

IFRS 16 - Leases

The new standard is ready, are you?

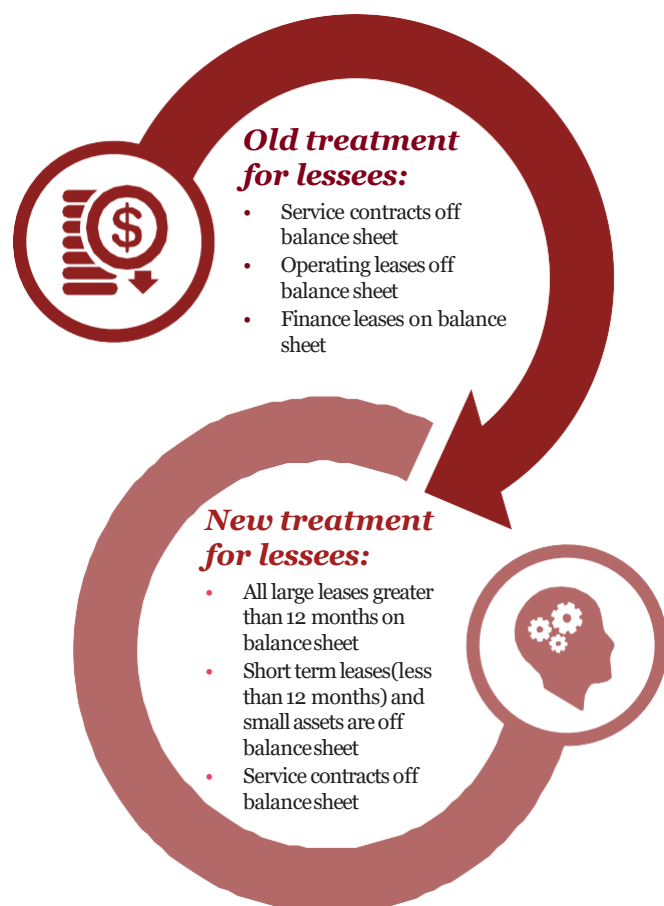
19 April 2022



Who should attend?

- Accountants and finance managers responsible for preparation of the financial statements in accordance with IFRS
- Finance managers responsible for assessment of company's financial performance
- Finance directors responsible for corporate budgeting processes and planning

What's the issue?



Why is it an issue?

General

- Adopted from 1 January 2019
- Companies with operating leases affected
- Leases greater than 12 months on balance sheet
- Exemption for small asset leases

Accounting and financial

- Financial statements:
 - Change in profit and loss timing and expense recognition pattern (depreciation and interest instead of rental expense)
 - Balance sheet gross-up
 - Measurement changes
 - Change in cash flow presentation
 - Extensive disclosures
 - Transition – practical expedients exist (consider financial and practical impacts)
- Most key ratios and metrics reset:
 - Gearing/leverage EBITDA / EBIT
 - Return on equity / ROCE
 - EPS / Net income
 - Operating and financing cash flows

Main type of leases impacted

- Real estate
- Vehicle (cars, trains, aircraft, trucks, ships)
- Plant and equipment

Cross-functional impacts

- Treasury (debt covenants and credit rating)
- HR (remuneration and bonus schemes)
- IT (systems, processes and controls)
- Taxes (tax structures and deferred tax)
- Real Estate (contract management)
- Sales / procurement (new lease terms)

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Who does it impact?

Global lease capitalisation impact by industry*

Lessees	Average increase in interest bearing debt	Median increase in total assets	Average increase in EBITDA
All companies	22%	5%	13%
Retail and Trade	98%	22%	41%
Professional Services	42%	5%	15%
Accommodation and food services	14%	3%	8%
Transport and Warehousing	24%	7%	20%
Construction	14%	2%	8%
Manufacturing	21%	3%	14%
Financial Services	6%	1%	6%

* Global PwC Lease Capitalisation Research 2015

Theoretical part of seminar

- Identification of a lease and elements of a lease
- Lease accounting under IFRS 16
- Transition – simplified approach

Practical application of theories

- Various examples and exercises around:
 - Identification of a lease contract, lease components
 - Exemptions
 - Fixed vs variable payments
 - Initial recognitions and measurements of a lease liabilities and right to use assets
 - Lease modifications



Workshop details:

This is an in-class training.

Registration: 09:15 am

Workshop: 09:30 – 17:00

Language: Mongolian

Certificate: PwC certificate to participants on completion of the course

Workshop leader:



**Munkhbaatar
Enkhbat**

Manager

*Capital Markets and
Accounting Advisory*

Education and professional qualifications:

- Possess knowledge in accounting and financial reporting under IFRS
- Experience as tutor of accounting training

Workshop fee:

MNT 350,000 + VAT

Contact:

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A complete calendar of training courses can also be found on our website: <https://www.pwc.com/mn/en/mn-academy/tailored-courses-and-training-calendar.html>