

LEASE ACCOUNTING

Take control of the new lease accounting standard

After a decade of work, the International Accounting Standards Board (IASB) and Financial Accounting Standard (FASB) have introduced changes to their Lease Accounting Standards. A new standard to replace IAS 17 – Leases and the related interpretations (IFRIC 4 / SIC 15 / SIC 27). This joint effort of IASB and FASB culminates the two non-converged standards. These new rules will change the accounting guidelines for most leased assets, including real estate, machinery and equipment.

Mazars anticipates these standards will have a widespread effect on companies' financial planning and reporting; implementation will require experienced accounting, operational, and technological resources.

What can you expect?

Implementing IFRS 16 requires gathering the following information:



Inventory of leases



Terms and conditions of each lease



Lease term and scheduled payments for each lease



Discount rate(s)



Initial direct costs



Classification of leases

Are you ready for IFRS 16?

Have you:

- ✓ Assessed the organizational impact aside from accounting and reporting?
- ✓ Possessed timely and accurate aggregation of lease information?
- ✓ Identified and implemented an appropriate IT solution?
- ✓ Met compliance with new disclosures?
- ✓ Updated internal controls?

The effects of IFRS 16 need to be assessed on the facts and circumstances relevant to each entity. This will further be impacted by the different capital structures that entities have adopted, for example an entity that typically rents office space, which is being accounted for as an operating lease, will be more significantly impacted than an entity that has purchased office space.

KEY DATES



HOW MAZARS CAN HELP

Mazars is prepared to support companies and their efforts in implementing IFRS 16 by providing project management experience and technical knowledge.

Our experts will provide a comprehensive end-to-end solution to fit each company's unique landscape. Our professionals are well versed in identifying the accounting and financial reporting impact, and the processes and solutions needed to be in compliance with these new standards. Early adopters will not only gain market advantage, but also implement a dynamic and scalable solution.

WHAT ARE THE NEW STANDARDS?

The new standard will significantly change the accounting for lessees' leases and may have far-reaching implications for a company's finances and operations.

IASB issued IFRS 16 Leases (IFRS 16 or the new standard), which requires lessees to recognise assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS 17 Leases.

IFRS 16 requires lessees to recognise most leases on their balance sheets. The new standard is a significant change in approach from current IFRS and will affect many entities across various industries.

- Lessees will have a single accounting model for all leases, with two exemptions (low value assets and short term leases)
- Lessor accounting is substantially unchanged.
- There will be additional and enhanced disclosure requirements.
- The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, IFRS 15 Revenue from Contracts with Customers has been applied, or is applied at the same date as IFRS 16.

A local firm with international roots

About AHMED TAWFIK MAZARS

Ahmed Tawfik & Co. Certified Public Accountants is an international organization, specializing in audit, accountancy, tax, legal and advisory services firm. Since 1983, our dedicated professionals have leveraged technical industry specialists to develop bespoke solutions for clients, which are adapted to local issues, whilst also staying informed by the global vision of relevant and connected experts. As an independent member firm of Mazars Group based in France, we deliver seamless access to the expertise of 20,000 professionals in 86 countries.

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ABOUT THE SPEAKERS / PRESENTERS

Mohab Samy

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Mohab is a highly qualified professional in Audit and Assurance and Risk Management function. Prior to Mazars, he worked in the largest company in Qatar, Qatargas Operating Company Limited as the Senior Internal Auditor. He participated in the planning, preparation and monitoring of annual Audit Schedule. He conducted risk assessment of assigned department or function in established/required timeline; and developed work programs & assignments for the Internal Audit Team



Ron Lagnado, CPA

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More than 20 years of experience providing audit and accounting services to the real estate industry. He possesses extensive knowledge about affordable housing development and compliance, and the financial and tax issues confronting the real estate and construction industries. He has extensive experience in performing attestation engagements, compliance, due diligence, and cost certifications for commercial and residential real estate entities.

