

## Specific Matters for Comment

- SMC 1: The proposed modifications to IFRS 16 for the public sector.

*The IPSASB decided to propose an IFRS 16-aligned Standard in ED 75 ([see paragraphs BC21–BC36](#)). Do you agree with how the IPSASB has modified IFRS 16 for the public sector (see paragraphs BC37–BC60)? If not, please explain your reasons. If you agree, please provide any additional reasons not already discussed in the Basis for Conclusions.*

UNOPS agrees with the IFRS 16-aligned standard. Given that most of UNOPS' leases are under operating leases for which UNOPS are lessees, UNOPS is indifferent between option 2 and option 3.

The choice between option 2 and 3 therefore depends on the few cases where UNOPS acts as intermediate lessors for subleases. In such cases, UNOPS agrees with option 2. Using the risks and rewards model will save resources and also focus on the more important off-balance sheet financing of operating leases.

- SMC 2: The proposed retention of the fair value definition from IPSAS 13 and IFRS 16.

*The IPSASB decided to propose the retention of the fair value definition from IFRS 16 and IPSAS 13, Leases, which differs from the definition proposed in ED 77, Measurement1 (see paragraphs BC43–BC45). Do you agree with the IPSASB's decision? If not, please explain your reasons. If you agree, please provide any additional reasons not already discussed in the Basis for Conclusions.*

UNOPS agrees to the proposal to retain the FV definition in IPSAS 13 just as IFRS 16 retained the FV definition of IAS 17.

UNOPS acknowledges that the other option for the fair value definition i.e. ED 77 - *measurement* has been recently published; however UNOPS is yet to carry out full review of ED 77 to be able to comment further on its appropriateness in relation to leases.

- SMC 3: The proposed addition of the term “service potential”, where appropriate, together with “economic benefits” in the application guidance of ED 75 on identifying a lease.

*The IPSASB decided to propose to refer to both “economic benefits” and “service potential”, where appropriate, in the application guidance section of ED 75 on identifying a lease (see paragraphs BC46–BC48). Do you agree with the IPSASB’s decision? If not, please explain your reasons. If you agree, please provide any additional reasons not already discussed in the Basis for Conclusions.*

UNOPS agrees to the addition of “service potential” to the “economic benefits” since solely focusing on “economic benefits” is likely to impact the identification of leases. As a UN entity, UNOPS’ leases are not entered into merely to derive economic benefits.

- Other Comments:

***Leases signed without formal lease contract e.g. through MOU.***

*A number of UNOPS’ current leases are in the form of Memorandum of Understanding (MoU) rather than formal lease contracts. Such MoUs do not have sufficient level of detail to treat them appropriately per the ED.*

*Whilst UNOPS will need to review its MoUs and liaise with the other parties, UNOPS acknowledges that IPSASB’s lease project is in two phases, with the view to clarify such public sector specific concerns. However UNOPS feels it is important to highlight, as MoUs are not specific to UNOPS but likely a number of public sector entities.*