

ASC 842 Leases Adoption and Accounting

Valueonshore Advisors helped streamline the lease accounting for a worldwide Augmented and Virtual Reality solutions provider, ensuring compliance with ASC 842 guidance.

ABOUT THE CLIENT

- The Company is a multinational virtual reality and augmented reality software developer headquartered in Irvine, California.
- It counts various Fortune 500 companies, government entities and world-class universities among its client base and has offices in Singapore, China, India, Spain, France and Italy.

BUSINESS REQUIREMENT

The company was facing several Lease accounting issues:

- Identifying the method of adoption under ASC 842, and adjustments to the accounting process on the adoption date of lease classification.
- Selecting the appropriate discount rate.
- Assessment of accounting impact on financial statements.
- Tracking multiple leases across several countries while complying with ASC 842

BUSINESS REQUIREMENT

Complex Lease Portfolio - Managing numerous lease agreements across multiple entities and geographies created significant complexity in lease accounting.

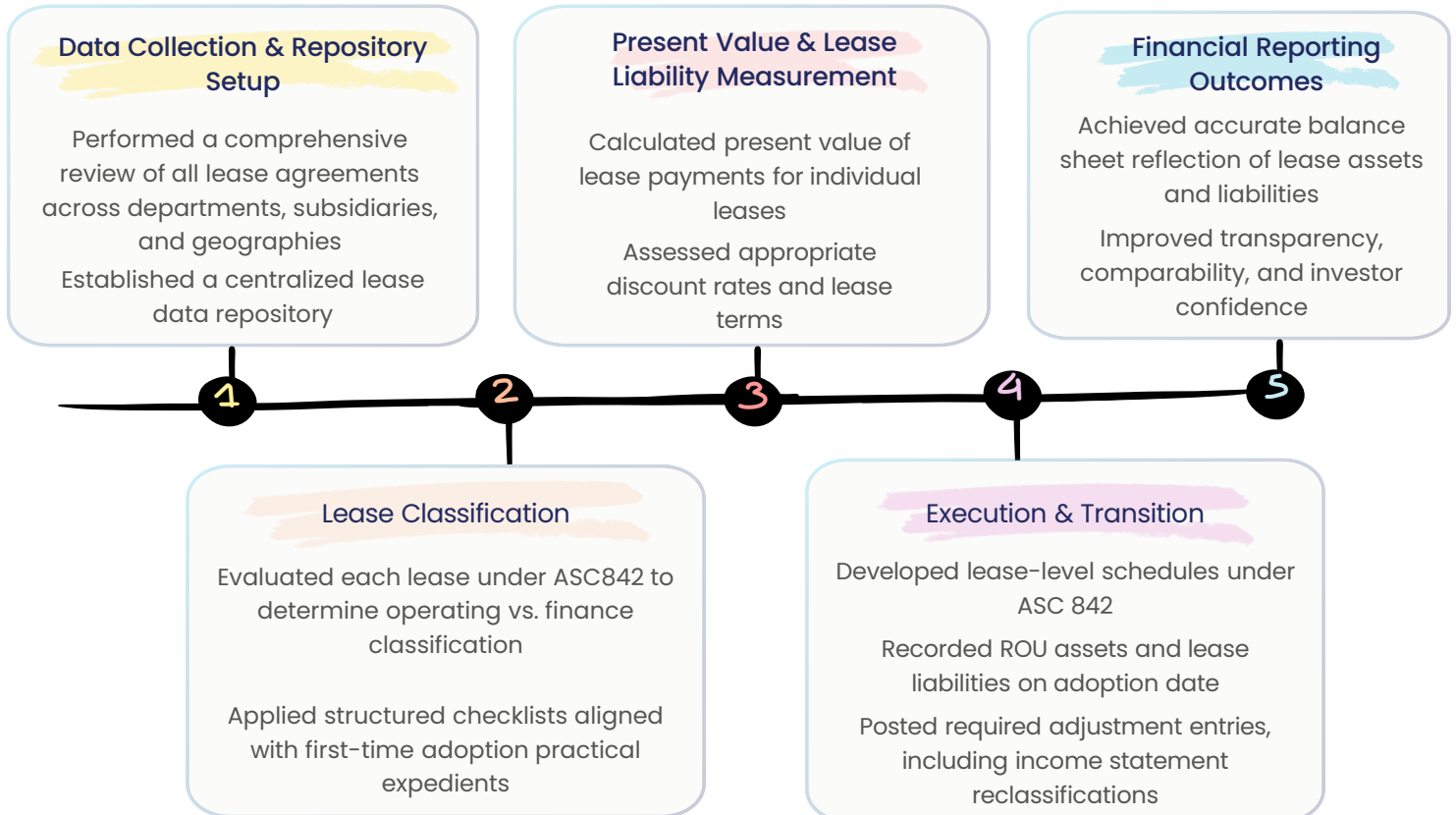
Data Gathering and Analysis - Consolidating and validating lease data from various departments and locations was time-consuming and fragmented.

Global Variations - Differences in regional lease practices required alignment with U.S. GAAP under ASC 842.

Financial Reporting Implications - Assessing the impact of ASC 842 adoption on financial statements and disclosures posed reporting challenges.



OUR ROADMAP



VALUE DELIVERED TO THE CLIENT

Valueonshore Advisors assisted the Company in developing a holistic approach for the timely execution of the engagement.

- Designed a questionnaire-based approach for accurate lease classification
- Developed an automated ASC 842 model for ROU assets and lease liabilities
- Established a GAAP alignment framework to convert regional lease accounting to US GAAP for consolidation
- Defined accounting treatment for embedded leases and non-standard events, including early termination and ROU asset impairment

ABOUT US

Valueonshore (“VOS”) Advisors is a global business advisory firm of Big 4 alumni and industry leaders, supporting financial executives on complex, high-impact matters across accounting, M&A, risk, and managed services. Founded in 2009, the firm has grown to ~400 professionals across the U.S., India, and the UAE, serving mid-cap and high-growth companies as a trusted partner in navigating complexity and driving value.

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