



# DRAFT ENDORSEMENT CRITERIA ASSESSMENT OF LEASE LIABILITY IN A SALE AND LEASEBACK - AMENDMENTS TO IFRS 16

Issued 29 March 2023

ICAEW welcomes the opportunity to comment on the Draft Endorsement Criteria Assessment (DECA) of Lease Liability in a Sale and Leaseback - Amendments to IFRS 16 published by UKEB on 5 January 2023, a copy of which is available from this [link](#).

For questions on this representation please contact our Financial Reporting Faculty at [frf@icaew.com](mailto:frf@icaew.com) quoting REP 27/23.

ICAEW supports the UKEB DECA: Lease liability in a sale and leaseback – amendments to IFRS 16, effective on or after 1 January 2024 with early application permitted.

This response of 29 March 2023 has been prepared by the ICAEW Financial Reporting Faculty. Recognised internationally as a leading authority on corporate reporting, the faculty, through its Financial Reporting Committee, is responsible for formulating ICAEW policy on financial and non-financial reporting issues and makes submissions to standard setters and other external bodies on behalf of ICAEW. The faculty provides an extensive range of services to its members including providing practical assistance with common corporate reporting problems.

ICAEW is a world-leading professional body established under a Royal Charter to serve the public interest. In pursuit of its vision of a world of sustainable economies, ICAEW works with governments, regulators and businesses and it leads, connects, supports and regulates more than 165,000 chartered accountant members in over 147 countries. ICAEW members work in all types of private and public organisations, including public practice firms, and are trained to provide clarity and rigour and apply the highest professional, technical and ethical standards.

© ICAEW 2023

All rights reserved.

This document may be reproduced without specific permission, in whole or part, free of charge and in any format or medium, subject to the conditions that:

- it is appropriately attributed, replicated accurately and is not used in a misleading context;
- the source of the extract or document is acknowledged and the title and ICAEW reference number are quoted.

Where third-party copyright material has been identified application for permission must be made to the copyright holder.

---

## ICAEW

Chartered Accountants' Hall Moorgate Place London EC2R 6EA UK  
[icaew.com](http://icaew.com)

The Institute of Chartered Accountants in England and Wales (ICAEW) incorporated by Royal Charter (RC000246)  
Registered office: Chartered Accountants' Hall Moorgate Place London EC2R 6EA UK

## KEY POINTS

1. ICAEW supports the UK endorsement of the IASB's amendments to IFRS 16 issued in 2022.
2. This response of 29 March 2023, reproduced in the appendix below, has been prepared on behalf of ICAEW by the Financial Reporting Faculty.

# Invitation to Comment:

## Call for comments on Draft Endorsement Criteria Assessment of *Lease Liability in a Sale and Leaseback*—Amendments to IFRS 16

**Deadline for completion of this Invitation to Comment:**

**Close of business Wednesday, 5 April 2023**

**Please submit to:**

**[UKEndorsementBoard@endorsement-board.uk](mailto:UKEndorsementBoard@endorsement-board.uk)**

### Introduction

The objective of this Invitation to Comment is to obtain input from stakeholders on the endorsement and adoption of *Lease Liability in a Sale and Leaseback*—Amendments to IFRS 16 (the Amendments), published by the International Accounting Standards Board (IASB) in September 2022. The Amendments have an effective date of 1 January 2024, with earlier application permitted.

### UK endorsement and adoption process

The requirements for UK adoption are set out in the Statutory Instrument 2019/685<sup>1</sup>.

The delegation of the powers to formally adopt international accounting standards for use in the UK was delegated to the UK Endorsement Board in May 2021<sup>2</sup>.

The information collected from this Invitation to Comment is intended to help with the endorsement assessment. This will form part of the work necessary for potential UK endorsement and adoption of the Amendments.

### Who should respond to this Invitation to Comment?

Stakeholders with an interest in the quality of accounts prepared in accordance with IFRS Accounting Standards.

<sup>1</sup> The International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019: <https://www.legislation.gov.uk/ukSI/2019/685/made>

<sup>2</sup> The International Accounting Standards (Delegation of Functions) (EU Exit) Regulations 2021: <https://www.legislation.gov.uk/ukSI/2021/609/contents/made>

## How to respond to this Invitation to Comment

Please download this document, answer any questions on which you would like to provide views, and return it to [UKEndorsementBoard@endorsement-board.uk](mailto:UKEndorsementBoard@endorsement-board.uk) by close of business on Wednesday, 5 April 2023.

**Brief responses providing views on individual questions are welcome, as well as comprehensive responses to all questions.**

## Privacy and other policies

The data collected through submitting this document will be stored and processed by the UKEB. By submitting this document, you consent to the UKEB processing your data for the purposes of influencing the development of and adopting IFRS for use in the UK. For further information, please see our Privacy Statements and Notices and other Policies (e.g. Consultation Responses Policy and Data Protection Policy)<sup>3</sup>.

The UKEB's policy is to publish on its website all responses to formal consultations issued by the UKEB unless the respondent explicitly requests otherwise. A standard confidentiality statement in an e-mail message will not be regarded as a request for non-disclosure. If you do not wish your signature to be published, please provide UKEB with an unsigned version of your submission. The UKEB prefers to publish responses that do not include a personal signature. Other than the name of the organisation/individual responding, information contained in the "Your Details" document will not be published. The UKEB does not edit personal information (such as telephone numbers, postal or e-mail addresses) from any other response document submitted; therefore, only information that you wish to be published should be submitted in such responses.

<sup>3</sup> These policies can be accessed from the footer in the UKEB website here: <https://www.endorsement-board.uk>

## Assessment against endorsement criteria

Our draft assessment concludes that:

- i. the Amendments meet the criteria of relevance, reliability, understandability and comparability required of the financial information needed for making economic decisions and assessing the stewardship of management, as required by SI 2019/685 (see Regulation 7(1)(c));
- ii. application of the Amendments is not contrary to the principle that an entity's accounts must give a true and fair view as required by SI 2019/685 (see Regulation 7(1)(a)); and
- iii. that the Amendments are likely to be conducive to the long term public good in the UK as required by SI 2019/685 (see Regulation 7(1)(b)), having considered:
  - whether they will generally improve the quality of financial reporting;
  - the costs and benefits that are likely to result from their use; and
  - whether they are likely to have an adverse effect on the economy of the UK, including on economic growth.

Our assessment of the Amendments is set out in **Section 2** of the DECA in the pages indicated below:

	<b>Page</b>
Rationale for the Amendments	11
Technical criteria assessment	12-14
True and fair view	14
UK long term public good (including costs and benefits for preparers and users)	15-17

## Questions

### Technical criteria assessment

1. Do you agree with the draft assessment of the Amendments against the technical criteria? (please select one option)

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
-----	-------------------------------------	----	--------------------------

2. Please include any comments you may have in response to question 1:

No comments.
--------------

### True and fair view

3. Do you agree with the draft assessment that the Amendments **are not contrary to the true and fair view requirement**? (please select one option)

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
-----	-------------------------------------	----	--------------------------

4. Please include any comments you may have in response to question 3:

No comments.
--------------

### UK long term public good

5. Do you agree with the draft assessment that sale and leaseback transactions affected by the Amendments are rare in the UK?

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
-----	-------------------------------------	----	--------------------------

6. Do you agree with the initial assessment of **costs and benefits for preparers and for users** of the Amendments? (please select one option)

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
-----	-------------------------------------	----	--------------------------

7. Please include any comments you may have in response to questions 5 or 6, including if any costs have been missed out:

No comments.
--------------

8. Do you agree with the draft assessment that the Amendments are likely to be conducive to the **long term public good in the UK**? (please select one option)

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
-----	-------------------------------------	----	--------------------------

9. Please include any comments you may have in response to question 8:

No comments.
--------------

**Thank you for completing this Invitation to Comment**

**Please submit this document**

**by close of business on Wednesday 5 April 2023 to:**

**[UKEndorsementBoard@endorsement-board.uk](mailto:UKEndorsementBoard@endorsement-board.uk)**