

Lease Accounting Transition Pressures Shift to Private Companies



53% of Privately Held Firms Yet to Complete Adoption with Deadline Less Than a Year Away

TORONTO, June 13, 2019 /CNW/ - With the International Accounting Standards Board's [new lease accounting standard](#) deadline now past for public companies, the challenge has shifted to privately held organizations to adopt the requirement by 2020. A Robert Half and Protiviti survey of CFOs found that more than half of private companies in Canada (53 per cent) have not completed the transition, including 17 per cent that have yet to begin the process. The new standard requires companies to recognize assets and liabilities for virtually all long-term leases and increases disclosure requirements.

Small private organizations are lagging behind their larger counterparts for adoption, the research shows:

- Just 38 per cent of firms with 20 to 49 employees have completed the transition, compared to 48 per cent of organizations with 1,000 or more employees.
- Among firms yet to complete the transition, 71 per cent of executives at the biggest companies reported concerns about meeting the deadline, versus 53 per cent of small-company CFOs.
- The top transition challenges are updating technology (25 per cent) and training staff on the new standard (19 per cent).

"Privately-held companies must take stock of the work that still needs to be done to finalize the new lease accounting standard process. While last year's transition by public companies can inform change management practices, the impact on an organization's operational resources is still substantial," said David King, senior district president of Robert Half Management Resources. "Companies need to consider the scope, budget and timing of transition activities — especially if it entails the adoption and implementation of new technology."

Outside Experts in Demand

Most companies that have started or completed the transition expect to seek additional help in upcoming years, the survey shows. Nearly six in 10 CFOs (59 per cent) said they will use a combination of external and internal resources or external resources only to staff future lease accounting initiatives.

King added, "For full-time staff, keeping up with both day-to-day business responsibilities while addressing transition requirements may prove challenging. Bringing in external consultants and interim professionals can provide the focus and specialized skills to ease overall pressure on the team, and ensure a smooth implementation of the new standard."

Companies Turn to Advanced Technologies

Over half of organizations (51 per cent) that successfully completed the adoption utilized lease accounting software or spreadsheets, the research found. But nearly 4 in 10 companies (37 per cent) relied on cutting-edge technologies like artificial intelligence and machine learning as their primary tool to comply with the standard, with one-third of firms (33 per cent) expecting to lean more heavily on advanced technologies in the coming years.

"The new lease accounting standard has proved challenging to organizations of all types and requires careful coordination of departments and resources," said Chris Wright, managing director of the financial reporting remediation and compliance practice for Protiviti, a global consulting firm and Robert Half subsidiary. "Advanced technologies can make compliance faster and more effective, while allowing staff to focus on more strategic aspects of the transition."

For additional insights on how businesses can leverage technology for lease accounting initiatives, visit the [Robert Half blog](#).

About the Research

The survey was developed by Robert Half and Protiviti and conducted online by an independent research firm. It is based on responses from nearly 200 CFOs in Canada at privately held companies with 20 or more employees.

About Robert Half

Founded in 1948, Robert Half is the world's first and largest specialized staffing firm. The company has more than 300 staffing locations worldwide and offers job search services at [roberthalf.ca](#). For additional career and management advice, visit the Robert Half blog at [roberthalf.ca/blog](#).

About Protiviti

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