



# THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA

(Established by Act of Parliament No. 15 of 1965)

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**Registrar/Chief Executive**

AHMED M. KUMSHE (PROF.), FCA

**MAY 17, 2021**

ICAN/ED/R&T/MAY13/2021

IPSASB

277 Wellington Street West

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Canada.

Dear Sir,

**Re: EXPOSURE DRAFT 75 – Leases**

Please find below our responses to the Exposure Draft named above.

**Specific Matter for Comment 1:**

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.

**Response: We agree with how the IPSASB has modified IFRS 16 for the public sector, and we consider the reasons specified in the Basis for Conclusions sufficient for the alignment.**

**Specific Matter for Comment 2:**

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, Measurement (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.

**Response: We agree with the IPSASB's decision 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, Measurement. And we consider the reasons specified in the Basis for Conclusions sufficient for the proposition.**

### **Specific Matter for Comment 3:**

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.

**Response: We agree with the IPSASB on the proposal to refer to both “economic benefits” and “service potential”, where appropriate, in the application guidance section of ED 75 on identifying a lease. And we consider the reasons specified in the Basis for Conclusions sufficient for the proposition.**

### **Phase 2: Request for Information (RFI) - Concessionary Leases and Other Arrangements Similar to Leases**

**Question 1:** In your jurisdiction, do you have concessionary leases (or similar arrangements) as described in this RFI? If yes, please:

- (a) Describe the nature of these leases (or similar arrangements) and their concessionary characteristics; and
- (b) Describe the accounting treatment applied by both parties to the arrangement to these types of leases (or similar arrangements), including whether the value of the concession is reflected in the financial statements.

**Response: Concessionary leases (or similar arrangements) as described in this RFI, are not common in our jurisdiction, Nigeria.**

**Question 2:** In your jurisdiction, do you have leases for zero or nominal consideration as described in this RFI? If yes, please:

- (a) Describe the nature and characteristics of this type of lease (or similar arrangement); and
- (b) Describe if and how the value of the concession is reflected in the financial statements of both parties to the arrangement.

**Response: Leases for zero or nominal consideration as described in this RFI, are not common in our jurisdiction, Nigeria.**

**Question 3:** Does your jurisdiction have arrangements that provide access rights for a period of time in exchange for consideration? If yes, please describe the nature of these arrangements and how they are reflected in the financial statements of both parties to the arrangement.

**Response: Arrangements that provide access rights for a period of time in exchange for consideration are not common in our jurisdiction, Nigeria.**

**Question 4:** In your jurisdiction, do you have arrangements with the same or similar characteristics to the one identified above? If yes, please describe the nature of these arrangements and how they are reflected in the financial statements of both parties to the arrangement.

**Response: Arrangements with the same or similar characteristics to the one identified above, where public sector entities deliver services (for example education services) using properties provided by third parties (for example trusts and Non-government entities) are not common in our jurisdiction, Nigeria.**

**Question 5:** In your jurisdiction, do you have arrangements involving social housing with lease-type clauses or other types of lease-like arrangements with no end terms? If yes, please describe the nature of these arrangements and how they are reflected in the financial statements of the social housing provider.

**Response: Arrangements involving social housing with lease-type clauses or other types of lease-like arrangements with no end terms are not common in our jurisdiction, Nigeria.**

**Question 6:** In your jurisdiction, do you have arrangements involving the sharing of properties without a formal lease contract? If yes, please describe the nature of these arrangements and how they are reflected in the financial statements of both parties to the arrangement.

**Response: We do have in our jurisdiction, Nigeria, arrangements involving the sharing of properties without a formal lease contract. However, the common treatment is for the lessors to recognise the asset as a sharing of properties without a formal lease contract, and no rental income or expense is recognised in the books of the lessors and lessees respectively.**

**Question 7:** In your jurisdiction, do you have other types of arrangements similar to leases not mentioned in this RFI? If so, please describe the characteristics of these arrangements and how they are presently being reflected in the financial statements of both parties to the arrangement.

**Response: We do not have in our jurisdiction, Nigeria, other types of arrangements similar to leases not mentioned in this RFI.**

We thank you for giving us the opportunity to contribute to the Exposure Draft and we are available should there be need for further clarifications.

Yours faithfully,  
For: Registrar/Chief Executive



**Dr. Ijeoma Anaso**  
Director, Technical & Education