



Financial Reporting Standard 116 Leases implementation support

Sector:

Information Technology - networking

Grant Thornton services:

Assistance in implementing new Lease standard – from lease computation to drafting accounting policy

Client challenges:

- Unfamiliarity of new standard
- Wide variety of leases ranging from office premises to networking equipment

Geographies covered:

Singapore



Accounting advisory services for a Singapore company in relation to the implementation of new Financial Reporting Standard Leases.

Client challenge

The new Financial Reporting Standard (FRS) 116 Leases was mandatory for application for Singapore entities from annual periods beginning on or after 1 January 2019. As our client’s accounting team was based out of a country that did not apply International FRS, they faced significant difficulty in implementing the necessary accounting policy changes and treatments to comply with FRS 116 requirements.

Further, being in the IT industry, our client had a sizeable number of leases of wide variety – ranging from office premises to networking equipment.

This presented several challenges to our client, including determining the appropriate incremental borrowing rates applicable to these leases, and the impact to the financial statements upon adoption of FRS 116.

The Grant Thornton solution

We provided a one-stop solution and support to our client.

As part of our services, we provided our client with the following:

- Reviewed and analyzed existing agreements to identify relevant leases
- Held discussions with management to determine key information required in lease computations
- Assist management in determining the appropriate incremental borrowing rates applicable to the leases
- Prepare lease schedules on a lease-by-lease basis using Grant Thornton’s proprietary lease tool
- Determine accounting entries to account for leases under FRS 116
- Draft relevant accounting policies and notes to financial statements required for disclosure

The Outcome

Our client was able to implement the new FRS effectively in time to meet the statutory filing deadline of its financial statements.

Do you have similar challenges? Contact the lead partner:

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