

Question 48 – Disclosures – Leases

(a) Lessee

I do not agree with the proposed lessee disclosures. As I stated above, the AASB needs to sort out what 'straight-line basis' and 'minimum lease payments' means for rent-free periods, and fixed vs variable rents.

The AASB also needs to sort out what the lease term means for non-cancellable leases. Lease term under AASB 16 includes option periods. Yet, an option extension would be cancellable if not already exercised.

(b) Lessor

I do not agree with the proposed disclosures. Similar for lessees, the AASB also needs to sort out what the lease term means for non-cancellable leases and option periods.

It is also not clear what 'future lease payments' means when there are variable payments – minimum, or expected payments?

I was also confused about the proposed disclosures for (b) – was this variable lease payments recognised as revenue for the current period? What about disclosing the variable component?

Question 48 – Disclosures – Changes in accounting policy and correction or errors

As I stated above, I do not agree with errors not being corrected in the prior period. I believe that errors should be corrected in the prior period.

Apart from adjusting the prior period errors for that change, the disclosures appear reasonable.