EFRAG
Mr Jean-Paul Gauzès
35 Square de Meeûs
1000 Brussels
Belgium

Paris, March 10, 2017

Dear Mr Gauzes,

Re: IFRS 16 LEASES Draft Endorsement Advice

We welcome the opportunity to answer to the request for comment on the IFRS 16 LEASES Draft Endorsement Advice that was issued on February 14, 2017.

Our comments do not aim at challenging EFRAG's assessment that endorsing IFRS 16 would be conducive to the European Public Good.

As requested, our comments focus on specific components of Appendix 3 of the draft endorsement advice. By providing these additional insights on costs and bookkeeping processes, we hope to be helpful in the conduct of future analysis by EFRAG of new IFRS standards at their various stages of development or endorsement.

* * *

If you would like to discuss our comments further, please do not hesitate to contact us.

Yours sincerely,

/S/

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Orange
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IFRS 16 *LEASES Draft Endorsement Advice*

Respondent details

1 Please provide the following details:

(a) if you are responding on behalf of an organisation or company, its name: Orange

(b) Are you a: Preparer

(c) Please provide a short description of your activity: Telecommunications; 40 billion € sales; est. 200000+ leases; approx. 250 consolidated entities.

(d) Country where you are located: 30 countries in EU & MEA + worldwide network presence.

(e) Contact details, including e-mail address: nicolas.depaillerets@orange.com

Appendix 3 of the draft endorsement advice

Potential effects on stakeholders' behaviours

2 EFRAG has assessed the potential effects on stakeholders' behaviours, including lessees, users of financial statements, lessors and other lenders (see Appendix 3, paragraphs 48-78). To support the assessment, EFRAG commissioned a study from an economic consultancy to provide input into EFRAG's analysis of potential changes in the behaviour of preparers, investors and lenders.

3 Overall EFRAG does not anticipate that IFRS 16 will have any material effect on entities' access to and the pricing of leasing as a source of finance. EFRAG however notes that some lessees may seek changes to their contract terms and conditions and that lessors may be requested to provide lessees with more information than in the past.

4 Do you agree with this assessment?

Yes

Potential impact of IFRS 16 on the leasing industry

We cannot provide a relevant answer to this section

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Potential impact of IFRS 16 on SMEs

We cannot provide a relevant answer to this section.

Costs and benefits

9 EFRAG is assessing the costs that are likely to arise for preparers and for users in the EU, both on initial implementation of IFRS 16 and in subsequent years (Appendix 3, paragraphs 161-233)?

10 To summarise, EFRAG's initial assessment is that lessees will incur implementation costs (both one-off and ongoing). The amounts will vary considerably, depending on a range of factors including the size of an entity's lease portfolio, the terms and conditions of those leases and the systems already in place to account for leases applying IAS 17. Costs may be mitigated by the use of the various options and exemptions available in IFRS 16. Part of the cost may also be 'shifted' to lessors if lessees rely on lessors to provide some of the information needed to implement the requirements.

11 EFRAG has received some broad and indicative ***estimates of the expected costs*** of implementation of IFRS 16 and expected ongoing costs (Appendix 3, paragraphs 217-222. EFRAG acknowledges that any such estimates are necessarily subject to a high degree of uncertainty.

Are you able to provide any additional cost estimates?

Yes,

We would like to encourage EFRAG to continue to enhance its approach towards the quantification of costs of new standards. In fact, the YouGov lessee survey quantification referred in the Ex-ante Impact Assessment of IFRS16 paper is flawed, as a minimum because of the limited number of respondents (90 out of the 2294 companies referred to in other part of the paper) and of the lack of clarity on the methodology and type of respondents (sector, size, role of the respondent). As expressed by some "The lease accounting change represents a shift beyond the spreadsheet thinking of the past" and "The change will have ripple effects far beyond balance sheet accounting—both in upstream and downstream processes".

If so, please provide these estimates along with any relevant explanation (e.g. the source of and basis for the amounts):

Our estimates cover only the lessee side of IFRS16 as it will concentrate most of the changes. We expect the cost to be in a similar range to that of IFRS15 implementation. We expect to have group wide a minimum of 200 000+ individual leases (of which half are antennas sites). The total number of arrangements for which an accounting modification is needed are expected to substantially exceed that number either because they would be viewed as falling in the scope of IFRS16 depending on how the definition of a lease contract will ultimately be applied (e.g. regulated rights to use) or because in order not to distort economic decisions there is a need for revisiting the accounting of some arrangements to include them in the scope of IAS38 (e.g. rights to access networks). The workload associated to these extra arrangements may be as significant, even if an individual accounting is unlikely for some categories of those arrangements.

The existence of previously accounted for finance leases is irrelevant to determine IFRS16 implementation costs, as manual computations and recordings were achievable as they were a limited number of contracts qualifying as such, and usually those are located in major entities well equipped in bookkeeping resources.

We believe the draft endorsement advice only hints at the effect of IFRS16 on the bookkeeping processes and therefore we provide a description of the modification of the accounting schemes required for a classical lease at the end of the questionnaire:

In fact, in making its decision about its accounting model, we believe the FASB has better identified and assessed the burden for preparers of the IFRS16 model as evidenced by the numerous indications in Topic 842 Basis for Conclusions :

BC282. In addition to considering the information needs of users, the Board considered the cost of obtaining and reporting the information. Integral to the Board's decisions on the lessee accounting model included in Topic 842 was the information provided by stakeholders that this lessee accounting model would achieve what many said to be the primary improvement to the lessee accounting guidance (that is, recognizing lease assets and lease liabilities for all leases other than short-term leases) <u>without requiring entities to implement significant new systems or processes</u>. Similarly, the Board noted that the costs to produce the disclosures required in paragraph 842-20-50-4 will not be excessive because each of the items is either (or both):

a. Already being disclosed in accordance with previous GAAP on leases.

b. <u>Can be produced or obtained using existing systems or processes</u> (for example, by adding a column or a calculation to the schedule a lessee maintains to produce the maturity analysis disclosure required in previous GAAP). It was already necessary in previous GAAP, for example, to track cash payments made for leases (that are not variable lease payments), to:

1. *Properly recognize the required straight-line operating lease expense*
2. *Properly recognize any prepaid or accrued rent in the balance sheet*
3. *Prepare the required maturity analysis disclosure.*

BC286. In deciding not to retain the proposed reconciliation requirement as part of Topic 842, the Board considered that the information users were most interested in obtaining could be provided without requiring a reconciliation and that the information would be provided by the lease cost and cash flow information disclosures required by paragraph 842-20-50-4. The Board also considered that creating and providing reconciliations <u>are generally costly for preparers, particularly when the information required is not available centrally within the department producing the financial statements, which is often the case for leases</u>.

Lastly, the Board considered that some of the information that would be required for the reconciliation of lease liabilities would require systems and/or process capabilities that would not be required to apply the lessee accounting model (for example, the ability to calculate, on an effective interest method basis, the periodic unwinding of the discount on the entity's operating lease liabilities), and, therefore, <u>the</u>

reconciliation disclosure requirement might negate a significant portion of the cost relief stakeholders have communicated would be achieved as a result of the Board's changes to the lessee accounting model since the 2013 Exposure Draft.

Our current cost estimate of our IFRS16 project is provided thereafter.

Current cost estimate

To introduce IFRS16 in our 30 countries, we currently forecast a 50+ Mios € cost assuming savings associated to a cumulative effect of initially applying IFRS16 recognised at the date of initial application :

Compared to the Europe Economics evaluation, it is as if their higher impact scenario cost estimate (1 Mio €) would (a) be valid by tranche of 5 Bio € of turnover and (b) relate only to IT software and developments costs whereas most costs relate to the compilation of the required information and the modification of accounting processes.

- a minima 10 Mios € of external costs: about 2/3 of those are software licenses & developments for the Rights of Use/Lease liabilities IT module, and 1/3 core team consultants. We believe this cost estimate is in the low range of our peers.

- a minima 40 Mios € of other costs corresponding approximately to 600 man-years based on the 200000+ leases contracts only. These costs should be viewed as marginal costs similar to external costs rather than reallocated fixed internal resources: they represent resources that are not only distracted from businesses priorities at an implicit cost but, in the context of overlapping major accounting evolutions, will in part be composed of external costs (temporary staff or outsourcing of tasks). They comprise project teams across the group (roughly 50 fully dedicated persons plus as many on a part time basis equivalent to 100 man-years), a quarter of million hours training on IFRS16 principles applied to our activities (50 hours for approximately 5000 employees equivalent to 150 man-years), the collection and recording of transition data by operational employees and bookkeepers of (approximately 275 man-years, at a cost based on the time to record manually an invoice doubled to take into consideration the need to access the relevant contract data), the adaptation of accounting processes and internal control of each of our 250+ entities (definition , implementation & test equivalent to 75 man-years).

Ongoing costs are expected around 0.5-1 Mio € per year for external costs. Internal ongoing costs will be mostly linked to the constant updating of the data for the RoU/LL. They cannot be evaluated at this stage of implementation. Because in most of our jurisdictions, tax or statutory requirements impose to account for leases in accordance with the IAS17 operating leases accounting or their equivalents, the implementation of IFRS 16 requires a dual recording and reconciliation of the IFRS 16 liability with the statutory A/P. IFRS16 ongoing costs are therefore viewed as additional costs.

12 In addition, EFRAG has assessed the ***benefits that are likely to be derived from IFRS 16*** (Appendix 3, paragraphs 234-241).

13 To summarise, EFRAG's initial assessment is that users are likely to benefit from IFRS 16 including greater transparency about an entity's financial leverage and capital employed, enhanced information about leasing activity, improved comparability between entities that lease assets and entities that borrow to buy assets. Benefits to users may be reduced by some of the options available in IFRS 16, and on the basis that a significant proportion of users do not anticipate that IFRS 16 will lead to a reduction in the effort they currently expend in understanding and/or adjusting for the effects of operating leases in their analysis of lessees' financial statements. EFRAG assesses that preparers may also derive some benefits, although to a lesser extent than users, as a result of improvements in the quality and/or availability of internal management information about the effects of leases and enhanced investor sentiment.

Do you agree with this assessment?

We share EFRAG's view that the benefits to preparers is going to be limited if any. With respect to users, we believe that expectations linked to the accounting are overrated and are rather linked to better disclosure objectives.

If you do not agree with this assessment, please provide your arguments and indicate how this could affect EFRAG's endorsement advice.

We expect IFRS16 accounting to provide limited benefits to investors because :

① IFRS16 has no clear underlying concept w/r to the assets and liabilities representation :

-figures will vary with jurisdictions as the right granted by the lessor may be undefinite and between preparers judgment of the reasonably certain term, the structure of the lease payments

-other payment obligations that are not lease have diverse representations depending on whether they are viewed as eligible to IAS38 accounting or not

② we expect requests to preparers to provide non IFRS measures because:

- comparability is not achieved between IFRS16 and Topic 842 for measurement, profit and loss and cash flow presentation;

- only Topic 842 provides a form of continuity on key performance and cash flows indicators used by investors

- IFRS16 misrepresents the cash outflows necessary for operations (including investments);

③ rating agencies and some investors currently adjust reported IAS17 figures for net debt and interest coverage and have indicated their intention to continue adjusting the recorded lease liabilities (see Topic 842 BC281 in that respect); hence, we believe there is no basis for expecting IFRS17 to improve capital allocation between lessees. If a reduction in their cost of capital was ever discernable, we believe it would be linked to the level of disclosures not the change in accounting.

We continue to believe most benefits put forward by the IASB could have been provided at a lesser costs through enhanced disclosures about firm contractual commitments (nature, amounts, expected timetable etc).

The only benefit to preparers we have identified is to give a basis for determining an accounting policy for other assets on subjects addressed by IFRS16 and not addressed by IAS16 or 38: indexed payments, performance related payments and mechanisms to handle modifications, which are subjects the Board declined to address in the past.

* * *

These remarks aim at challenging the efficiency of the tools used by standard setters when they try to enhance the delivery of information to users. Correctly identifying the value added to be delivered, and the most cost efficient way of delivering this expected value added should be cornerstones of standard setting. Providing relevant information is not always best achieved by accounting but by adapted disclosures.

At this stage of the process, we do not think that our remarks should affect EFRAG ultimate conclusion, but would like to see in this endorsement advice or future endorsement advices these questions of value added and cost efficiency better addressed.

More importantly, we hope that in future project developments EFRAG will examine more thoroughly the adequacy of the standard setter's tools and processes to satisfy the informational needs of users. We do not underestimate the difficulty of the change in the mindset that it requires.

14 EFRAG's initial assessment is that IFRS 16 would reach a ***cost-benefit trade-off*** that is acceptable.

15 EFRAG acknowledges that the distribution of costs and benefits may be uneven among stakeholders insofar as costs are largely expected to be incurred by entities preparing IFRS financial statements whereas benefits are shared by them, users of financial statements (including investors) and the wider economy.

Do you agree with this assessment?

We believe the standard is not cost efficient but will not comment on the acceptability of the cost-benefit trade-off at this stage of the standard setting activity. Overall, we agree with the statement in §15.

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Other comments

16 Do you have any other comments in relation to this draft endorsement advice that should be considered by EFRAG?

Yes

The IASB election of presenting the repayment of the lease liability as financing cash flows on the basis that a lease is a financing transaction (or is viewed as such by users) and that the proposed classification introduces cohesiveness between the financial statements is highly disputable:

- First of all, in many circumstances there is no alternative to a lease (the underlying asset cannot be purchased) and no alternative to scheduled payments (the lessee cannot elect a full upfront payment, or an upfront payment would preclude performance type payments).

- Users view lease liabilities on their own, differently from borrowings and bonds even if they include it in the net debt of an entity along with the pension liabilities. At least one rating agency has indicated that it will adjust the free cash flow figures to include the repayment of the lease liability.

- Leases being now an asset, one would have expected consistency with the PPE, intangibles and other long term assets transactions that may include a financing component: the related payables are classified as A/P, and the related payments of principal are classified as cash flows from investing activities.

The IASB choice introduces discrepancy with the current presentation under IFRS of:

- transactions with customers with a financing component: receivables and contract assets are not classified as loans per IAS1.68, and the related payments remain classified as cash flows from operating activities,

- ias19 does not specify where post employment benefits are classified in the BS nor whether a distinction between current & non current should be made (ias19.133), nor where the interest costs are to be recorded in PL (ias19.134) and the related payments are classified as cash flows from operations,

- payables with vendors of inventories and other operating expenses in entity's normal operating cycle are classified as current liabilities per IAS1.70 (even if such payables and the related payments are classified as cash flows from operations.

Finally and more importantly, it misrepresents the cash payments for resources needed for the operations (even if the payments are over the lease term, the RoU is not obtained without payment, there is in fact no such thing as a non cash transaction for leases.

Aligning these classifications to the approach chosen for leases would further empty the usefulness of the cash flows measures.

recording a lease contract under IAS17 and IFRS16

Assume a 3 year lease contract for a POS with a 1000 CU fixed rent, indexed on CPI (100 index at commencement, 102 in year 2, 105 in year 3), a 1% fee on turnover (100 in year 1, 120 in year 2, 130 in year 3), facilities charges (200 in year 1, 210 in year 2, 220 in year 3). The contract can be extended for the same 3-year period by notice 6 months before the term of the initial lease period. The initial lease term is determined as the initial three years. The incremental borrowing rate of the lessee is 10%. The lessor sends an invoice at the beginning of each year with a provisional amount of 150 for the facilities charges, and a final invoice at the end of the year to match the actual facilities charge amount and to invoice the1% fee. The invoices are paid the following month. Payment is okeyed once the purchasing department matches the invoice with the contract and the index & sales data. The lessor leases other properties to the lessee and also provides services not linked to the leased properties.

By simplification,

- no cut-off entries are recorded as there is a single reporting period in the year and all invoices for a year are received during that period,

- no interest is computed on the indexation of the fixed rent (under ifrs16),

- the term of the lease is its initial 3 year period.

Under IAS17, the lease is an operating lease and its accounting is made whenever the lessor sends its invoice: the invoice lines are rental expenses and facilities charges with further details being provided in an appendix.

The recording is made for P/L by a number of lines reflecting the analytical needs of the entity while the credit to the A/P is made for the total invoice: there is no need to record the details of the rental expenses if the amount for payment is okeyed outside the accounting system (manually or in a purchase order to cash system).

If the cash flow statement is produced indirectly, there is no need to record monetary attributes (M-/M+) for each item[1]. The A/P variation between opening and closing will be included in the working capital variation of the cash flows from operations (correcting the theoretical cash flow from the net result).

If the cash flow statement is produced directly, cash attributes are needed to get the rental expenses & facilities charges payments. However those cash attributes are ultimately managed at the invoice level as they will be aggregated with other expenses and A/P.

The lease expense to be disclosed corresponds to the pl line 'rental expenses'. Lease commitments will be disclosed on the basis of the fixed amount as indexed.

[1] eventually, only the b/s movements are associated to a 'monetary flow' : dt/ct to A/P and the ct to cash

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over the 4 years ⍰pl+10%vat=⍰cashout=4060+406--- at anytime , PL+ ⍰AP+ ⍰VAT = cash outflow , AP= O/S invoices

	20X1	20X2	20X3	20X4
On jan 1 , the first invoice is recorded				
dt pl rental expenses	1000 M-	1020 M-	1050 -M	
dt pl facilities charge	150 M-	150 M-	150 -M	
dt bs vat recoverable	115 M-	117 M-	120 M-	
ct bs A/P	(1265) M+	(1287) M+	(1320) M+	
On jan 31, its payment is cleared				
dt bs A/P	1265 M-	1287 M-	1320 M-	
ct bs cash– to be matched*	(1265) M+	(1287) M+	(1320) M+	
on jan 31, bank confirms payment				
dt bs cash – to be matched	1265 M-	1287 M-	1320 M-	
ct bs cash- bk confirmation	(1265) M+	(1287) M+	(1320) M+	
on dec 31, the final invoice is received				
dt pl rental expense	100 M-	120 M-	130 M-	
dt pl facilities charges	50 M-	60 M-	70 M-	
dt bs vat recoverable	15 M-	18 M-	21 M-	
ct bs A/P	(165) M+	(198) M+	(231) M+	
on jan 31, its payment is cleared				
dt bs A/P		165 M-	198 M-	231 M-
ct bs cash – to be matched*		(165) M+	(198) M+	(231) M+
on jan 31, bank confirms payment				
dt bs cash – to be matched*		165 M-	198 M-	231 M-
ct bs cash- bk confirmation		(165) M+	(198) M+	(231) M+

*allows automatic reconciliation of payment orders with completed orders

Under IFRS16,

① at the commencement of the lease, a RoU and Lease liability is recognized for the discounted fixed payments during the 3 years,

② beg of year 2, the fixed rent leads to a 20 increase of the fixed payments for the remaining two years (20*2=40), and at the beginning of year 3, a similar effect increases the last fixed payment by 30.

③ the amortization of the RoU is computed each year by dividing the o/s balance by the number of remaining years.

④ the unwinding of the discounting of the lease liability is recognized each year. Because the fixed term is paid at the beginning of each year, no interest is recognized in year 3.

⑤ the provisional facilities expenses and its year-end true up are recorded as well as the year-end 1% fee .

⑥ the fixed fees and the provisional facilities expenses are paid at the beginning of each period while the year-end facilities expenses true up and the 1% fee are paid at the beginning of the following period.

⑦ by simplification, interests are deemed to be paid in arrears at the beginning of the following period.

The following table therefore details the events under IFRS16 (excl. vat & deferred income tax):

cash= invoice		amtz exp	inter. exp	varia. fee	facilit charge	ctrl	RoU	Lease liability	inter liab	fee liab	facilit. liab
0	1.1.20X1	—	—	—	—	0✓	2735①	(2735)①	0	0	0
1300	Index	—	—	—	—	0✓	0②	0②	—	—	—
—	Exp	912③	173④	100⑤	200⑤	1385✓	(912)③	—	(173)④	(100)⑤	(200)⑤
(1150)	Pay	—	—	—	—	1150✓	—	1000⑥	0⑦	0⑥	150⑥
150	1.1.20X2	—	—	—	—	-235	1823	(1735)	(173)	(100)	(50)
1350	Index	—	—	—	—	0	40②	(40)②	—	—	—
—	Exp	931③	92④	120⑤	210⑤	1353✓	(931)③	—	(92)④	(120)⑤	(210)⑤
(1320)	Pay	—	—	—	—	1320✓	—	847⑥	173⑦	100⑥	200⑥
180	1.1.20X3	—	—	—	—	-268	932	(928)	(92)	(120)	(60)
1410	Index	—	—	—	—	0✓	30②	(30)②	—	—	—
—	Exp	962③	0④	130⑤	220⑤	1312✓	(962)③	—	0④	(130)⑤	(220)⑤
(1380)	Pay	—	—	—	—	1380✓	—	958⑥	92⑦	120⑥	210⑥
210	1.1.20X4	—	—	—	—	-210	0	0	0	(130)	(70)
0	Exp	0	0	0	0	0✓	—	0	0	0	0
(210)	Pay	—	—	—	—	210✓	—	0	0	130⑥	70⑥
0	1.1.20X5	—	—	—	—	0✓	0	0	0	0	0
4060 (4060)	∑	2805	265	350	630		2805 (2805)	—	265 (265)	350 (350)	630 (630)

The way A/P are managed in the accounting process will require a substantial modification because IFRS16 handles differently the various components of the invoices that are until now credited to the lessor A/P:

- In fact IFRS16 requires to segregate payment flows at a lower levels than currently, i.e. : non lease components from lease components, and for the lease components, the variable components, the interests components and the fixed (indexed) payments.
- This requires multiple dedicated liability accounts for the same vendor, contrarily to the classical scheme where an A/P reflects all the o/s invoices for a vendor.
- This in turn requires mechanisms to dispatch to each liability account the payment authorizations and to reaggregate payment orders in order to complete them.

In term of entries,

	20X1	20X2	20X3	20X4
On jan 1, 20Xn,				
➔ *to record the initial RoU and LL*				
dt bs right of use	2735			
ct bs lease liabilities (pcpal)	(2735)			
➔ *to record the indexing of the fixed rent*				
dt bs right of use		40	30	
ct bs lease liabilities (pcpal)		(40)	(30)	
➔ *to record the amortization of the RoU*				
dt pl lease amtz	912	931	962	
ct bs right of use (cum amtz)	(912)	(931)	(962)	
➔ *to record the unwinding of the discounting*				
dt pl lease interest expense	173	92	0	
ct bs lease liabilities (interests)	(173)	(92)	0	
➔ *first invoice is received* **				
dt 99 rental expenses	1000	1020	1050	
dt pl facilities charge	150	150	150	
dt bs vat recoverable	115	117	120	
ct 99 LL	(1000)	(1020)	(1050)	
ct bs A/P (vat payable)	(115)	(117)	(120)	
ct bs A/P (facilities)	(150)	(150)	(150)	
On jan 31, 20Xn				
➔ *the jan 20Xn invoice is cleared for payment*				
dt bs A/P(facilities)	150 M-	150 M-	150 M-	
dt bs LL (pcpal)	1000 M-	847 M-	958 M-	
dt bs LL (interests)	0 M-	173 M-	92 M-	
dt bs A/P (vat payable)	115 M-	117 M-	120 M-	
ct bs cash- to be matched*	(1265) M+	(1287) M+	(1320) M+	
➔ *bank confirms payment*				
dt bs cash – to be matched*	(1265) M-	(1287) M-	(1320) M-	
ct bs cash- bk confirmation	(1265) M+	(1287) M+	(1320) M+	
On dec 31, 20Xn				
➔ *final invoice for 20Xn is received*				
dt pl rental expense-variable fee	100	120	130	
dt pl facilities charges	50	60	70	
dt bs vat recoverable	15	18	20	
ct bs LL - variable	(100)	(120)	(130)	
ct bs A/P (facilities)	(50)	(60)	(70)	
ct bs A/P (vat payable)	(15)	(18)	2(0)	
On jan 31, 20Xn +1,				
➔ *its payment is cleared*				
dt bs LL - variable		100 M-	120 M-	210 M-
dt bs A/P (facilities)		50 M-	60 M-	70 M-
dt bs A/P (vat payable)		15 M-	18 M-	21 M-

ct bs cash-to be matched*		(165) M+	(198) M+	(231) M+
➔ bank confirms payment				
dt bs cash- to be matched*		(165) M-	(198) M-	(231) M-
ct bs cash- bk confirmation		(165) M+	(198) M+	(231) M+
to record deferred income tax effects* **				
dt(ct) bs dta	25	1	(26)	
ct (dt) pl income tax	(25)	(1)	26	

*allows automatic reconciliation of payment orders with executed orders

**to ensure the 10% vat recording in accordance with tax requirements and the link with the invoice and payment validations processes

*** invoices are tax deductible from the income of the period to which they relate : the difference between the IFRS16 expense and the invoices generates a 30% deferred tax impact year 1 : 1085-1000=85@30%, year 2 1023-1020=3@30%, year 3 962-1050=-88@30%

Compared to IAS17, IFRS16

- more than doubles the number of entry lines (35 entry lines compared to 16),
- requires invoice validation and payment authorization to be kept as is (outside module based on invoices) to ensure tax compliance, asset safeguard and minimize disruption,
- requires substantial new processes:
    - a RoU/LL accounting module, to generate the RoU, the LL, the interests computation & expensing, the depreciation and their updates
    - revisited invoice recordings needed for vat requirements & deferred tax control
    - a new modus operandi for the CFS segregation to generate the appropriate CFS treatment (which feasibility is still being investigated).