

# LEASE ACCOUNTING SIMPLIFIED.



**An Accounting Tool for  
IFRS 16 & Ind AS 116**

# IFRS 16 AND IND AS 116 - NEW STANDARD ON LEASE ACCOUNTING

The International Financial Reporting Standards (IFRS) 16 Leases was made effective January 1, 2019. The Indian counterpart of IFRS 16, i.e. Ind AS 116 was made effective from April 1, 2019. Ind AS 116 will impact the way operating leases are accounted by lessees.

## *What's Changed*

Accounting leases are no longer to be classified as operating or finance leases. At the same times, the new standard requires almost all right-of-use assets and lease liabilities to be recognized in the Balance Sheet.

## *Sectors Affected*



Airline



Distributors



Energy



Healthcare



IT



Media



Retail



Telecom



Transport  
& Logistics



Travel  
Industries

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*The impact of IFRS 16/ Ind AS 116 depends on the level and complexity of leasing activity within that organization.*

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## *Impact*

The finance team of an organization will need to forecast payments over the lifetime of properties, fleets and other leased assets, as also account for renewals, expected changes in rent and discount rates. They will have to create new depreciation schedules to meet the requirements of the Standard.

The implementation of IFRS 16 / Ind AS 116 will be time-consuming and will directly impact the financial performance and value of the company.

## *Benefits of a Lease Accounting Tool*

An end-to-end lease accounting tool would help with

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Computation of financial statement amounts and journal entry



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Effect on income statement



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What-if analysis



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Costs savings



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Organizations choosing an end-to-end platform that is IFRS 16 / Ind AS 116 compliant would ensure a smooth and seamless transition to the new accounting standard and maintenance of accurate accounting records on an ongoing basis for leases.

## **SIMPLIFY THE TRANSITION WITH LeASA**



LeASA, a cloud based tool, is developed specifically for lease accounting by lessees:

### **Accurate & Fast**

Lessees with a large volume of lease arrangements need a sophisticated automated tool to ensure that all calculations for IFRS 16 / Ind AS 116 are correct and are done faster.

### **IFRS 16/ Ind AS 116 Compliant**

Takes care of computations that need to be performed for meeting the requirements of IFRS 16 / Ind AS 116 and provides the journal entry along with GL codes that needs to be passed for the period.

### **Flexible, Customizable and Configurable**

End-to-end accounting tool for all industries that generates relevant outputs and is easily configurable. The tool, being cloud based, would be upgraded with relevant changes from the back-end and thus be upto date on a real time basis.

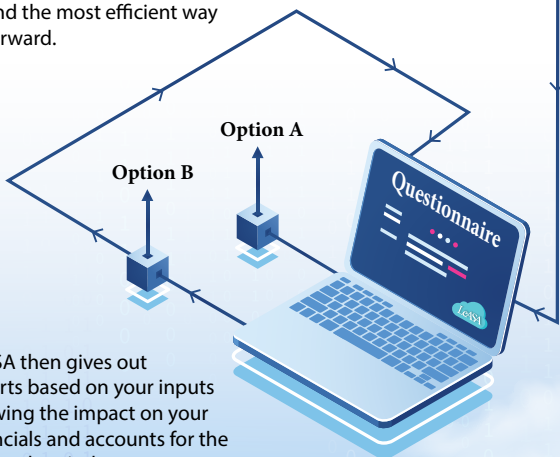
# HOW LeASA works?

- 1 LeASA allows you to transfer your existing lease data either using your existing excel files or the template available.



- 2 An initial questionnaire needs to be filled in that captures your selection of multiple choices available under IFRS 16 / Ind AS 116.

- 4 The tool helps you to evaluate different options using the questionnaire thereby enabling you to find the most efficient way forward.



- 3 LeASA then gives out reports based on your inputs showing the impact on your financials and accounts for the selected period.

LeASA is developed by a team of CAs and IFRS/ Ind AS experts of Corporate Catalyst India (CCI)

For more details, please write to [leasa@cci.in](mailto:leasa@cci.in)

\*This document has been prepared as a service to the clients. We recommend that you seek professional advice prior to initiating action on specific issues.

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