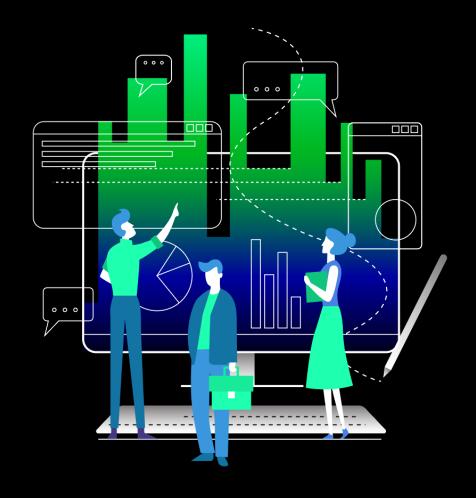
# Deloitte.



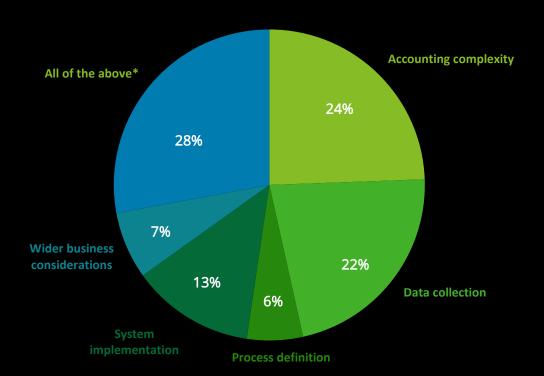
AASB 16 *Leases*Beyond 'day one'

### Day one and done?

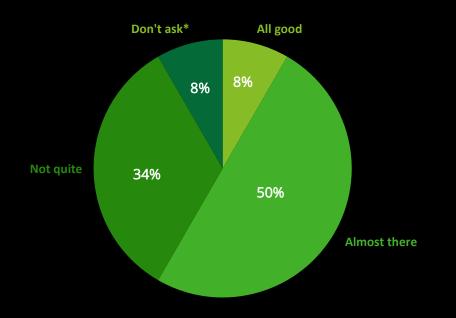
Many organisations aspired to implement AASB 16 well before their first reporting deadline. In reality, the large volumes of data, resource constraints, complex systems and calculation requirements meant that implementations were either on-going or left incomplete.

At a recent Deloitte hosted leasing event<sup>1</sup>, we surveyed attendees regarding their current state of implementation and the challenges they were facing. The results were telling, but also not surprising, based on our collective experience across multiple geographies, clients and industries:

#### **GREATEST CHALLENGES FACED DURING IMPLEMENTATION**



WHERE ARE YOU IN YOUR AASB 16 ADOPTION JOURNEY?

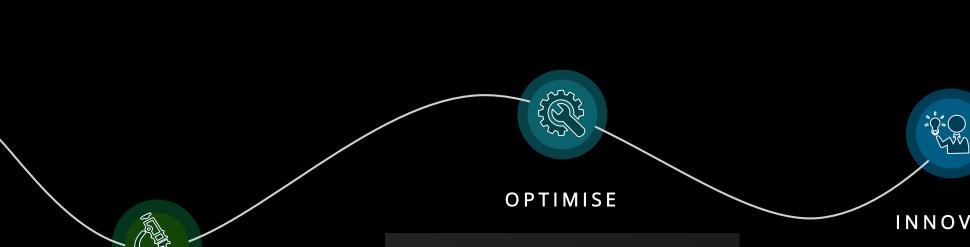


Common ongoing areas of concern relate to all aspects of implementation, including data integrity / gaps, system constraints and calculation issues, incomplete disclosure and reporting, accounting for modifications / reassessments, inconsistency in ruleset applications, related party subleases and inadequate business processes and controls.

<sup>&</sup>lt;sup>1</sup> Source: "Remediate, Optimise, Innovate" - Deloitte presentation, October 2019

### Remediate, optimise or innovate?

We generally see organisations being in one of three stages after 'day one'.



REMEDIATE

While 'day one' reporting may have been completed, on-going reporting requires additional work due to:

- Incorrect contractual data inputs;
- Inconsistent application of rules, e.g. discount rates;
- Incomplete accounting policies; or
- Lack of repeatability or re-performance of calculation models.

Entities looking to capture further benefits may use AASB 16 as a disruptor to leasing operations. This can include:

- Streamlining or harmonising contractual terms, e.g. payment terms, critical dates;
- Using insightful AASB 16 data to revisit strategic decisions, e.g. buy vs. lease, vendor selection; or
- Establishing centres of excellence or shared service centres to manage lease accounting and lease administration.

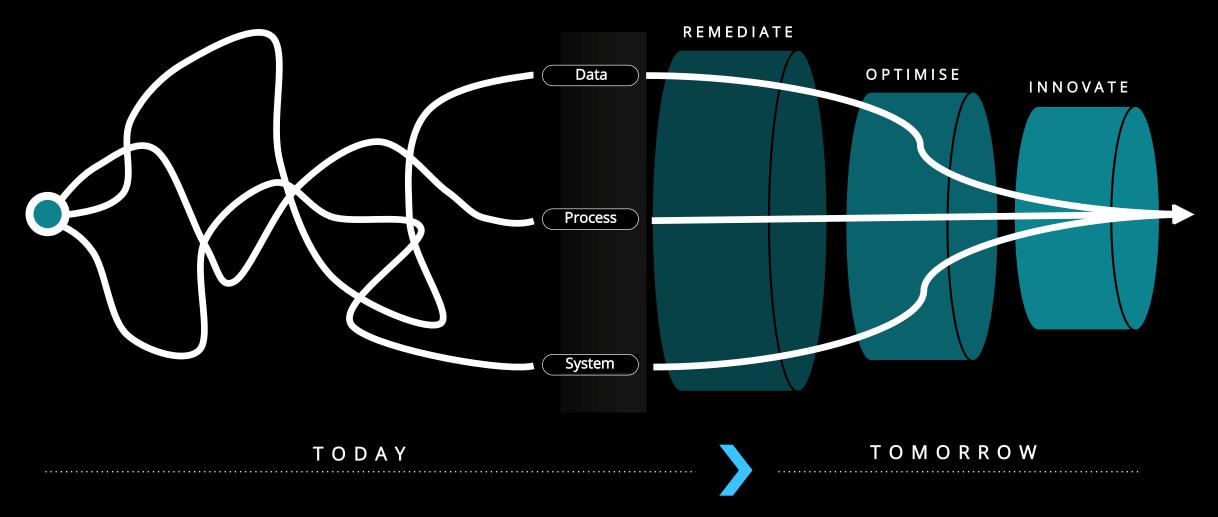
INNOVATE

Entities who have had a robust initial implementation and 'day one' may look to innovate 'beyond today' by leveraging robotics and automation for lease inputs, validation, and tracking.

· This allows staff to focus on strategic and analytical decisions and focus on further innovation.

## Remediate, optimise or innovate?

The path to innovation depends on an entity's circumstances - reflecting on the current data, process and system landscapes to forge a path forwards.



## Ways we can help you... Implementation Services

We can assist with the rapid implementation and on-boarding of interim or long-term lease accounting solutions.

#### **Project Management & Change Management** Phase 1 Phase 2 Phase 3 Phase 4a - Optional Go-live Define and on-board Design, build and test Train, transition and run • Develop a plan for on-going • Update chart of accounts, if Transitional go-live – 1-2 test Training lease data collection required month ends • Hypercare support • Configure AASB 16 solution – Configure and test calculations and mapping modifications, as required *If a lease accounting solution* needs to be selected Update accounting policies System testing and processes for any Collect business changes, e.g. new IASB requirements guidance, new leases • Define future state operating model • Commence go-to-market and software selection processes

## Ways we can help you... Utilising our Anaplan AASB 16 Application

We can implement our Anaplan AASB 16 Application as an interim or long-term solution.

#### Phase 1 Define and onboard

- Collect lease data using Anaplan templates
- Collect business requirements
- Finalise on-going data templates and data plan

#### Phase 2 Design, build and test

- Update chart of accounts, if required
- Configure AASB 16 solution – calculations and mapping
- System testing



## Phase 3 Advisory services

**Project Management & Change Management** 

- Monthly fee for a service, including licensing costs
- Provide transition journals
- Provide transitionary accounting guidance and support

## Phase 4a - Optional Extend Advisory services

Extend advisory services going-forward:

- Deloitte to provide monthly journal outputs
- Deloitte to provide ongoing accounting support, including lease modifications

#### Phase 4b - Optional

Train, transition and run

Own and manage the Application in-house:

- On-going licence fee paid to Anaplan
- Standard implementation training and hypercare provided
- Finance team to run and maintain the Application in-house







Key activities

## Ways we can help you... Post Implementation Health Check

We can perform a 'health check' to understand your current state and help you plan your next steps.

#### Phase 1 Understand the voice of your customers

## Understand the current state of your AASB 16 implementation:

- The journey: How did we get to where we are?
- Successes: What went well?
- Pain points: What is making life harder?
- Improvements: What can be done better?



#### Project Management & Change Management

#### Phase 2 Deep Dive

## Deep dive into selected lease accounting processes:

- Virtual process walkthroughs understand the suppliers (dependencies), inputs, process, outputs and customers (stakeholders)
- Identify potential opportunities for remediation, optimisation and innovation

# Report

Phase 3

#### Prepare AASB 16 Leases Post Implementation Health Check Report

 Summarise and present observations and recommendations on potential areas for remediation, optimisation and innovation





### Contact us

### AASB 16 Leadership Team

#### **New South Wales**



Indrani Pal Partner ipal@deloitte.com.au 04 3201 3107



Joel John Director joeljohn@deloitte.com.au 04 3529 6039

#### ACT



Jason Handel Partner ihandel@deloitte.com.au 04 1623 9692



Dean Boland Principal deboland@deloitte.com.au 04 0826 4311

#### Queensland



Peter Graham Partner 04 1949 2338



**Claire Hemming** Director petgraham@deloitte.com.au chemming@deloitte.com.au 04 3991 2389

#### Victoria



Soter Tiong Partner stiong@deloitte.com.au 04 5514 8999



**Judy Vuong** Director judvuong@deloitte.com.au 04 1431 2307

#### Western Australia



Jennifer Delany Partner jedelany@deloitte.com.au 04 9952 6844



Megan Strydom Partner mstrydom@deloitte.com.au 04 5052 9963

#### Deloitte Anaplan



Tony Trewhella Partner atrewhella@deloitte.com.au 04 0736 7857

#### **Enterprise Technology**



**Duncan Mills** Principal dumills@deloitte.com.au 04 1042 9867

## Deloitte.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms or their related entities (collectively, the "Deloitte organisation") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organisation"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our global network of member firms and related entities in more than 150 countries and territories (collectively, the "Deloitte organisation" serves four out of five Fortune Global 500® companies. Learn how Deloitte's approximately 312,000 people make an impact that matters at www.deloitte.com.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which are separate and independent legal entities, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

The Australian partnership of Deloitte Touche Tohmatsu is a member of Deloitte Asia Pacific Limited and the Deloitte organisation. As one of Australia's leading professional services firms, Deloitte Touche Tohmatsu and its affiliates provide audit, tax, consulting, risk advisory, and financial advisory services through approximately 8,000 people across the country. Focused on the creation of value and growth, and known as an employer of choice for innovative human resources programs, we are dedicated to helping our clients and our people excel. For more information, please visit our web site at https://www2.deloitte.com/au/en.html.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

© 2020 Deloitte Touche Tohmatsu Limited.