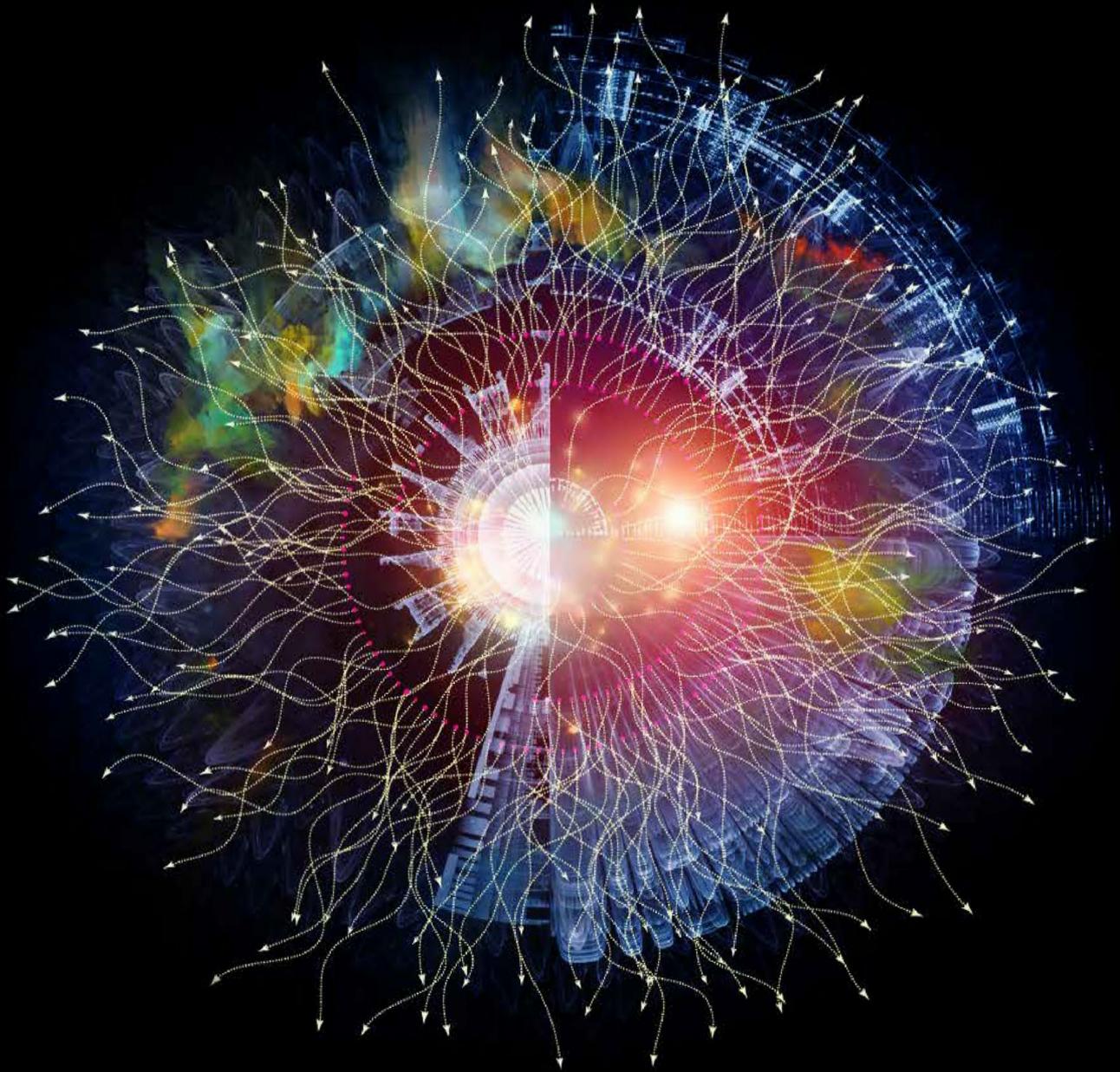


**Deloitte.**



MFRS 16 *Leases* Accounting  
Support Services  
Navigate the challenges of a  
changing environment

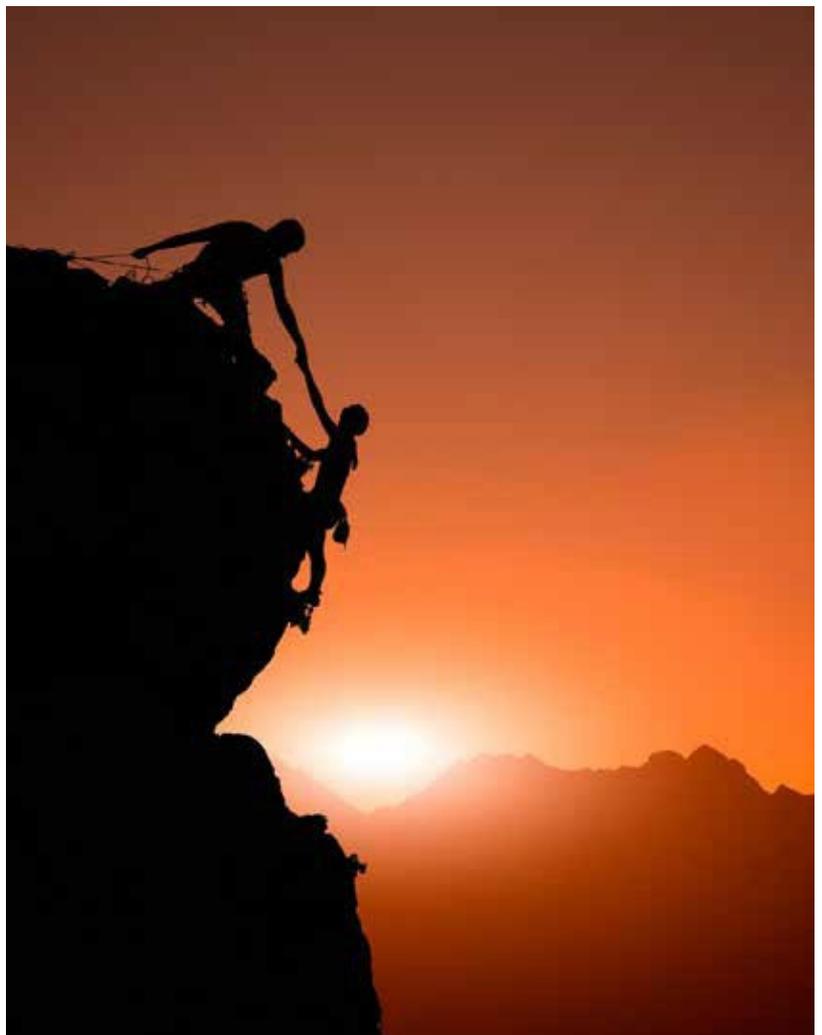


# Introduction

MFRS 16 requires that a lessee applies a “right-of-use asset” accounting approach that would recognise an asset on the lessee’s balance sheet, representing its right to use the leased asset over the lease term, and recognise a corresponding liability to make lease payments. A key input into the present value calculation is the discount rate, which may have a material impact on the valuation of the lease liability recorded. The discount rate assumption is one of the most important judgements that management will need to make and the one which may have the largest quantitative impact on the lease asset and liability valuations.

MFRS 16 *Leases* presents several key application challenges to entities (particularly from the lessees’ point of view) in addition to technical accounting challenges, particularly due to potential changes arising from economic uncertainties and market challenges.

These may lead to lessors providing reliefs to lessees by deferring or relieving them of lease amounts that would otherwise be payable. In some cases, negotiations between the parties involved give rise to lease modifications. These may include instances such as moratorium/deferment of lease payment, forgiveness of lease payment, reduction in the scope of a lease, reduction in the consideration of a lease, missed lease payment, and lease termination.



### Who we are

We are a team of highly qualified and experienced professionals committed to provide you with insights into the intricacies of accounting for various lease arrangements, in accordance with MFRS 16.

Together, we explore and assess the impact of the current leasing strategy in your organisation, and work out an appropriate response in the most timely and cost efficient manner.

### How can we help?

We provide tailored services to meet the diverse needs of our clients. Our team of multi-disciplinary skilled professionals will help you navigate the challenges of accounting for various lease arrangements in accordance with MFRS 16.

In line with your individual requirements and preliminary analysis, we could provide support to you in the following areas:

#### Contract analysis

- Extract and compile necessary lease contract information for relevant data items, such as lease term, lease consideration, lease scope, and lease payment term in relation to various incentives, arrangements and reliefs.
- Provide guidance and knowledge sharing on the MFRS 16 model template development based on the relevant information extracted from the lease contact.

#### Impact assessment

- Provide MFRS 16 sharing session through focus group discussion to equip finance team with the required accounting knowledge in order to account for various lease arrangements including accounting for incentives and reliefs in accordance with MFRS 16.
- Provide MFRS 16 model template to support the finance team, to formulate and document the lease contract assessment.
- Provide guidance on potential lease modification that might arise due to a change in the scope and/or consideration of a lease as a result of various incentives, arrangements and reliefs, which was not part of the original terms and conditions of the lease, such as renegotiation of lease term and lease payment.

- Conduct focus group discussion with the finance team on the step-by-step guidance to complete the MFRS 16 model template by using the data extracted and compiled from the lease contract.
- Provide managed service to compute and document the lease contract assessment based on the relevant information extracted from the lease contract through focus group discussion.

We always bring a fresh perspective in delivering our services. If you require further information on any of our services above, and on how we can assist you in addressing your challenges, please get in touch.

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