



# ONLINE INSIGHTS WEBCAST



As one of the nation's leading accounting firms, Mazars USA provides the resources, experience and global expertise to help you adapt in a dynamically changing business landscape.

## NEW LEASE STANDARDS IMPACT ON THE RETAIL INDUSTRY

Thank you for attending our webcast on the new lease standard (IFRS16) which included a focus on key areas of impact for the retail industry. We had a great turnout and really appreciated the opportunity to share the update with you. The new lease standard has a very broad application with significant impacts to most industries.

As mentioned during the webcast it has been estimated that median debt and EBITDA will increase by 98% and 41%, respectively, for retailers\*. We believe it will be critical for companies to be prepared for the leases update so that they can properly account for the impacts. One of the first steps being the assessment of the scope of the impact on your company and ensuring completeness of that information. Based on polling questions, we observed that 35% of the respondents believe that the lease accounting changes will affect their bank covenants, and a further 39% were unsure if the impact will impact their bank covenants. In both cases it is important to start the analysis as soon as possible.

Approximately 41% of webcast attendees indicated that they had not begun to consider the impact of the implementation of the new leasing standard on their business. Further, 38% of attendees indicated that they believe the most time-consuming item for implementation will be figuring out the journal entries and amounts. The Mazars' lease solution will be able to assist you with both the lease analysis and the calculation of the required adjustment.

Balance sheet presentation of leases as a result of this update will have significant impacts to your financial statements and key financial measures and ratios.

We encourage you to reach out to us for any follow-up questions or any questions related to our customized services related to transition to the new leases standard.

\* Based on PWC Global Lease Capitalization Study

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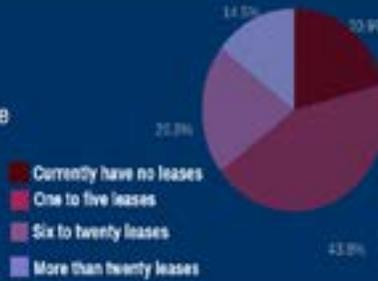
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# NEW LEASE STANDARD IMPACT ON THE RETAIL INDUSTRY



**43.80%**

of respondents say their organizations use six to twenty lease arrangements.



**35.20%** of webcast attendees see Lease Accounting changes affecting their bank covenants.

**38% OF RESPONDENTS**

see figuring out the journal entries/amounts to be the most time-consuming item for implementation.



## MAJORITY OF WEBCAST ATTENDEES

have begun to consider the impacts of the implementation of the new leasing standard on their business.