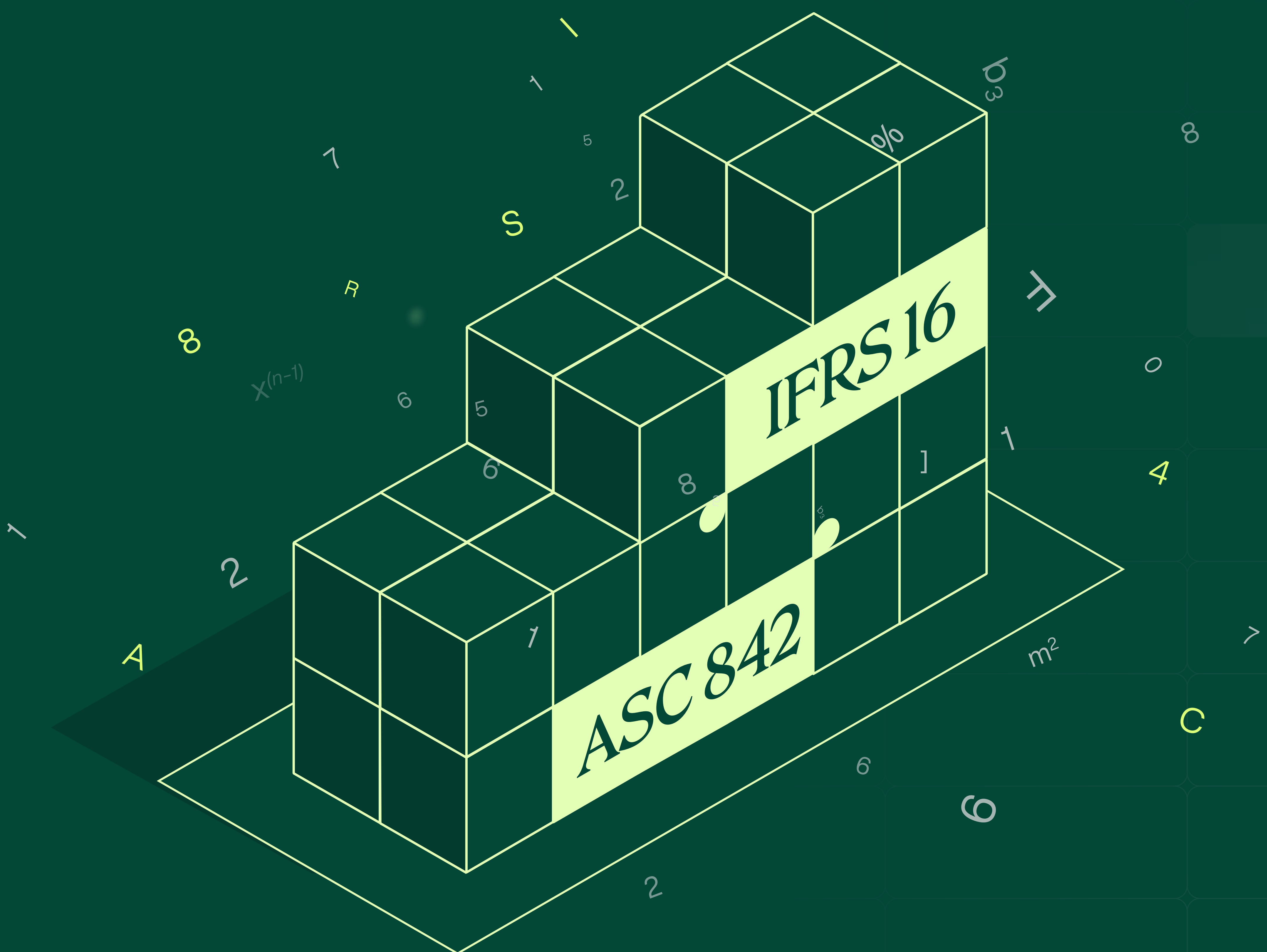
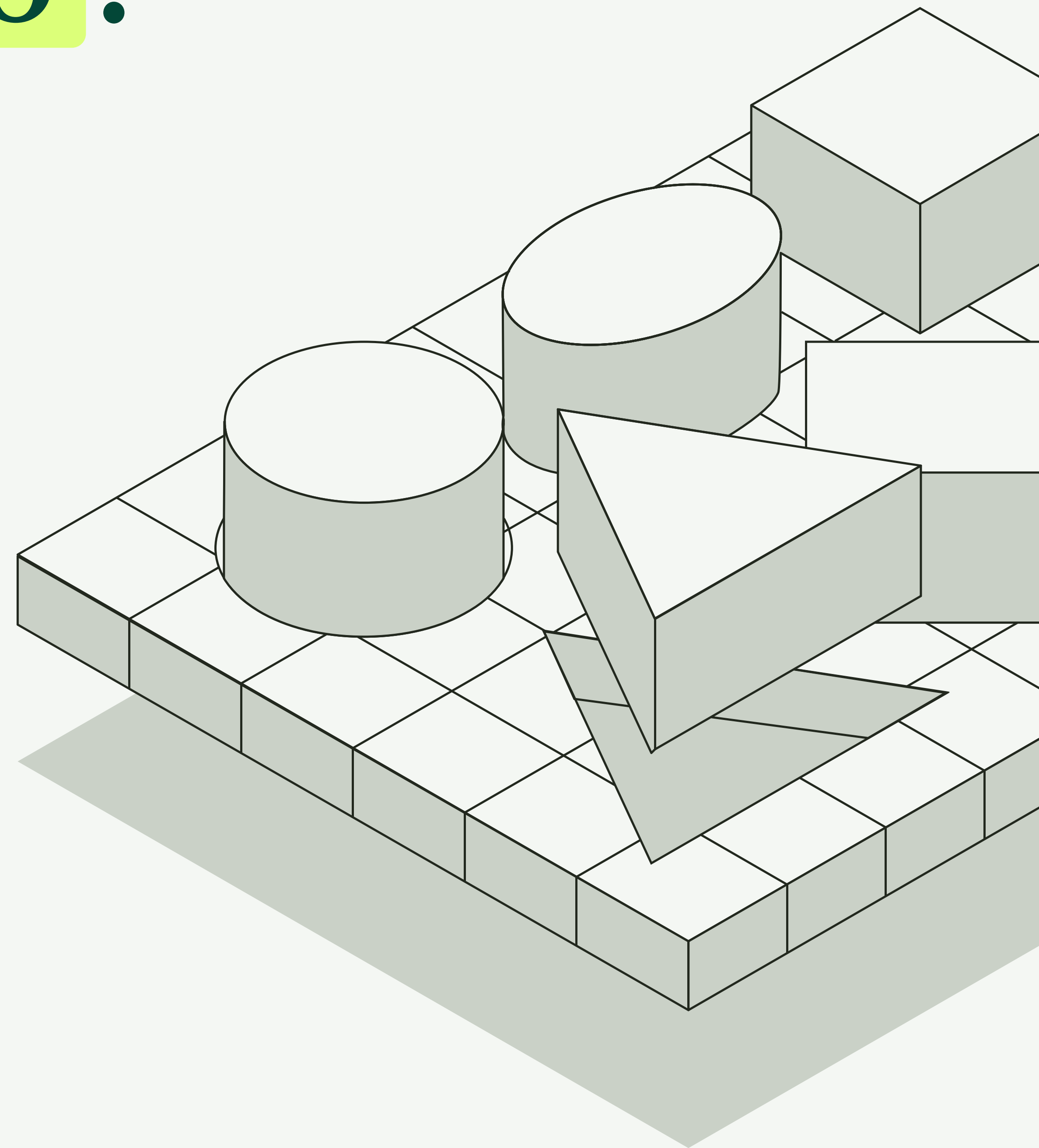
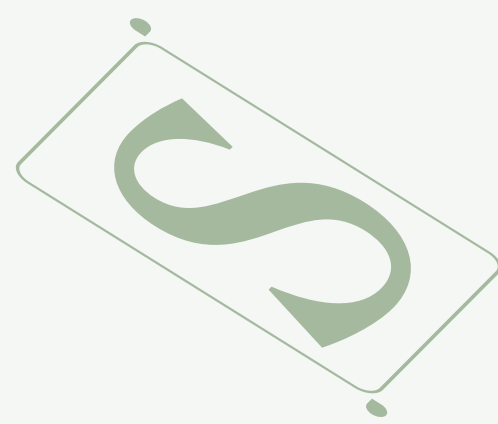


Three-Step Transformation

Navigating Post-Implementation of ASC 842 and IFRS 16 Lease Accounting



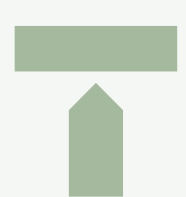
ASC 842 and IFRS 16: from compliance to adding value



With the implementation of the new lease accounting standards such as ASC 842 and IFRS 16, organizations have faced significant challenges in ensuring compliance with the reporting requirements of these standards.

Countless hours of effort and resources have been dedicated to updating processes, gathering data, and adopting the necessary accounting software to ensure continuous compliance and minimize the time spent on managing leases.

Now that compliance has been achieved, it's time for businesses to shift their focus from adherence to the standards, to navigating post-implementation challenges – and the opportunities that have arisen to unlock untapped value and drive strategic decision-making.



The opportunity to streamline key processes

The implementation of the ASC 842 and IFRS 16 was undoubtedly a heavy lift in most instances. However leading organizations have leveraged the “requirements” of the standards to drive business value. They have better streamlined internal processes and controls, and taken advantage of the numerous opportunities this provides, including:

Centralized lease activity and tracking

The new lease accounting standards have mandated the centralization of lease data, making it easier for companies to track and manage their lease portfolio. By capturing lease information in a structured way – and ensuring that the processes and controls are maintained – businesses can reduce risk while increasing visibility. This centralized approach streamlines the process of locating lease agreements, facilitates timely decision-making, and reduces the risk of missed lease terms. By using [purpose-built lease accounting solutions](#), organizations and key stakeholders can see all lease-related activity in a single pane of glass.

Contract Modification		
Lease ID	Change detected	Approval
Asset 240	Termination - Dec 01	<input checked="" type="checkbox"/> Approved
Asset 241	No change	<input checked="" type="checkbox"/> Approved
Asset 242	Extension - 1.5 years	<input type="checkbox"/> Approved
Asset 243	Price increase - \$550	<input checked="" type="checkbox"/> Approved
Asset 244	Renewal - Nov 30	<input checked="" type="checkbox"/> Approved

Standardized lease modifications

The new lease accounting standards provide specific guidance on how to account for lease modifications. The new standards provide a framework for evaluating modifications, making it easier for companies to assess and account for changes in lease terms, such as lease extensions, rent escalations, or adjustments to lease payments. This streamlines the process, reduces administrative burden, and improves the accuracy of lease-related financial information. This is particularly topical given macroeconomic conditions which have encouraged some businesses to reduce office space or vehicle fleets for example.

Reports

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Search

FASB Lessee ASC 842 ERP Report
Run your ERP report, structured and ready to be exported to your ERP/Accounting system.

IFRS Lessee IFRS 16 Disclosure Report
Run your disclosure report based on IFRS 16 guidance.

Improved inter-departmental collaboration

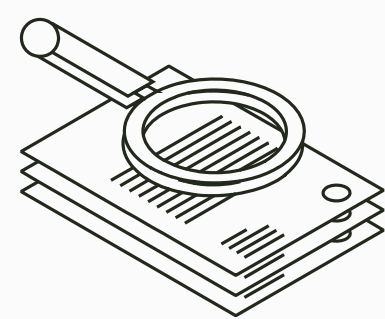
Accounting teams quickly realized that with the updated requirements and definitions in the new lease accounting standards, other departments would have to be involved in order to ensure that all leases have been taken into account, and that lease modifications are noted and accounted for correctly. This becomes even more important given the challenge of [embedded leases](#), where a department might not even realize that a contract contains a lease as per ASC 842 or IFRS 16. This has encouraged an unprecedented level of cooperation across the organization, and a closer relationship between accounting and non-accounting departments.

Audit Log				
User	Field	Old value	New value	Timestamp
R Ryan Oct 31, 07:12PM	Start date	20 Jan	13 Feb	
K Kareem Oct 31, 05:46PM	Interest rate	5%	6.5%	
L Lewis Oct 31, 12:20PM	Payment	\$10,200	\$18,000	
M Mariana Oct 31, 9:13AM	End date	27 Jan	20 Feb	
L Lewis Oct 31, 8:20AM	End date	23 Jan	27 Jan	

The opportunity to streamline key processes

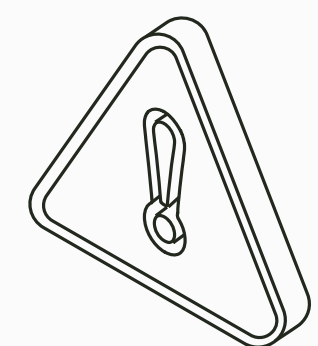
The implementation of the ASC 842 and IFRS 16 was undoubtedly a heavy lift in most instances. However leading organizations have leveraged the “requirements” of the standards to drive business value. They have better streamlined internal processes and controls, and taken advantage of the numerous opportunities this provides, including:

Lease portfolio analysis



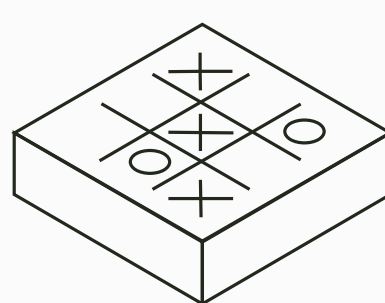
The compliance journey with ASC 842 and IFRS 16 likely involved a thorough review and analysis of the lease portfolio. Companies can use this information to gain a deeper understanding of their lease obligations and uncover potential risks or opportunities; for example, by assessing the terms, conditions, and financial impact of leases, organizations can identify areas where lease costs can be optimized, renegotiated, or consolidated. Additionally, analyzing lease expiration dates and renewal options can help businesses plan strategically, anticipate lease-related risks, and capitalize on opportunities for lease restructuring. Accounting teams can also use this knowledge to negotiate better terms with lessors, consolidate leases to eliminate redundancies, or explore alternative lease arrangements.

Enhanced risk management



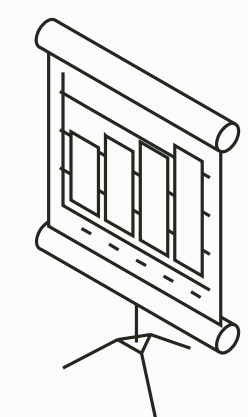
The compliance process with ASC 842 and IFRS 16 involves assessing lease-related risks, such as lease termination, non-compliance, or potential financial liabilities. Companies can build upon this understanding to strengthen their risk management strategies. By identifying high-risk leases, evaluating the financial impact of potential lease terminations, and monitoring lease compliance, organizations can develop proactive risk mitigation plans. Additionally, with a better grasp of lease terms and obligations, businesses can forecast potential risks arising from changes in market conditions, interest rates, or lease terms, allowing them to respond effectively.

Strategic decision-making



Achieving compliance with ASC 842 and IFRS 16 requires strategic decisions related to lease accounting and management. Companies can utilize the lessons learned to inform their future decision-making processes. For instance, organizations can evaluate lease vs. buy scenarios more effectively, consider lease alternatives, or assess the financial impact of lease decisions on cash flow and financial statements.

Operational efficiency and process improvements



The compliance journey often drives process improvements and automation. Companies can leverage this momentum to identify areas for further operational efficiency gains. By assessing lease management workflows, automating data collection and reporting, and implementing lease management systems or software, organizations can streamline lease administration processes.

Fully leveraging software solutions

Many, if not most organizations have identified the need for purpose-built lease accounting software to establish and maintain compliance with ASC 842 and IFRS 16.

These software solutions range from basic lease management to [AI-powered automated lease accounting software solutions](#).

At Trullion, we believe that the ongoing post-implementation period is just as valuable as the actual implementation of ASC 842 and IFRS 16.

Trullion's Lease Accounting module takes care of everything lease-related, allowing you to automate tedious manual processes, improve accuracy, and maintain ongoing compliance without any headache. This is particularly valuable given not infrequent updates to the standards, for example in the form of new [ASUs](#).

The Trullion solution enables you to upload a contract in any format (including PDF and Excel), automatically extract and tag key data, enable all stakeholders to view the audit trail, detect modifications, and produce reporting including auditable journal entries and disclosures.

Life after ASC 842 and IFRS 16 implementation

Now that initial compliance is taken care of, it's time to leverage the hard work you've put in to extract value from ASC 842 and IFRS 16.

We've seen how this can include streamlining key processes and better identifying risks and opportunities. We've also shown that implementing Trullion's lease accounting solution provides even more value post implementation of these accounting standards.

To learn more about Trullion's lease accounting solution, and how it can be implemented to add value in your organization, [get in touch with a lease accounting software expert today](#).



Meet Trullion.

The next-generation of accounting work.

Trullion is an AI-powered accounting platform that automates repetitive, labor-intensive tasks for CFOs, Accountants, and Auditors — ensuring hassle-free compliance. Our products unify the unstructured and structured worlds of accounting into one secure platform, giving you back your time, with confidence.

[Book a demo today](#)

For more information



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