THE NEW LEASE ACCOUNTING STANDARD IFRS 16: THE PERCEPTIONS OF JORDAN FINANCIAL MANAGERS, EXTERNAL AUDITORS AND EXTERNAL FINANCIAL ANALYSTS

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Abstract - This study aimed to achieve three research objectives, first is to explore the perceptions of Jordanian interested parties (the financial managers, external auditors, and financial analysts) about the new lease accounting standard IFRS 16. This study uses an exploratory quantitative method and 310 questionnaire responses were obtained. The results have shown a general believe in the need for a new lease accounting standard. Although, the results reveal that IFRS 16 would have a negative impact on lessees' financial statements. The results show the respondents' general concern that lessees would experience credit rating reduction and the lease would become less attractive. Either, the results have shown the financial manager's concern regarding the significant additional administrative load and cost convoyed with the use of present value method which may require some estimations. However, the use of estimations reinforces the fears of bias. This study provides a valuable contribution to lease accounting debate; it provides a complete analysis of the IFRS 16 application's implications and consequences on lessee's financial statements. This study highlights the difficulties of applying IFRS 16 which overlaps with other 15 International Accounting Standards (IAS). It requires special skills and training that financial statements preparers and auditors may not possess. The findings of this study contributed to public interest theory of accounting regulations and provide evidences that justify the need for lease accounting reform. However, the evidences illustrate the respondents' divergence towards the proper methods and procedures of lease recognition and measurement. Therefore, the IFRS 16 actual application expected impacts must be in consideration of all lease business parties (lessees, lessors, lenders, shareholders, and government agencies).

Index terms - Lease IFRS 16, exploratory quantitative, classification, perceptions of Jordanian interested parties.

I.INTRODUCTION

The International Accounting Standard Board (IASB) and its counterpart the Financial Accounting Standards Board (FASB) released the first lease accounting reform joint discussion paper in 2000. The joint project ultimately aims to develop a global lease accounting standard in order to enhance transnational comparability and information transparency (IFRS, 2014). Deliberation continued over the next sixteen years. Finally, the new lease standard was released in January 2016, application would be for the financial year 2019 (IFRS 16, para. C21). The need for lease accounting reform arises mainly from the present model deficiencies, where the present model for lease accounting could adversely affect the decisions of financial statements users due to the fact that similar transactions may be recognized as finance lease or operation lease, present model allows a room of judgment (Bohušová et al. 2014). The Boards claim that the reform project came under pressure from investors, analysts, regulators, accounting firms, a majority of these parties claim that present lease accounting standard IAS 17 is misleading the financial information quality. They remind the case of Enron as an obvious example of management monopoly attempting to show a better financial performance. However, the financial statements manipulation harms all parties, particularly, the financial statements users. Therefore, the demand for lease accounting reform escalated since the financial crises in 2008 (FASB, 2013).

Nevertheless, present lease accounting standard IAS 17 deficiencies, the, it has advantages, it allows operational lease, which it is an affordable source of finance with no future liabilities. According to the IAS17, lessee has only to record operation lease payments as periodic expense in the income statement. Furthermore, a lessee also should only provide exposures about lease future obligations in the financial statements notes (IFRS, 2012). Moreover, operational lease is a vital source of finance for capital extensive industries (IFRS, 2016). The new lease accounting standard IFRS 16 introduces a remarkable change that would unify the accounting procedures for all lease agreements all over the world and consequently eliminate the operation lease. The IFRS 16 emerged with a new measurement and recognition rules. The most significant change is recognition all more than 12-month lease agreements term in the balance sheet. It is believed that such fundamental change would create billions of assets and liabilities in the lessee balance sheet. The IFRS effect report (IFRS, 2016), stated that the present value of unrecorded lease is US$ 2.86 Trillion in 2016. However, recognition of these amounts could create unresolved consequences to companies that depend heavily on operational lease due to its own business features and financial limitations and debt covenants (Han, 2010). Either the lease accounting change is important to business managers, due to the fact that the new standard consequences could extend to the company's capital structure, therefore, company's creditability and its

financing decisions could be affected (Gross et al. 2014). Therefore, it is necessary to survey the perceptions of Jordan interested professional groups (the financial managers, external auditors, and financial analysts) from all business sectors on a comprehensive range of issues and principles which include lease recognition, lease measurement, presentation, and disclosures. comes from the lesser number of logic gates than the Full Adder (FA) structure.

II. LITERATURE REVIEW

Revision of the IFRS 16 indicates that the proposed recognition, measurements, re-measurements, presentation, and disclosures of ROU asset and lease liability are overlapping with many other International Accounting Standards IAS. It requires amendment and / or application of some provisions of these standards, the standards are IAS 1 Presentation of Financial Statements. IAS 2 Inventories. IAS 37 Provisions and Contingent liabilities and Assets. IAS 16 Property, Plant, and equipment's, IAS 36 impairment of Assets. IAS 40 Investment Property. IAS 7 Statement of Cash Flow. IAS 38 Intangible Assets. IAS 8 Accounting Policies Changes in Accounting Estimations and Error. IAS 12 Income Taxes. IAS 21 Effects of Changes in Foreign Currency Exchange. IAS 23 Borrowing Costs. IAS 32 Financial Instruments Presentation. IAS 39 Financial Instruments Recognition and measurement and IFRS 4 Insurance Agreements. Moreover, the IFRS 16 revision show that there are many qualitative as well as quantitative disclosures that seemly complex in comparison with the present standard IAS 17 that may need special training and skills, and it may require a costly managerial effort. However, there were no comprehensive examination has been made to reveal the ambiguity surrounding the new standard in interest of all parties (investors, lenders and analysts). With regard to the lease accounting reform, there were four surveys conducted by the USA auditing institution Deloitte, and by aCanadian auditing and an accounting institution, Grant Thornton International Ltd. These surveys were performed online in the USA setting. Grant Thornton audit institute survey their customer's attitudes. Thus, no comprehensive questionnaire surveys have been designed to cover the all aspects surrounding the lease reform proposal, and there were no representative samples. Regardless of Grant Thornton survey limitations, there is a very strong support for lease liabilities recognition (capitalization), but the problematic issue is the proper measurement method. Before 2010 the date of lease reform proposal. Grant Thornton in 2006 investigated the attitudes of the United States' senior financial officers towards the new lease accounting reform. The results of Thornton (2006) showed that the respondent's majority of 81 percent support lease accounting reform proposal, while 51 percent will continue to depend on leases in the same existing way. Further, 63 percent agree that the new lease accounting rules will give investors more transparency, while 37 percent disagree. However, there were lower level of agreement with regard to the proper lease liability measurement rules. Additionally, the majority of the respondents support measuring lease liability as either the non-cancellable amounts due or those amounts plus any highly probable and reliably measurable amounts. The second survey by Grant Thornton performed in 2011. It was an international survey among 2800 global public and private companies. The paper found that 54 percent of internationally surveyed respondents are aware of the lease accounting reform project implications and consequences, with the highest level of awareness documented in the USA of 69 percent, Mexico 68 percent and Chile 63 percent, while the lowest level of awareness was documented in mainland China 5 percent. The results also show that among those who were aware of the changes 33 percent agree that the lease accounting reform would increase information cost and complexity, while only 15 percent agree that it would increase transparency. Additionally, 12 percent of companies surveyed point out that they would adjust the way they arrange leases in the future (Thornton, 2011). Grant Thornton 2011 survey reveal that there were an expected significant financial impacts of lease accounting reform. Therefore, based on the new standard implementation complexity, companies are recommended to be actively engage in planning the changes in business processes and technology systems required and understand how it will affect their financial statements.

In 2011 Deloitte perform Its first survey. Their sample was 284 executives of USA real estate companies to assess the probable impact of the proposed revisions of lease accounting on their company and the real estate market in general (Deloitte, 2011). The survey was conducted online for Deloitte by Bayer Consulting from December 1, 2010 to January 3, 2011. The results show that only 7 percent of respondents felt their companies were very prepared to comply with the new lease accounting standards, while another 37 percent believed they were a bit prepared. Roughly, 30 percent of the respondents said their companies had or would develop pro forma financial statements to paper the impact of the new rules, while an additional 41 percent said they would do so later. Deloitte results indicated a degree of ambiguity surrounding the new lease standard, it is clear that lessees are increasingly forecasting difficulties complying with the new standard (Deloitte, 2011). The major concern in complying with the new standard relate to the efficiency of IT systems and the level of data quality held. The second survey of Deloitte conducted online from May 29th 2013 to June 21st 2013, the questionnaire was completed by 138 executives of

companies that have equipment leases, real estate leases, or both.

Based on the executives surveyed, larger companies quoted larger concern on the proposed implications than their smaller companies. 62 percent of large companies stated that the adequacy of their IT systems would present a significant compliance challenge, as compared to just 49 percent of smaller companies that stated so. Similarly, 55 percent of large companies cited creating a complete electronic inventory of real estate leases as a significant challenge, compared to only 33 percent of small firms that stated so (Deloitte, 2014).

Academic research that survey respondents' perceptions on accounting standards have in general targeted the financial managers as the respondent group. In relation to this, Gopalakrishnan and Parkash (1996) reported the results of a survey sent to CFOs of all Fortune 500 firms (borrowers), 400 chief credit officers of banks (lenders), and to private placement department heads of 100 insurance firms (lenders), however, the results suggest that borrowers and lenders hold very diverse perceptions on whether operating leases are actually liabilities. The divergence in perceptions may reflect the respondent's interest diverse. Borrowers are willing to reduce their liabilities, while lenders have a traditional view that could justify operating lease capitalization, they usually willing to have a clear transparent information about their customer's financial position. Surprisingly, regulation revision in general may result in interest of all parties, or it may not (Manao, 1995).

Thomson, (2003) explored the perceptions of UK financial statements preparers on a range of issues derived in the UK lease accounting standard SSAP21 reform discussion paper ASB 1999. Thomson explored the targeted group perceptions on 5 area and 11 subareas. Figure 1 shows Thomson (2003) area of investigation and source of questions. In a similar approach this paper explored the Jordanian financial managers, external auditors, and external financial analyst perceptions on the IFRS 16 implications and consequences.

Beattie et al. (2006) surveyed 415 financial statements preparers (financial managers) from UK companies, 400 financial analysts (users), and 72 fund managers (users). Beattie's paper was conducted in the UK setting, based on the discussion paper 'Leases: implementation of a new approach' submitted in the G4+1 conference in London 1999. Respondents were questioned to indicate the degree of agreement with a number of statements about lease accounting. Beattie et al. (2006) found that both the users and preparers agree that recording all substance leases on the balance sheet would increase users' ability to compare companies, with users agreeing significantly more than preparers. Further, both preparers and users agreed that the present lease standard IAS 17 was incomplete, inconsistent, open to manipulation, lacked uniformity and clarity, and did not reveal the core of lease business transactions. Moreover, users and preparers were similarly supporting the single-lease-model (recording all lease agreements in same way). Additionally, users agreed that any new lease accounting standard should be generally applicable to all types of properties as well as the intangibles while preparers were neutral on this.

III. DATA AND METHODOLOGY

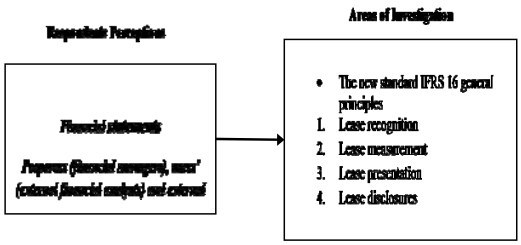

Figure 1: Research Objective Framework

This paper is focusing on Jordan's legal and business setting base on the lease accounting standard IFRS 16. Present paper is unique in the sense that it is conducted in the eastern setting, no similar survey has been performed to obtain the lease accounting three professional parties, the users (financial analysis), financial statements preparers'(the financial managers) and a neutral party (the external auditors). Sample of this paper is selected from all business sectors.

For data collection, a Five-Point Likert Scales questionnaire were designed to cover 4 main areas of investigation. This paper is performed in the Jordanian setting due to tow reasons. First, the IFRS 16 application is mandatory in Jordan according to banks law, corporate law (LOB, 1997), and tax law (LOB, 2008). Second, there are no evidences on the Jordanian key interested parties (the financial managers, the financial analysts and the external auditors) awareness and perceptions about the new lease accounting standard and its consequences.

IV. SAMPLE SELECTION

The three respondent groups in specific were selected for two reasons. First, their IFRS knowledge and responsibility, the financial managers are responsible for the financial statement's preparation according to the IFRS, the external financial analysts are responsible for analysing the financial data including the financial statements, and the external auditors are responsible for financial statements audit and to ensure its compliance with the IFRS. Second, the three groups have continued contact with the financial statements, therefore, the three groups are totally concerned in lease accounting reform.

The groups sample were selected from the registry book of a trusted government agencies. The first group sample (the financial managers) is selected from Amman Stock Exchange Market (ASE) registry book. Second group sample (the financial analysts) is selected from the "Jordan Securities commission (JSC) registry book. Third group sample, the external auditor's sample is selected from The Jordan Association of Certified Public Accountants (JACPA) registry book.

The total number and sample of these three targeted groups are as follow: first, (the financial managers) are in total (540), therefore, a systematic sample of two-third (360) is selected out of (540), the financial managers' sample is selected only from the industrial and the commercial listed companies. Banks and finance firms were excluded due to the fact that a majority of their leasing activities is lessor.

Second, the financial analysts' group population are (320), the questionnaire was sent to all of them due to the limited population number, and due to mail address availability. The external auditor's group population are (360), the questionnaire also sent to all of them due to the limited population, and due to mail address availability.

V. FINDINGS

1. Perceptions on the General Principles of the New Lease Standard IFRS 16 (Lease Recognition, Presentation and Disclosures)

In the development of high-quality accounting standards, new proposals should correct current standards deficiencies. The Boards emphasize a general principle of unifying lease transaction across all countries for all leases. Furthermore, they emphasize information usefulness principle, nevertheless of the economic consequences. Companies should provide complete transparent and understandable information about lease activities. Primarily, lease measurements, recognition, disclosure, and transition regulations are supposed to balance all parties' interest (FASB, 2013). However, in practice that is not always the case because interest parties mostly influence the accounting regulations and lobbing pursue their own interest (Manao, 1995).

Respondents were questioned the extent of their agreement with these general standard principles. Respondent's perceptions were summarized in Table 5. The respondents were questioned their perceptions if one accounting method applicable for all lease transaction and if the method should apply to investment property (land & buildings), either to intangible assets (questions 1, 2 and 3). Then they questioned whether a specific threshold should apply to leases classification as operation and finance lease, or whether the general concept of materiality is sufficient (questions 4 and 5).

Either the respondents were questioned about the proper lease assets, liabilities and cash flows presentation, they questioned whether lease cash payment should be presented in the cash flows arising from financing activities, and whether lease asset and liability should be presented as tangible asset separately within equipment's or investment property (question 6 and 7). Also, they questioned whither lessee company should provide qualitative and quantitative exposures about the risks arising from leases including sensitivity analysis to each type of risk (question 8).

The three respondent groups agree that over 12 months term leases should be recognized in the lessees' balance sheet, (question 4), asset and liability should be presented as tangible asset separately within the equipment's or the investment property (question 7). In addition, the three respondents group agree that a lease accounting method should not contain a threshold to exclude short term leases; this should be addressed by the concept of the economic benefits materiality, (question 5).

However, the threshold is one of the things that remained open and were not agreed upon between the IASB and FASB. The FASB believes that a lessee company will be able to adopt a reasonable capitalization policy under which the company will not recognize certain lease assets and liabilities that are below a certain threshold. In contrast, the IASB states that a lessee company may recognize the payments on a lease of low – value assets as operating lease on a straight-line basis over the lease term. Low value leases would not reflected on the lessees' balance sheet. Moreover, the IFRS 16 does not define "low value" however, when the IASB was discussing the exception during deliberations, the IASB only referred to assets that were less than US$ 5,000.

The Financial analysts group agree on the IFRS 16 principles except applying one accounting method to all tangible assets including lands and buildings (question 2), (mean= 2.59).

The external auditors were not in favor of the principle that lessees and lessors should provide qualitative and quantitative exposures about the risks arising from leases including sensitivity analysis to each type of risk (question 8), mean = 2.92.

Table 5 below show that the financial managers are less keen to these principles. They do not prefer one unified lease accounting method for all tangible and intangible leases that creates enforceable rights and obligations, mean = 2.43 and 2.39 (questions 1 and 3). Furthermore, they do not accept the principle that lease activities is a finance activity, mean = 2.84 (question 6). However, these findings suggest that despite of the financial manager agreement on the present lease accounting standard IAS 17 deficiencies, they do not agree with most of the new principles to eliminate these deficiencies.

The financial manager's disagreement may refer to the fact that lease recognition within the finance activities could decrease their debt capacity and

enforce them to override debt covenants. Furthermore, the financial manager's appreciate presenting lease assets and liabilities spritely within equipment or investment property, this opinion suggest that they appreciate this principle because it increases their assets.

Table 5: Perceptions on the General Principles in the IFRS 16

Questions Asked	Mean std. dev			Mean Differences		
	Managers	Auditors	Analyst	F. Managers vs Auditors	F. Managers vs F. Analyst	Auditor vs F. Analyst
1. One accounting method should be applicable to all lease agreements that creates enforceable rights and obligations	2.43 1.436	3.9 1.251	3.59 1.319	-1.450-* 0.000	-1.463-* 0.000	-0.01 0.95
2. A lease accounting method should apply to all types of tangible asset, including land and buildings	3.03 1.43	4.09 1.006	2.59 1.54	-0.030 0.857	-0.138 0.438	-0.10 0.56
3. A lease accounting method should be equally applicable to leases of intangible and tangible assets	2.39 1.422	4.04 1.044	3.75 1.185	-0.069 0.727	-1.419-* 0.000	-1.35 * 0.00
4. All over 12 months term leases should give rise to an asset and liability on the lessee's balance sheet.	3.72 1.388	4.03 1.068	3.81 1.313	-1.080-* 0.000	-1.288-* 0.000	-0.20 0.32
5. A lease accounting method should not contain a threshold to exclude short leases; this should be addressed by the concept of the economic benefits materiality.	3.85 1.297	3.74 1.346	3.73 1.211	-0.114 0.501	-0.254 0.161	-0.14 0.46
6. A lease cash payment should be presented in the cash flows arising from financing activities	2.84 1.305	4.18 0.947	4.05 1.09	-0.267 0.105	-.377-* 0.033	-0.11 0.55
7. A lease asset and liability should be presented as tangible asset separately within equipment's or investment property	3.38 1.349	4.13 1.031	4.1 1.239	.392* 0.034	-.408-* 0.040	-.800- 0.00
8. Lessees and lessors should provide qualitative and quantitative exposures about the risks arising from leases including sensitivity analysis to each type of risk.	3.54 1.359	2.92 1.426	3.4 1.42	-1.678-* 0.000	-2.120-* 0.000	-.442- 0.01

2.PERCEPTIONS ON LEASE ASSET AND LIABILITY MEASUREMENT

The IFRS 16, para. 26 - 43 stated a detailed technique for the arising assets and liabilities measurement and revaluation. Moreover, the IFRS 16 specify cases that require specific and different measurements. Respondents were questioned the magnitude of their agreement with these measurement techniques. They were questioned wither a lease liability should be recorded at the present value of lease payments computed based on lessee borrowing rate, and once the present value of lease payments is unrepresentative the fair value of property should be recognized. Also, they were questioned whether fair value of property can be ascertained by comparison with similar lease agreements excluding the contingency.

In addition, the respondents were questioned if a lease asset should be recorded equals to lease liability at the commencing date. Also, whether a lessee company should reassess lease liability in the light of any indicative facts of significant change in lease liability since previous period and accordingly reassess leased asset and lease term. The respondents were either questioned if a lease accounting method should allow an annual lease asset revaluation and impairment, and if gains and losses on leased asset revaluation should presented in the lessee statement of comprehensive income.

Moreover, the respondents were questioned whither a lease agreement with a maximum possible term including any option to extend of 12 months are allowable to make an accounting policy choice to apply the existing operating lease according to IAS 17. The respondent's perceptions are summarized in (Table 6). ANOVA test shows significant differences between the three respondent groups over 6 out of 9 principles. Respondents entirely agree that a lease liability should be recorded at the present value of lease payments computed based on lessee borrowing rate. Despite of this opinion, the IFRS 16, para. 26 permit the use of lessee incremental borrowing rate as a second choice if the lessor implicitly rate is unavailable. Respondents entirely agree that lease accounting method should allow asset impairment, and presenting the arising gains and losses on leased

asset impairment in the lessee statement of comprehensive income. In addition, the respondents entirely accept the principle of lease liabilities revaluation, (table 6, questions 2, 8, 9).

Financial analysts supported all these principles except measurement of lease asset at its fair value plus any initial cost. Similarly, the auditors group clearly do not agree on leased asset measurement at its fair value plus any initial cost, (table 6, questions 3) (main = 1.74 and 2.07) respectively. Alternatively, the financial analysts and external auditors' respondents prefer recording the leased asset equal to lease liability at commencement date, (main = 4.23 and 3.91) respectively.

Auditors group are in favor of the primary principle of recording lease liability at the present value of future lease payments, computed based on lessee borrowing rate. Also, they support asset annual revaluation and impairment and presentation of gains and losses in the lessees' statement of comprehensive income (table 6, questions 1, 8, 9), mean = 3.08, 3.78 and 3.67 respectively. The financial managers group were in support of 6 out of 9 lease assets and liabilities measurement principles. They supported recording lease assets equals to lease liabilities at commencing date (mean = 3.45), although, they accept the principle of excluding all of less than 12-month term leases from the new standard (mean = 3.84). Either they agree that fair value of property can be ascertained by comparison with similar

Lease agreements excluding contingency (mean = 3.69), they appreciate allowing annual lease asset impairment and liability revaluation (mean = 3.86), moreover, they prefer recording the resulting gains and losses in the lessees' statement of comprehensive income (mean = 3.93).

TABLE 6: Proposed Lease Asset and Liability Measurement

Questions Asked	Mean (std. dev)			Mean Differences		
	Managers	Auditors	Analyst	F. Managers vs Auditors	F. Managers vs F. Analyst	Auditor vs F. Analyst
1. A lease liability should be recorded at the present value of lease payments computed based on lessee borrowing rate.	2.15 1.318	3.08 1.612	4.2 1.13	-.934-* 0.000	-2.054-* 0.000	-1.120-* 0.000
2. A lease asset should be recorded equals to lease liability at the commencing date.	3.45 1.425	3.91 1.296	4.23 1.043	-.464-* 0.007	-.779-* 0.000	-0.315 0.106
3.A Lease asset should be measured at its fair value plus any entail costs	3.64 1.341	2.07 1.289	1.74 1.052	1.568* 0.000	1.901* 0.000	0.333 0.078
4. A lease agreement with a maximum possible term including any option to extend of 12 months are allowable to make an accounting policy choice to apply the present standard	3.84 1.212	1.82 1.132	4.04 1.174	2.018* 0.000	-0.199 0.235	-2.217-* 0.000
5.If the present value of minimum lease payments are unrepresentative, the fair value of property rights conveyed should be recognized on the lessee balance sheet	2.85 1.465	2.22 1.353	3.83 1.167	.626* 0.001	-.979-* 0.000	-1.605-* 0.000
6.Fair value of property rights conveyed can be ascertained by comparison with similar lease agreements excluding the contingency	3.69 1.334	2.22 1.368	3.69 1.298	1.472* 0.000	0.005 0.980	-1.467-* 0.000
7. lessee should reassess lease liability in the light of facts indicates any significant change in lease liability since previous period and accordingly reassess leased asset and lease term	2.41 1.351	2.28 1.319	3.81 1.274	0.128 0.468	-1.405-* 0.000	-1.533-* 0.000
8.A lease accounting method should allow an annual lease asset revaluation and impairment	3.86 1.299	3.79 1.282	4.06 1.095	0.072 0.666	-0.201 0.256	-0.273 0.145

VI. DISCUSSION

This paper contributes by requesting professional parties' perceptions about the new standard principles. According to public interest theory, Accounting standards are supposed to realize all business parties' interest. Standard setters are assumed to pursue the mediator role between those who might benefit from the transparent enhanced information and those whom bear the load and costs of providing the information (Reahi-Belkaoyi, 2004), (p84). Furthermore, standard setters have to identify the economic consequences that may result from accounting standards modification, evaluate their existence and take them in consideration.

Results expose the respondents believe in the general need for accounting standards, nevertheless of the differences regarding the perceived burden arising from the new lease standard compliance load. All respondents support the primary principle that all over 12 months term leases should give rise to assets and liabilities on the lessees' balance sheet. At the meantime, all respondents agree that material operation lease obligations are subject to estimations, such collective opinion is probably referring to the numerous re-measurements and assessment procedures stated in the IFRS 16 para, 22-56.

However, a single accounting method to all leases that could lead to an improvement in financial statements comparison and to the ability to evaluate lease future obligations was supported by the external auditors and the financial analysts. The financial managers were not in support of one single accounting method for all lease, this opinion probably due to the fact that applying such method to all lease

will lead to an increase in a lessee liability, which it is a negative indicator in terms of credibility.

The new IFRS 16 settled specific principles for lease recognition, presentation and disclosures. The financial analysts were in support of all the "eight" general principles (table 5). The external auditors agree with four out of the eight lease recognition and disclosure principles. They do not agree on lease asset measurement at present value plus any initial direct cost, either the external auditors do not agree on lease liability re-assessment principle, moreover, they strongly do not agree on allowing the lessee the choice of applying the present IAS 17 for all leases. In contrast to the financial analysts, the external auditors were in favor of one accounting method for all leases except intangible assets.

Financial managers were less keen to these eight principles (table 5). They prefer 3 principles out of 8, they only agree that all over 12 months term leases should give rise to an asset and liability on the lessees' balance sheet, anda lease accounting method should not contain a threshold to exclude short leases; this should be addressed by the concept of the economic benefits materiality. Either, the financial managers prefer thata lessee and lessor should provide qualitative and quantitative exposures about the risks arising from leases including sensitivity analysis to each type of risk.

The financial managers did not prefer the other five principles, probably, due to these disclosures administrative load and implantation cost. Moreover, the financial managers' opposition to the majority of the approaching lease accounting standard principles may refer either to its expected negative economic consequences on their firms, namely the negative impact on their firms' financial indicators which could lead to decrease their credibility and in consequence their ability to afford finance for future projects.

The new standard makes a specific procedure for lease assets and liabilities measurement. The financial analysts were in support of all these procedures except fair value principle (table 6), they were similar to auditors in favor of the main principle of lease asset and liability measurement at present value of future lease payments. Financial managers did not prefer these principles, they accept lease assets equals to liabilities principle at commencing date at fair value of asset not on present value of future payments. Although, they prefer excluding all less than 12-month lease agreements.

Similarly, they are strongly appreciate allowing annual lease asset impairment and liability re-valuation, moreover, they prefer presenting the resulting gains and losses in the lessees' statement of comprehensive income.

The findings express the financial managers concern regarding the significant additional administrative and compliance costs convoyed with a negative impact on information cost. While, the financial analysts seem uncertain about these issues, probably, this is due to the fact that a lessee debt capacity and debt covenants, information cost and administrative load are not of their curiosity.

Standard setters permitted a margin of flexibility when they allow leased assets to be depreciated base on lessee selection of most appropriate method and apply the selected method for all leases. Also, it allows lessees incremental borrowing rate as a substitute when lessors' rate is unknown.

CONCLUSION

This paper contributes to the international accounting standards setters and accounting bodies the IASB and FASB by collecting and extracting three Jordanian professional parties' perceptions about the new lease accounting standard principles. The findings of this paper provide evidences that justify the need for lease accounting reform. However, the evidences illustrate the respondents' divergence towards the proper methods and procedures of lease recognition and measurement.

However, this paper clarify that the standard setters considered the "Right of Use" asset (ROU) as tangible asset and they did not provide any definite convincing answer to many researchers who have different thoughts, a number of researchers adheres to their believe that lease is a temporary acquisition due to the fact that leased asset ownership remain with lessor, therefore it is not a financing arrangement and not equivalent to debt. Nevertheless, standards settings in general is a continuing process trying to balance all parties' interests, Surprisingly, regulation revision in general may come in interested parties' expectations, or it may not; this depend on the scientific rational method in standards setting.

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