

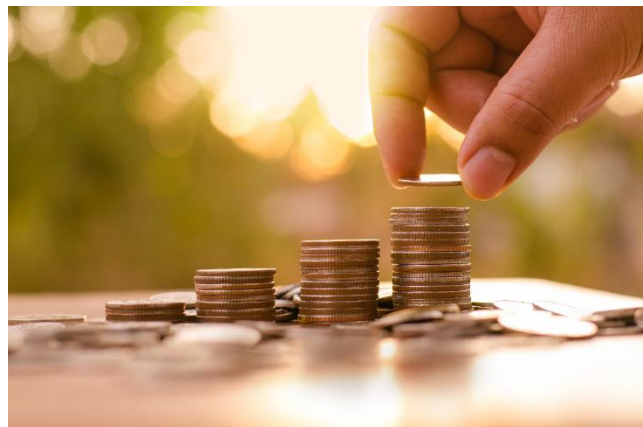


**Accounting
for Leases**

May 2017

Course Overview

The IASB has finally issued the much anticipated lease standard IFRS 16 which is effective for periods beginning on or after January 1, 2019. IFRS 16 introduces a control model for the identification of leases, in contrast to the focus on 'risks and rewards' in IAS 17, IFRIC 4, SICs 15 and 27. This standard will lead to reclassification of many leased assets, previously off balance sheet. This means that entities must start now to gather required data, review gaps between the new standard and IAS 17, evaluate the transition requirements, and plan ahead.



Deloitte Academy presents an intensive one day program that provides participants with detailed understanding of the scope and principles under IFRS 16 Leases, and the application of this Standard.

Course Objectives

We expect that at the end of the course, participants should be able to:

- Describe the differences between IFRS 16 and the predecessor standard and interpretations;
- Apply the principles of IFRS 16 to lessee and lessor accounting;
- Describe the accounting treatment of lease modifications, sale and leaseback, and subleases in accordance with IFRS 16;
- Determine the significantly expanded disclosure requirements of IFRS 16
- Apply the transitional requirements of IFRS 16.
- Identify common areas of judgment and complexity in lease contracts for lessees and lessors, such as determining lease payments, lease terms, and the appropriate discount rate, and determine appropriate accounting treatment for these;

Course content

General Principles

- Objective of IFRS 16 and General Application
- Requirement to Apply IFRS 16 Consistently
- Practical Expedient- Application to a Portfolio of Leases
- Combining Contracts

Scope of IFRS 16

- General
- Long Term Leases of Land
- Leases of Investment Property
- Subleases
- Leases of Inventories
- Derivatives Embedded in a Lease
- Short Term and Leases of Low-Value Items

Identifying a Lease

- Definition of a Lease
- Determination as to Whether a Contract is, or contains, a Lease
- Lease versus In-substance 'Sale or Purchase'
- Leases versus Service Contracts

- Customer has Control for only a Portion of the Term of a Contract
- Assessment Required for each Potential separate Lease Component
- Assessing Whether a Contract Contain a Lease when the Customer is a Joint Arrangement

Identified Asset

- Identification of an Asset – General
- Substantive Substitution Rights
- Substantive Substitution Rights – Definition
- The Right to Control the Use of an Identified Asset
 - Elements of Control
 - Right to Economic Benefits from Use
 - Right to Direct Use
- Summary Flowchart

Separating Components of a Contract

- Separating Components of a Contract – Requirements Applicable to both Lessors and Lessees
- Identification of Separate Lease Components

- Activities and Cost that does not Transfer a Good or Service to the Lessee
- Separating Components of a Contract – Lessees
- Accounting for a Non-Lease Component
- Separating Components of a Contract – Lessors

Lease Term

- Definition of Lease Term
- Consideration of Enforceability
- Beginning of Lease Term
- Rent-free Periods
- Lessor Termination Option
- Assessment of Lessee Extension and Termination Options
- Reassessment of Extension or Termination Options
- Revision of Lease Term

Lease Payments

- Lease Payments - Definition
- Exclusion of payments allocated to non-lease components
- Fixed payments
- Lease incentives
- Variable lease payments
- Options to purchase the underlying asset
- Residual value guarantees

Accounting by lessees

- Recognition – general
- Recognition exemptions
- Lessee involvement with the underlying asset before the commencement date
- Initial measurement
- Subsequent measurement

Who should attend?

Finance professionals and business executives.

Course Detail

Venue

Akintola Williams Deloitte, 8th floor, Civic Towers, Plot GA1, Ozumba Mbadiwe Avenue Victoria Island, Lagos.

Date

May 25, 2017.

Time

9:00am to 4:00pm

- Lessee measurement
- Lease modifications

Classification of Leases by Lessors

- Classification of leases – general
- Distinction between a finance lease and an operating lease
- Situations that will generally lead to finance lease classification
- Effect of exercise of options on lease classification
- Leases of land and buildings
- Subleases

Accounting by Lessors

- Accounting for Finance Leases by Lessors
 - Recognition and Measurement at the Commencement Date – General
 - Recognition and Measurement at the Commencement Date – Manufacturer and Dealer Lessors
 - Lease Modifications
- Accounting for Operating Leases by Lessors

Sale and Leaseback Transactions

- Sale and Leaseback Transactions – General
- Assessing Whether the Transfer of the Asset is a Sale
- Transfer of the Asset is a Sale
- Transfer of the Asset is not a Sale

Dealing with Transition

- Project Governance Consideration
- Readiness Assessment
- Data Gathering and System Readiness
- Considering the Effect and Communicating Impacts
- Transition Reliefs

Course Fee

₦100, 000 per participant, fee covers certificate of attendance, ICAN MCPE credit, tea break and lunch, and training materials.

Payment Method

Payments can be made either as cash or cheque deposit as well as direct transfer in favor of Akintola Williams Deloitte (Access Bank Plc, Allen Avenue Account Number 0000824707).

Registration Information

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Facilitators

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