



k-IFRS 16

a simple solution
to solve a complex issue

ONE VISION

RISK

GOVERNANCE

PERFORMANCE

ACTION PLAN

Putting IFRS 16 into practice requires solid business foundations :

- A **clear normative framework** to apply in the group
- Processes **adapted to the diversity** of situations of subsidiaries
- The **collaborative capacity** both within a company and between the group and their subsidiaries
- A **comprehensive lease portfolio** centralized into a single repository
- Simulations in order to **anticipate the impact** of the possible options
- **Adaptable dashboards** and reports destined for management and auditors
- Appropriate software solutions **easy to integrate** in your existing IS

k-IFRS16 includes features that will strongly facilitate the success of your project

- **Create collaborative communities** within the application and build a constructive dialogue :
 - *between Corporate and subsidiaries*
 - *within each company, between the different departments implicated in the process*
 - *between the auditors and the group*
- **Add** qualitative information and comment any figure, dashboard... at any level of the process
- **Compare** the impact of different scenarios in parallel, and make informed decisions
- **Work in a group** using an end to end solution, without breaking the digital chain, enabling you to measure in real time and anticipate the impacts of a decision at any level of the hierarchy
- Use screens built on a « look & feel » Excel, **reducing considerably the change management**
- **Design action plans** enabling you to follow the degree of progress in :
 - *preparing the IFRS16 in each company of the group*
 - *data collection processes in the operational phase*

Enter the IFRS16 application via the menu



k-IFRS 16, a simple solution that strengthens a business orientated approach

A simplified 5 stage illustrated guide to our solution

1. PREPARE AN EFFICIENT ORGANIZATION WITHIN YOUR GROUP

- Inform your subsidiaries about applicable IFRS16 standards adopted by the group
- Design an accounting organization that ensures the compatability of data collected through IFRS16 solutions and amounts registered in the accounting system
- Manage access and customize the display of data according to the profile of each user : who, what and when ?



- Design the collection process adapted to the specificities of each subsidiary, its size, its business, its organization and its position in the organization chart of the group
- Monitor the progress of the preparation phase
 - Design an action plan specifying the divisions of tasks, the milestones and the division of responsibilities
 - Follow their degree of progress and automatically alert in case of missed deadlines



- To define an internal audit process that ensures the quality of the information collected
- To define the necessary data entry forms to input in the different accounting softwares deployed within the group, or directly in the consolidation software (OUT)

Lease contracts • Mapping

Rent expense accounts: from Social chart of accounts to Group chart of accounts

P&L account (Social)	Cost center (social)	P&L account (Group)	Cost center (Group)	Comment
6122	438	R612400	GA	
6125	220	R612400	RD	
6130	450	R612400	GA	

Nature of assets and associated Group accounts

Nature of assets	Amortization period (years)	Amortization period (months)	Balance sheet VB	Balance sheet Amort	Balance sheet Debt	P&L Amortization expense	P&L Financial interests
Immobilisations incorporelles							
Softwares	3 years	36	A2050	A2055	L16410	R66010	R66160
Immobilisations corporelles							
Buildings	10 years	120	A21200	A28200	L16420	R66020	R66160
Equipment							

- To define the ETL interfaces enabling automatic integration of existing data in k-IFRS16 (IN)

2. LAUNCH THE DATA COLLECTION CAMPAIGN AND MONITOR ITS PROGRESS

- Define clear time-schedules concerning the data collection process, monitor its good course, using an automatic notification system in case of potential delay to alert the person responsible

Lease contracts • Mapping

Region	Entity	Workflow					
		Opening	Assessment	Data entry	Validation	Clean	Publication
France	Orange Equipement	100%	70%	40%	50%	0%	0%
	Assessing Information	100%	20%	0%	2%	0%	0%
	Digital Media Renta	100%	30%	20%	10%	0%	0%
Germany	Audax	100%	80%	50%	20%	0%	0%
	Agilis	100%	80%	40%	30%	0%	0%
	Autocom	100%	30%	20%	5%	0%	0%
Spain	Lufthansa	100%	20%	10%	0%	0%	0%
	Banesto	100%	30%	10%	10%	0%	0%
	Contra	100%	40%	20%	10%	0%	0%
Switzerland	Wendelin Cooperative Corporation	100%	80%	30%	40%	0%	0%
	Advanse Finance	100%	20%	0%	0%	0%	0%
	Banque Sabote	100%	30%	0%	0%	0%	0%
CityNightline	CityNightline	100%	40%	20%	10%	0%	0%

- Collect all the requested data, including key lifecycle dates, and justify by attaching a copy of each contract

1. CONTRACTS		2. CRITERIA AND ELIGIBILITY OF CONTRACTS						
Lease contract #	Supplier	Asset	Type of contract	FAI account in subsidiary accounts	Cost center	Nature of assets	Beginning date of the contract	End date of the contract
2007X32	Opel	Car	lease	8133	412	Established	2019-01-08	2022-04-07
2007X33	Norca	Transportation equipment	lease	8122	348	Equipment	2019-01-04	2024-04-02
2007X34	Fluorimex A	Transportation equipment	lease	8122	348	Equipment	2018-01-04	2024-04-02
2007X35	Oracle	Software	lease	8122	348	Intangible assets	2006-01-02	2023-03-01
2007X36	Agence B	Transportation equipment	lease	8122	348	Equipment	2019-01-04	2024-04-02
2007X37	Agence B	Building & facilities	lease	8122	348	Buildings	2019-01-08	2029-04-07
TOTAL								

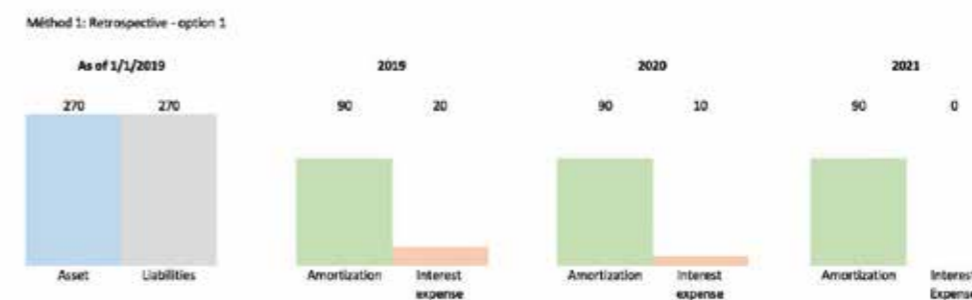
- Collaborate between the different departments in order to make shared decisions
- Collaborate between the group and its subsidiary in order to confirm decisions made
- Identify the contracts close to expiry date and manage the potential renewal
- Be alerted to contracts that should be incorporated in the contract data base, despite meeting the criteria fixed by the group

1. CONTRACTS								3. DISCOUNTED CASH FLOW		
Lease contract #	Supplier	Approved	Monthly rent amount	Annual rent amount	YTD rent amount	IFRS 16 contract's eligible	Terminated / on-going contract	Comments on contract eligibility	Weighted average interest rate	Monthly reported interest rate at end of contract
2007X32	Opel	80	275	3,300	1,389	YES	on going		5.42%	
2007X33	Norca	80	100	1,200	709	YES	on going		5.42%	
2007X34	Fluorimex A	80	100	1,200	709	NO	on going		5.42%	
2007X35	Oracle	417	417	5,000	-	YES	on going		5.42%	
2007X36	Agence B	80	100	1,200	709	YES	on going		5.42%	
2007X37	Agence B	1,000	4,187	50,000	20,000	NO	on going		5.42%	
TOTAL			8,119	81,338	34,472	4				

3. "WHAT IF" : SIMULATE THE IMPACTS AND CHOOSE ACCORDINGLY

- Simulate the impact of the choice of discount rates (rate implicit, incremental borrowing rate) and estimated duration of use on
 - the different levels of income (Operational income, net income, EBIT, EBITDA)
 - the indebtedness and the asset rotation
 - the interest cover ratio
- Simulate the impact on banking covenants
- Simulate the impact on the Key Performance Indicators used by the group
- Simulate the impacts of the available options concerning the transition period

Contrats de location • Simulation 1ère application



4. CONFIRM THE CONSISTENCY BETWEEN ACCOUNTING AND COLLECTED DATA

- Reconcile the amount of collected data and accounting in order to identify the discrepancies
- Justify and comment the discrepancies between IFRS16 application and accounting system
- Perform the impairment tests
- Trigger the import of accounting transactions in the specified accounting systems
- Identify the non validations by the auditors and trigger a specific process to deal with the issue

1. CONTRACTS		5. GROUP MAPPING				6. DOCUMENTATION		7. APPROVAL BY THE STA	
Lease contract #	Supplier	Asset account	Field account	Lease charge amortization account	Depreciation expense account	Financial expense account	Maturity Periods Asset & Liab.	Validation status	
3007X30	Oyel	A2100	A2000	438	L30430	#00030	Contract file	Validated	
3007X33	Kate	A2100	A2000	438	L30430	#00030	Contract file	Validated	
3007X34	Fournisseur A	A2100	A2000	438	L30430	#00030	Contract file	Validated	
3007X35	Clara	A2000	A2000	438	L30430	#00030	Contract file	Validated	
3007X36	Agence X	A2100	A2000	438	L30430	#00030	Contract file	Validated	
3007X37	Agence X	A2100	A2000	438	L30430	#00030	Contract file	Validated	
TOTAL :									



5. PROVIDE ANY DASHBOARD AND REPORT ACCORDING TO STAKEHOLDERS NEEDS

- Provide any disclosure report enriched by qualitative comments at any level of hierarchy that meet stakeholder requirements
- Provide the information to include in the notes of the annual accounts (Amortization per FA class, interest expenses, maturity analysis of financial liabilities.)
- Score the compliance of the action plan carried out compared to the initial commitments and decide targeted actions in order to improve governance
- Provide an Excel export of contracts and ensure the security in case of import in the data base

REPORTING	2020	June	VTD	EUR	EUR	#00030	DCP Normal	Normal	438	Normal	Normal	153.78087718427429						
REPORTING	2020	June	VTD	EUR	EUR	#00030	DCP Normal	Normal	438	Normal	Normal	-154.81037970204783						
REPORTING	2020	February	VTD	EUR	EUR	#00030	DCP Normal	Normal	438	Normal	Normal	280.03127970204783						
REPORTING	2020	May	VTD	EUR	EUR	#00030	DCP Normal	Normal	438	Normal	Normal	-154.81037970204783						
REPORTING	2020	January	VTD	EUR	EUR	#00030	DCP Normal	Normal	438	Normal	Normal	815.5328918088978						
REPORTING	2020	March	VTD	EUR	EUR	#00030	DCP Normal	Normal	438	Normal	Normal	782.03127970204783						
REPORTING	2020	July	VTD	EUR	EUR	#00030	DCP Normal	Normal	438	Normal	Normal	153.78087718427429						
REPORTING	2020	August	VTD	EUR	EUR	#00030	DCP Normal	Normal	438	Normal	Normal	-154.81037970204783						
REPORTING	2020	April	VTD	EUR	EUR	#00030	DCP Normal	Normal	438	Normal	Normal	-154.81037970204783						
REPORTING	2020	January	VTD	EUR	EUR	#00030	DCP Normal	Normal	438	Normal	Normal	438.00000000000000						
REPORTING	2020	July	VTD	EUR	EUR	#00030	DCP Normal	Normal	438	Normal	Normal	782.03127970204783						
REPORTING	2020	February	VTD	EUR	EUR	#00030	DCP Normal	Normal	438	Normal	Normal	153.78087718427429						
REPORTING	2020	February	VTD	EUR	EUR	#00030	DCP Normal	Normal	438	Normal	Normal	-280.03127970204783						
REPORTING	2020	September	VTD	EUR	EUR	#00030	DCP Normal	Normal	438	Normal	Normal	-154.81037970204783						
REPORTING	2020	May	VTD	EUR	EUR	#00030	DCP Normal	Normal	438	Normal	Normal	-154.81037970204783						
REPORTING	2020	September	VTD	EUR	EUR	#00030	DCP Normal	Normal	438	Normal	Normal	154.81037970204783						
REPORTING	2020	April	VTD	EUR	EUR	#00030	DCP Normal	Normal	438	Normal	Normal	154.81037970204783						
REPORTING	2020	April	VTD	EUR	EUR	#00030	DCP Normal	Normal	438	Normal	Normal	-154.81037970204783						
REPORTING	2020	May	VTD	EUR	EUR	#00030	DCP Normal	Normal	438	Normal	Normal	154.81037970204783						
REPORTING	2020	July	VTD	EUR	EUR	#00030	DCP Normal	Normal	438	Normal	Normal	-154.81037970204783						

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