

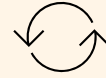
| IRIS Software Group

FRS 102 leases – the countdown to change

IRIS Software Group + KPMG

The IRIS logo consists of a small blue square followed by the word "IRIS" in a bold, white, sans-serif font. The background of the slide features a man in a blue shirt and glasses looking at a tablet, with abstract geometric shapes in blue, red, and orange scattered around.

Agenda



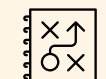
The upcoming changes to lease accounting under FRS 102.



Associated implementation issues, challenges, and opportunities.



Practical approaches to successfully manage the transition.



Strategic insights and lessons learned from previous implementations under IFRS Accounting Standards.



Q&A

FRS 102 Leases overview:

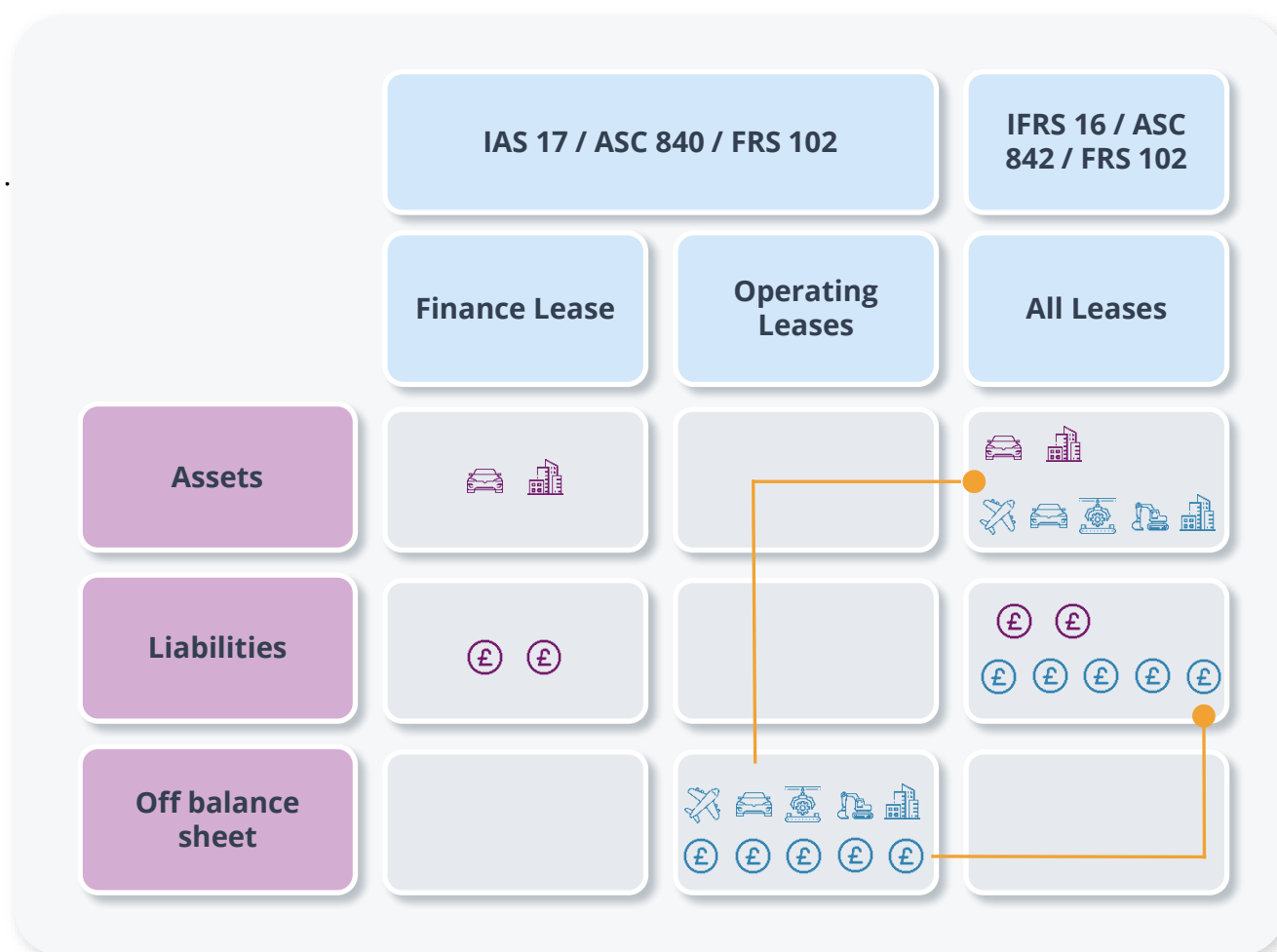
The basics

- The key purpose - achieving **alignment with IFRS 16 Leases** and other international accounting standards.
- **Effective date:** periods beginning on or after 1st January 2026. Early application is permissible provided all amendments are applied simultaneously.
- Moves vast majority of leases on balance sheet (including property).
- Certain simplifications are introduced to streamline the transition e.g., discount rates.
- FRS 102 changes set to affect an estimated 3.4m businesses in the UK and Republic of Ireland¹.

[Source- FRC¹](#)



Why lease accounting had to change

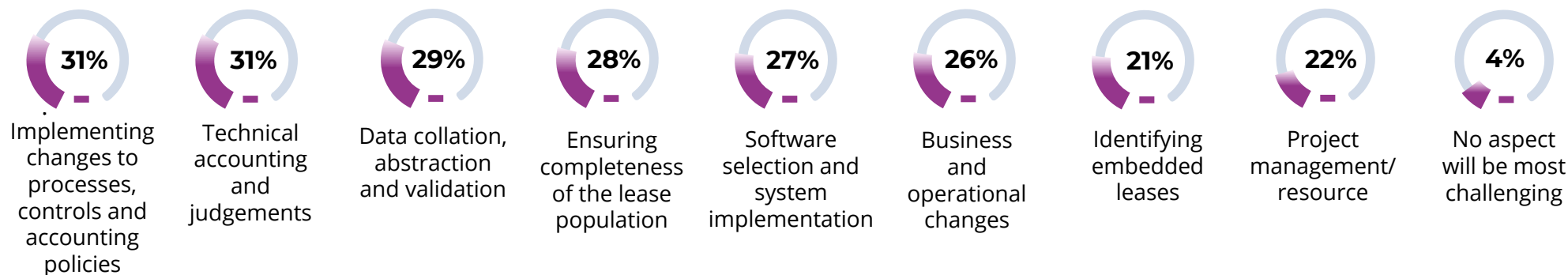


- To **increase transparency** and **accuracy** in financial reporting.
- To more **accurately** reflect the economic substance of lease transactions.
- To improve financial reporting **consistency** and **comparability** across different companies and industries.
- To improve the **effectiveness of lease disclosures** by focusing on the information that is most useful to investors.

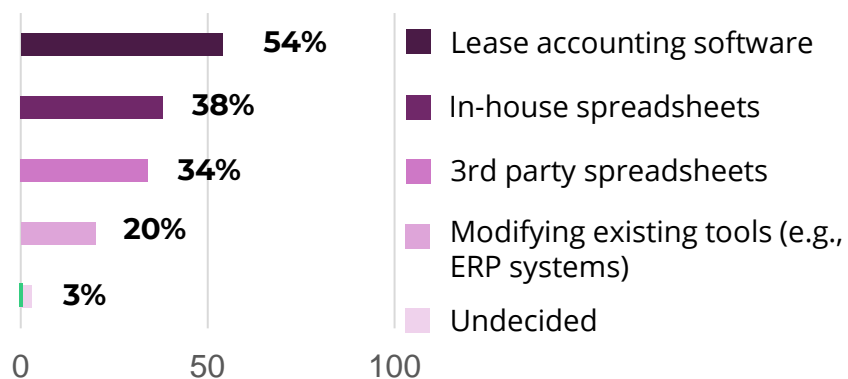
FRS 102 Leases - readiness survey

We conducted a survey of 500 in-house accountants in the UK to evaluate their preparedness for adopting the revised FRS 102 changes.

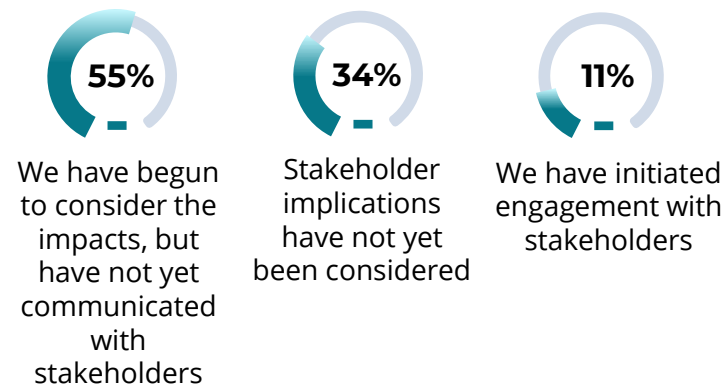
Q. What, if anything, do you consider being the most challenging aspects of implementing FRS 102 Leases? (Select up to 3)



Q. What tools or systems, if any, do you plan to use to manage the FRS 102 lease accounting requirements? (Select all that apply)



Q. Have you engaged and communicated with stakeholders about the implications of the revised FRS 102 standard??



KPMG



 IRIS

Insights from previous implementation projects

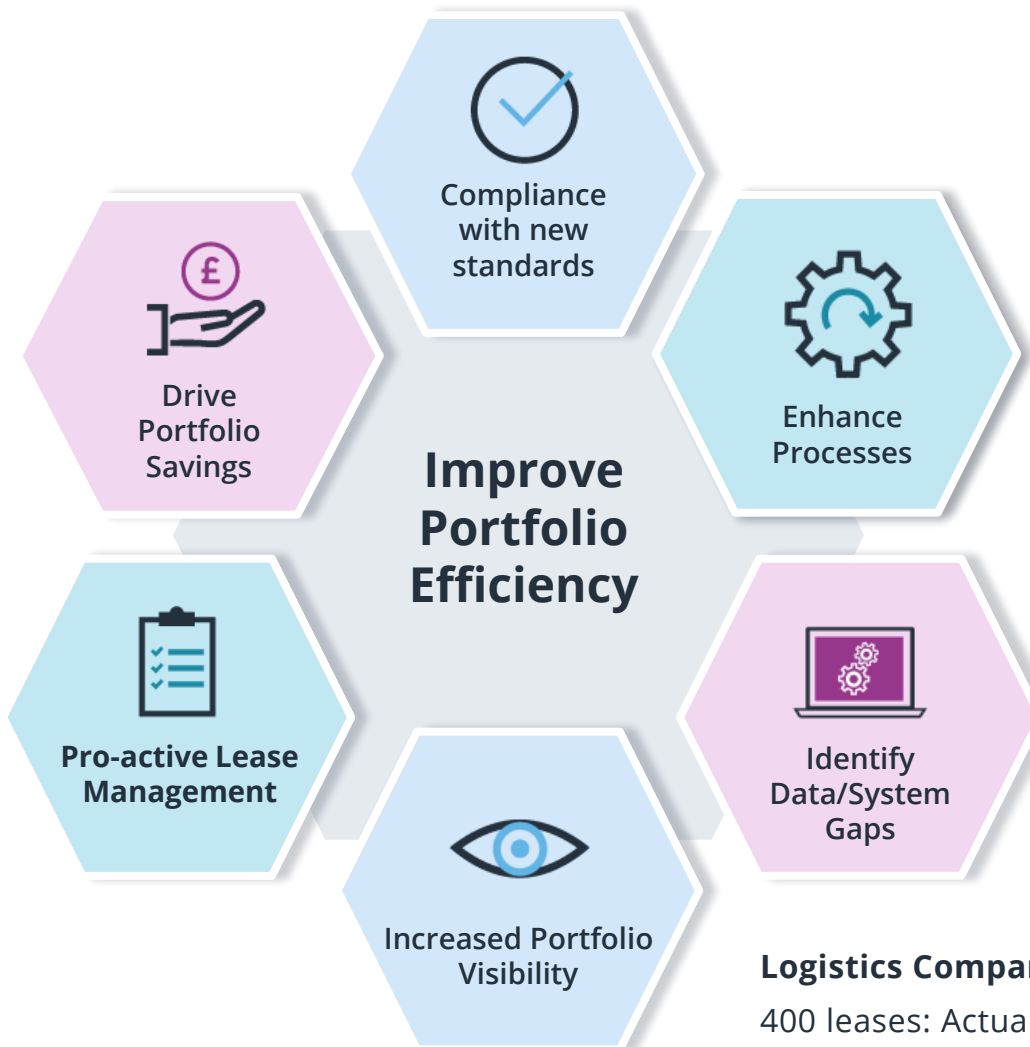
The key learnings



The opportunities when implementing FRS 102 leases

Large retailer: 5-year lease on a truck entering 15th year, still paying full rental and truck was sold 5 years prior !!!

Major IT Outsourcing Company: 40 x 3-year leases with one lessor running for 7 years

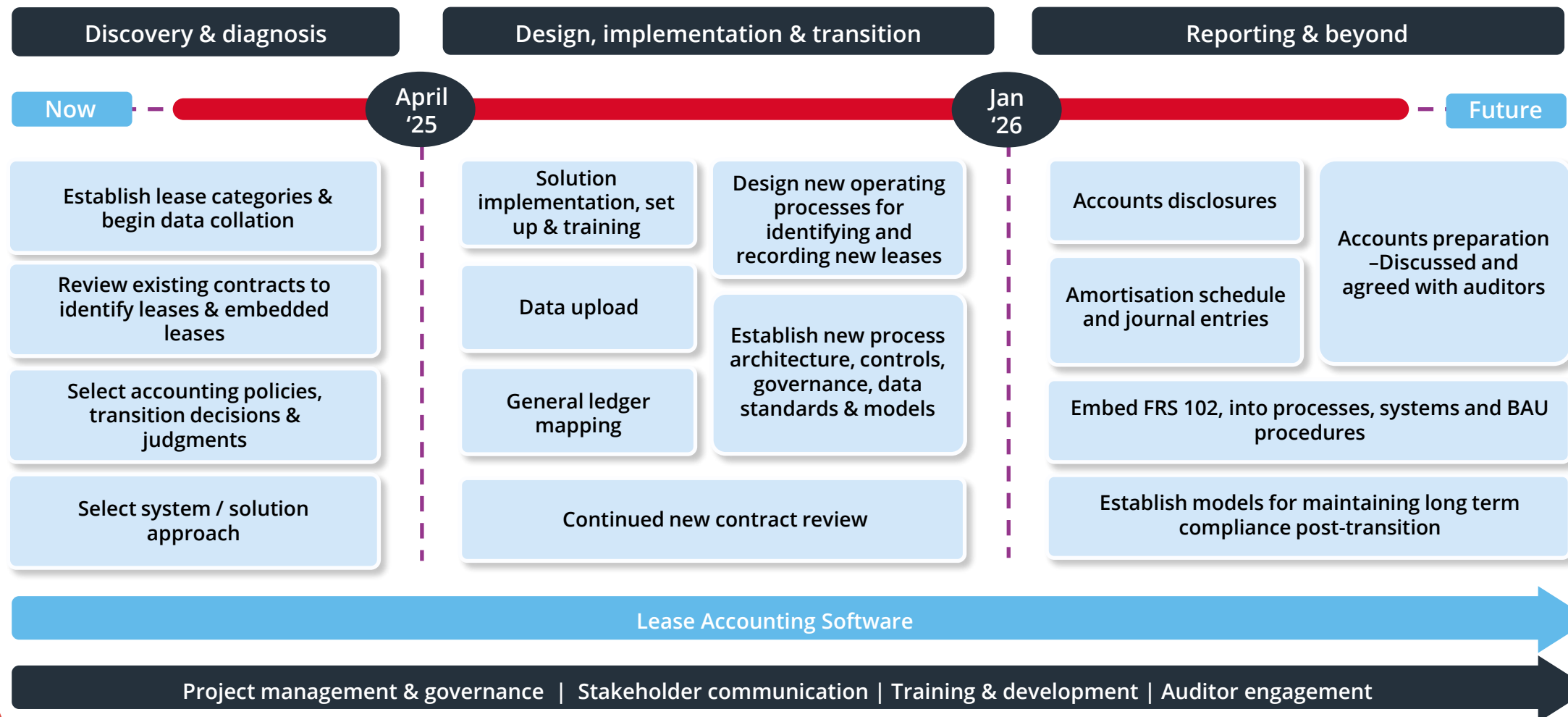


Waste Management Co: FLT Leases now written centrally as opposed to at depot level > 10% cheaper

All 300+ Implementations

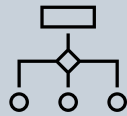
Logistics Company: thought they had 400 leases: Actual portfolio size - 2,500

FRS 102 – implementation timeline



4 common focus areas

Internal processes & controls



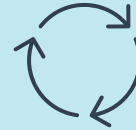
Data Requirements



System Reporting & General Ledger (GL) Output



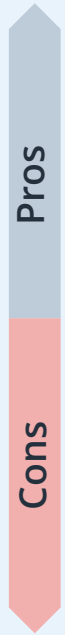
In-life changes / modifications



Choosing the right approach and solution

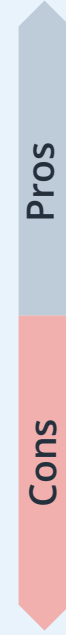
Strategic consideration: In-house or outsourced?

In-house



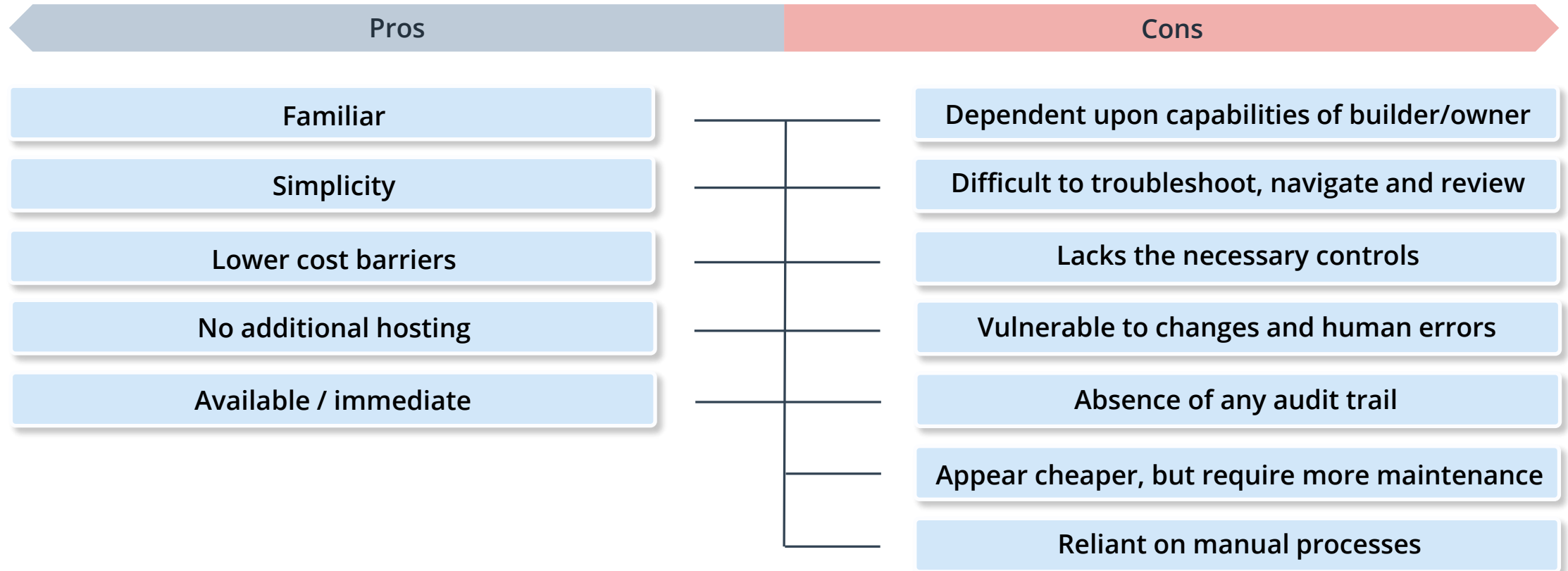
- Provides greater direct control
- Work continuity
- Improved team capabilities
- Requires dedicated resources
- Requires specialist lease accounting and technical experience
- Perceived lower cost
- Training or a recruitment drive may be required

Outsourced



- Benefit from a vendor's technical experience and knowledge
- Vendor's can draw upon previous knowledge from previous implementations
- Expedite workloads
- Can be more accessible and more economical
- Lacks direct control
- Protracted feedback loops if unintended obstacles arise
- Potential issues caused by personnel changes

The arguments against spreadsheets for FRS 102



IN LIFE CHANGES / MODIFICATIONS AND PORTFOLIO MAINTENANCE IS COMPLEX

Advantages of lease accounting technologies



Automate compliance

Replace ineffective spreadsheets and easily comply with the latest lease accounting standards, IFRS 16 or FRS 102, this year and every year.



Transform processes

Transformational lease accounting processes that put you in total control across the entire life cycle.



Centralised lease data

Centralize and view your entire lease portfolio in real-time and maintain compliance as your leases change.



Guarantee accuracy

Proven technology that delivers fast, accurate disclosure and reporting, first time every time.



Reduce risk

Disclosure reports, forecasting and even detailed audits can be pulled together quickly, easily and with greater accuracy.



Enhance productivity & In-built controls

Meticulously designed control mechanisms and workflows that simplify compliance and support during ongoing post-transition BAU scenarios.



Simplify re-measurement

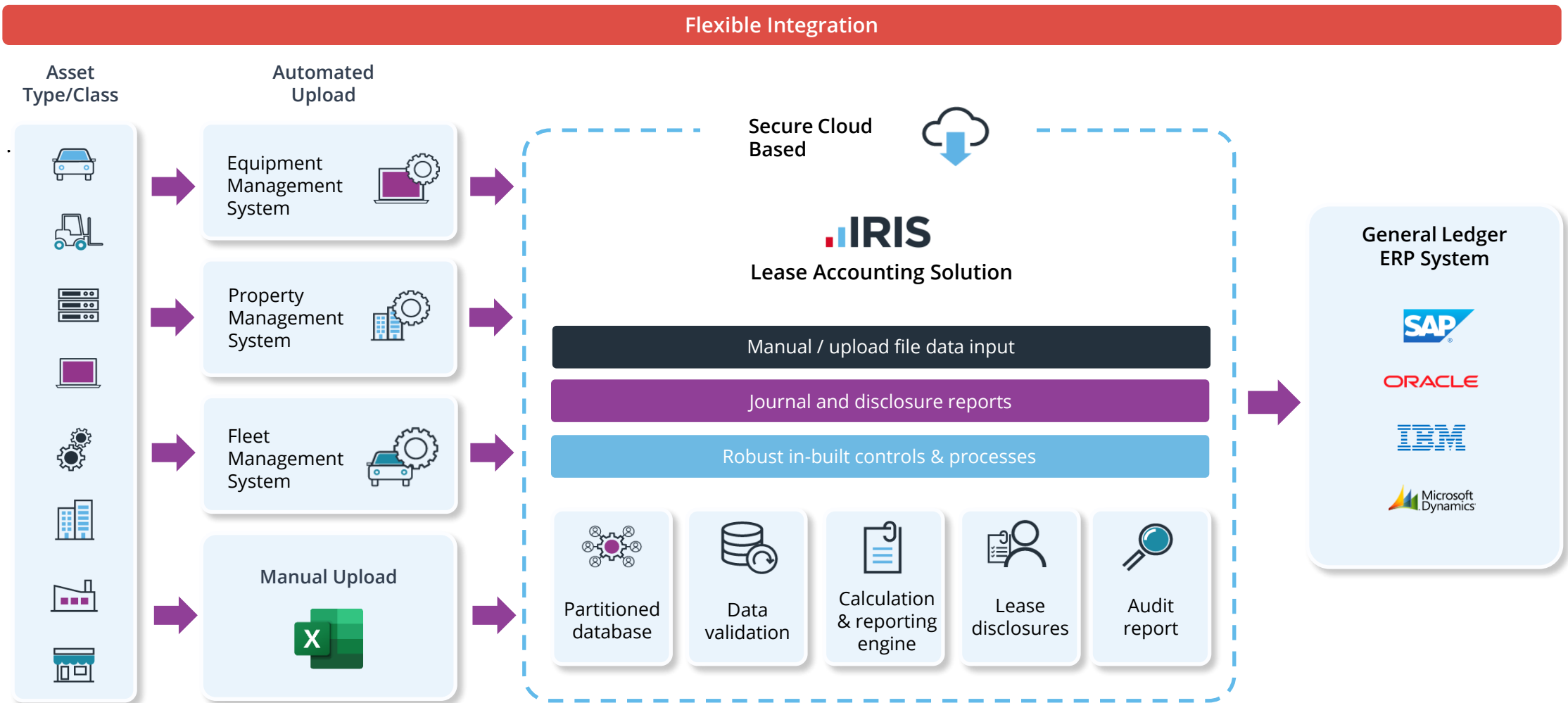
Automatically calculate adjustments to the right-of-use asset and lease liability, and produce general ledger postings faster.



Smarter strategic leasing decisions

Efficiently identify and manage portfolio efficiencies and deliver cost savings, helping to align your leasing program with corporate objectives.

FRS 102 Leases software – solution environment



Why IRIS is well placed to help



300+ customers worldwide

Across multiple industries and a range of global geographies.



Proven track record in delivering IFRS 16

We are proud to have a **100% audit success rate**, 0 failed implementations and a 99+% customer retention rate.



Certified software solution

Our solution is audited to ensure it meets ISO 9001, ISO27001 and **ISAE 3402** Assurance Report (international equivalent of SOC 1 type ii) criteria.



Software built by accountants

Our lease accounting software is built and designed by accountants for accountants.



Ease of implementation

As close to “plug and play” as possible. System implementation is easy (other elements of the project are more complex!).



Practical leasing experience

Over 30 years experience helping lessees improve the efficiency of lease portfolios.



More than just a software company

Leasing consultancy and specialist lease service provider with a history of managing complex lease portfolios for large multinational organisations.



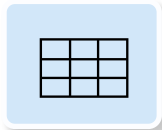
Outstanding customer support and service

Our expert support minimises disruptions, meeting 100% SLA over the last 3 months and a 99.6% yearly average, with regular feedback sought from customers.

Key takeaways



Common focus areas: data, system reporting and GLs requirements, internal processes and in life changes



Spreadsheet based solutions are not always practical for on-going reporting & management



Compliance can be painful but should also be an opportunity



Aim for a simple system solution from a proven supplier with trusted reputation



Intelligent automation for smarter lease accounting



SCAN ME

