

New Study Finds Most Companies Lack Systems and Processes to Comply with New Lease Accounting Standards

GREAT FALLS, Va., May 11, 2016 (SEND2PRESS NEWSWIRE) – LeaseAccelerator, the leader in Equipment Lease Management software, announced the results of a market readiness survey for the new lease accounting standards. The first research study to be completed since the Financial Accounting Standards Board (FASB) announced ASU 2016-02 (ASC 842), surveyed financial professionals about their state of readiness for the new leasing standards.

The survey also asked respondents to assess the maturity of their processes and systems for managing leased equipment such as aircraft, trucks, forklifts, laptops and data center gear.

The study found that 85% of respondents were in the process of reading, studying, and implementing the new standards. Less than 10% of respondents believed they had the right systems in place to comply today. Of those surveyed, 42% were expecting the implementation of the new standards to be “pretty painful” or “extremely painful.”

Additional findings of the study included:

- * Equipment leasing lacks a consistent owner at many companies. 31% of those with large leasing programs had no designated owner.
- * Most companies do not have an up-to-date inventory of their leases. 64% of companies with large leasing portfolios stated it could take months.
- * Most companies do not have a system of record in place for equipment leases. Almost 65% were using spreadsheets or “a little of everything” to track these assets.

“Only a handful of companies have adopted best practices for the accounting and administration of their equipment leases,” said Michael Keeler, CEO of LeaseAccelerator. “The majority are relying on spreadsheets with no clear organizational owner or KPIs. Companies should get started now implementing the necessary systems, processes and controls if they are going to meet the deadlines for the new lease accounting standards.”

Developed over a period of ten years by the Financial Accounting Standards Board and International Accounting Standards Board, the new lease accounting standards change the way public companies will report leases in their quarterly and annual financial statements. Many real estate and equipment leases, previously only disclosed in the footnotes of investor filings will now be capitalized on corporate balance sheets.

The IASB estimates that over \$2.2 Trillion of assets and liabilities will transfer onto corporate balance sheets in the coming years. The implementation deadlines for the new standards start in 2019. However, companies will also have to provide three years of comparative income

statement, beginning on January 1st, 2017 for calendar year end filers.

You can read the full report here now:

<http://www.leaseaccelerator.com/lease-accounting-readiness-study>.

About the study:

On behalf of LeaseAccelerator, in March 2016, an independent, third-party research firm surveyed over 150 treasury, accounting, finance and tax professionals at Fortune 1000 companies about their readiness and expected challenges with implementing the new lease accounting standards.

About LeaseAccelerator:

LeaseAccelerator offers the market-leading SaaS solution for Equipment Lease Management (ELM), delivering hard cost savings, compliance, and best practices to large, international lessees. LeaseAccelerator is the only solution that covers the entire enterprise equipment leasing lifecycle, including: Equipment Lease Sourcing, saving 6-8% by driving down capital costs; Portfolio and Performance Management, saving 8-12% by improving end-of-term return performance; and Lease Accounting, enabling compliance with current and new FASB, IFRS, and SOX standards.

Learn more at <http://www.leaseaccelerator.com/>.

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