

Preparing for the New Lease Accounting Standard

The new Financial Accounting Standards Board (FASB) and International Accounting Standards Board (IASB) lease accounting standards will affect any entity that enters into a lease. Virtually all companies will need to consider the effect of the standard on their accounting policies, procedures, controls, and systems – which could be substantial.

Typical Areas of Impact

- Operating leases that must be recognized on the balance sheet
- Debt covenants based on certain financial statement metrics

Crowe Lease Accounting Optimizer

The Crowe Lease Accounting Optimizer can help you comply with the new standards and optimize your lease accounting processes. Companies need to prepare now to minimize the impact and take full advantage of process optimization opportunities.

- Perform instant cash flow and lease analysis
- Automate lease accounting processes
- Increase lease payment efficiency
- Take advantage of built-in audit controls and traceability



Crowe Can Help – Anywhere Along the Way



Scoping & Impact Assessment

- Scoping of leasing environment – determining population of all leases and looking for unrecorded leases
- ASC 842 impact assessment report, including gaps noted
- Technical memos, executive summaries, project plan, and timeline for implementing ASC 842



Technology Enablement

- Crowe Lease Accounting Optimizer
- Technology solution implementation and testing
- Integration into ERP backbone system or GL package, as needed



People, Process, & Controls

- Support for controls around the implementation of the standard, RCM modifications, SOX, and other operational considerations
- Process flow recommendations and assistance on implementation
- Guidance for policies and procedures around lease initiation, modification, and recording



Analysis & Impact Completion

- Creation of the required disclosures
- Evaluation and implementation of required entries for full or modified retrospective approach, as needed
- Any additional entries to bring your entity into compliance with the standard

The Crowe Lease Accounting Framework

1

Understand the New Standard

The new standard's requirement to recognize operating leases on the balance sheet will significantly affect many companies. The changes will have an impact not only on accounting policies but on the systems used to manage leases.

2

Gather Information

Obtain an understanding of current and in-process lease agreements as well as relevant policies, procedures, data, and systems involved.

3

Evaluate Impact

Establish a cross-functional team, inclusive of accounting, tax, purchasing, IT, and legal, to evaluate the impact across the entire organization.

4

Select Transition Approach

Significant planning should go into the selection of a transition approach and required system enhancements.

5

Design Solution

Based upon magnitude of impact, 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.



Learn More

To learn more about how Crowe can help you, please contact:

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