



**AUDITO, APSKAITOS, TURTO VERTINIMO IR NEMOKUMO VALDYMO TARNYBA
PRIE LIETUVOS RESPUBLIKOS FINANSŲ MINISTERIJOS**

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Dear Hocine Kebli,

Briefly we would like to give few comments regarding the endorsement of IFRS 16 *Leases*.

Since the setting up of new Business Accounting Standards from 01.01.2016 is delegated to the Ministry of Finance, the Authority of Audit, Accounting, Property Valuation and Insolvency Management under the Ministry of Finance of the Republic of Lithuania is still responsible for the consultations regarding the application of Business Accounting Standards and preparing of methodical guidelines for Business Accounting Standards. We cannot answer to your questions given to standards preparers about exceptions identified in paragraph 24 of preliminary consultation document, approach to transition what we expect, because it depends on decisions of Ministry of Finance of the Republic of Lithuania. The Authority does not have any information or evidence about leases of intangible assets in practice and we think there is no such wide practice in Lithuania. The Authority does not have any information or views on how IFRS 16 could affect the behaviour of investors and lenders, the leasing industry in Europe, SME's in Europe and if IFRS 16 will endanger financial stability in Europe.

Answering the last question we have one issue which is different in comparison with IAS's regarding the recognition of tangible assets. The paragraph 24 of preliminary consultation document is talking about one of exceptions, i.e. low value of asset. In our national accounting standards it is already endorsed one of the conditions for an asset to become a tangible asset: it is the minimum cost of a tangible asset set by the entity for each group of assets. When the acquisition (production) cost of the asset exceeds the minimum cost of a tangible asset and also meets other attribution conditions the acquisition (production) could be recognised as the tangible asset. In this case could be the minimum cost of a tangible asset mentioned above be taken as a low value of asset in cases of leases and in both cases attributing the costs to tangible assets or recognizing the asset according the lease contract to use the same minimum cost amount set by entity?

Sincerely,

Audrius Linartas
Director of the Authority of Audit, Accounting, Property valuation and Insolvency management

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