

## Agenda Item 7: Leases

Mike Blake, Task Force Chair

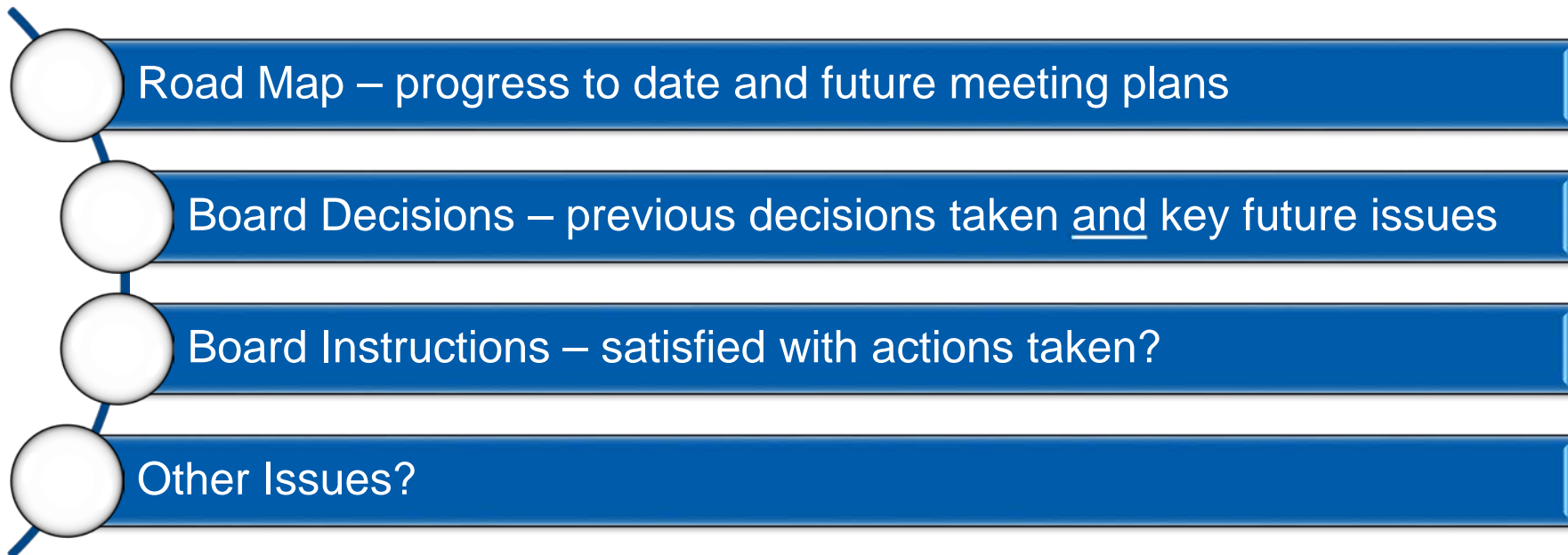
João Fonseca, Principal

IPSASB Meeting

Toronto, Canada

June 18–21, 2019

# Project management: Stocktake



# Outline

## Introduction

- Structure and purpose of this session
- Task Force report back to IPSASB

## Departure or not from IFRS 16 Lessor Accounting

- History of the IASB's Leases project and key reasons to retain the IFRS 16 Lessor Accounting in the future IPSAS on Leases (Kimberley Crook)
- GASB's Leases project history, and the key reasons to adopt a right-of-use model in the future IPSAS on Leases (David Bean)

## Lessor Accounting

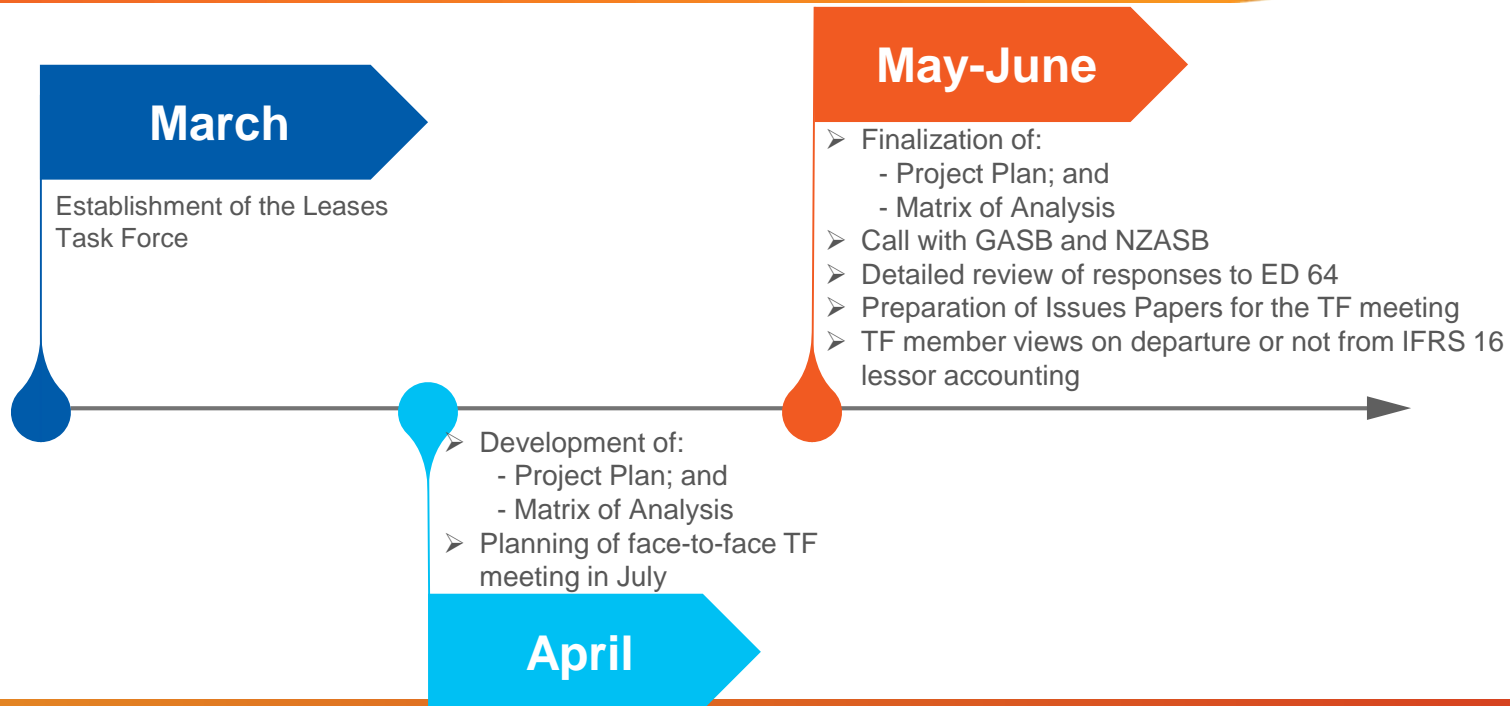
- Key features of ED 64, *Leases* (João Fonseca)
- Key issues on ED 64, *Leases* (Kimberley Crook)
- Key features of Statement No. 87, *Leases* of the Governmental Accounting Standards Board (David Bean)

## Next steps

# Structure and purpose of this session

- Mike/João to outline actions taken since March meeting
- Receive presentations from João, David and Kimberley on relevant aspects of lessor related accounting
- Provide opportunities for IPSASB members to question, seek clarification following each session
- Not expecting David and Kimberley to have to debate respective views
- Mike and João summarize following all presentations proposing next steps
- IPSASB to direct Task Force

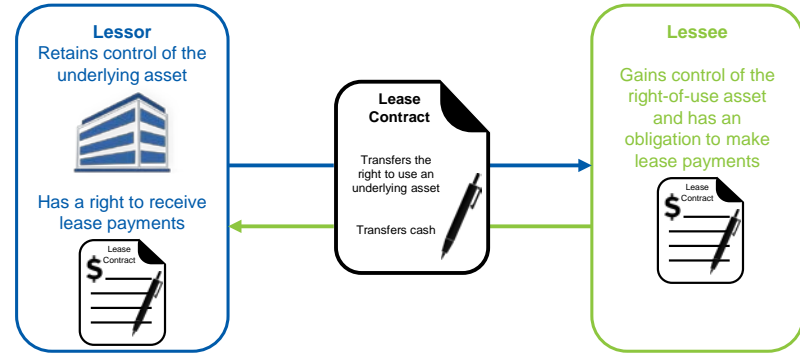
# Task Force report back to IPSASB



# Lessors Accounting

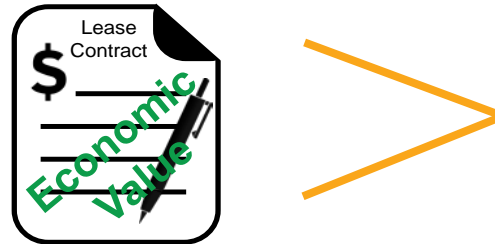
## Key features of ED 64, *Leases*

- Single right-of-use model for lease accounting



- Concessionary leases

*Leases at below market terms*



# Lessor Accounting

## Key features of ED 64, *Leases*

- Service versus Service Concession versus Lease

	Criteria	Service	Service Concession	Lease
Whole asset	Control of an asset	Supplier: Yes Customer: No	Grantor: Yes Operator: No	Lessor: Yes Lessee: No
Individual rights	Control the use of an asset	Supplier: Yes Customer: No	Grantor: Yes Operator: No	Lessor: No Lessee: Yes
	Access to operate an asset	Supplier: Yes Customer: No	Grantor: No Operator: Yes	Lessor: No Lessee: Yes

# Lessor Accounting

## Key features of ED 64, *Leases*



### Accounting for the underlying asset

- **Lessor** recognizes and measures according to the applicable IPSAS – as per IPSAS 32, but different to IFRS 16



### Separate accounting for the lease (right-of-use)

- **Lessor** receivable – as IPSAS 32, but different to IFRS 16
- **Lessor** liability (unearned revenue) – as per IPSAS 32, but different to IFRS 16



# Lessor Accounting

- Mike –
- So, what Joao has presented is a very high level summary of key features in ED 64
- Any questions or clarification needed?

## Next Steps

- Does the IPSASB:
  - Agrees with the Task Force recommended Project Plan to move the Leases project forward?
  - Agrees with the Lessor accounting matrix outlining issues to be dealt with?
  - Has any additional issues for consideration by the Leases Task Force at the face-to-face meeting in July 18-19, 2019?



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