



17 May 2021

**BOTSWANA INSTITUTE OF CHARTERED ACCOUNTANTS COMMENT LETTER TO IPSASB
REQUEST FOR INFORMATION ON CONCESSIONARY LEASES AND OTHER ARRANGEMENTS
SIMILAR TO LEASES**

Introduction

The Botswana Institute of Chartered Accountants (“BICA”) is a statutory body established by Accountants Act, 2010 for the regulation of the accountancy profession in Botswana. The BICA mission is to protect public interest through promoting the accountancy profession, supporting accountants, facilitating quality professional accountancy services through the monitoring and regulation of professional accountants.

The Institute appreciates the opportunity to contribute towards IPSASB’s Request for Information on Concessionary Leases and Other Arrangements Similar to Leases. We provide our comments to each specific question as per the exposure draft.

Should you wish to have further engagements please do not hesitate to contact the undersigned.

Yours Faithfully

Signed electronically

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Manager –

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RESPONSES TO SPECIFIC QUESTIONS

Question 1

In your jurisdiction, do you have concessionary leases (or similar arrangements) as described in this RFI? If yes, please:

- a) Describe the nature of these leases (or similar arrangements) and their concessionary characteristics; and
- b) Describe the accounting treatment applied by both parties to the arrangement to these types of leases (or similar arrangements), including whether the value of the concession is reflected in the financial statements.

Response

Concessionary leases and similar arrangements are not available in Botswana currently. What usually happens in such situations is that the organisation may get a subvention to cover operating costs which would include rent or a grant to acquire its own premises.

Question 2

In your jurisdiction, do you have leases for zero or nominal consideration as described in this RFI? If yes, please:

- a) Describe the nature and characteristics of this type of lease (or similar arrangement); and
- b) Describe if and how the value of the concession is reflected in the financial statements of both parties to the arrangement.

Response

Government departments do provide free accommodation to third parties.

- a) Government departments often provide free accommodation to organisations that support their area of concern and consultants
- b) Currently, the value of the concession is not reflected in the financial statements of either party.

Question 3

Does your jurisdiction have arrangements that provide access rights for a period of time in exchange for consideration? If yes, please describe the nature of these arrangements and how they are reflected in the financial statements of both parties to the arrangement.

Response

Such arrangements are not available in Botswana. If such access was needed government would acquire the property outright.

Question 4

In your jurisdiction, do you have arrangements with the same or similar characteristics to the one identified above? If yes, please describe the nature of these arrangements and how they are reflected in the financial statements of both parties to the arrangement.

Response

Such arrangements are not available in Botswana. If a public sector entity needs to deliver services (for example, education services) using properties provided by third parties, then they would lease those premises.

Question 5

In your jurisdiction, do you have arrangements involving social housing with lease-type clauses or other types of lease-like arrangements with no end terms? If yes, please describe the nature of these arrangements and how they are reflected in the financial statements of the social housing provider.

Response

Such arrangements are not available in Botswana. There are usually end terms to such agreements.

Question 6

In your jurisdiction, do you have arrangements involving the sharing of properties without a formal lease contract? If yes, please describe the nature of these arrangements and how they are reflected in the financial statements of both parties to the arrangement.

Response

Such arrangements are not available in Botswana. Leases for premises are usually signed for all public organisations.

Question 7

In your jurisdiction, do you have other types of arrangements similar to leases not mentioned in this RFI? If so, please describe the characteristics of these arrangements and how they are presently being reflected in the financial statements of both parties to the arrangement.

Response

Such other types of arrangements are not available in Botswana.