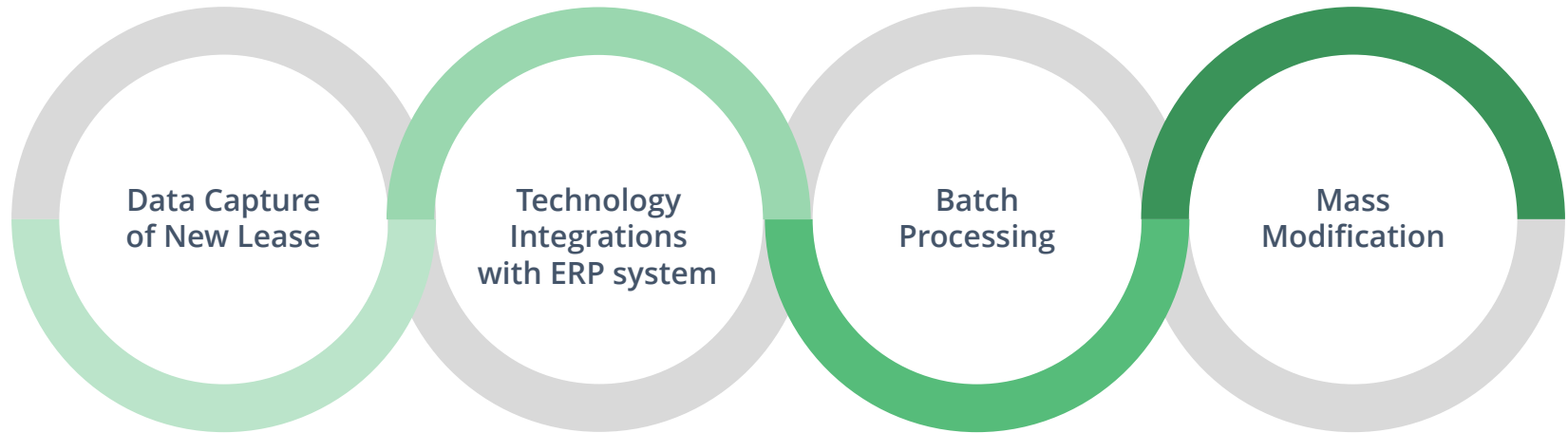
# Day 2 – Business as usual



# Survey: benefits yet to come

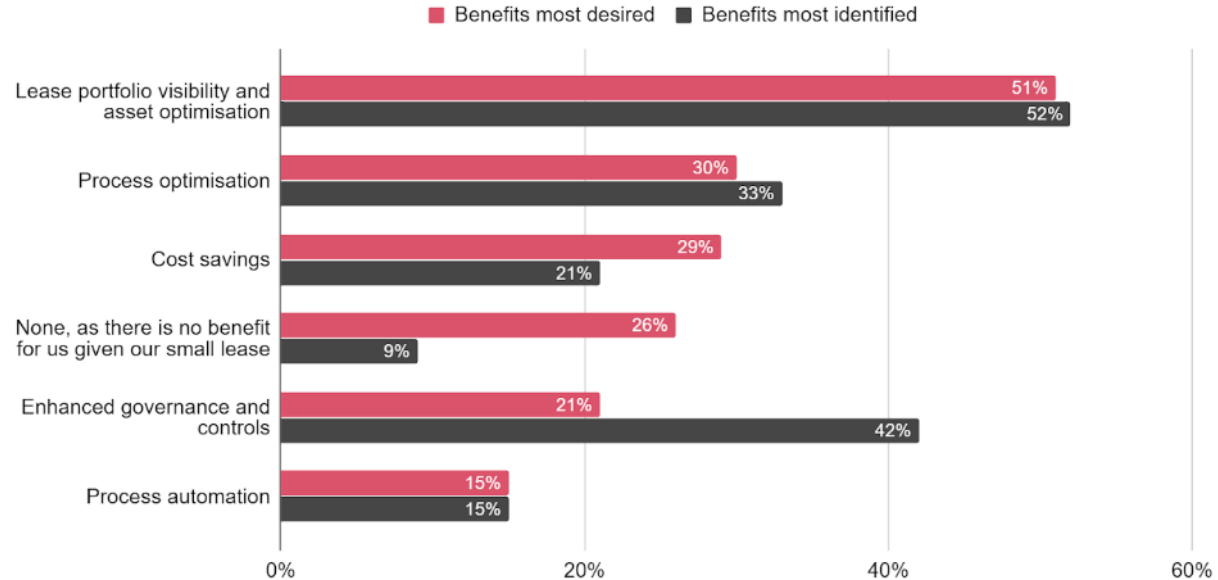


# Day 2 – Business as usual



# Survey: benefits yet to come

Benefits most desired and identified from lease accounting implementation





# Day 2 – Business as usual

Portfolio visibility:

- Handling disclosure reporting requirements
- Forecasting and analytics (FP&A)

# Day 2 – Business as usual

1

Emerging technologies in lease processes

2

Beyond compliance: additional benefits from IFRS 16 compliance

3

Dual GAAP reporting

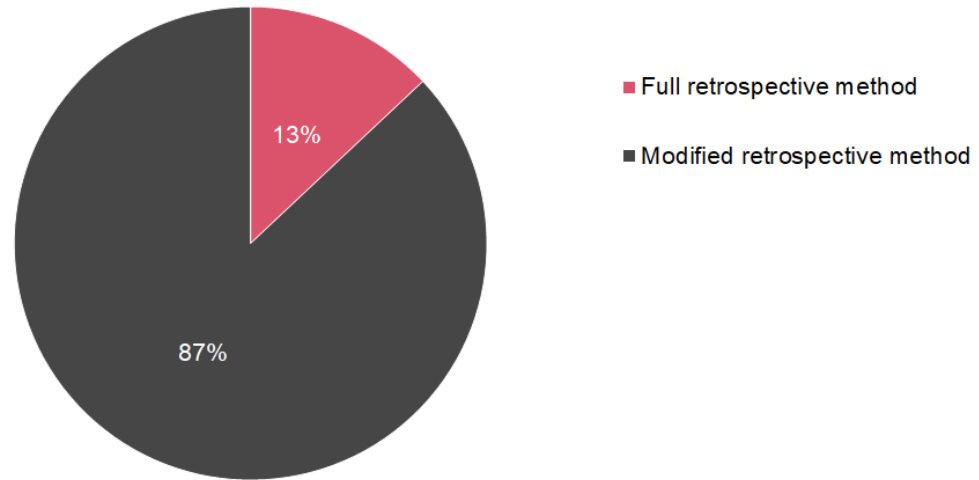
# Polling Question

Do you believe your organization has a viable long-term solution for IFRS 16 compliance?

- a) Yes
- b) No

# Survey: complex investor communications

Transition approach applied in adoption of IFRS 16



# Q & A



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