

Are you ready for the new lease accounting standards?

The new lease accounting standards will affect all organizations that lease or sublease property and equipment either directly or through service contractors.

The new lease accounting standards, Accounting Standards Update (ASU) No. 2016-02, “Leases (Topic 842)” and International Financial Reporting Standard (IFRS) 16 “Leases,” will be effective for public business entities with annual reporting periods beginning after Dec. 15, 2018, including interim periods, and one year later for all other companies. Early adoption is permitted for all entities.

Publicly traded healthcare organizations and life sciences companies should prepare now for implementation. **The Crowe Lease Accounting Framework** helps organizations work through the information needed for compliance using the following steps:

- 1 Understand the impact of the new standard:** Recognize how the changes will affect not only accounting policies, but also the systems used to manage leases. Consider other ramifications of applying the new lease standards beyond the organization’s financial statements, such as the impact on key financial ratios included in debt covenants or key performance indicators used to manage the business.
- 2 Gather information:** Obtain current and in-process lease agreements as well as relevant policies, procedures, data and systems involved.
- 3 Evaluate the impact:** Establish a cross-functional team, inclusive of accounting, tax, purchasing, IT, and legal, to evaluate the impact across the entire organization.
- 4 Select a transition approach:** Plan for required system enhancements, such as updating financial accounting software and purchasing add-on solutions.
- 5 Design a solution:** Develop a project plan and timeline and secure necessary resources to meet the effective date.
- 6 Implement and monitor:** Execute the project plan, monitor status, and communicate with relevant stakeholders.

In addition to a framework for compliance, many companies are seeking technology tools to perform critical analyses and automate processes to meet the compliance standards, as well as improve their day-to-day operations. **The Crowe Lease Accounting Optimizer** solution enables organizations to manage their lease accounting processes efficiently while achieving compliance with the new standards.



Crowe Lease Accounting Framework



Crowe Lease Accounting Optimizer