

**PIR of NZ IFRS 16**

Name	David Hayman
Organisation	Nomos One
Role	Other
Tier	3
Sector	Other
Number of leases	10
How would you describe the ongoing costs of complying with NZ IFRS 16?	Moderate
Does your entity use lease accounting software to support NZ IFRS 16 compliance?	Yes
Has the software reduced the costs and complexity of compliance?	Significantly
Are there any significant manual processes that remain?	Yes
What barriers, if any, have you encountered in adopting or using lease accounting software?	Complying with IFRS16 spans across a number of processes and teams and getting all teams involved in any implementation is a challenge. Asset managers may already have systems for their processes and adding one / to that for IFRS16 is a challenge. Controls / cyber security compliance is becoming more of a factor and therefore keeping things in house is preferred.
Please indicate the main sources of ongoing costs (select all that apply)	System changes, Staff training, Ongoing data collection/maintenance
Do you consider the ongoing costs of compliance to be proportionate to the benefits of NZ IFRS 16?	I think the present value calculating of the IFRS 16 balances continues to inhibit the understanding and application of the accounting associated with IFRS16. This reduces the benefits, while there is a reasonably high base level of costs associated with compliance (ongoing updating of data, software costs, review of prepared numbers, audits)
Please describe the most significant ongoing costs or benefits your entity has experienced.	Manual hours spent across finance and property teams is the highest cost associated with compliance. The most significant benefit has been that for businesses who had done the minimum required with relation to their lease accounting, they were forced to do more and that provided time for review and process improvement
Which discount rate method does your entity primarily use for lease accounting?	Incremental Borrowing Rate (IBR)

If you do not use IRIL, what are the main reasons? (select all that apply)	Not practicable to determine, Lack of information from lessors
Specify the reason why you do not use IRIL	
What challenges, if any, have you encountered in determining discount rates?	There are many factors involved in determining the rate and only high level guidance. More detailed guidance or steps to follow or factors to consider would be useful
Does your entity disclose the specific discount rate(s) used in your financial statements?	Sometimes
Please explain why you do not disclose specific discount rates in some circumstances.	Rates by asset class, but not more detail than that. It isn't deemed useful
Does your entity have leases with terms of 50 years or more?	Yes
What challenges, if any, have you encountered in accounting for long-term property or ground leases? Please describe	The longer the lease, the more uncertainty in future years. Also the liability amount might not be a fair reflection of the ROUA amount. So users make a judgement to use a term of less than the longer contractual term
Do you consider the current requirements for long-term leases to be fit for purpose?	No
Please explain	Too much uncertainty in far away future years that need to be accounted for today
How would you describe the level of detail your entity provides in lease-related disclosures?	Details
What factors influence your decisions about the level of lease disclosure? (select all that apply)	Materiality, System limitations, Audit requirements, User feedback, Group policy
Do you believe the current disclosure requirements support comparability and transparency?	Yes
Please explain why or why not.	There are enough prescriptive requirements to be comparative but also enough scope to add useful information to the users
Are you aware of users (e.g., investors, analysts, lenders) adjusting your reported figures to remove the effects of NZ IFRS 16?	Yes
What feedback or explanations (if any) have you received from users about why they make these adjustments?	Models don't include IFRS16 balances
Please provide any additional comments, concerns, or suggestions regarding NZ IFRS 16 or this consultation. You are also encouraged to comment on any other matters raised in the	email to be sent to Nimash as per correspondence

IASB's Request for Information, including topics  
such as the interaction of I

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