

Agenda Item 7: Leases

Mike Blake, Task Force Chair

João Fonseca, Principal

IPSASB Meeting

Toronto, Canada

June 18–21, 2019

Identification of Issues

Issues	TF	IPSASB
Is the public sector different? If so, why?	X	X
Are the IPSASB and IASB's CF different in relation to lessor accounting?	X	X
Ensure consistency with emerging literature (eg. revenue project)	X	X
Limited scope review of the CF (impacts on lessor accounting)		X
Is there an ongoing performance obligation for the lessor over the lease term? (consistency with CF of a liability)	X	X
Should all or portion of the underlying asset be derecognized?	X	X
Should lease revenue associated with a lease be recognized by the lessor?	X	X
Is there double-counting by recognizing the lease receivable and continuing to recognize the underlying asset: (i) at cost? (ii) at fair value?	X	X
Should we revisit all IASB's decisions that lead to IFRS 16? (Rules of the Road does not require this)	X	X

Identification of Issues

Issues	TF	IPSASB
Which model best satisfies public interest (simplicity, transparency, understandability, accountability and decision-making)	X	X
Are consolidation issues properly considered? (mixed groups vs public sector entities that only apply IPSAS)	X	X
Having two separate assets (underlying asset and lease receivable) improves financial reporting?	X	X
Are model best addresses user's needs and who are they?	X	X
Revisit IPSAS 32 analogy?	X	X
Lessor does not recognize the rights and obligations from the lease contract. Only recognizes lease payments as revenue when received.	X	X
What disclosures are required will depend to the type of lessor accounting model	X	X
Are leases in the public sector different from the private sector?	X	X

Identification of Issues

Issues	TF	IPSASB
Who controls the underlying asset – CF consistency analysis?	X	X
Is the analogy with joint arrangements valid for leases accounting? (divisibility of assets)	X	X

Next Steps

- The TF Chair and staff will organize these issues to be discussed at the TF meeting in July.
- The TF will assess the:
 - Issues identified at today's meeting;
 - Criteria that the IPSASB decided at the March meeting to assess departure or not from lessor accounting (see matrix in Agenda Item 7.2.1); and
 - All issues raised by respondents to ED 64 (see matrix in Agenda Item 7.2.1)

Next Steps

- The TF will deliberate in July meeting all issues in the context of making a recommendation to the IPSASB on whether to depart from IFRS 16 Lessor Accounting.
 - Not departing requires re-exposure.
 - Two main conclusions from respondents to ED 64:
 - The majority (59%) supported or partially supported departure;
 - 46% of respondents disagreed with ED 64 lessor accounting, but there is no consensus on the way forward

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?
 - With the issues identified at today's meeting?
 - 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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