

2017 lease accounting survey **Implementation progress report**



Index

<i>About this survey</i>	3	<i>Data abstraction</i>	14
<i>Demographics of respondents</i>	4	<i>Effort required to date</i>	15
<i>Assets leased</i>	5	<i>Cost expectations</i>	16
<i>Types of lease arrangements</i>	6	<i>Resource management</i>	17
<i>Internal working group</i>	7	<i>Number of FTEs required</i>	18
<i>Adoption status</i>	8	<i>Potential benefits</i>	19
<i>Status percentage completion</i>	9	<i>Early adoption election</i>	20
<i>Difficulty of implementation issues</i>	10	<i>Reasons for early adoption</i>	21
<i>Lease vs. buy strategy</i>	11	<i>Renegotiation of debt covenants</i>	22
<i>Systems changes planned</i>	12	<i>PwC contacts</i>	23
<i>Enough time for systems changes</i>	13	<i>CBRE contacts</i>	24

About this survey

How have organizations progressed in adopting the new leasing accounting standards (ASC 842 & IFRS 16)? To find out, PwC and CBRE surveyed executives from organizations' accounting and finance functions to find out:

How far along are organizations in the implementation journey?

What have been the most pressing challenges and biggest impacts?

How are organizations managing the resources needed?

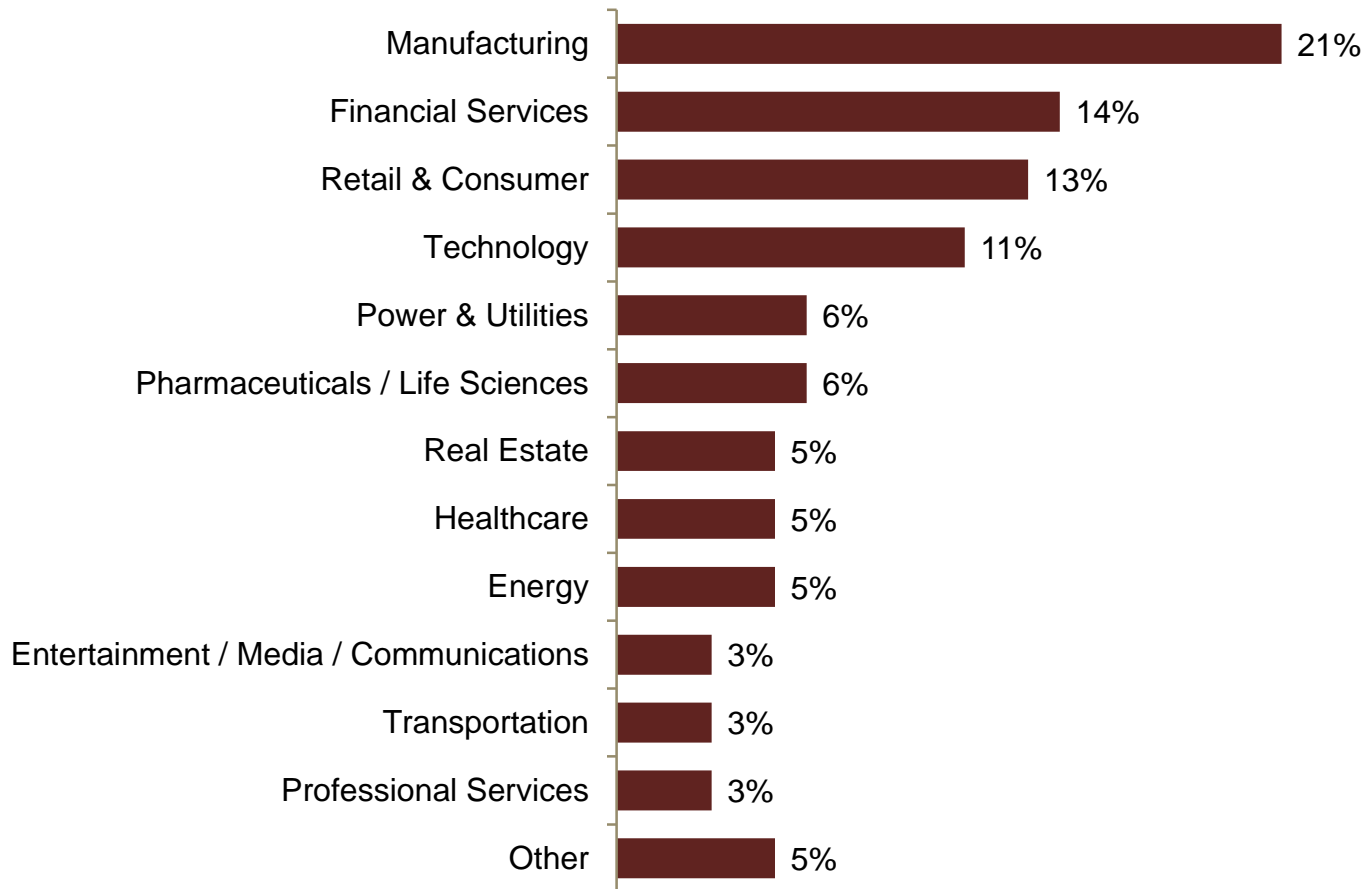
Responses were collected through an open, online survey in May 2017. More than 600 executives from a wide range of industries participated and responses are summarized here.

For additional information on the new lease accounting standard, visit our web page:

pwc.com/us/leasing

Demographics of respondents

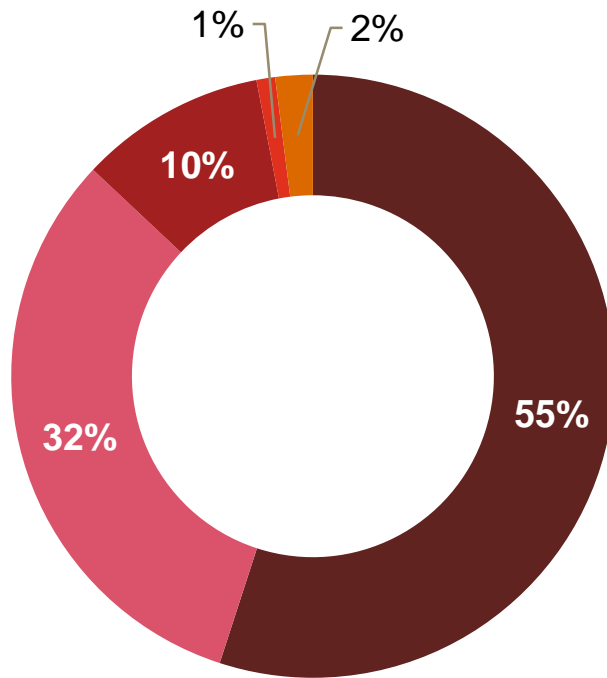
Industry breakdown



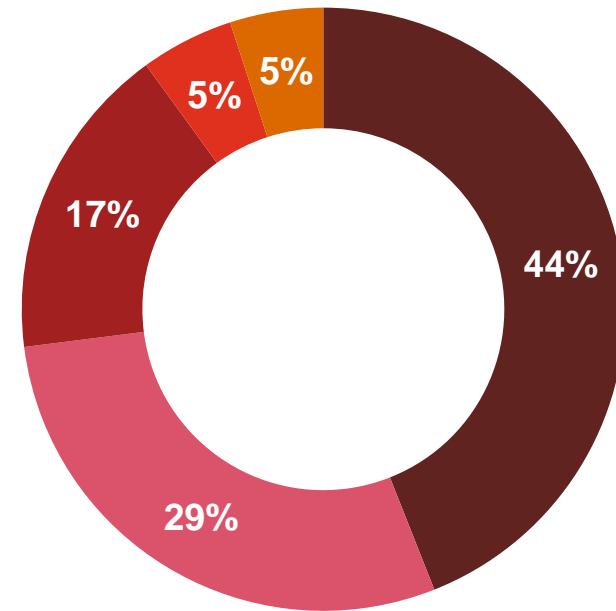
- Over 600 responses
- 85% reported their title as CFO, controller or finance/accounting director or manager
- 65% were public companies
- 91% were US GAAP reporters

Approximately how many assets are leased?

Real estate leases



Non-real estate leases



■ < 100

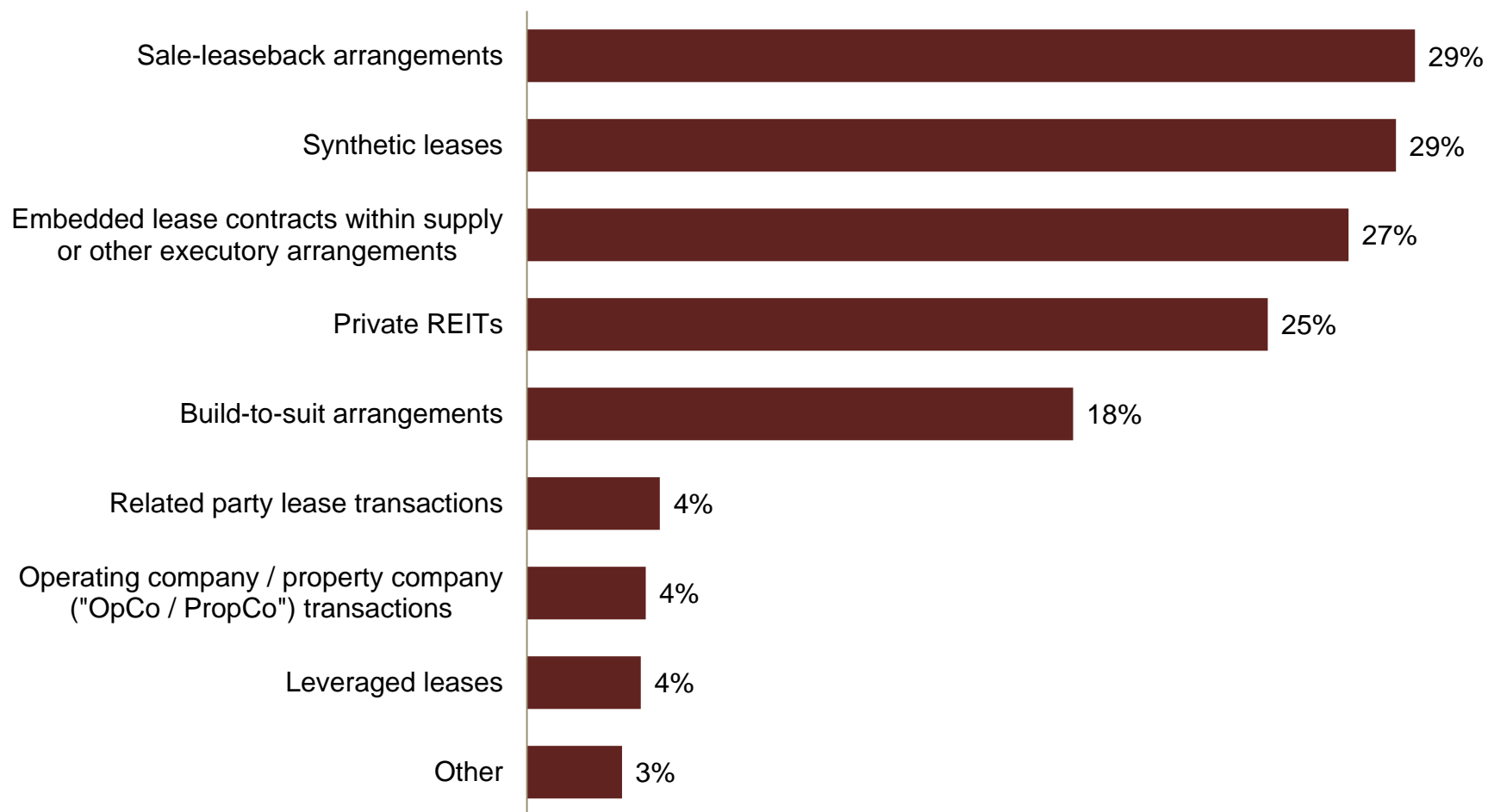
■ 100 - 999

■ 1,000 - 4,999

■ 5,000 - 9,999

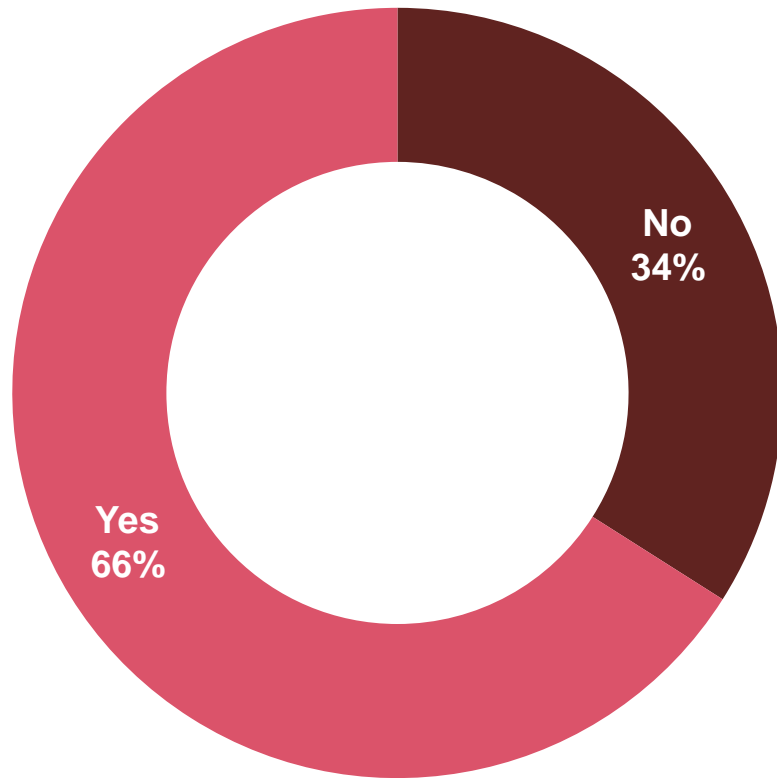
■ 10,000 or more

Do you have the following types of lease arrangements? (check all that apply)



*Multiple answers permitted

Have you formed an internal working group to assist in assessing and/or adopting the new standards?

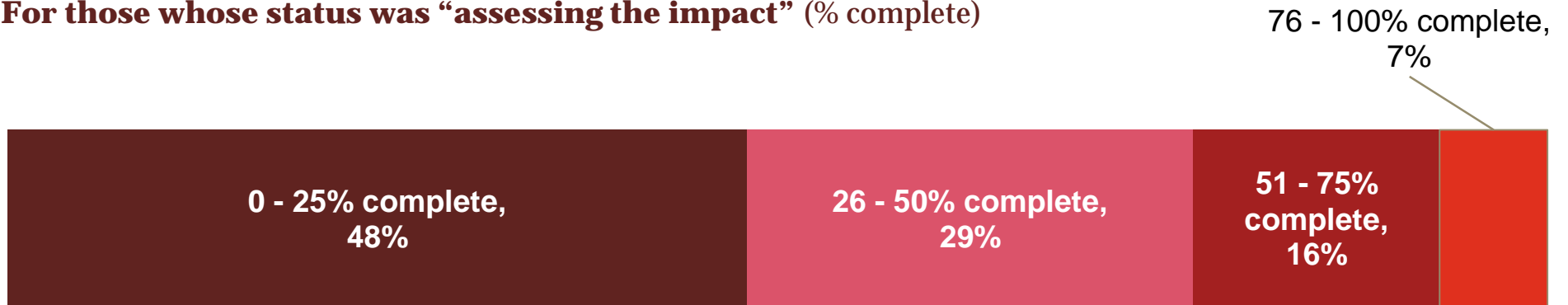


Which of the following best describes your company's status in adopting the new lease accounting standards?

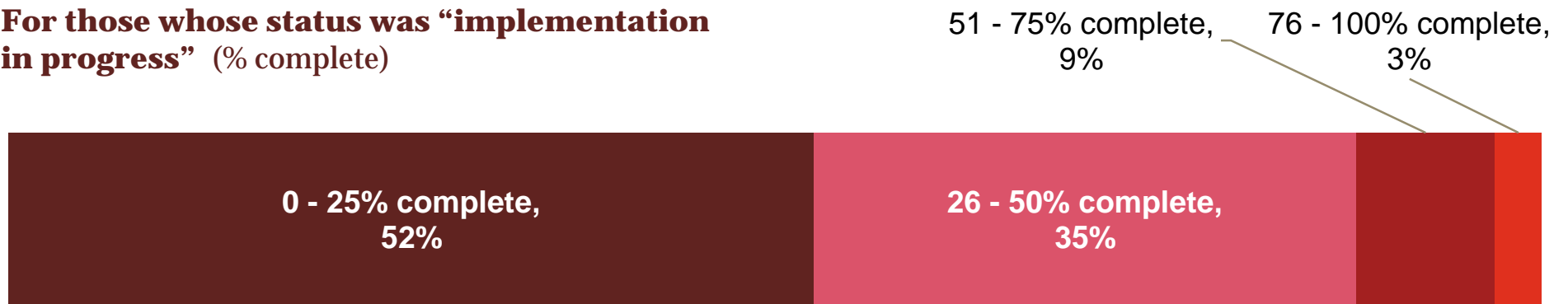


How far along is your company in assessing/implementing the new lease accounting standards?

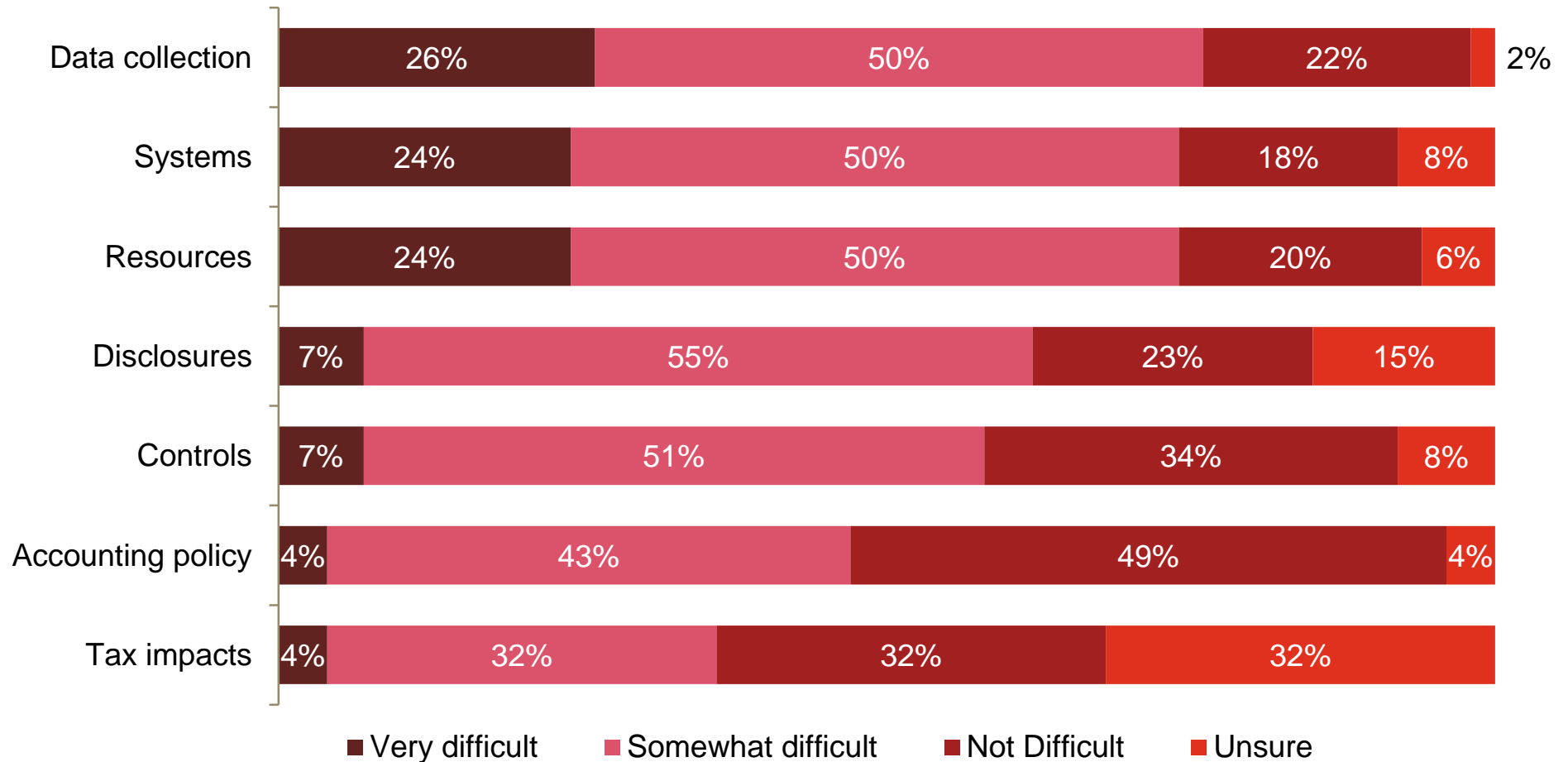
For those whose status was “assessing the impact” (% complete)



For those whose status was “implementation in progress” (% complete)

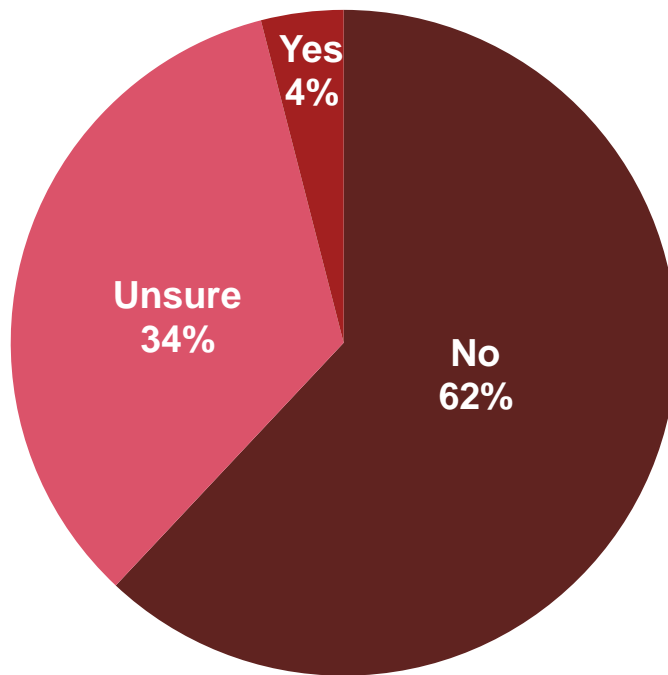


For each of the following implementation considerations, please rate the difficulty level for your organization

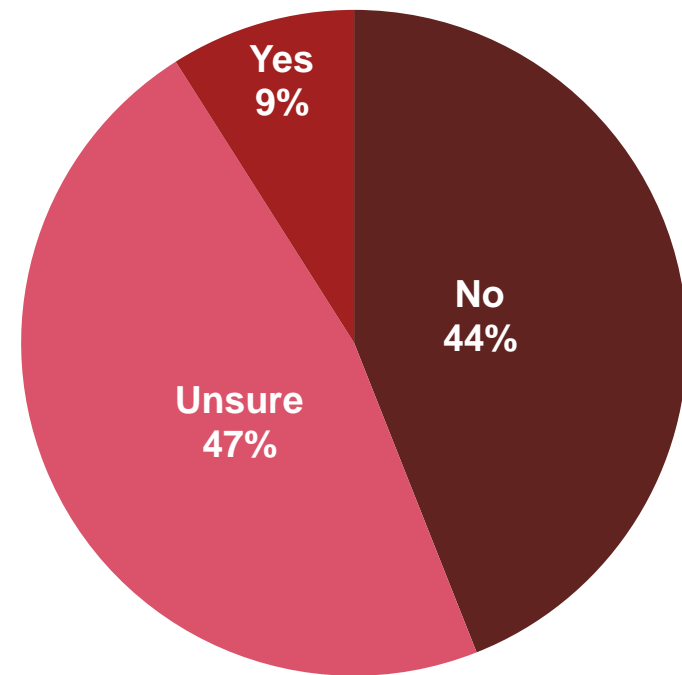


Has your company's lease vs. buy strategy changed?

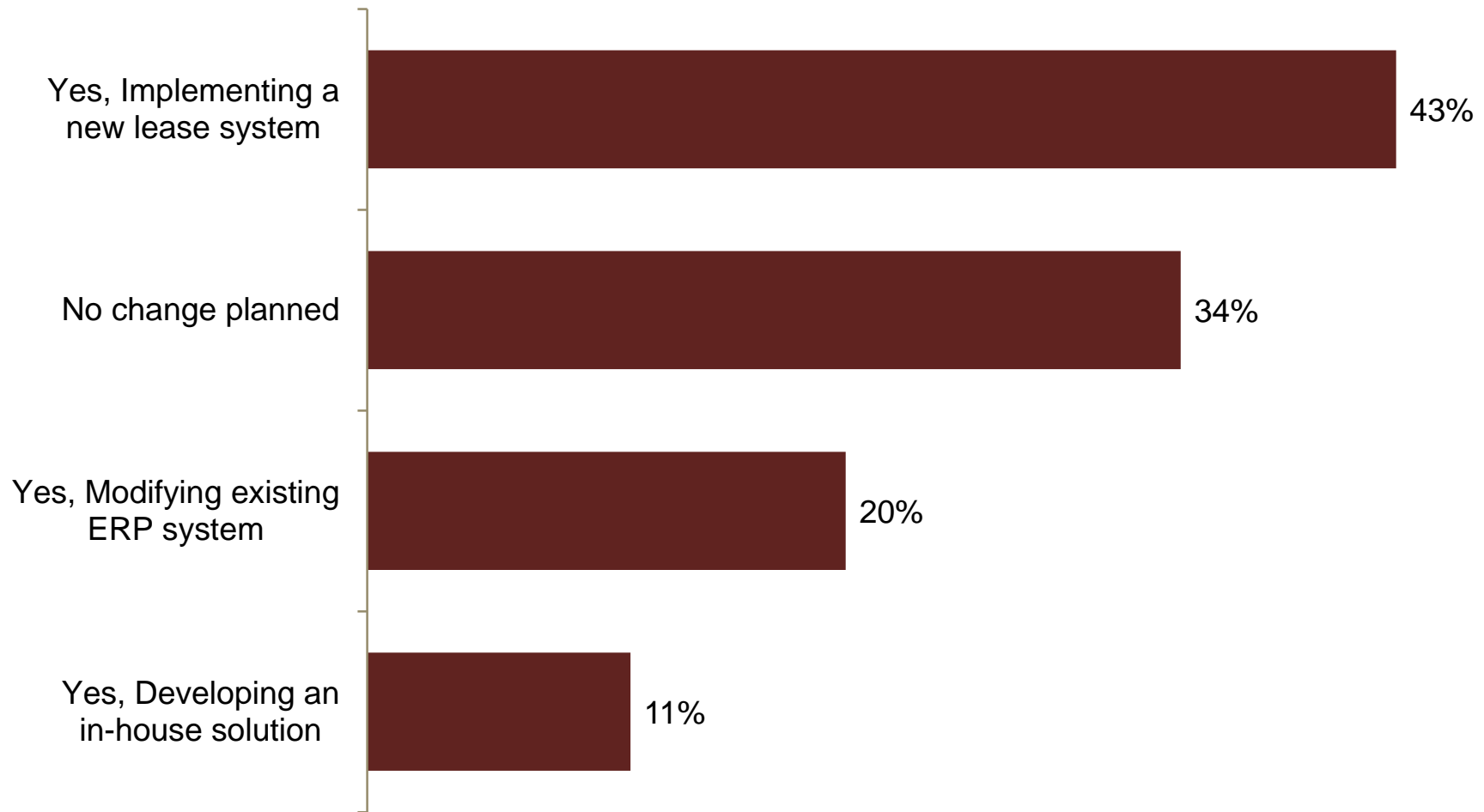
For real estate leases



For non-real estate leases

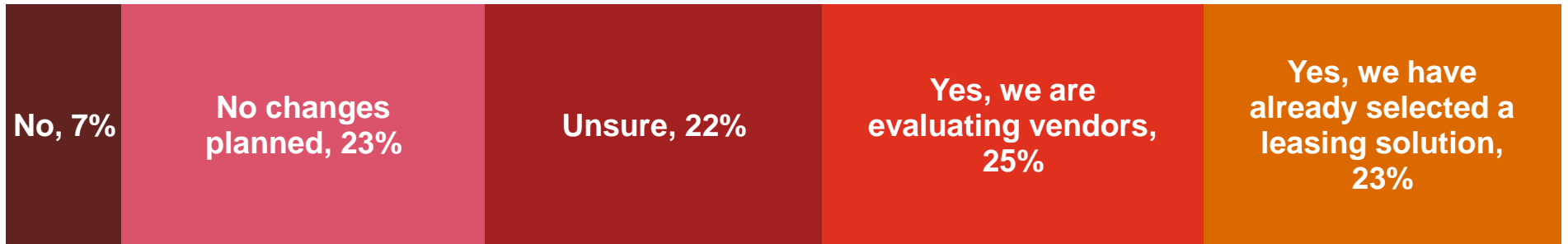


Do you plan to change the primary system used to track leases and lease accounting?

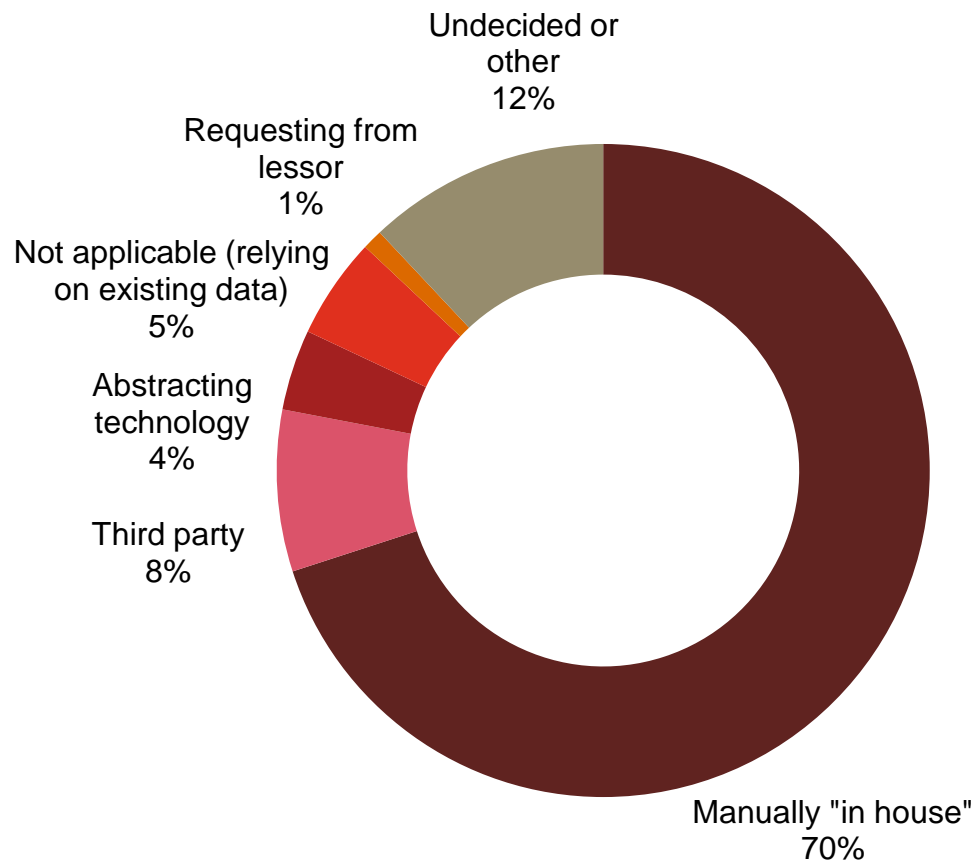


*Multiple answers permitted

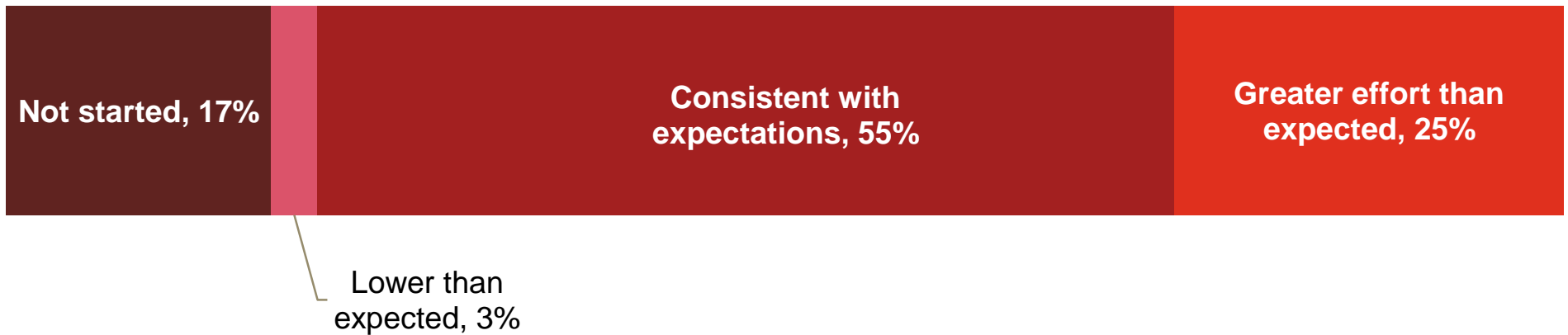
Do you believe you will have enough time to select and implement a new or upgraded lease system prior to your respective effective date?



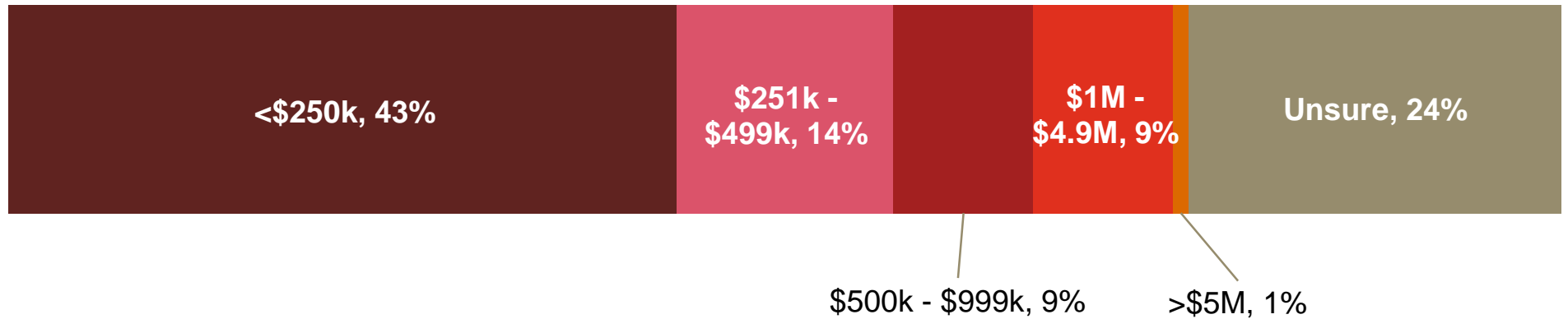
How are you primarily collecting the data from your lease contracts to comply with the new accounting standards?



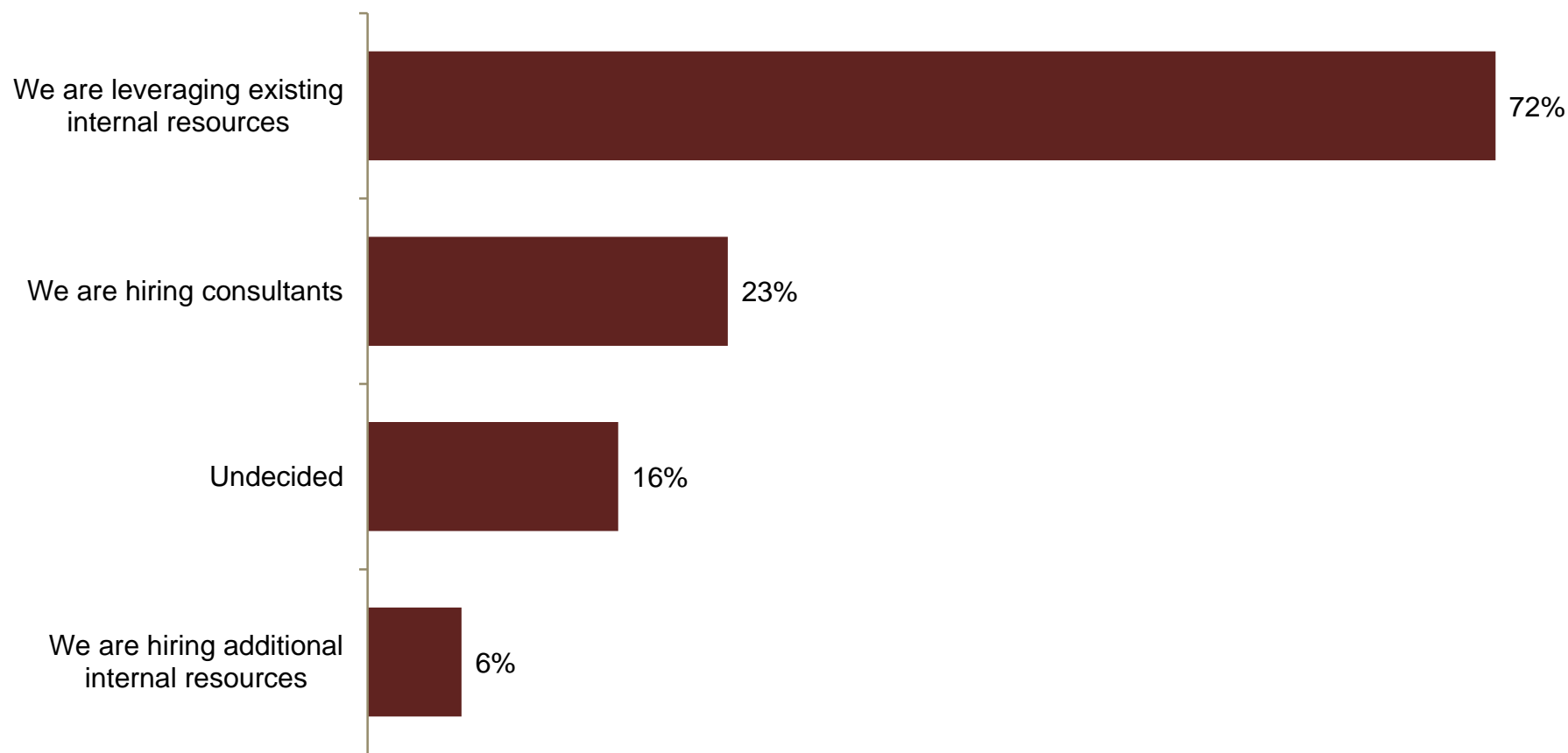
Which of the following best describes the level of effort required to date in assessing or implementing the new standards?



What level of total incremental costs do you expect will be required to implement the new standards?

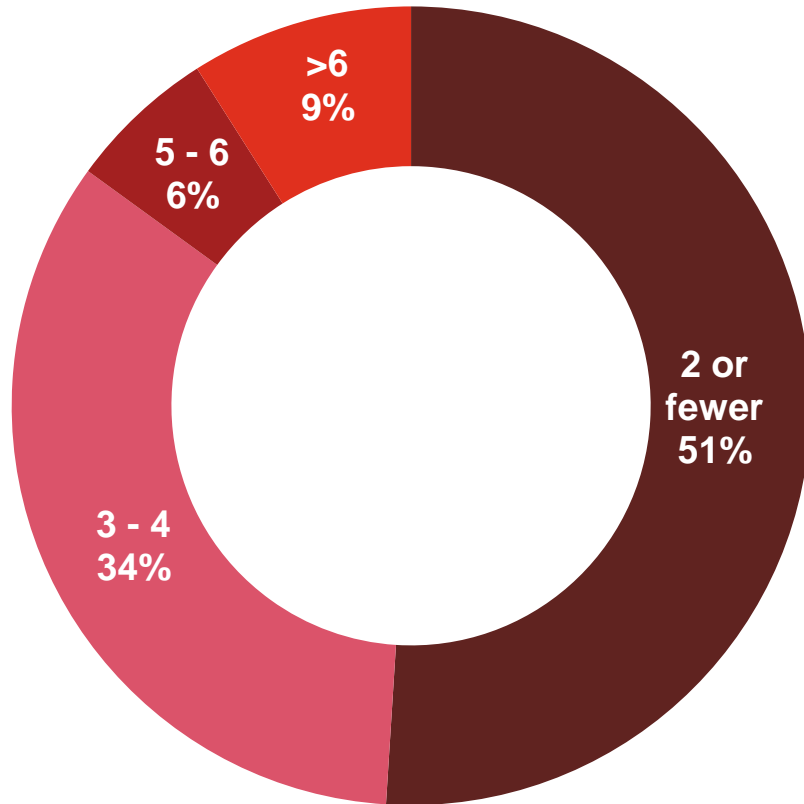


How are you managing resources to implement the new standards (check all that apply)?

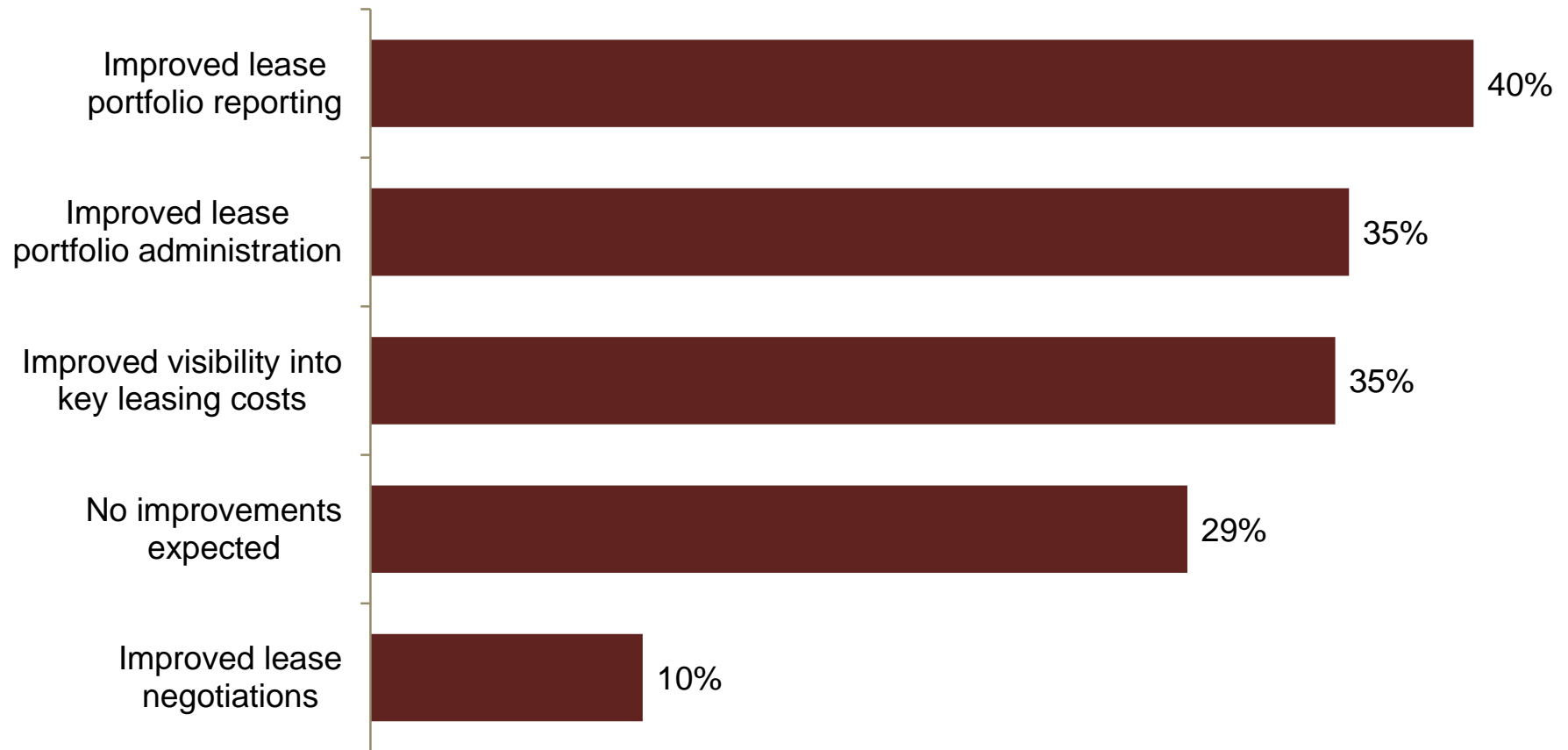


*Multiple answers permitted

Approximately how many full-time employees (or equivalents) do you expect to utilize to address implementation of the standards?

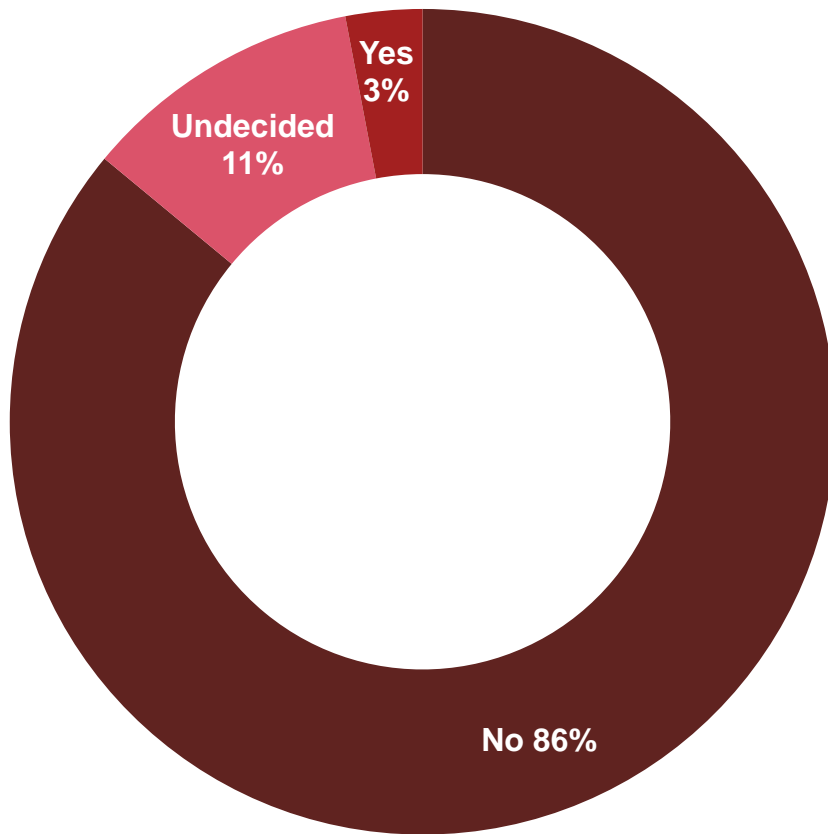


Do you expect to realize any of these benefits as a result of the changes you are making to comply with the new standards (check all that apply)?



*Multiple answers permitted

Early adoption is permitted before the required effective dates. Do you expect your company to early adopt?



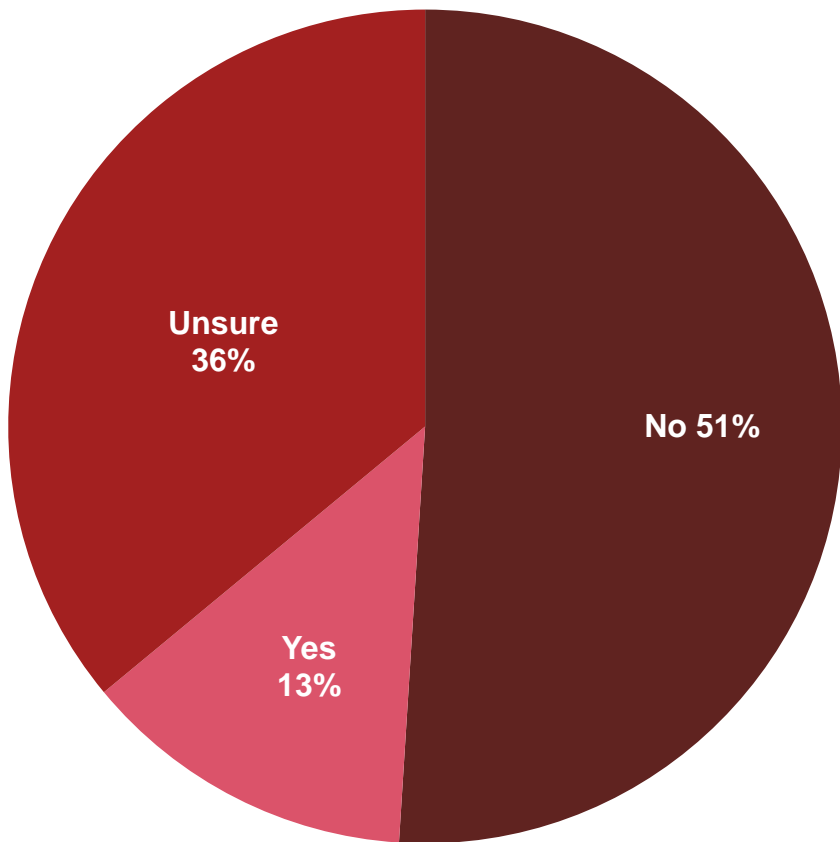
What is the primary reason for early adoption?

“

- To do it at same time as revenue standard and/or to get it out of the way.
- New major lease for headquarters will drive early adoption.
- We are an IFRS filer.
- To improve current lease negotiations.
- More favorable accounting treatment.
- Large increase in operating leases during current year.
- Resource/timing issues.

”

Do you expect the new standards to result in a necessary renegotiation of any existing debt covenants?



PwC contacts

To have a deeper conversation about how the new lease accounting standards impact your organization, please contact your PwC representative or one of our lease accounting specialists:

Sheri Wyatt

Partner, Deals, Accounting
Advisory Services

Tel: +1 (312) 298 2425

sheri.wyatt@pwc.com

Shane Foley

Principal, Advanced Risk and
Compliance Analytics Solutions

Tel: +1 (646) 471 0516

shane.p.foley@pwc.com

CBRE contacts

Jeff Beatty

Senior Managing Director
CBRE/Financial Consulting
Group
Director, Lease Accounting
Task Force
Tel: +1 (602) 735 5608
Jeff.Beatty@CBRE.com

Peter Kitchin

Americas Leader
Portfolio Services
CBRE/Advisory & Transaction
Services
Tel: +1 (415) 772 0273
Peter.Kitchin@CBRE.com

Brandon Forde

Executive Managing Director
Americas Leader, Client Solutions
CBRE/Advisory & Transaction
Services | Occupier
Tel: +1 (404) 504 7884
Brandon.Forde@CBRE.com

Follow CBRE: [Facebook](#) | [@cbre](#) | [Google+](#)

