

Quadrent Limited

27th April 2021

XRB

Re: Request for Information: Concessionary Leases and Other Arrangements Similar to leases

To whom it may concern,

We are a company with 20 years of leasing experience and a further 5 years of lease accounting SaaS experience with our software LOIS which is a SaaS compliance tool for automation of IFRS16 accounting.

Regarding the latest ED75 we welcome the alignment with IFRS16 as we believe both private and public sectors should be aligned in the underlying treatment of leases and the associated right of use asset due to the simple fact of the material impact of leasing (largely from property).

In regard to the RFI on Concessionary leases and other arrangements similar to leases, we believe there should be some changes. This comes about from having a reasonable amount of clients in the Australia public/not for profit sector and seeing their experiences from AASB16. In particular the main point of difference being the treatment of peppercorn leases (concessionary or nominal consideration leases). In Australia AASB16 Para 25.1 allows the Right of Use asset to be measured at *Cost or Fair value*. This is done due to the complexity of determining fair value more than offsetting the benefit of that disclosure. Practically this has meant a far lower cost of compliance for entities that are naturally more resource constrained (i.e., charities).

For this ED we believe a similar concept should be used which gives entities the right to potentially adopt the cost or fair value option. The reason being the same as in Australia, in that it would lower the cost of compliance. However, we believe it should also be supported by disclosures relating to the extent of the option undertaken i.e., it should be necessary to disclose the volume of leases that the cost option has been utilised for and the asset class. We believe this would lower compliance costs and allow relevant disclosure without diluting the overall reporting.

Regards,

Stefan Iggo

CHIEF FINANCIAL OFFICER / LOIS PROGRAM MANAGER



QUADRENT

D +64 9 370 0032 M +64 20 4004 9347

31 Spring Street, Auckland 1011, New Zealand

www.quadrent.co.nz | www.loisleasing.com.au



31 Spring Street, Freemans Bay, Auckland 1011

PO Box 1148, Shortland St, Auckland 1140

P +64 9 370 0030

www.quadrent.co.nz