



BDO'S MANAGED LEASE SERVICES

Taking the burden of lease accounting out of your hands, leaving you to focus on what's important... running your business.

The current state of play

In 2020, many for-profit entities who report under NZ IFRS and NZ IFRS (RDR) will be adopting the new lease accounting standard (NZ IFRS 16) for the first time. The introduction of NZ IFRS 16 changes not only the numbers that are reported, but also changes the way that leases need to be practicably managed and accounted for as part of an entity's day-to-day accounting function. When an entity's lease population is small, and non-complex, this is easy enough to do on spreadsheets, and may not necessarily result in a significant increase in an entity's internal resource time and cost, and external audit cost.

However, where an entity's lease population moves beyond being small, and non-complex, both of these costs start to increase exponentially.

The alternative to spreadsheet management

The alternative to managing lease accounting on spreadsheets is to utilise specialised lease accounting software.

Various lease accounting products are available for licence by entities, to acquire and then operate themselves, including BDO's very own BDO LEAD product. The benefit of lease software products provide assurance around the various manual calculations required, the integrity of lease data, and make for a more efficient (and cost effective) audit process.

However, the two drawbacks with licencing lease software outright is:

- (i)** The cost of these licences can be significant, and
- (ii)** An entity needs to invest continuous internal time and cost in having staff upskilled on the use of the software.

So is there a solution to this?

Is there a way to get the best of both worlds... the benefits provided by a lease software solution, whilst not having to outlay significant internal and external costs?

Well... at BDO we think there should be, and we have developed a solution!

BDO's Managed Lease Services

The concept of BDO's *Managed Lease Services* is essentially that of an outsourcing arrangement.

- (i)** You provide BDO with key lease information (both initially, and then on a regular basis),
- (ii)** We process this information in-house through BDO LEAD,
- (iii)** We then provide you with the journals required to account for NZ IFRS 16 lease accounting.

Audit trail reports, and lease population information is made available to the entity as part of the year end audit procedure in the same way as if BDO LEAD were being licenced outright. You never have to see or worry about embedding and operating yet another software programme into your business.

BDO *Managed Lease Services* will help reduce costs and improve efficiencies by allowing BDO to manage all your leases in your lease portfolio and provide you with the information you need to account for your leases under NZ IFRS 16. This approach will be most beneficial when transitioning to NZ IFRS 16 — no other software solution can offer the NZ IFRS insights that our advisors can offer you during the critical phases of your NZ IFRS 16 implementation project.

Our Lease Management Services include:



Training your staff on the application on NZ IFRS 16



Guidance to assist your Project Team to gather the necessary outstanding lease accounting data



Critical analysis to assist you with your policy choices before date of adoption



Upload of your data into BDO Lead



Providing monthly accounting journals and audit information in the format and at the level that you need in your organisation (Consolidated, Company, Profit Centre and/or Cost Centre)

The benefits to you:



Centralised access to the BDO Lead technology solution



No need to invest in or acquire the software



Lower cost and no complex IT implementation projects



Access to our NZ IFRS 16 Advisory specialists throughout



Audit trail provided for you and your auditor

Your investment for our Managed Lease Services is:

FEE TYPE

Licence Fee	\$Nil
Once-off Implementation Fee	\$Nil
Managed Services Fee	Annual fee based on number of leases

As an add-on to our Managed Lease Services, we can also model the three transitional options allowed under NZ IFRS 16 using your lease data during an additional one-off fee.

Contact us today

BDO Managed Lease Services

If BDO's *Managed Lease Service* sounds like an option worth exploring for your entity then do not hesitate to contact James Lindsay at BDO *IFRS Advisory* for a no obligation discussion and quote.

General assistance in adopting NZ IFRS 16

BDO's *IFRS Advisory* department come ready with real life experience in adopting NZ IFRS 16 and are therefore well placed to provide entities with the expertise and assistance they require.

So even if a lease software solution is not in your entity's immediate future, but you are still needing assistance navigating the adoption of NZ IFRS 16, then do not hesitate to contact James and the BDO *IFRS Advisory* team to discuss how BDO can step in and assist you through the process.



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