



## Memorandum

<b>To:</b>	<b>Board members</b>	<b>Date:</b>	20 August 2013
<b>From:</b>	<b>Nikole Gyles</b>	<b>Agenda Item:</b>	9.1 (M133)
<b>Subject:</b>	<b>Leases – issues for AASB’s submission to the IASB</b>	<b>File:</b>	

### Action

The AASB is asked to:

- consider issues discussed in Agenda Paper 9.2 regarding ED 242 *Leases* and decide whether these issues, or any other issues, should be included in the AASB’s submission on IASB ED/2013/6 *Leases*; and
- decide on the process for finalising the AASB’s submission to the IASB.

### Attachments

- Agenda Paper 9.2      Issues paper – ED/2013/6 *Leases*  
Agenda Paper 9.3      Summary of roundtable discussions  
Agenda Paper 9.4      Submissions received on ED 242 *Leases*

### Background

In August 2010, the AASB issued ED 202R *Leases*, which incorporated the IASB’s ED/2010/9 *Leases*. The comment period for IASB’s ED 2010/9 closed on 15 December 2010 and over 760 comment letters were received (the comment period for AASB ED 202R closed on 12 November 2010 and attracted 16 submissions). The IASB and FASB began redeliberations on the *Leases* project in January 2011. The IASB subsequently decided in July 2011 to re-expose revised proposals. At AASB meetings held during 2011 and 2012, AASB staff provided regular updates on the project incorporating tentative decisions made by the IASB.

In May 2013, the AASB issued ED 242 *Leases*<sup>1</sup>, which incorporates IASB ED/2013/6 (a re-exposure draft). The comment period for ED 242 closed on 14 August 2013 and the comment period for IASB ED/2013/6 closes on 13 September 2013.

### Submissions

At the time of writing this memo four submissions had been received (see Agenda Paper 9.4). Due to the timing of the comment period for ED 242, no separate staff analysis of the submissions received has been performed. However, staff have considered the submissions in developing the issues paper (Agenda Paper 9.2). Staff will raise at the Board meeting any significant issues included in further submissions received that they think have not been adequately dealt with in the issues paper.

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<sup>1</sup> [http://www.aasb.gov.au/admin/file/content105/c9/ACCED242\\_05-13.pdf](http://www.aasb.gov.au/admin/file/content105/c9/ACCED242_05-13.pdf)

## **AASB outreach**

The AASB hosted roundtable discussions on ED 242 in Melbourne (7 August 2013) and Sydney (8 August 2013). The roundtables were attended by IASB staff and board members via teleconference and videoconference and the vice-chairman of the IASB attended the roundtables in person. A summary of the roundtable discussions is provided in Agenda Paper 9.3.

In addition to the roundtable discussions AASB staff have also undertaken targeted outreach to constituents in the form of meetings and teleconferences to gather additional feedback on the proposals. Staff will continue to conduct targeted outreach during the remainder of August.

## **Overview of key issues**

Based on AASB discussions to date and constituent feedback received, overall, staff support the core principle of the proposed requirements that an entity should recognise assets and liabilities arising from a lease. However, we have concerns on some specific aspects of the proposals that we think should be raised in the AASB's comment letter to the IASB. Details for each of these comments and questions for the Board are included in Agenda Paper 9.2.

## **Process for finalising the AASB comment letter**

Due to the timing of the comment period, staff recommend that the comment letter be finalised out-of-session through the AASB's Leases sub-committee<sup>2</sup>.

### **Question to Board members:<sup>3</sup>**

Does the Board agree with the staff's recommendation in relation to the process for finalising the comment letter to the IASB?

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<sup>2</sup> Sub-committee members are Victor Clarke, Peter Carlson, Carmen Ridley, Brett Rix and Roger Sexton.

<sup>3</sup> Questions on the issues regarding IASB ED/2013/6 are set out in Agenda Paper 9.2.