INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF UGANDA

IFRS 16 POST- IMPLEMENTATION REVIEW REPORT

JUNE 2023

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1.0 INTRODUCTION

Effective 1 January 2019, IFRS 16 replaced IAS 17, providing a single lessee accounting model that requires lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Applying IFRS 16, lessees are required to recognise a Right-Of-Use (ROU) Asset representing their right to use the underlying leased asset and a lease liability representing their obligation to make lease payments. However, lessors continue to classify leases as operating or finance as was the case in IAS 17. The IFRS 16 Post Implementation Review (PIR) was conducted to assess the level of compliance with IFRS 16 disclosure requirements.

2.0 BACKGROUND AND SCOPE OF THE REVIEW

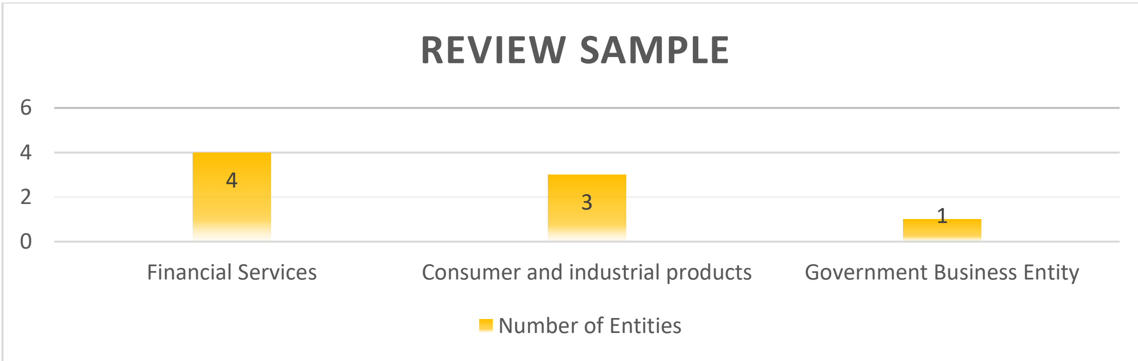
Our review consisted of a limited scope desktop review of the full-year accounts, for annual reporting periods beginning on or after 1 January 2019, of entities listed on the Uganda Stock Exchange (USE) that are based in Uganda. The choice of listed entities was motivated by the desire to draw commendable illustrations for the purposes of encouraging and promoting ideal disclosures since the financial statements of listed entities are readily available to the general public.

We assessed the adequacy of disclosures regarding the effect of the transition to IFRS 16 in the first year of adoption, 2019. Our review focused on lessees as the accounting requirements for lessors were substantially carried forward from IAS 17. In particular, the review focused on:

a) Whether sufficient entity-specific information about significant accounting judgements made, and the factors considered, was included;
b) Explanations of the specific choices made at transition; and
c) The reconciliation between the operating lease commitments under the previous standard and the new lease liability along with explanations of reconciling items.

2.1 Review Sample

We reviewed the full-year accounts of eight (8) entities listed on the USE representing the following industries:



3.0 TRANSITION

3.1 Change in Accounting Policy

Expectation: When the initial application of an IFRS has an effect on the current or prior period, IAS 8:28 requires entities to meet certain disclosure requirements.

Findings: Out of the 8 entities in our sample:

a) 6 entities presented a section on changes in accounting policies and disclosed the title "IFRS 16" (Ref: Para 28 (a)); 1 entity did not present a section on changes in accounting policies but disclosed IFRS 16-related information elsewhere in the report; 1 entity did not disclose any such information.
b) 7 entities disclosed that the change in accounting policy was made in accordance with the transitional requirements of IFRS 16 and included a description of the provisions.
c) 7 entities disclosed information relating to the nature of the change in accounting policy by stating the policies applicable before and after 1 January 2019.
d) 7 entities disclosed the impact of the initial application of IFRS 16 on their current and prior period financial statements in terms of the amount of adjustment.

Recommendation: We encourage entities to present the above information in a systematic manner as required by IAS 1:113. Grouping together information related to IFRS 16 would have enhanced the understandability of the financial statements, as opposed to scattering it all over. We commend BAT Uganda (pages 54-55) and Standabu Holdings Uganda Limited (pages 168-169) for grouping together information related to the initial application of IFRS 16 under changes in accounting policies.

3.2 Transition method

Requirement: IFRS 16.C5-C7 require lessees to apply the Standard either retrospectively to each prior reporting period presented or retrospectively by recognising the cumulative effect of initial application as an adjustment to the opening balance of retained earnings—instead of restating comparative information.

Expectation: Disclosure of the transition method adopted and its requirements. In case of adoption of the modified retrospective approach, disclosure that comparatives had not been restated and whether one or more practical expedients in para C10 had been adopted.

Findings: Out of the 8 entities in our sample:

a) 6 took advantage of the modified retrospective transition option and also clearly stated that comparative information had not been restated.

> **Exemplary Illustration: Adoption of the Modified Retrospective Transition Approach**
>
> *"The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated - i.e., it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information."*
>
> ***BAT Uganda, Annual Report 2019, Page 54***

b) 1 entity did not state the transition method it adopted, although it appeared to have adopted the modified retrospective transition option as well.

c) 1 entity stated that it had elected to adopt the "*simplified approach of transition*" which is not among the options allowed by IFRS 16.C5.

d) None of the entities applied IFRS 16 on a full retrospective basis with a restatement of comparatives, as required by IFRS 16.C5(b). Accordingly, none of the entities in our sample presented a third balance sheet as at the beginning of the restated comparative period.

3.3 Leases previously Classified as Operating

Requirement: At initial application, IFRS 16:C8 requires a lessee that opts to apply the modified retrospective approach to transition to:

a) Recognise a liability for leases previously classified as operating under IAS 17—equal to the present value of remaining lease payments discosunted using the incremental borrowing rate;

b) Recognise a ROU Asset at either carrying amount or amount equal to the lease liability; and
c) Apply IAS 36 to the ROU Asset.

Findings: Only a few of the entities in our sample provided these disclosures.

Exemplary Illustration

"*On adoption of IFRS 16, the group and company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 January 2019. This incremental borrowing rate was calculated for the group utilising the internal funding rate.*

Right of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018."

Stanbic Uganda Holdings Limited, Annual Report 2019, Page 158

3.4 Definition of a Lease

Requirements: Ideally, the adoption of IFRS 16 requires entities to reassess whether a contract is, or contains a lease at the date of initial application. However, as a practical expedient to both full retrospective and modified retrospective adopters, IFRS 16.C3 permits a lessee not to make such reassessment and instead rely on the company's previous assessment under IAS 17 and IFRIC 4 'Determining whether an arrangement contains a lease'. Accordingly, an entity applying this practical expedient will have some contracts which do not meet the IFRS 16 definition of a lease but are accounted for as such under the standard.

Expectation: Where applicable, we expected entities to disclose that they applied the practical expedient in IFRS 16.C3 as this would have a significant impact on the lease population for future reporting.

Findings: 50% of the entities within our sample disclosed how they assessed whether a contract is or contains a lease, both before and after IFRS 16 became applicable. However, only 2 entities clearly disclosed that they had taken advantage of the practical expedient in IFRS 16.C3. The rest neither disclosed the use of this expedient nor provided any indication that they had reassessed their contracts using the IFRS 16 definition of a lease.

Exemplary illustration on the Definition of a Lease

"The group and company have also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date the group and company relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease."

BAT Uganda, Annual Report 2019, Page 54

3.5 Transition Options for Modified Retrospective Adopters

Requirements: IFRS 16:C10 allows transitional expedients for modified retrospective adopters. Applying paragraph C10, an entity may:

a) Use a single discount rate for a portfolio of leases;
b) Rely on IAS 37 onerous lease assessment instead of impairment test;
c) Treat leases with less than 12 months remaining at transition as short-term leases;
d) Exclude direct costs from right-of-use asset measurement; and/or
e) Use hindsight such as in determining the lease term.

Findings: Our review found that 5 out of the 6 entities that adopted IFRS 16 using the modified retrospective transition option applied at least one of the transitional practical expedients in IFRS 16:C10. The most commonly applied practical expedients were 16:C10 (c), (d) and (e).

Exemplary illustrations

"The Company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Company:

a. did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
b. did not recognise right-of-use assets and liabilities for leases of low-value assets (e.g., IT equipment);"

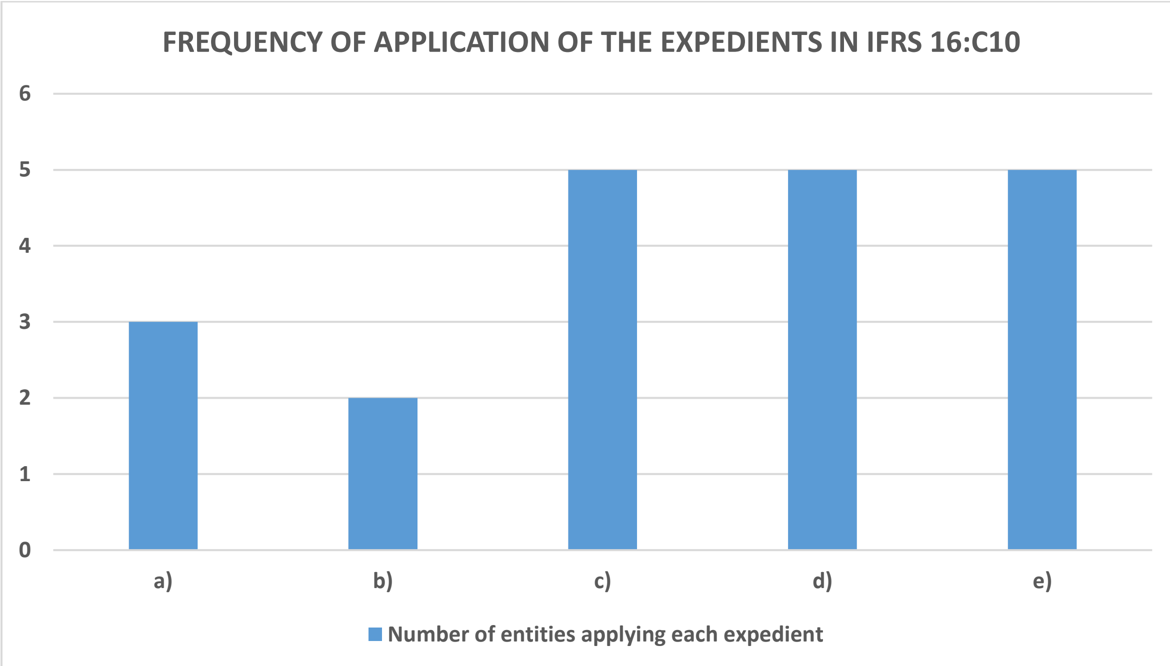
BAT Uganda Annual Report 2019, Page 55

The company also applied the available practical expedients wherein it:

- Used a single discount rate of 20% to the portfolio of UGX leases and a single discount rate of 7% to the portfolio of USD leases.
- The company will apply the short-term lease exemptions to a lease term that ends within 12 months of the date of initial application if they sign such contracts. None of such contracts exited in the current year.
- The company will apply the low-value exemptions to leases of low value, the company had no such leases in the current year that are applicable to this exemption criteria.

Vision Group Annual Report 2019/20, Page 125

Below is a graph showing frequency of application of each expedient:



Recommendations: It would have been helpful if entities clearly stated whether they were applying the transitional expedients in IFRS 16:C10 or the recognition exemptions in IFRS 16:5 (for short-term or low-value leases) as ongoing accounting policy choices. Separate disclosure of information on the two types of expedients also would have been helpful.

3.6 Measurement of Right of Use (ROU) Asset at Transition

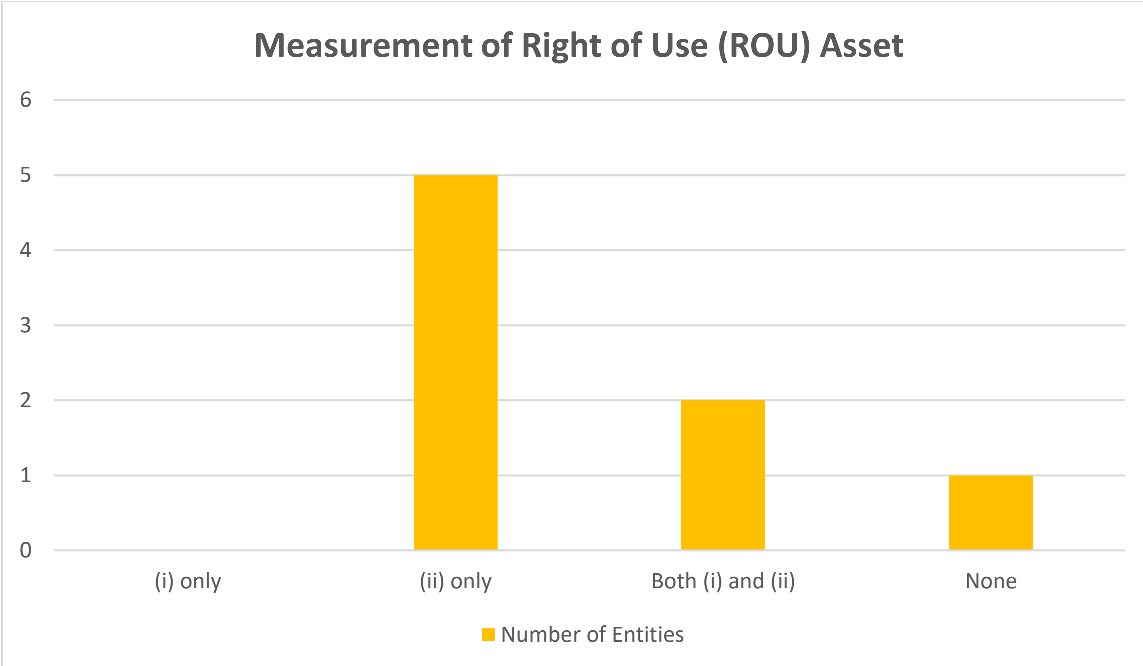
Requirements: IFRS 16:C8(b) allows companies applying the modified retrospective approach to choose whether to measure ROU at:

(i) The carrying amount as if the Standard had been applied since the commencement date of the lease, discounted at the incremental borrowing rate at the date of initial application; or

(ii) An amount equal to the lease liability, adjusted for prepaid or accrued lease payments.

Expectation: We expected entities to disclose the measurement policy applied to their ROU assets on transition.

Findings: Of the 8 entities in our sample, 2 disclosed that they applied a combination of approaches (i) and (ii); 5 disclosed that they applied option (ii) only; while 1 entity failed to disclose the measurement policy applied to its ROU assets on transition. None of the entities in our sample applied option (i) only.



4.0 ACCOUNTING POLICY

4.1 Measurement of lease liabilities

Requirement: IFRS 16.26 requires lessees, at the commencement date, to measure the lease liability at the present value of the lease payments that are not paid at that date. These shall be discounted using the interest rate implicit in the lease if readily determinable, or the incremental borrowing rate, if otherwise.

Expectation: We expected entities to describe which discount rate they used to calculate their lease liabilities and the inputs of that rate, where applicable. We also expected explanations of how the requirements in IFRS 16.26 were applied. Where entities discounted their lease liabilities using the interest rate implicit in the lease, we expected them to explain the circumstances where they were able to determine that rate.

Findings: Most entities in our sample disclosed the discount rate they used to calculate their lease liabilities, stating that they measured lease liabilities at the present value of contractual lease payments discounted using the interest rate implicit in the lease or the incremental borrowing rate where the former could not be readily determined. We were also pleased to find that some entities clearly explained the inputs used to determine their incremental borrowing rates.

Exemplary disclosure on Measurement of Lease liabilities

"Lease Liabilities: Initially measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate implicit in the lease unless (as is typically the case for the Group) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used."

Stanbic Holdings Uganda Limited Annual Report 2019, Page 168

Exemplary disclosure on Estimating the incremental borrowing rate (IBR)

"The entity cannot readily determine the interest rate implicit in the lease. Therefore, it uses incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the entity would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. For all leases paid in Ushs, the Group used the average commercial bank lending rate as per the Bank of Uganda State of Economy Report of September 2019 which reported the average rates to be 20% for Ushs loans and 7% dollar-related commercial lending rate.

The IBR, therefore, reflects what the entity would have to pay, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments."

NIC Holdings Limited Annual Report 2019, Page 78

However, entities that discounted their lease liabilities using the interest rate implicit in the lease did not explain the circumstances under which they were able to determine that rate.

4.2 Separation of non-lease Components from a Contract

Requirement: IFRS 16.9-12 require entities to assess whether a contract is or contains a lease. Entities are then required to account for lease components applying IFRS 16 and non-lease components applying other applicable Standards. However, as a practical expedient, IFRS 16.15 allows lessees not to account for non-lease components separately from lease components and instead account for the entire contract as a single lease component.

Expectation: we hoped to see disclosure of the accounting policies for contracts that contain both lease and non-lease components and application of the practical expedient in IFRS 16.15, where necessary.

Findings: Of the 8 entities in our sample:

a) 2 disclosed information on their accounting treatment for contracts that contain both lease and non-lease components as well as their application of the practical expedient in IFRS 16:15.

Exemplary Disclosure on Separation of non-lease Components

"At commencement or on modification of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of branches and office premises, the Group has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component."

dfcu Bank Annual Report 2019, Page 81

"At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component based on its relative stand-alone price. However, for leases of property, the Company has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component."

BAT Uganda Annual Report 2019, Page 54

b) None provided explanations about the accounting treatment applied to the non-lease components.

4.3 Short-term and Low-Value Leases

Requirements: IFRS 16.5-6 provides practical expedients to the recognition of short-term leases and leases of low value. IFRS 16:60 requires lessees who apply this practical expedient to disclose that fact.

Expected: Disclosures about the application of the practical expedient (where applicable) as well as clarification of the threshold for low-value and short-term leases.

Findings: One entity did not have short-term and low-value leases during the year. The rest of the entities disclosed their application of the practical expedient, clearly stating their accounting treatment for short-term and low-value leases. However, only 2 entities disclosed the threshold for short-term leases. None of the entities disclosed the threshold for low-value leases.

Exemplary Disclosure on IFRS 16:6 Practical Expedient

"The company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term."

Vision Group Annual Report 2019, Page 118

4.4 Sale and Leasebacks

One of the entities in our sample disclosed information regarding the accounting treatment for sale and leaseback transactions. However, this was considered boilerplate as it was not backed by any entity-specific information to show that such transactions existed during the year. The rest of the entities did not disclose any information about sale and leaseback transactions, probably indicating a lack of such transactions during the reporting period. If such transactions had existed, we would have expected companies to explain them and how they had been accounted for.

5.0 SIGNIFICANT JUDGEMENTS

Requirement: IAS 1:122 requires disclosure of the judgements made that have the most significant effect on the amounts recognised in the financial statements. IAS 1:125 further requires additional disclosures in relation to judgements involving estimation uncertainty.

Expectation: We expected entities to go beyond repeating the wording in the standard by including entity-specific detail to help readers understand the judgements made. Such information could include explanations of the significant judgements made at the initial application of IFRS 16, the reasons why it was necessary for management to exercise its judgement, as well as the factors considered in making those judgements. Examples of significant judgements may include the determination of lease term, and the exercise of extension or termination options, among others.

Findings:

a) One entity disclosed the areas of significant judgements made in applying IFRS 16 accounting policies by stating the following:

> ***Determination of the lease term for lease contracts with renewal and termination options (Company as a lessee) – Applicable as of 01 July 2019***
>
> *The company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised. The company currently has lease contracts that include extension options.*
> *The carrying amounts of the company's lease-related balances are disclosed in notes 15 and 24(b).*
>
> ***Vision Group Annual Report 2019, Page 124***

However, there was no disclosure of the specific factors considered in applying significant judgement, the reasons why it was necessary for management to exercise its judgement in those areas as well as the factors considered in making those judgements. Furthermore, while the entity had lease contracts that included extension options, there was no disclosure of the additional information set out in IFRS 16:59(b).

b) The rest of the entities provided no such disclosure under the "significant accounting policies" sections of their annual reports.

6.0 ESTIMATION UNCERTAINTY

Requirement: IAS 1:125 requires the disclosure of major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year. Paragraph 129 includes examples of the disclosures that address these requirements, such as the disclosure of key sensitivities or a range of reasonably possible outcomes

Expectation: Disclosure of major sources of estimation uncertainty with ROU assets or lease liabilities along with the disclosures associated with IAS 1:125. Examples of sources of estimation uncertainty may include impairment testing of ROU assets; leases with variable payment features; among others.

Findings:

a) Only two entities in our sample disclosed that their major sources of estimation uncertainty were related to the determination of incremental borrowing rates[1].
b) None of the entities in our sample identified impairment testing of ROU assets as a source of estimation uncertainty. Some disclosed a significant estimation uncertainty in relation to the impairment testing of property plant and equipment but did not refer to right-of-use assets in the same context. It was not clear whether this omission was deliberate, or whether the disclosures had failed to be updated for the adoption of IFRS 16.

6.1 Impairment review discount rates

Requirement: IAS 36 requires the use of a discount rate in impairment tests that reflects current market assessments of the time value of money, and risks specific to the asset. The standard refers to the use of an estimate derived from market transactions for similar assets, or the weighted average cost of capital of similar listed entities. Where such rates are not available Appendix A to IAS 36 identifies

[1] Bank of Baroda, Page 39 and Cipla, Page 74

possible starting points for estimating the discount rate, including the entity's own weighted average cost of capital. Where a company calculates its discount rate for impairment reviews using its weighted average cost of capital, its market assessment of the time value of money should include consideration of whether the adoption of IFRS 16 has an impact on that figure.

Expectation: Disclosure of whether lease liabilities were included when determining the discount rate used in the IAS 36-related impairment review. Disclosure of consideration for whether the inclusion or exclusion of IFRS 16 liabilities from the determination of the discount rate used in the impairment review may represent a significant judgement made that requires additional explanation.

Findings: Some entities provided disclosures related to IAS 36. However, none of the entities provided the expected disclosure detailed above.

7.0 PRESENTATION

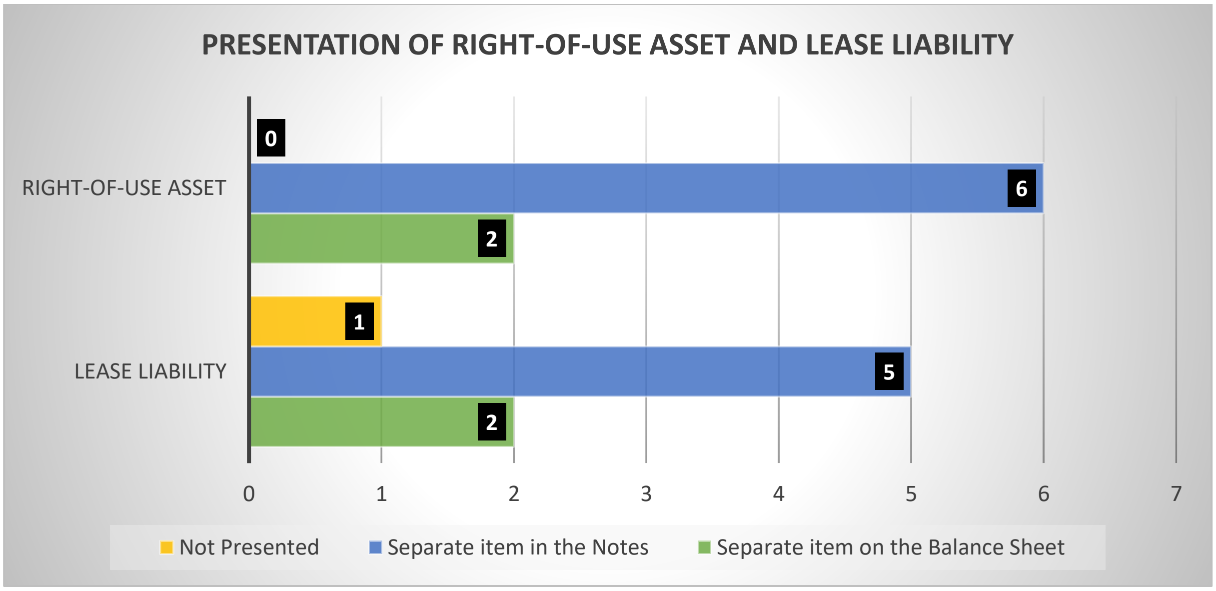
Requirement: IAS 1.55 requires the presentation of separate line items on the face of the balance sheet where such presentation is relevant for the reader's understanding of the financial position (determined by reference to an item's size, nature or function).

7.1 Balance Sheet

Requirement: IFRS 16:47 allows for the presentation of the ROU asset and lease liabilities either in the statement of financial position or in the notes.

Expectation: Entities were expected to consider the materiality of amounts in the context of IAS 1:55 to decide whether to present ROU assets and lease liabilities on the face of the balance sheet.

Findings: Of the 8 entities in our sample, 2 entities presented the ROU Assets as a separate item on the balance sheet and 2 did the same for lease liabilities. 6 presented ROU Asset as a separate item in the notes and 5 entities did the same for their lease liabilities. 1 of the entities, however, did not present a lease liability as a line item anywhere in its financial statements despite having presented a ROU Asset on the balance sheet. These results are summarised in the table below:



7.2 Cash flow Statement

Requirment: IFRS 16:50 provides for the classification of cash payments for: the principal portion of the lease liability; the interest portion of the lease liability; short term lease and leases of low-value.

Expectation: Presentation of:

- Payment of lease principal amounts under financing cashflows (as per IAS 7:17(e) and IFRS 16:50(a));
- Payment of interest portions either within operating or financing cashflows(as per IFRS 16:50(b)) consistent with the entity's accounting policy;
- Payment of short-term leases and leases of low-value as operating activities (as per IFRS 16:50(c)) consistent with the entity's accounting policy.

Findings:

a) 5 out of the 8 entities in our sample presented "repayment of lease principal amounts" under financing cashflows while 3 entities did not present this item on their cash flow statements. In the latter cases, entities did not disclose whether the leases had been paid upfront.

STATEMENT OF CASH FLOWS FOR THE YEAR

	Notes	Year ended 31 December 2019 Ushs' 000	2018 Ushs' 000
Cash flows from operating activities			
Cash generated from operations	25	17,990,074	30,747,773
Interest paid		-	(5,210)
Income tax paid	12	(7,216,528)	(5,373,977)
Net cash generated from operating activities		10,773,546	25,368,586
Cash flows from investing activities			
Purchase of property, plant and equipment	17	(992,521)	(26,574)
Net cash used in investing activities		(992,521)	(26,574)
Cash flows from financing activities			
Finance lease repayment		(545,900)	-
Dividends paid to Company's shareholders		(13,741,984)	(12,075,310)
Net cash used in financing activities		(14,287,884)	(12,075,310)

BAT Uganda Annual Report 2019, Page 53

b) 4 entities presented "interest cashflows on leases" under operating cash flows and 1 entity presented this under financing cashflows. 3 of the entities in our sample did not present this item on their cash flow statements.

Consolidated statement of cash flows for the year ended 31 December 2019

	Note	2019 Ushs M	2018 Ushs M
Operating activities			
Interest receipts		**325,309**	325,923
Interest payments		**(97,811)**	(104,751)
Fee and commission receipts		**65,449**	51,285
Net foreign exchange and other income received		**16,408**	19,219
Recoveries from other assets measured at FVTPL	12	**9,644**	13,842
Recoveries on loans previously written off	22	**1,081**	962
Interest paid on the lease liability	43	**(3,292)**	-
Cash payments to employees and suppliers		**(208,533)**	(215,178)
Income tax paid	19 (d)	**(25,242)**	(16,488)

dfcu Limited Annual Report 2019, Page 78

Recommendations:

a) In a number of cases, it was not clear where the lease interest cashflows had been presented. For such entities, it would have been helpful to present an analysis of the total cash flows for leases—summarising the amounts and where each of the items is presented in the Statement of Cash Flows.

b) We also encourage entities to classify leasing cash flows in a manner that is consistent with the requirements of IAS 7 as well as their accounting policies for similar items, such as interest payments.

7.3 Income Statement

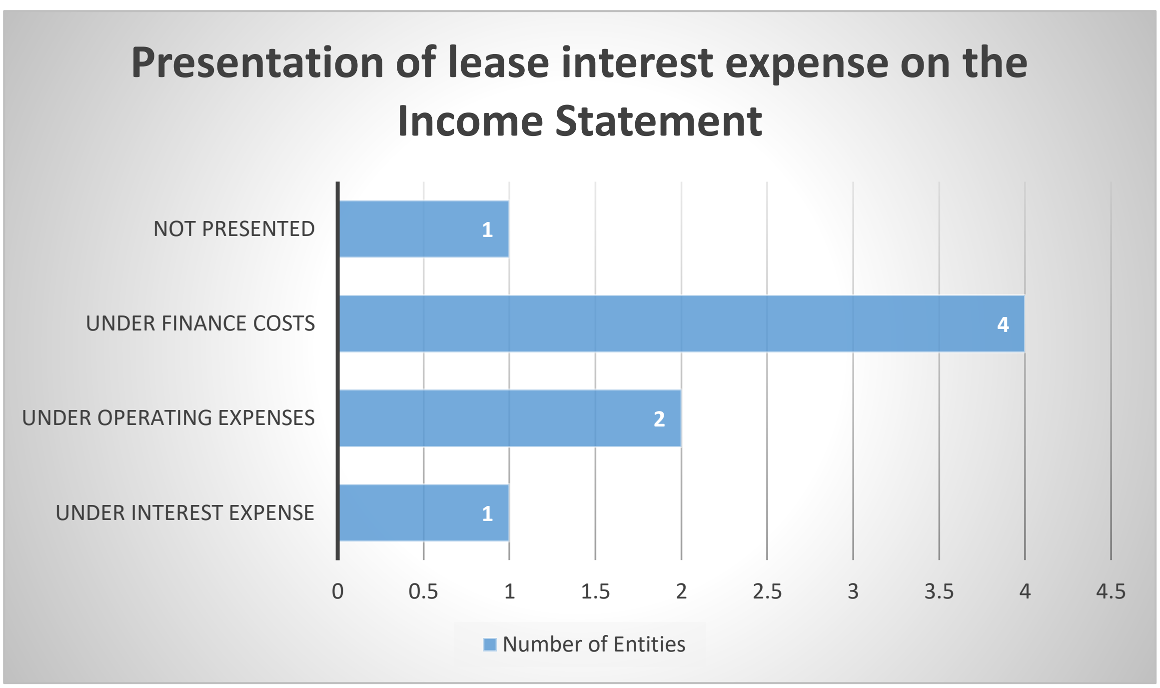
Requirement: IFRS 16:49 and IAS 1:82(b) require the presentation of interest expense on lease liability separately from the depreciation charge for the right-of-use asset on the statement of profit or loss.

Expectation: Presentation of "lease interest expense" as a component of either interest expense or finance costs.

Findings: Of the 8 entities in our sample:

a) 1 entity presented "lease interest expense" as a component of interest expense.
b) 2 entities presented "lease interest expense" as a component of operating expenses
c) 4 entities presented it as a component of finance costs.

These results are illustrated in the graph below:



Exemplary Presentation under Finance Costs

FINANCE COSTS AND FINANCE INCOME - NET

Interest income on bank deposits	-	9,601
Interest expense on bank overdraft	(3,898,391)	(1,253,973)
Interest on finance lease liabilities (note 21(c))	(62,116)	-
Realised foreign exchange gains	2,588,391	1,144,481
Unrealised foreign exchange losses	(2,555,981)	(2,484,205)
	(3,928,097)	**(2,584,096)**

Cipla Quality Chemical Industries Limited Annual Report 2019, Page 89

8.0 DISCLOSURES

Requirement: IFRS 16:52 requires entities to disclose information about leases to which they are lessees. IFRS 16:59 then requires lessees to disclose information relating to: their nature of leasing activities; any future cash outflows to which the lessee may be exposed; any restrictions imposed by leases; and any sale and leaseback transactions.

Expectation: Disclosure of the information in IFRS 16:52 and IFRS 16:59. Where such information isn't applicable, we expected entities to disclose that fact.

Findings: Of the 8 entities in our sample:
a) None disclosed information about leases to which they are lessees.
b) 2 disclosed information regarding the nature of their leasing activities.

Exemplary Disclosure on Nature of Lease Assets: BAT Uganda (Note 3B, Page 54)

"As a lessee, the Company leases many assets including property and vehicles..."

9.0 CONCLUSION

While the reviews were based on financial statements for the first full year of application of the standard, we have continued to assess compliance with the disclosure requirements during our routine reviews to accounting firms generally. We will continue to assess companies' compliance during our routine reviews when we do not see:

- Accounting policies tailored to the company's specific circumstances, covering all material aspects of leasing arrangements (eg accounting for non-lease components, sale and leaseback transactions and the company's activities as a lessor).
- Disclosures clearly explaining the significant judgements made by management (particularly to determine the lease term) and estimation uncertainty.
- Adequate presentation of leasing arrangements in primary statements

- Sufficient level of qualitative and quantitative information in respect of the company's leasing arrangements and their financial effects.
- Material balance sheet movements in right-of-use assets and lease liability balances explained.
- Clear explanation of the circumstances in which the interest rate implicit in the lease can be determined among others.