

Table of Contents

Volume A, Part 1

Introduction	xix
A1 About International Financial Reporting Standards	1
A2 Conceptual framework for financial reporting.....	11
A3 First-time adoption of IFRS Standards	29
A4 Presentation of financial statements	171
A5 Accounting policies, changes in accounting estimates and errors	287
A6 Fair value measurement.....	315
A7 Property, plant and equipment	459
A8 Investment property	537
A9 Intangible assets.....	569
A10 Impairment of assets	633
A11 Inventories.....	727
A12 Provisions, contingent liabilities and contingent assets	759
A13 Income taxes.....	821
A14 Revenue from contracts with customers	1005
A15 Employee benefits	1361
A16 Share-based payment	1465

Volume A, Part 2

A17 Leases	1677
A18 Borrowing costs	1857
A19 The effects of changes in foreign exchange rates	1885

Table of Contents

A20 Non-current assets held for sale and discontinued operations	1963
A21 Statement of cash flows.....	2057
A22 Events after the reporting period	2103
A23 Related party disclosures	2123
A24 Consolidated financial statements	2155
A25 Business combinations	2313
A26 Investments in associates and joint ventures	2467
A27 Joint arrangements	2553
A28 Disclosure of interests in other entities	2623
A29 Separate financial statements	2655
A30 Operating segments	2679
A31 Earnings per share	2721
A32 Interim financial reporting	2815
A33 Management commentary	2877
A34 Integrated reporting	2889
A35 Service concession arrangements	2927
A36 Government grants.....	2985
A37 Financial reporting in hyperinflationary economies	3001
A38 Agriculture.....	3023
A39 Insurance contracts	3045
A40 Exploration for and evaluation of mineral resources	3105
A41 Accounting and reporting by retirement benefit plans	3123
A42 Regulatory deferral accounts	3135

Appendix A1 Revenue (IAS 18)	3161
Appendix A2 Construction contracts (IAS 11)	3259
Appendix A3 Service concession arrangements (entities applying IAS 18 and IAS 11)	3287
Appendix A4 Leases (IAS 17)	3343
Appendix A5 Investment property (entities applying IAS 17)	3417
Appendix A6 IFRS for small and medium-sized entities	3453
Index	3483

http://www.pbookshop.com

A17 Leases

Contents

1	Introduction	1681
1.1	Overview of IFRS 16	1681
1.2	Comparison of IFRS 16 with predecessor IFRS Standards	1681
1.3	Recent amendments to IFRS 16	1685
2	General principles	1685
2.1	Objective of IFRS 16 and general application	1685
2.2	Requirement to apply IFRS 16 consistently	1685
2.3	Practical expedient – application to a portfolio of leases	1685
2.4	Combining contracts	1688
3	Scope	1689
3.1	Scope – general	1689
3.2	Long-term leases of land	1690
3.3	Leases of investment property	1690
3.4	Subleases	1690
3.5	Leases of inventories	1690
3.6	Derivatives embedded in a lease	1691
3.7	Short-term leases and leases of low-value items	1691
4	Identifying a lease	1691
4.1	Definition of a lease	1691
4.2	Determination as to whether a contract is, or contains, a lease	1691
4.3	Identified asset	1695
4.4	The right to control the use of an identified asset	1698
4.5	Summary flowchart	1706
4.6	Illustrative examples	1706
5	Separating components of a contract	1714
5.1	Separating components of a contract – requirements applicable for both lessees and lessors	1714

A17 Leases

5.2	Separating components of a contract – lessees	1720
5.3	Separating components of a contract – lessors	1724
6	Lease term	1726
6.1	Definition of lease term	1726
6.2	Consideration of enforceability	1729
6.3	Beginning of lease term	1729
6.4	Rent-free periods	1731
6.5	Lessor termination options	1731
6.6	Assessment of lessee extension and termination options	1732
6.7	Reassessment of extension and termination options . .	1734
6.8	Revision of lease term	1735
7	Lease payments	1735
7.1	Lease payments – definition	1735
7.2	Exclusion of payments allocated to non-lease components	1736
7.3	Fixed payments	1736
7.4	Lease incentives	1740
7.5	Variable lease payments	1740
7.6	Options to purchase the underlying asset	1747
7.7	Residual value guarantees	1747
8	Accounting by lessees	1748
8.1	Recognition – general	1748
8.2	Recognition exemptions	1748
8.3	Lessee involvement with the underlying asset before the commencement date	1756
8.4	Initial measurement	1759
8.5	Subsequent measurement	1765
8.6	Illustrative example – lessee measurement	1773
8.7	Lease modifications	1775
9	Presentation and disclosure – lessees	1783
9.1	Presentation	1783
9.2	Disclosure	1785
10	Classification of leases by lessors	1796
10.1	Classification of leases – general	1796
10.2	Distinction between a finance lease and an operating lease	1798
10.3	Finance lease classification	1799

10.4	Effect of exercise of options on lease classification.....	1805
10.5	Leases of land and buildings	1807
10.6	Subleases	1809
11	Accounting by lessors	1811
11.1	Accounting for finance leases by lessors.....	1811
11.2	Accounting for operating leases by lessors	1817
12	Disclosure – lessors	1821
12.1	Disclosure – general objective.....	1821
12.2	Disclosures – finance leases	1822
12.3	Disclosures – operating leases	1823
12.4	Additional qualitative and quantitative information.....	1824
13	Sale and leaseback transactions	1824
13.1	Sale and leaseback transactions – general	1824
13.2	Assessing whether the transfer of the asset is a sale ..	1824
13.3	Transfer of the asset is a sale	1825
13.4	Transfer of the asset is not a sale	1830
14	Effective date and transition	1831
14.1	Effective date	1831
14.2	Transition requirements of IFRS 16 – overview	1831
14.3	Transition – definition of a lease (both lessees and lessors).....	1834
14.4	Transition for lessors	1835
14.5	Transition for lessees.....	1837
14.6	Transition for lessees – the cumulative catch-up approach	1838
14.7	Rate of exchange to be used on transition for leases denominated in a foreign currency.....	1849
14.8	Illustration of application of lessee transition options.....	1850
14.9	Sale and leaseback transactions before the date of initial application.....	1853
14.10	Assets or liabilities previously recognised by a lessee relating to favourable or unfavourable terms of an operating lease	1855