

Analysis of Disclosure Requirements in AASB ED 242 *Leases* with a View to Determining Corresponding Tier 2 Disclosure Requirements

Only disclosure paragraphs that are included in AASB ED 242, which incorporates IASB ED/2013/6 *Leases*, have been included in this Analysis.

IASB ED/2013/6 proposes new classification requirements for leases that are substantively different from the requirements in Section 20 *Leases* of *IFRS for SMEs*. This could result in the same lease being recognised and measured differently depending on its classification under the reporting requirements. Notwithstanding the classification differences, many of the recognition and measurement requirements proposed in IASB ED/2013/6 are similar to the requirements in Section 20, as noted in the Appendix to Tier 2 Supplement to ED 242.

Proposed disclosure requirements in ED 242	Disclosure requirements in <i>IFRS for SMEs</i> Section 20 <i>Leases</i>	Analysis
<p>Presentation</p> <p>54 A lessee shall either present in the statement of financial position or disclose in the notes all of the following:</p> <ul style="list-style-type: none"> (a) right-of-use assets separately from other assets; (b) lease liabilities separately from other liabilities; (c) right-of-use assets arising from Type A leases separately from right-of-use assets arising from Type B leases and right-of-use assets measured at revalued amounts; and (d) lease liabilities arising from Type A leases separately from lease liabilities arising from Type B leases. 		<p>Paragraph 54 is regarded as a disclosure paragraph, based on paragraph 9 of the Tier 2 disclosure requirements.</p> <p>Paragraph 54 has no equivalent in the <i>IFRS for SMEs</i>.</p> <p>Paragraph 54 satisfies the information needs of users in regard to obligations, commitments and disaggregation of information without significantly increasing the costs to the reporting entity.</p> <p>Based on paragraphs 3(a), 5, 6(a) and 6(e) of ‘Tier 2 Disclosure Principles’, applying the ‘user need’ and ‘cost-benefit’ principles of the <i>IFRS for SMEs</i>, paragraph 54 should be retained in the Tier 2 disclosure requirements.</p>
<p>55 If a lessee does not present right-of-use assets and lease liabilities separately in the statement of financial position, the lessee shall do both of the following:</p> <ul style="list-style-type: none"> (a) present right-of-use assets within the same line item as the corresponding underlying assets would be presented if they were owned; and (b) disclose which line items in the statement of financial position include right-of-use assets and lease liabilities. 		<p>Paragraph 55 is regarded as a disclosure paragraph, based on paragraph 9 of the Tier 2 disclosure requirements.</p> <p>Paragraph 55 has no equivalent in the <i>IFRS for SMEs</i>.</p> <p>Paragraph 55 satisfies the information needs of users in regard to obligations and disaggregation of information without significantly increasing the costs to the reporting entity.</p> <p>Based on paragraphs 3(a), 5 6(a) and 6(e) of ‘Tier 2 Disclosure Principles’, applying the ‘user need’ and ‘cost-benefit’ principles of the <i>IFRS for SMEs</i>, paragraph 55 should be retained in the Tier 2 disclosure requirements.</p>

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<p>56 In the statement of profit or loss and other comprehensive income, a lessee shall present both of the following:</p> <ul style="list-style-type: none"> (a) for Type A leases, the unwinding of the discount on the lease liability separately from the amortisation of the right-of-use asset. (b) for Type B leases, the unwinding of the discount on the lease liability together with the amortisation of the right-of-use asset. 		<p>Paragraph 56 is regarded as a disclosure paragraph, based on paragraph 9 of the Tier 2 disclosure requirements.</p> <p>Paragraph 56 has no equivalent in the <i>IFRS for SMEs</i>.</p> <p>Paragraph 56(a) satisfies the information needs of users in regard to measurement uncertainties and disaggregation of information without significantly increasing the costs to the reporting entity.</p> <p>Based on paragraph 5, 6(c) and 6(e) of ‘Tier 2 Disclosure Principles’, applying the ‘user need’ and ‘cost-benefit’ principles of the <i>IFRS for SMEs</i>, paragraph 56(a) should be retained in the Tier 2 disclosure requirements.</p> <p>Paragraph 56(b) satisfies the information needs of users in regard to measurement uncertainties and the level of disaggregation without significantly increasing the costs to the reporting entity.</p> <p>Based on paragraph 3(a) and 6(c) of ‘Tier 2 Disclosure Principles’, applying the ‘user need’ and ‘cost-benefit’ principles of the <i>IFRS for SMEs</i>, paragraph 56(b) should be retained in the Tier 2 disclosure requirements.</p>
<p>Disclosure</p> <p>58 The objective of the disclosure requirements is to enable users of financial statements to understand the amount, timing and uncertainty of cash flows arising from leases. To achieve that objective, a lessee shall disclose qualitative and quantitative information about all of the following:</p> <ul style="list-style-type: none"> (a) its leases (as described in paragraphs 60(a) and 60(b)); 		<p>Paragraph 58 has no equivalent in the <i>IFRS for SMEs</i>.</p> <p>Paragraph 58 provides an overall objective for the disclosure of leases and describes the general disclosures an entity should make in achieving that objective without significantly increasing the cost to the reporting entity.</p> <p>Based on paragraph 3(a) of ‘Tier 2 Disclosure Principles’, applying the ‘user need’ and ‘cost-benefit’ principles of the <i>IFRS for SMEs</i>, paragraph 58 should be retained in the Tier 2 disclosure requirements.</p>

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<p>(b) the significant judgements made in applying the [draft] Standard to those leases (as described in paragraph 60(c)); and</p> <p>(c) the amounts recognised in the financial statements relating to those leases (as described in paragraphs 61-67).</p>		
<p>59 A lessee shall consider the level of detail necessary to satisfy the disclosure objective and how much emphasis to place on each of the various requirements. A lessee shall aggregate or disaggregate disclosures so that useful information is not obscured by including a large amount of insignificant detail or by aggregating items that have different characteristics.</p>		<p>Paragraph 59 supports the overall objective for the disclosure of leases specified in paragraph 58.</p> <p>Paragraph 59 has no equivalent in the <i>IFRS for SMEs</i>. It provides guidance but does not add disclosure requirements.</p> <p>Based on paragraph 7 of ‘Tier 2 Disclosure Principles’, paragraph 59 should be retained in the Tier 2 disclosure requirements.</p>
<p>60 A lessee shall disclose the following:</p> <p>(a) information about the nature of its leases, including:</p> <p>(i) a general description of those leases;</p> <p>(ii) the basis, and terms and conditions, on which variable lease payments are determined;</p> <p>(iii) the existence, and terms and conditions, of options to extend or terminate the lease. A lessee shall provide narrative disclosure about the options that are recognised as part of the right-of-use asset and lease liability and those that are not;</p> <p>(iv) the existence, and terms and conditions, of residual value guarantees provided</p>	<p>20.13 A lessee shall make the following disclosures for finance leases:</p> <p>...</p> <p>(c) a general description of the lessee’s significant leasing arrangements including, for example, information about contingent rent, renewal or purchase options and escalation clauses, subleases, and restrictions imposed by lease arrangements.</p> <p>20.16 A lessee shall make the following disclosures for operating leases:</p> <p>...</p> <p>(c) a general description of the lessee’s significant leasing arrangements including, for example, information about contingent rent, renewal or purchase options and escalation clauses,</p>	<p>Paragraph 60(a) is similar to paragraphs 20.13(c) and 20.16(c) of the <i>IFRS for SMEs</i>. Paragraphs 60(b) and 60(c) have no equivalent in the <i>IFRS for SMEs</i>.</p> <p>The disclosure required by paragraph 60(a) satisfies the information needs of users in regard to obligations, commitments or contingencies without significantly increasing the costs to the reporting entity.</p> <p>Based on paragraphs 2 and 3(a) of ‘Tier 2 Disclosure Principles’, applying the ‘user need’ and ‘cost-benefit’ principles of the <i>IFRS for SMEs</i>, paragraph 60(a) should be retained in the Tier 2 disclosure requirements.</p> <p>The disclosure required by paragraph 60(b) satisfies the information needs of users in regard to obligations, commitments or contingencies and disaggregation of information without significantly increasing the costs to the reporting entity.</p>

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<p>by the lessee; and</p> <p>(v) the restrictions or covenants imposed by leases, for example those relating to dividends or incurring additional financial obligations.</p> <p>A lessee shall identify the information relating to subleases included in the disclosures provided above.</p> <p>(b) information about leases that have not yet commenced but that create significant rights and obligations for the lessee.</p> <p>(c) information about significant assumptions and judgements made in applying the [draft] Standard, which may include the following:</p> <p>(i) the determination of whether a contract contains a lease (as described in paragraphs 6-19);</p> <p>(ii) the allocation of the consideration in a contract between lease and non-lease components (as described in paragraphs 23-24); and</p> <p>(iii) the determination of the discount rate (as described in paragraphs B7-B9).</p>	<p>subleases, and restrictions imposed by lease arrangements.</p>	<p>Based on paragraphs 3(a), 5 and 6(a) of ‘Tier 2 Disclosure Principles’, applying the ‘user need’ and ‘cost-benefit’ principles of the <i>IFRS for SMEs</i>, paragraph 60(b) should be retained in the Tier 2 disclosure requirements.</p> <p>The disclosure required by paragraph 60(c) satisfies the information needs of users in regard to measurement uncertainties without significantly increasing the costs to the reporting entity.</p> <p>Based on paragraphs 3(a), 5 and 6(c) of ‘Tier 2 Disclosure Principles’, applying the ‘user need’ and ‘cost-benefit’ principles of the <i>IFRS for SMEs</i>, paragraph 60(c) should be retained in the Tier 2 disclosure requirements.</p>
<p>61 A lessee shall disclose a reconciliation of opening and closing balances of right-of-use assets by class of underlying asset separately for Type A leases, Type B leases and right-of-use assets measured at revalued amounts. Those reconciliations shall include items that are useful in understanding the change in the carrying amount of right-of-use assets, for example, the following:</p> <p>(a) additions due to leases commencing or</p>	<p>20.14 In addition, the requirements for disclosure about assets in accordance with Sections 17, 18, 27 and 34 apply to lessees for assets leased under finance leases.</p> <p>17.31 An entity shall disclose the following for each class of property, plant and equipment that was deemed appropriate in accordance with paragraph 4.11(a):</p>	<p>Paragraph 61 has parallels with paragraph 17.31 of the <i>IFRS for SMEs</i>. Paragraph 20.14 of the <i>IFRS for SMEs</i> incorporates paragraph 17.31 by cross-reference into the disclosure requirements for assets held under finance leases by lessees by cross-reference.</p> <p>The disclosures required by paragraph 61 satisfy the information needs of users in regard to the assets held by lessees under leases and disaggregation of</p>

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<p>being extended;</p> <p>(b) reclassifications when a lessee exercises a purchase option;</p> <p>(c) reductions due to leases being terminated;</p> <p>(d) remeasurements relating to a change in an index or a rate used to determine lease payments;</p> <p>(e) amortisation;</p> <p>(f) effects of business combinations; and</p> <p>(g) impairment.</p>	<p>...</p> <p>(e) a reconciliation of the carrying amount at the beginning and end of the reporting period showing separately:</p> <p>(i) additions.</p> <p>(ii) disposals.</p> <p>(iii) acquisitions through business combinations.</p> <p>(iv) transfers to investment property if a reliable measure of fair value becomes available (see paragraph 16.8).</p> <p>(v) impairment losses recognised or reversed in profit or loss in accordance with Section 27.</p> <p>(vi) depreciation.</p> <p>(vii) other changes.</p> <p>This reconciliation need not be presented for prior periods.</p>	<p>information.</p> <p>On the basis that paragraph 61 corresponds to paragraph 17.31 of the <i>IFRS for SMEs</i>, applying the AASB's Tier 2 Disclosure Principles would normally lead to paragraph 61 being retained for Tier 2 entities. However, the AASB notes that retaining paragraph 61 would appear to be inconsistent with the proposals to exempt Tier 2 entities from the reconciliations required in paragraphs 64 and 103-104. Therefore, in this instance, the AASB considers it appropriate to depart from the Tier 2 disclosure principle relating to alignment with <i>IFRS for SMEs</i> and instead apply the other Tier 2 disclosure principles – in particular those relating to 'cost-benefit'.</p> <p>Accordingly, based on paragraphs 3(a), 5, 6(c) and 6(e) of 'Tier 2 Disclosure Principles', applying the 'user need' and 'cost-benefit' principles of the <i>IFRS for SMEs</i>, paragraph 61 should be excluded from the Tier 2 disclosure requirements.</p>
<p>62 A lessee that measures its right-of-use assets arising from leased investment property in accordance with the fair value model in IAS 40 (as described in paragraph 52) may elect not to provide the disclosure required by paragraph 61 for those right-of-use assets.</p>		<p>On the basis that the paragraph 61 is excluded from the Tier 2 disclosure requirements, paragraph 62 should also be excluded from the Tier 2 disclosure requirements.</p>
<p>63 If a lessee measures right-of-use assets at revalued amounts, the lessee shall disclose:</p> <p>(a) the effective date of the revaluation; and</p> <p>(b) the amount of the revaluation surplus that relates to right-of-use assets at the start and</p>		<p>Paragraph 63 has no equivalent in the <i>IFRS for SMEs</i>.</p> <p>The disclosure required by paragraph 63 satisfies the information needs of users in regard to measurement uncertainties and disaggregations of amounts without significantly increasing the costs to the reporting entity.</p>

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end of the reporting period, indicating the changes during the period and any restrictions on the distribution of the balance to shareholders.		Based on paragraphs 3(a), 5, 6(c) and 6(e) of ‘Tier 2 Disclosure Principles’, paragraph 63 should be retained in the Tier 2 disclosure requirements.
<p>64 A lessee shall disclose a reconciliation of opening and closing balances of the lease liability separately for Type A leases and Type B leases. Those reconciliations shall include the periodic unwinding of the discount on the lease liability and other items that are useful in understanding the change in the carrying amount of the lease liability, for example, the following:</p> <ul style="list-style-type: none"> (a) liabilities created due to leases commencing or being extended; (b) liabilities extinguished due to leases being terminated; (c) remeasurements relating to a change in an index or a rate used to determine lease payments; (d) cash paid; (e) foreign currency exchange differences; and (f) effects of business combinations. 		<p>Paragraph 64 has no equivalent in the <i>IFRS for SMEs</i>.</p> <p>The disclosure required by paragraph 64 satisfies the information needs of users in regard to measurement uncertainties and disaggregation of information. However, the cost to Tier 2 entities of disclosures required by paragraph 64 would be expected to exceed the benefits to users.</p> <p>Based on paragraphs 3(a), 5, 6(c) and 6(e) of ‘Tier 2 Disclosure Principles’, applying the ‘user need’ and ‘cost-benefit’ principles of the <i>IFRS for SMEs</i>, paragraph 64 should be excluded from the Tier 2 disclosure requirements.</p>
65 A lessee shall disclose costs that are recognised in the period relating to variable lease payments not included in the lease liability.		<p>Paragraph 65 has no equivalent in the <i>IFRS for SMEs</i>.</p> <p>Paragraph 65 satisfies the information needs of users in regard to short-term cash flows. However, the cost to Tier 2 entities of disclosures required by paragraph 65 would be expected to exceed the benefit to users.</p> <p>Based on paragraphs 3(a) and 5 of ‘Tier 2 Disclosure Principles’, applying the ‘user need’ and ‘cost-benefit’ principles of the <i>IFRS for SMEs</i>, paragraph 65 should</p>

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		be excluded from the Tier 2 disclosure requirements.
66 A lessee shall disclose information about the acquisition of right-of-use assets in exchange for lease liabilities, arising from both Type A leases and Type B leases, as a supplemental non-cash transaction disclosure (see IAS 7).		<p>Paragraph 66 has no equivalent in the <i>IFRS for SMEs</i>.</p> <p>Paragraph 66 satisfies the information needs of users in regard to short-term cash flows, commitments or contingencies without significantly increasing the costs to the reporting entity.</p> <p>Based on paragraphs 3(a), 5 and 6(a) of ‘Tier 2 Disclosure Principles’, applying the ‘user need’ and ‘cost-benefit’ principles of the <i>IFRS for SMEs</i>, paragraph 66 should be retained in the Tier 2 disclosure requirements.</p>
67 In place of the maturity analysis required by paragraphs 39(a) and 39(b) of IFRS 7 <i>Financial Instruments: Disclosures</i> , a lessee shall disclose a maturity analysis of the lease liability, showing the undiscounted cash flows on an annual basis for a minimum of each of the first five years and a total of the amounts for the remaining years. A lessee shall reconcile the undiscounted cash flows to the lease liability recognised in the statement of financial position.	<p>20.13 A lessee shall make the following disclosures for finance leases:</p> <p>(a) ...</p> <p>(b) the total of future minimum lease payments at the end of the reporting period, for each of the following periods:</p> <p>(i) not later than one year;</p> <p>(ii) later than one year and not later than five years; and</p> <p>(iii) later than five years....</p> <p>20.16 A lessee shall make the following disclosures for operating leases:</p> <p>(a) the total of future minimum lease payments under non-cancellable operating leases for each of the following periods:</p> <p>(i) not later than one year;</p> <p>(ii) later than one year and not later than five years; and</p> <p>(iii) later than five years.</p>	<p>Paragraph 67 is similar to paragraphs 20.13(b) and 20.16(a) of the <i>IFRS for SMEs</i>.</p> <p>The first sentence of paragraph 67 satisfies the information needs of users in regard to obligations, commitments and contingencies as well as measurement uncertainties, without significantly increasing the costs to the reporting entity.</p> <p>The second sentence of paragraph 67 also satisfies the information needs of users in regard to obligations, commitments and contingencies as well as measurement uncertainties. However, the cost to Tier 2 entities of disclosures required by the second sentence of paragraph 67 would be expected to exceed the benefit to users.</p> <p>Based on paragraphs 3(a), 5, 6(a) and 6(c) of ‘Tier 2 Disclosure Principles’, applying the ‘user need’ and ‘cost-benefit’ principles of the <i>IFRS for SMEs</i>, the first sentence of paragraph 67 should be retained in the Tier 2 disclosure requirements and the second sentence of paragraph 67 should be excluded from the Tier 2 disclosure requirements</p>

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<p>Presentation</p> <p>88 A lessor shall present lease assets (ie the sum of the carrying amounts of lease receivables and residual assets) separately from other assets in the statement of financial position.</p>		<p>Paragraph 88 is regarded as a disclosure paragraph, based on paragraph 9 of the Tier 2 disclosure requirements.</p> <p>Paragraph 88 has no equivalent in the <i>IFRS for SMEs</i>.</p> <p>Paragraph 88 satisfies the information needs of users in regard to disaggregation of information without significantly increasing the costs to the reporting entity.</p> <p>Based on paragraphs 3(a) and 6(e) of ‘Tier 2 Disclosure Principles’, applying the ‘user need’ and ‘cost-benefit’ principles of the <i>IFRS for SMEs</i>, paragraph 88 should be retained in the Tier 2 disclosure requirements.</p>
<p>89 A lessor shall also either present in the statement of financial position or disclose in the notes the carrying amount of lease receivables and the carrying amount of residual assets.</p>		<p>Paragraph 89 is regarded as a disclosure paragraph, based on paragraph 9 of the Tier 2 disclosure requirements.</p> <p>Paragraph 89 has no equivalent in the <i>IFRS for SMEs</i>.</p> <p>Paragraph 89 satisfies the information needs of users in regard to disaggregation of information without significantly increasing the costs to the reporting entity.</p> <p>Based on paragraphs 3(a) and 6(e) of ‘Tier 2 Disclosure Principles’, applying the ‘user need’ and ‘cost-benefit’ principles of the <i>IFRS for SMEs</i>, paragraph 89 should be retained in the Tier 2 disclosure requirements.</p>
<p>90 A lessor shall either present in the statement of profit or loss and other comprehensive income or disclose in the notes income arising from leases. If a lessor does not present lease income in the statement of profit or loss and other comprehensive income, the lessor shall disclose which line items include the income in the statement of profit or loss and other comprehensive income.</p>		<p>Paragraph 90 is regarded as a disclosure paragraph, based on paragraph 9 of the Tier 2 disclosure requirements.</p> <p>Paragraph 90 has no equivalent in the <i>IFRS for SMEs</i>.</p> <p>Paragraph 90 satisfies the information needs of users in regard to disaggregation of information without significantly increasing the costs to the reporting entity.</p> <p>Based on paragraphs 3(a) and 6(e) of ‘Tier 2 Disclosure Principles’, applying the ‘user need’ and ‘cost-benefit’</p>

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		principles of the <i>IFRS for SMEs</i> , paragraph 90 should be retained in the Tier 2 disclosure requirements.
<p>91 A lessor shall present any profit or loss on the lease recognised at the commencement date in a manner that best reflects the lessor’s business model(s). Examples of presentation include the following:</p> <p>(a) if a lessor uses leases as an alternative means of realising value from the goods that it would otherwise sell, the lessor shall present revenue and cost of goods sold relating to its leasing activities in separate line items so that income and expenses from sold and leased items are presented consistently.</p> <p>(b) if a lessor uses leases for the purposes of providing finance, the lessor shall present the profit or loss in a single line item.</p>		<p>Paragraph 91 is regarded as a disclosure paragraph, based on paragraph 9 of the Tier 2 disclosure requirements.</p> <p>Paragraph 91 has no equivalent in the <i>IFRS for SMEs</i>.</p> <p>Paragraph 91 satisfies the information needs of users in regard to transactions and other events and conditions encountered by Tier 2 entities without significantly increasing the costs to the reporting entity.</p> <p>Based on paragraphs 3(a) and 6(f) of ‘Tier 2 Disclosure Principles’, applying the ‘user need’ and ‘cost-benefit’ principles of the <i>IFRS for SMEs</i>, paragraph 91 should be retained in the Tier 2 disclosure requirements.</p>
<p>Disclosure</p> <p>98 The objective of the disclosure requirements is to enable users of financial statements to understand the amount, timing and uncertainty of cash flows arising from leases. To achieve that objective, a lessor shall disclose qualitative and quantitative information about all of the following:</p> <p>(a) its leases (as described in paragraph 100(a));</p> <p>(b) the significant judgements made in applying the [draft] Standard to those leases (as described in paragraph 100(b)); and</p> <p>(c) the amounts recognised in the financial statements relating to those leases (as</p>		<p>Paragraph 98 has no equivalent in the <i>IFRS for SMEs</i>.</p> <p>Paragraph 98 provides an overall objective for the disclosure of leases and describes general disclosures a lessor should make in achieving that objective without representing a significant cost to the reporting entity.</p> <p>Based on paragraph 3(a) of ‘Tier 2 Disclosure Principles’, applying the ‘user need’ and ‘cost-benefit’ principles of the <i>IFRS for SMEs</i>, paragraph 98 should be retained in the Tier 2 disclosure requirements.</p>

Proposed disclosure requirements in ED 242 described in paragraphs 101-109).	Disclosure requirements in <i>IFRS for SMEs</i> Section 20 <i>Leases</i>	Analysis
99 A lessor shall consider the level of detail necessary to satisfy the disclosure objective and how much emphasis to place on each of the various requirements. A lessor shall aggregate or disaggregate disclosures so that useful information is not obscured by including a large amount of insignificant detail or by aggregating items that have different characteristics.		Paragraph 99 supports the overall objective for the disclosure of leases specified in paragraph 98. Paragraph 99 has no equivalent in the <i>IFRS for SMEs</i> . It provides guidance but does not add disclosure requirements. Based on paragraph 7 of ‘Tier 2 Disclosure Principles’, paragraph 99 should be retained in the Tier 2 disclosure requirements.
100 A lessor shall disclose the following: (a) information about the nature of its leases, including: (i) a general description of those leases; (ii) the basis, and terms and conditions, on which variable lease payments are determined; (iii) the existence, and terms and conditions, of options to extend or terminate the lease; and (iv) the existence, and terms and conditions, of options for a lessee to purchase the underlying asset. (b) information about significant assumptions and judgements made in applying the [draft] Standard, which may include the following: (i) the determination of whether a contract contains a lease (as described in paragraphs 6-19); (ii) the allocation of the consideration in a contract between lease and non-lease components (as described in	20.23 A lessor shall make the following disclosures for finance leases: ... (f) a general description of the lessor’s significant leasing arrangements, including, for example, information about contingent rent, renewal or purchase options and escalation clauses, subleases, and restrictions imposed by lease arrangements. 20.30 A lessor shall disclose the following for operating leases: (a) ... (b) a general description of the lessor’s significant leasing arrangements, including, for example, information about contingent rent, renewal or purchase options and escalation clauses, and restrictions imposed by lease arrangements.	Paragraph 100 is similar to paragraphs 20.23(f) and 20.30(c) of the <i>IFRS for SMEs</i> . The disclosure required by paragraph 100(a) satisfies the information needs of users in regard to transactions and conditions encountered by Tier 2 entities. Based on paragraphs 3(a) and 6(f) of ‘Tier 2 Disclosure Principles’, applying the ‘user need’ and ‘cost-benefit’ principles of the <i>IFRS for SMEs</i> , paragraph 100(a) should be retained in the Tier 2 disclosure requirements. The disclosure required by paragraph 100(b) satisfies the information needs of users in regard to transactions and conditions encountered by Tier 2 entities without significantly increasing the costs to the reporting entity. Based on paragraphs 3(a) and 6(f) of ‘Tier 2 Disclosure Principles’, applying the ‘user need’ and ‘cost-benefit’ principles of the <i>IFRS for SMEs</i> , paragraph 100(b) should be retained in the Tier 2 disclosure requirements.

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<p>paragraph 22); and</p> <p>(iii) the initial measurement of the residual asset (as described in paragraph 71).</p>		
<p>101 A lessor shall disclose lease income recognised in the reporting period, in a tabular format, to include the following:</p> <p>(a) for Type A leases:</p> <p>(i) profit or loss recognised at commencement date (gross or net, consistently with paragraph 91);</p> <p>(ii) the unwinding of the discount on the lease receivable; and</p> <p>(iii) the unwinding of the discount on the gross residual asset;</p> <p>(b) for Type B leases, lease income relating to lease payments;</p> <p>(c) lease income relating to variable lease payments not included in the measurement of the lease receivable; and</p> <p>(d) short-term lease income.</p>	<p>20.23 A lessor shall make the following disclosures for finance leases:</p> <p>...</p> <p>(e) contingent rents recognised as income in the period.</p> <p>(f)</p> <p>20.30 A lessor shall disclose the following for operating leases:</p> <p>(a) ...</p> <p>(b) total contingent rents recognised as income.</p> <p>(c) ...</p>	<p>Except for the words “in a tabular format”, paragraph 101(c) is similar to paragraphs 20.23(e) and 20.30(b) in the <i>IFRS for SMEs</i>.</p> <p>Paragraphs 101(a), 101(b) and 101(d) have no equivalent in the <i>IFRS for SMEs</i>.</p> <p>Paragraph 101(a) satisfies the information need of users in regard to disaggregation of information. However, the cost to Tier 2 entities of the disclosures required by paragraph 101(a) would be expected to exceed the benefit to users.</p> <p>Based on paragraphs 3(a) and 6(e) of ‘Tier 2 Disclosure Principles’, applying the ‘user need’ and ‘cost-benefit’ principles of the <i>IFRS for SMEs</i>, the words “in a tabular format” and paragraph 101(a) should be excluded from the Tier 2 disclosure requirements.</p> <p>Paragraphs 101(b)-(d) satisfy the information need of users in regard to disaggregation of information without significantly increasing the costs to the reporting entity.</p> <p>Based on paragraphs 3(a) and 6(e) of ‘Tier 2 Disclosure Principles’, applying the ‘user need’ and ‘cost-benefit’ principles of the <i>IFRS for SMEs</i>, paragraphs 101(b)-(d) should be retained in the Tier 2 disclosure requirements.</p>
<p>Disclosures relating to Type A leases</p> <p>102 In addition to the disclosures required by paragraphs 100-101, a lessor shall also provide the disclosures in paragraphs 103-107 for Type A leases.</p>		<p>Paragraph 102 has no equivalent in the <i>IFRS for SMEs</i>. Consistent with the following proposed retentions and exclusions, paragraph 102 should be retained in the Tier 2 disclosure requirements.</p>

Proposed disclosure requirements in ED 242	Disclosure requirements in <i>IFRS for SMEs</i> Section 20 <i>Leases</i>	Analysis
<p>103 A lessor shall disclose a reconciliation of the opening and closing balances of the lease receivable. The reconciliation shall include items that are useful in understanding the change in the carrying amount of the lease receivable, for example, the following:</p> <ul style="list-style-type: none"> (a) additions due to leases commencing or being extended; (b) receivables derecognised due to leases being terminated; (c) cash received; (d) the unwinding of the discount on the lease receivable; (e) foreign currency exchange differences; (f) effects of business combinations; and (g) changes to the loss allowance. 		<p>Paragraph 103 has no equivalent in the <i>IFRS for SMEs</i>.</p> <p>The disclosure required by paragraph 103 satisfies the information needs of users in regard to measurement uncertainties and disaggregations of amounts presented in the financial statements. However, the cost to Tier 2 entities of disclosures required by paragraph 103 would be expected to exceed the benefits to users.</p> <p>Based on paragraphs 3(a), 6(c) and 6(e) of ‘Tier 2 Disclosure Principles’, applying the ‘user need’ and ‘cost-benefit’ principles of the <i>IFRS for SMEs</i>, paragraph 103 should be excluded from the Tier 2 disclosure requirements.</p>
<p>104 A lessor shall disclose a reconciliation of the opening and closing balances of the residual asset. The reconciliation shall include items that are useful in understanding the change in the carrying amount of the residual asset, for example, the following:</p> <ul style="list-style-type: none"> (a) additions due to leases commencing; (b) reductions due to leases being extended; (c) reclassifications at expiry or termination of a lease; (d) the unwinding of the discount on the gross residual asset; (e) effects of business combinations; and 		<p>Paragraph 104 has no equivalent in the <i>IFRS for SMEs</i>.</p> <p>The disclosure required by paragraph 104 satisfies the information needs of users in regard to measurement uncertainties and disaggregations of amounts presented in the financial statements. However, the cost to Tier 2 entities of disclosures required by paragraph 104 would be expected to exceed the benefits to users.</p> <p>Based on paragraphs 3(a), 6(c) and 6(e) of ‘Tier 2 Disclosure Principles’, applying the ‘user need’ and ‘cost-benefit’ principles of the <i>IFRS for SMEs</i>, paragraph 104 should be excluded from the Tier 2 disclosure requirements.</p>

Proposed disclosure requirements in ED 242	Disclosure requirements in <i>IFRS for SMEs</i> Section 20 <i>Leases</i>	Analysis
(f) impairment.		
105 Except as described in paragraph 106, a lessor shall disclose information relating to risks arising from leases required by paragraphs 31-42H of IFRS 7.		<p>Paragraph 105 has no equivalent in the <i>IFRS for SMEs</i>.</p> <p>Paragraph 105 satisfies the information needs of users in regard to measurement uncertainties. However, the cost to Tier 2 entities of the disclosure required by paragraph 105 would be expected to exceed the benefit to users.</p> <p>Based on paragraphs 3(a) and 6(c) of ‘Tier 2 Disclosure Principles’, applying the ‘user need’ and ‘cost-benefit’ principles of the <i>IFRS for SMEs</i>, paragraph 105 should be excluded from the Tier 2 disclosure requirements.</p>
106 In place of the maturity analyses required by paragraph 37(a) of IFRS 7, a lessor shall disclose a maturity analysis of the lease receivable, showing the undiscounted cash flows to be received on an annual basis for a minimum of each of the first five years and a total of the amounts for the remaining years. A lessor shall reconcile the undiscounted cash flows to the lease receivable recognised in the statement of financial position.	<p>20.23 A lessor shall make the following disclosures for finance leases:</p> <p>(a) a reconciliation between the gross investment in the lease at the end of the reporting period, and the present value of minimum lease payments receivable at the end of the reporting period. In addition, a lessor shall disclose the gross investment in the lease and the present value of minimum lease payments receivable at the end of the reporting period, for each of the following periods:</p> <p>(i) not later than one year;</p> <p>(ii) later than one year and not later than five years; and</p> <p>(iii) later than five years.</p>	<p>Paragraph 106 is similar to paragraph 20.23(a) of the <i>IFRS for SMEs</i>.</p> <p>The first sentence of paragraph 106 satisfies the information needs of users in regard to measurement uncertainties and short-term cash flows without significantly increasing the costs to the reporting entity.</p> <p>Based on paragraphs 3(a), 6(a) and 6(c) of ‘Tier 2 Disclosure Principles’, applying the ‘user need’ and ‘cost-benefit’ principles of the <i>IFRS for SMEs</i>, the first sentence of paragraph 106 should be retained in the Tier 2 disclosure requirements.</p> <p>The second sentence of paragraph 106 also satisfies the information needs of users in regard to obligations, commitments and contingencies as well as measurement uncertainties. However, the cost to Tier 2 entities of disclosures required by the second sentence of paragraph 106 would be expected to exceed the benefit to users.</p> <p>Based on paragraphs 3(a), 6(a) and 6(c) of ‘Tier 2 Disclosure Principles’, applying the ‘user need’ and ‘cost-benefit’ principles of the <i>IFRS for SMEs</i>, the second sentence of paragraph 106 should be excluded</p>

Proposed disclosure requirements in ED 242	Disclosure requirements in <i>IFRS for SMEs</i> Section 20 <i>Leases</i>	Analysis
		from the Tier 2 disclosure requirements.
<p>107 A lessor shall disclose information about how it manages its risk associated with residual assets. In particular, a lessor shall disclose all of the following:</p> <ul style="list-style-type: none"> (a) its risk management strategy for residual assets; (b) the carrying amount of residual assets covered by residual value guarantees (excluding guarantees considered to be lease payments for the lessor, as described in paragraph 70(d)); and (c) any other means by which the lessor reduces its residual asset risk (for example, buy-back agreements or variable lease payments for use in excess of specified limits). 		<p>Paragraph 107 has no equivalent in the <i>IFRS for SMEs</i>.</p> <p>Paragraph 107 satisfies the information needs of users in regard to measurement uncertainties. However, the cost to Tier 2 entities of the disclosure required by paragraph 107 would be expected to exceed the benefit to users.</p> <p>Based on paragraphs 3(a) and of ‘Tier 2 Disclosure Principles’, applying the ‘user need’ and ‘cost-benefit’ principles of the <i>IFRS for SMEs</i>, paragraph 107 should be excluded from the Tier 2 disclosure requirements.</p>
<p>Disclosures relating to Type B leases</p> <p>108 In addition to the disclosures required by paragraphs 100-101, a lessor shall also provide the disclosures in paragraph 109 for Type B leases.</p>		<p>Paragraph 108 has no equivalent in the <i>IFRS for SMEs</i>. Consistent with the following proposed retention of paragraph 109, paragraph 108 should be retained in the Tier 2 disclosure requirements.</p>
<p>109 A lessor shall disclose a maturity analysis of lease payments, showing the undiscounted cash flows to be received on an annual basis for a minimum of each of the first five years and a total of the amounts for the remaining years. A lessor shall present that maturity analysis separately from the maturity analysis required by paragraph 106 for Type A leases.</p>	<p>20.23 A lessor shall make the following disclosures for finance leases:</p> <ul style="list-style-type: none"> (a) a reconciliation between the gross investment in the lease at the end of the reporting period, and the present value of minimum lease payments receivable at the end of the reporting period. In addition, a lessor shall disclose the gross investment in the lease and the present value of minimum lease payments receivable at the end of the reporting period, for 	<p>Paragraph 109 is similar to paragraphs 20.23(a) and 20.30(a) of the <i>IFRS for SMEs</i>.</p> <p>Paragraph 109 satisfies the information needs of users in regard to measurement uncertainties and short-term cash flows without significantly increasing the costs to the reporting entity.</p> <p>Based on paragraphs 3(a), 6(a) and 6(b) of ‘Tier 2 Disclosure Principles’, applying the ‘user need’ and ‘cost-benefit’ principles of the <i>IFRS for SMEs</i>, paragraph 109 should be retained in the Tier 2</p>

Proposed disclosure requirements in ED 242	Disclosure requirements in <i>IFRS for SMEs</i> Section 20 <i>Leases</i>	Analysis
	<p>each of the following periods:</p> <ul style="list-style-type: none"> (i) not later than one year; (ii) later than one year and not later than five years; and (iii) later than five years. <p>20.30 A lessor shall disclose the following for operating leases:</p> <ul style="list-style-type: none"> (a) the future minimum lease payments under non-cancellable operating leases for each of the following periods: <ul style="list-style-type: none"> (i) not later than one year; and (ii) later than one year and not later than five years; and (iii) later than five years. 	disclosure requirements.
116 If a transferor or a transferee enters into a sale and leaseback transaction that is accounted for in accordance with paragraphs 113-114, it shall provide the disclosures required by paragraphs 58-67 or 98-109.		<p>Paragraph 116 has no equivalent in the <i>IFRS for SMEs</i>.</p> <p>Paragraph 116 satisfies the information needs of users in regard to disaggregation of information without significantly increasing the costs to the reporting entity.</p> <p>Based on paragraphs 3(a) and 6(e) of ‘Tier 2 Disclosure Principles’, applying the ‘user need’ and ‘cost-benefit’ principles of the <i>IFRS for SMEs</i>, paragraph 116 should be retained in the Tier 2 disclosure requirements.</p>
117 In addition to the disclosures required by paragraphs 58-67, a transferor that enters into a sale and leaseback transaction shall disclose both of the following:		<p>Paragraph 117 has no equivalent in the <i>IFRS for SMEs</i>.</p> <p>Paragraph 117 satisfies the information needs of users in regard to disaggregation of information without significantly increasing the costs to the reporting entity.</p> <p>Based on paragraphs 3(a) and 6(e) of ‘Tier 2 Disclosure Principles’, applying the ‘user need’ and ‘cost-benefit’ principles of the <i>IFRS for SMEs</i>, paragraph 117 should be retained in the Tier 2 disclosure requirements.</p>

Proposed disclosure requirements in ED 242	Disclosure requirements in <i>IFRS for SMEs</i> Section 20 <i>Leases</i>	Analysis
	20.13 A lessee shall make the following disclosures for finance leases: (a) for each class of asset, the net carrying amount at the end of the reporting period. (b) ...	There is no ED 242 equivalent paragraph of paragraph 20.13(a) of the <i>IFRS for SMEs</i> . Based on paragraph 4 of ‘Tier 2 Disclosure Principles’, paragraphs 20.13(a) of the <i>IFRS for SMEs</i> should not be included in the Tier 2 disclosure requirements of ED 242.
	20.14 In addition, the requirements for disclosure about assets in accordance with Sections 17, 18, 27 and 34 apply to lessees for assets leased under finance leases.	There is no direct ED 242 equivalent paragraph of paragraph 20.14 of the <i>IFRS for SMEs</i> . [Based on paragraph 4 of ‘Tier 2 Disclosure Principles’, paragraph 20.14 of the <i>IFRS for SMEs</i> should not be included in the Tier 2 disclosure requirements of ED 242. [See also paragraph 61 above.]
	20.16 A lessee shall make the following disclosures for operating leases: (a) ... (b) lease payments recognised as an expense. (c) ...	There is no ED 242 equivalent paragraph of paragraph 20.16(b) of the <i>IFRS for SMEs</i> . Based on paragraph 4 of ‘Tier 2 Disclosure Principles’, paragraph 20.16(b) of the <i>IFRS for SMEs</i> should not be included in the Tier 2 disclosure requirements of ED 242.
	20.23 A lessor shall make the following disclosures for finance leases: (a) ... (b) unearned finance income. (c) the unguaranteed residual values accruing to the benefit of the lessor. (d) the accumulated allowance for uncollectible minimum lease payments receivable. (e) ...	There is no ED 242 equivalent paragraph of paragraph 20.23(b)-20.23(d) of the <i>IFRS for SMEs</i> . Based on paragraph 4 of ‘Tier 2 Disclosure Principles’, paragraph 20.23(a)-20.23(d) of the <i>IFRS for SMEs</i> should not be included in the Tier 2 disclosure requirements of ED 242.

Proposed disclosure requirements in ED 242	Disclosure requirements in <i>IFRS for SMEs</i> Section 20 <i>Leases</i>	Analysis
	<p>20.31 In addition, the requirements for disclosure about assets in accordance with Sections 17, 18, 27 and 34 apply to lessors for assets provided under operating leases.</p>	<p>There is no ED 242 equivalent paragraph of paragraph 20.31 of the <i>IFRS for SMEs</i>. The disclosures required by these sections of the <i>IFRSs for SMEs</i> are directly addressed in the equivalent individual IFRSs. For example, Section 17 of the <i>IFRSs for SMEs</i> relates to property, plant and equipment. ED 242 proposes to amend IAS 16 to apply to property, plant and equipment provided by a lessor to a lessee under one or more Type B or short-term leases. Therefore, the Tier 2 disclosure requirements of IAS 16 will also apply to the lessee of property, plant and equipment.</p> <p>Based on paragraphs 1 and 4 of ‘Tier 2 Disclosure Principles’, paragraph 20.31 of the <i>IFRS for SMEs</i> should not be included in the Tier 2 disclosure requirements of ED 242.</p>