

Agenda Item 12: Leases

João Fonseca, Principal

IPSASB Meeting

Kuala Lumpur, Malaysia

December 4–7, 2018

IPSASB CAG December Meeting Update

- New Strategy to Move the Leases Project Forward
- Double-counting in ED 64 lessor accounting?
- Recognize the subsidy in a concessionary lease?

Objective of Session & Material Presented

Agenda Item 12.2.2

- Lessee Accounting (SMC 1)

Agenda Item 12.2.3

- Assessment on the Feasibility of Publishing Only Revised Lessee Accounting Requirements Based on ED 64

Agenda Item 12.2.1

- Roadmap to Move the Leases Project Forward

Lessee Accounting (Agenda Item 12.2.2)

#	Items	Analysis Factors			
		Implementation issues	User's needs of financial community	Relationship with GFS	Relationship with public-private partnerships
1	Exemption for public sector entities	No public sector specific issues identified	No public sector specific user's needs identified	GFS does not apply the right-of-use model.	Inconsistent with IPSAS 32 and IFRIC 12
2	Complexity, costly			GFS does not provide exemptions for public sector entities under the risks and rewards model.	ED 64 lessee accounting is consistent with IFRIC 12
3	Inappropriate for public sector financial reporting	Right-of-use model easier to implement			
4	Additional guidance on transfer of asset	No public sector specific issues identified			Guidance in ED 64 is consistent with IPSAS 32 and IFRIC 12

Lessee Accounting (Agenda Item 12.2.2)

Staff's recommendation

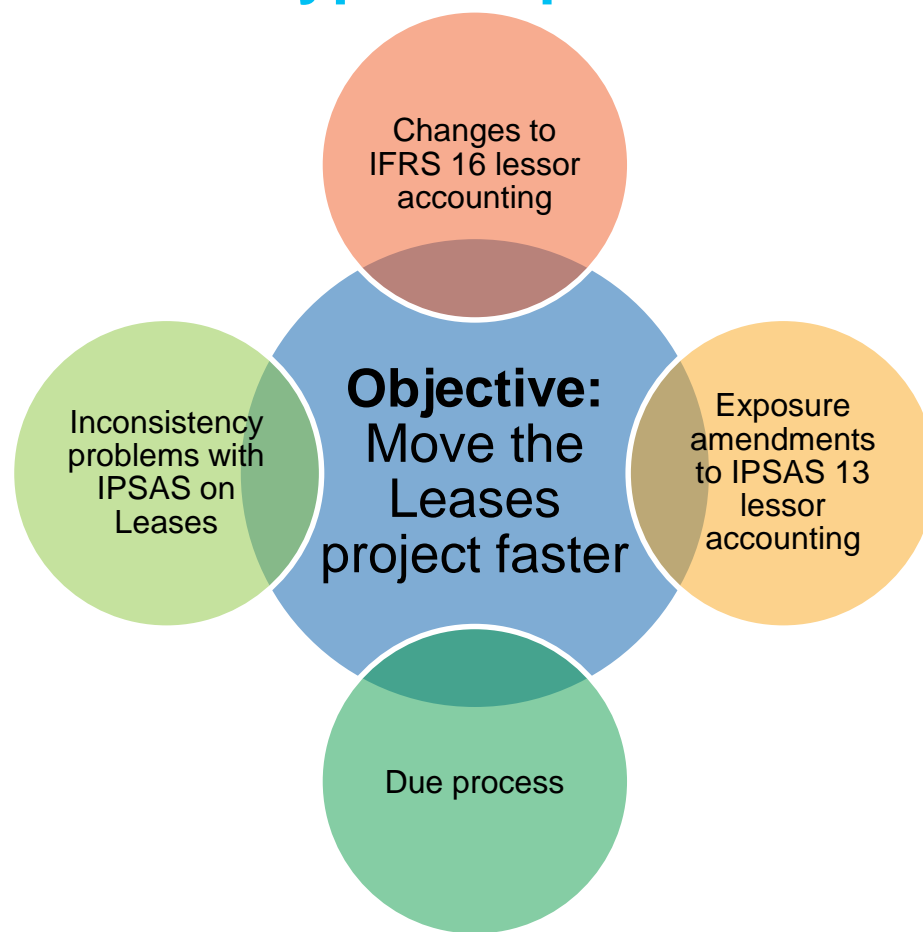
- Issues raised are not public sector specific that warrant departure from IFRS 16
- To adopt the proposals in the ED 64 in the IPSAS on Leases

Does the IPSASB agree with staff's recommendation:

- To adopt ED 64 lessee accounting proposals in the IPSAS on Leases?

Assessment on the Feasibility of Publishing Only New Lessee Accounting Requirements Based on ED 64 (Agenda Item 12.2.3)

Four types of problems



Assessment on the Feasibility of Publishing Only New Lessee Accounting Requirements Based on ED 64 (Agenda Item 12.2.3)

Four types of problems

Changes to IFRS 16 lessor accounting

- Subleases, disclosure, lease modifications and variable lease payments

Due process

- Amendments to lessor accounting require exposure

Exposure amendments to IPSAS 13 Lessor accounting

- One year for full exposure process

Inconsistency problems with IPSAS on Leases

- Scope, definitions, identifying a lease, lease term, sale and leaseback transactions, and concessionary leases

Assessment on the Feasibility of Publishing Only New Lessee Accounting Requirements Based on ED 64 (Agenda Item 12.2.3)

Staff's recommendation

- Not to publish only revised lessee accounting requirements based on ED 64.

Does the IPSASB agree with staff's recommendation:

- Not to publish only revised lessee accounting requirements based on ED 64?

Roadmap to Move the Leases Project Forward (Agenda Item 12.2.1)

Analysis Factors

- ✓ Implementation issues
- ✓ User's needs of financial community
- ✓ Relationship with Government Finance Statistics
- ✓ Relationship with public-private partnerships
- ✓ Respondents' Views on ED 64



Major issues related to the principles in ED 64 (Appendix A)



Minor issues (Appendix B)

- ✓ Minor technical issues
- ✓ Editorials

Roadmap to Move the Leases Project Forward (Agenda Item 12.2.1)

Proposed Roadmap

Year	Month	Issues
2018	December	<ul style="list-style-type: none"> ✓ Roadmap to Move the Leases Project Forward ✓ Lessee Accounting ✓ Assessment on the Feasibility of Publication of Only Revised Lessee Accounting Requirements
2019	March	<ul style="list-style-type: none"> ✓ IFRS 16 Lessor Accounting Departure ✓ Approval of Basis for Conclusions on Lessee Accounting
	June	Lessor Accounting
	September	Concessionary Leases: Lessor and Lessee
	December	<ul style="list-style-type: none"> ✓ Remaining Issues on ED 64 (to be determined) ✓ Decision on to proceed or not with ED 64 proposals for lessor accounting and concessionary leases in the IPSAS on Leases
2020	March	To be determined

Roadmap to Move the Leases Project Forward (Agenda Item 12.2.1)

Question for the IPSASB

Does the IPSASB agree with the staff's recommended:

- (a) Roadmap to move the Leases project forward?
- (b) List of issues identified by respondents, including any suggestion on:
 - i. Other issues to be included in Appendix A or Appendix B; or
 - ii. Move issues from Appendix A to Appendix B or vice-versa?



www.ipsasb.org
