ASC 842 / IFRS16 LEASEBERG INDEX

make it difficult for CPG

companies to manage lease

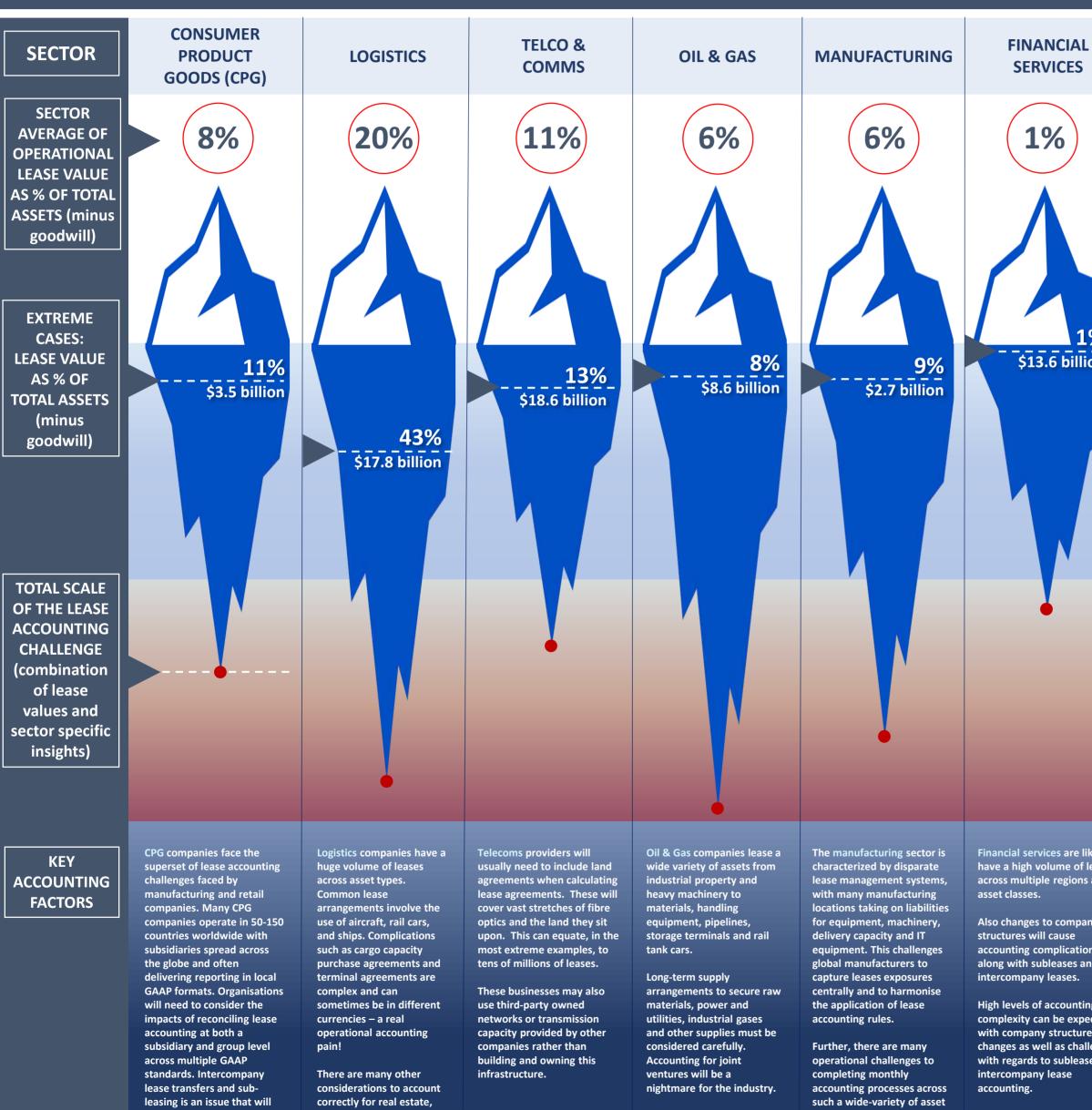
accounting under new rule.

warehousing

and IT equipment.

arrangements, lorries, rigs

The Leaseberg Index combines data on the value of lease liabilities with the accounting complexity in each sector. The depth of each leaseberg represents the overall scale of the accounting challenge. Whilst the analysis highlights retail and logistics as having the highest relative value of leased assets - the quantity, variety and complexity of lease calculations required in each case will have a huge bearing.



classes.



L	RETAIL	TECHNOLOGY
L%	31% ////////////////////////////////////	4% 5.8 billion
likely to f leases, ns and any ions and ting pected ire allenges ase and	For large retailers who may have more than a thousand outlets across regions, the new leasing standards are a heavy challenge. Finance teams will need to locate and sift through thousands of individual rental agreements often buried in disparate systems and locations. Subleasing of real estate is common, and this demands complex judgements and calculations for lessee and lessor accounting. Retailers are also commonly affected by rent reviews, which are accounted for differently under US GAAP (ASC 842) and IASB (IFRS 16).	Consolidation is common in the technology world and tech companies are top targets for mergers and acquisitions. This means that such businesses often end up with multiple ledgers and numerous different lease management systems. For multinational tech companies who may have sites around the world, the combination of multiple currencies, embedded equipment leases and other complex arrangements make achieving compliance and gaining control of lease accounting a real priority.