

Appendix D Amendments to other Standards

This appendix sets out the amendments to other Standards that are a consequence of the AASB issuing this Standard. An entity shall apply the amendments for annual periods beginning on or after 1 January 2019. If an entity applies this Standard for an earlier period, it shall also apply these amendments for that earlier period.

An entity is not permitted to apply AASB 16 before applying AASB 15 Revenue from Contracts with Customers (see paragraph C1).

Amendments are made to the latest principal version of a Standard (or an Interpretation), unless otherwise indicated.

The amendments set out in this appendix also apply, as far as possible, to earlier principal versions of the amended Standards and Interpretations when this Standard is applied for earlier periods, as necessary.

This Standard uses underlining, striking out and other typographical material to identify some of the amendments to a Standard or an Interpretation, in order to make the amendments more understandable. However, the amendments made by this Standard do not include that underlining, striking out or other typographical material. Amended paragraphs are shown with deleted text struck through and new text is underlined. Ellipses (...) are used to help provide the context within which amendments are made and also to indicate text that is not amended.

AASB 1 *First-time Adoption of Australian Accounting Standards (July 2015)*

Paragraph 30 is amended and paragraph 39AB is added.

Use of fair value as deemed cost

- 30 If an entity uses fair value in its opening Australian-Accounting-Standards statement of financial position as *deemed cost* for an item of property, plant and equipment, an investment property, ~~or~~ an intangible asset or a right-of-use asset (see paragraphs D5 and D7), the entity's first Australian-Accounting-Standards financial statements shall disclose, for each line item in the opening Australian-Accounting-Standards statement of financial position:
- (a) ...

Effective date

- ...
- 39AB AASB 16 *Leases*, issued in February 2016, amended paragraphs 30, C4, D1, D7, D8B and D9, deleted paragraph D9A and added paragraphs D9B–D9E. An entity shall apply those amendments when it applies AASB 16.

Paragraph C4 is amended.

Exemptions for business combinations

- ...
- C4 If a first-time adopter does not apply AASB 3 retrospectively to a past business combination, this has the following consequences for that business combination:
- (a) ...

- (f) If an asset acquired, or liability assumed, in a past business combination was not recognised in accordance with previous GAAP, it does not have a deemed cost of zero in the opening Australian-Accounting-Standards statement of financial position. Instead, the acquirer shall recognise and measure it in its consolidated statement of financial position on the basis that Australian Accounting Standards would require in the statement of financial position of the acquiree. To illustrate: if the acquirer had not, in accordance with its previous GAAP, capitalised ~~finance~~ leases acquired in a past business combination in which the acquiree was a lessee, it shall capitalise those leases in its consolidated financial statements, as ~~AASB 117~~ AASB 16 Leases would require the acquiree to do in its Australian-Accounting-Standards statement of financial position. Similarly, if the acquirer had not, in accordance with its previous GAAP, recognised a contingent liability that still exists at the date of transition to Australian Accounting Standards, the acquirer shall recognise that contingent liability at that date unless AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* would prohibit its recognition in the financial statements of the acquiree. Conversely, if an asset or liability was subsumed in goodwill in accordance with previous GAAP but would have been recognised separately under AASB 3, that asset or liability remains in goodwill unless Australian Accounting Standards would require its recognition in the financial statements of the acquiree.
- (g) ...

In Appendix D, paragraphs D1, D7, D8B and D9 are amended. Paragraph D9A is deleted. Paragraphs D9B-D9E are added.

Exemptions from other Australian Accounting Standards

- ...
- D1 An entity may elect to use one or more of the following exemptions:
- (a) ...
- (d) leases (paragraphs D9 and ~~D9A-D9B-D9E~~);
- ...

Deemed cost

- ...
- D7 The elections in paragraphs D5 and D6 are also available for:
- (a) investment property, if an entity elects to use the cost model in AASB 140 *Investment Property*; ~~and~~
- (aa) right-of-use assets (AASB 16 Leases); and
- (b) ...
- ...

- D8B Some entities hold items of property, plant and equipment, right-of-use assets or intangible assets that are used, or were previously used, in operations subject to rate regulation. The carrying amount of such items might include amounts that were determined under previous GAAP but do not qualify for capitalisation in accordance with Australian Accounting Standards. If this is the case, a first-time adopter may elect to use the previous GAAP carrying amount of such an item at the date of transition to Australian Accounting Standards as deemed cost. If an entity applies this exemption to an item, it need not apply it to all items. At the date of transition to Australian Accounting Standards, an entity shall test for impairment in accordance with AASB 136 each item for which this exemption is used. For the purposes of this paragraph, operations are subject to rate regulation if they are governed by a framework for establishing the prices that can be charged to customers for goods or services and that framework is subject to oversight and/or approval by a rate regulator (as defined in AASB 14 *Regulatory Deferral Accounts*).

Leases

- D9 ~~A first time adopter may apply the transitional provisions in Interpretation 4 *Determining whether an Arrangement contains a Lease* as identified in AASB 1048. Therefore, a first time adopter may determine whether an arrangement existing at the date of transition to Australian Accounting Standards contains a lease~~

~~on the basis of facts and circumstances existing at that date. A first-time adopter may assess whether a contract existing at the date of transition to Australian Accounting Standards contains a lease by applying paragraphs 9–11 of AASB 16 to those contracts on the basis of facts and circumstances existing at that date.~~

D9A ~~[Deleted] If a first-time adopter made the same determination of whether an arrangement contained a lease in accordance with previous GAAP as that required by Interpretation 4 (as identified in AASB 1048) but at a date other than that required by Interpretation 4, the first-time adopter need not reassess that determination when it adopts Australian Accounting Standards. For an entity to have made the same determination of whether the arrangement contained a lease in accordance with previous GAAP, that determination would have to have given the same outcome as that resulting from applying AASB 117 *Leases* and Interpretation 4.~~

D9B When a first-time adopter that is a lessee recognises lease liabilities and right-of-use assets, it may apply the following approach to all of its leases (subject to the practical expedients described in paragraph D9D):

- (a) measure a lease liability at the date of transition to Australian Accounting Standards. A lessee following this approach shall measure that lease liability at the present value of the remaining lease payments (see paragraph D9E), discounted using the lessee's incremental borrowing rate (see paragraph D9E) at the date of transition to Australian Accounting Standards.
- (b) measure a right-of-use asset at the date of transition to Australian Accounting Standards. The lessee shall choose, on a lease-by-lease basis, to measure that right-of-use asset at either:
 - (i) its carrying amount as if AASB 16 had been applied since the commencement date of the lease (see paragraph D9E), but discounted using the lessee's incremental borrowing rate at the date of transition to Australian Accounting Standards; or
 - (ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of transition to Australian Accounting Standards.
- (c) apply AASB 136 to right-of-use assets at the date of transition to Australian Accounting Standards.

D9C Notwithstanding the requirements in paragraph D9B, a first-time adopter that is a lessee shall measure the right-of-use asset at fair value at the date of transition to Australian Accounting Standards for leases that meet the definition of investment property in AASB 140 and are measured using the fair value model in AASB 140 from the date of transition to Australian Accounting Standards.

D9D A first-time adopter that is a lessee may do one or more of the following at the date of transition to Australian Accounting Standards, applied on a lease-by-lease basis:

- (a) apply a single discount rate to a portfolio of leases with reasonably similar characteristics (for example, a similar remaining lease term for a similar class of underlying asset in a similar economic environment).
- (b) elect not to apply the requirements in paragraph D9B to leases for which the lease term (see paragraph D9E) ends within 12 months of the date of transition to Australian Accounting Standards. Instead, the entity shall account for (including disclosure of information about) these leases as if they were short-term leases accounted for in accordance with paragraph 6 of AASB 16.
- (c) elect not to apply the requirements in paragraph D9B to leases for which the underlying asset is of low value (as described in paragraphs B3-B8 of AASB 16). Instead, the entity shall account for (including disclosure of information about) these leases in accordance with paragraph 6 of AASB 16.
- (d) exclude initial direct costs (see paragraph D9E) from the measurement of the right-of-use asset at the date of transition to Australian Accounting Standards.
- (e) use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

D9E Lease payments, lessee, lessee's incremental borrowing rate, commencement date of the lease, initial direct costs and lease term are defined terms in AASB 16 and are used in this Standard with the same meaning.

AASB 3 Business Combinations (August 2015)

Paragraphs 14 and 17 are amended and paragraphs 28A and 28B and their related heading, and paragraph 64M, are added.
--

Recognition conditions

...

- 14 Paragraphs ~~B28–B40~~ ~~B31–B40~~ provide guidance on recognising ~~operating leases~~ and intangible assets. Paragraphs ~~22–28B~~ specify the types of identifiable assets and liabilities that include items for which this Standard provides limited exceptions to the recognition principle and conditions.

Classifying or designating identifiable assets acquired and liabilities assumed in a business combination

...

- 17 This Standard provides two exceptions to the principle in paragraph 15:
- (a) classification of a lease contract in which the acquiree is the lessor as either an operating lease or a finance lease in accordance with ~~AASB 117~~ AASB 16 Leases; and
 - (b) ...

Leases in which the acquiree is the lessee

- 28A The acquirer shall recognise right-of-use assets and lease liabilities for leases identified in accordance with AASB 16 in which the acquiree is the lessee. The acquirer is not required to recognise right-of-use assets and lease liabilities for:

- (a) leases for which the lease term (as defined in AASB 16) ends within 12 months of the acquisition date; or
- (b) leases for which the underlying asset is of low value (as described in paragraphs B3–B8 of AASB 16).

- 28B The acquirer shall measure the lease liability at the present value of the remaining lease payments (as defined in AASB 16) as if the acquired lease were a new lease at the acquisition date. The acquirer shall measure the right-of-use asset at the same amount as the lease liability, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Effective date

...

- 64M AASB 16, issued in February 2016, amended paragraphs 14, 17, B32 and B42, deleted paragraphs B28–B30 and their related heading and added paragraphs 28A–28B and their related heading. An entity shall apply those amendments when it applies AASB 16.

In Appendix B, paragraphs B28–B30 and their related heading are deleted and paragraphs B32 and B42 are amended.

Operating leases

- B28 ~~[Deleted] The acquirer shall recognise no assets or liabilities related to an operating lease in which the acquiree is the lessee except as required by paragraphs B29 and B30.~~
- B29 ~~[Deleted] The acquirer shall determine whether the terms of each operating lease in which the acquiree is the lessee are favourable or unfavourable. The acquirer shall recognise an intangible asset if the terms of an operating lease are favourable relative to market terms and a liability if the terms are unfavourable relative to market terms. Paragraph B42 provides guidance on measuring the acquisition date fair value of assets subject to operating leases in which the acquiree is the lessor.~~
- B30 ~~[Deleted] An identifiable intangible asset may be associated with an operating lease, which may be evidenced by market participants' willingness to pay a price for the lease even if it is at market terms. For example, a lease of gates at an airport or of retail space in a prime shopping area might provide entry into a market or other future economic benefits that qualify as identifiable intangible assets, for example, as a customer relationship. In that situation, the acquirer shall recognise the associated identifiable intangible asset(s) in accordance with paragraph B31.~~

Intangible assets

...

B32 An intangible asset that meets the contractual-legal criterion is identifiable even if the asset is not transferable or separable from the acquiree or from other rights and obligations. For example:

- (a) ~~[deleted] an acquiree leases a manufacturing facility under an operating lease that has terms that are favourable relative to market terms. The lease terms explicitly prohibit transfer of the lease (through either sale or sublease). The amount by which the lease terms are favourable compared with the terms of current market transactions for the same or similar items is an intangible asset that meets the contractual legal criterion for recognition separately from goodwill, even though the acquirer cannot sell or otherwise transfer the lease contract.~~
- (b) ...

Assets subject to operating leases in which the acquiree is the lessor

B42 In measuring the acquisition-date fair value of an asset such as a building or a patent that is subject to an operating lease in which the acquiree is the lessor, the acquirer shall take into account the terms of the lease. ~~In other words, the acquirer does not recognise a separate asset or liability if the terms of an operating lease are either favourable or unfavourable when compared with market terms as paragraph B29 requires for leases in which the acquiree is the lessee.~~

AASB 4 Insurance Contracts (August 2015)

Paragraph 4 is amended and paragraph 41I is added.

Scope

...

4 An entity shall not apply this Standard to:

- (a) ...
- (c) contractual rights or contractual obligations that are contingent on the future use of, or right to use, a non-financial item (for example, some licence fees, royalties, ~~contingent variable~~ lease payments and similar items), as well as a lessee's residual value guarantee embedded in a ~~finance~~ lease (see ~~AASB 117~~ AASB 16 Leases, AASB 15 *Revenue from Contracts with Customers* and AASB 138 *Intangible Assets*).
- (d) ...

Effective date and transition

...

41I AASB 16, issued in February 2016, amended paragraph 4. An entity shall apply that amendment when it applies AASB 16.

AASB 7 Financial Instruments: Disclosures (August 2015)

Paragraph 29 is amended and paragraph 44CC is added.

Fair value

- ...
- 29 Disclosures of fair value are not required:
- (a) ...
 - (b) for an investment in equity instruments that do not have a quoted price in an active market for an identical instrument (ie a Level 1 input), or derivatives linked to such equity instruments, that is measured at cost in accordance with AASB 139 because its fair value cannot otherwise be measured reliably; ~~or~~
 - (c) for a contract containing a discretionary participation feature (as described in AASB 4) if the fair value of that feature cannot be measured reliably; or
 - (d) for lease liabilities.

Effective date and transition

- ...
- 44CC AASB 16 Leases, issued in February 2016, amended paragraphs 29 and B11D. An entity shall apply those amendments when it applies AASB 16.

In Appendix B, paragraph B11D is amended.

Quantitative liquidity risk disclosures (paragraphs 34(a) and 39(a) and (b))

- ...
- B11D The contractual amounts disclosed in the maturity analyses as required by paragraph 39(a) and (b) are the contractual undiscounted cash flows, for example:
- (a) gross ~~finance lease obligations~~ liabilities (before deducting finance charges);
 - (b) ...

AASB 9 Financial Instruments (December 2014)

Paragraph 2.1 and paragraph 5.5.15 are amended and paragraph 7.1.5 is added.

Chapter 2 Scope

- 2.1 This Standard shall be applied by all entities to all types of financial instruments except:
- (a) ...
 - (b) **rights and obligations under leases to which ~~AASB 117~~ AASB 16 Leases applies. However:**
 - (i) finance lease receivables (ie net investments in finance leases) and operating lease receivables recognised by a lessor are subject to the derecognition and impairment requirements of this Standard;
 - (ii) finance lease payables liabilities recognised by a lessee are subject to the derecognition requirements in paragraph 3.3.1 of this Standard; and
 - (iii) derivatives that are embedded in leases are subject to the embedded derivatives requirements of this Standard.
 - (c) ...

Simplified approach for trade receivables, contract assets and lease receivables

5.5.15 Despite paragraphs 5.5.3 and 5.5.5, an entity shall always measure the loss allowance at an amount equal to lifetime expected credit losses for:

- (a) ...
- (b) lease receivables that result from transactions that are within the scope of ~~AASB 117~~ AASB 16, if the entity chooses as its accounting policy to measure the loss allowance at an amount equal to lifetime expected credit losses. That accounting policy shall be applied to all lease receivables but may be applied separately to finance and operating lease receivables.

...

7.1 Effective date

...

7.1.5 AASB 16, issued in February 2016, amended paragraphs 2.1, 5.5.15, B4.3.8, B5.5.34 and B5.5.46. An entity shall apply those amendments when it applies AASB 16.

In Appendix B, paragraphs B4.3.8, B5.5.34 and B5.5.46 are amended.
--

Embedded derivatives (Section 4.3)

...

B4.3.8 The economic characteristics and risks of an embedded derivative are closely related to the economic characteristics and risks of the host contract in the following examples. In these examples, an entity does not account for the embedded derivative separately from the host contract.

- (a) ...
- (f) An embedded derivative in a host lease contract is closely related to the host contract if the embedded derivative is (i) an inflation-related index such as an index of lease payments to a consumer price index (provided that the lease is not leveraged and the index relates to inflation in the entity's own economic environment), (ii) ~~contingent rentals~~ variable lease payments based on related sales or (iii) ~~contingent rentals~~ variable lease payments based on variable interest rates.
- (g) ...

Expected credit losses

...

B5.5.34 When measuring a loss allowance for a lease receivable, the cash flows used for determining the expected credit losses should be consistent with the cash flows used in measuring the lease receivable in accordance with ~~AASB 117~~ AASB 16 Leases.

...

Time value of money

...

B5.5.46 Expected credit losses on lease receivables shall be discounted using the same discount rate used in the measurement of the lease receivable in accordance with ~~AASB 117~~ AASB 16.

...

AASB 13 Fair Value Measurement (August 2015)

Paragraph 6 is amended.

Scope

- ...
- 6 The measurement and disclosure requirements of this Standard do not apply to the following:
- (a) ...
 - (b) leasing transactions ~~within the scope of AASB 117~~ accounted for in accordance with AASB 16 Leases; and
 - (c) ...

In Appendix C, paragraph C6 is added.

Effective date and transition

- ...
- C6 AASB 16 Leases, issued in February 2016, amended paragraph 6. An entity shall apply that amendment when it applies AASB 16.

AASB 15 Revenue from Contracts with Customers (December 2014)

Paragraphs 5 and 97 are amended.

Scope

- 5 An entity shall apply this Standard to all contracts with customers, except the following:
- (a) lease contracts within the scope of ~~AASB 117~~ AASB 16 Leases;
 - (b) ...

Costs to fulfil a contract

- ...
- 97 Costs that relate directly to a contract (or a specific anticipated contract) include any of the following:
- (a) ...
 - (c) allocations of costs that relate directly to the contract or to contract activities (for example, costs of contract management and supervision, insurance and depreciation of tools, ~~and~~ equipment and right-of-use assets used in fulfilling the contract);
 - (d) ...

In Appendix B, paragraphs B66 and B70 are amended.

A forward or a call option

- B66 If an entity has an obligation or a right to repurchase the asset (a forward or a call option), a customer does not obtain control of the asset because the customer is limited in its ability to direct the use of, and obtain

substantially all of the remaining benefits from, the asset even though the customer may have physical possession of the asset. Consequently, the entity shall account for the contract as either of the following:

- (a) a lease in accordance with ~~AASB 117~~ AASB 16 Leases if the entity can or must repurchase the asset for an amount that is less than the original selling price of the asset, unless the contract is part of a sale and leaseback transaction. If the contract is part of a sale and leaseback transaction, the entity shall continue to recognise the asset and shall recognise a financial liability for any consideration received from the customer. The entity shall account for the financial liability in accordance with AASB 9; or
- (b) ...

A put option

- B70 If an entity has an obligation to repurchase the asset at the customer's request (a put option) at a price that is lower than the original selling price of the asset, the entity shall consider at contract inception whether the customer has a significant economic incentive to exercise that right. The customer's exercising of that right results in the customer effectively paying the entity consideration for the right to use a specified asset for a period of time. Therefore, if the customer has a significant economic incentive to exercise that right, the entity shall account for the agreement as a lease in accordance with ~~AASB 117~~ AASB 16, unless the contract is part of a sale and leaseback transaction. If the contract is part of a sale and leaseback transaction, the entity shall continue to recognise the asset and shall recognise a financial liability for any consideration received from the customer. The entity shall account for the financial liability in accordance with AASB 9.
- ...

In Appendix C, paragraph C1A is added.

Effective date

- ...
- C1A AASB 16 Leases, issued in February 2016, amended paragraphs 5, 97, B66 and B70. An entity shall apply those amendments when it applies AASB 16.

AASB 101 Presentation of Financial Statements (July 2015)

Paragraph 123 is amended and paragraph 139Q is added.

Disclosure of accounting policies

- ...
- 123 In the process of applying the entity's accounting policies, management makes various judgements, apart from those involving estimations, that can significantly affect the amounts it recognises in the financial statements. For example, management makes judgements in determining:
- (a) ...
 - (b) when substantially all the significant risks and rewards of ownership of financial assets and, for lessors, lease assets subject to leases are transferred to other entities; and
 - (c) ...

Transition and effective date

- ...
- 139Q AASB 16 Leases, issued in February 2016, amended paragraph 123. An entity shall apply that amendment when it applies AASB 16.

AASB 102 Inventories (July 2015)

Paragraph 12 is amended and paragraph 40G is added.

Costs of conversion

- 12 The costs of conversion of inventories include costs directly related to the units of production, such as direct labour. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. Fixed production overheads are those indirect costs of production that remain relatively constant regardless of the volume of production, such as depreciation and maintenance of factory buildings, and equipment and right-of-use assets used in the production process, and the cost of factory management and administration. Variable production overheads are those indirect costs of production that vary directly, or nearly directly, with the volume of production, such as indirect materials and indirect labour.

...

Effective date

...

- 40G AASB 16 Leases, issued in February 2016, amended paragraph 12. An entity shall apply that amendment when it applies AASB 16.

AASB 107 Statement of Cash Flows (August 2015)

Paragraphs Aus58.1 and Aus58.2 are renumbered to Aus52.1 and Aus52.2 respectively and with their related headings "Commencement of the legislative instrument" and "Withdrawal of AASB pronouncements" are relocated to follow paragraph 52.

Paragraphs 17 and 44 are amended and paragraph 59 is added.

Financing activities

- 17 The separate disclosure of cash flows arising from financing activities is important because it is useful in predicting claims on future cash flows by providers of capital to the entity. Examples of cash flows arising from financing activities are:
- (a) ...
 - (c) cash payments by a lessee for the reduction of the outstanding liability relating to a ~~finance~~ lease.

Non-cash transactions

...

- 44 Many investing and financing activities do not have a direct impact on current cash flows although they do affect the capital and asset structure of an entity. The exclusion of non-cash transactions from the statement of cash flows is consistent with the objective of a statement of cash flows as these items do not involve cash flows in the current period. Examples of non-cash transactions are:
- (a) the acquisition of assets either by assuming directly related liabilities or by means of a ~~finance~~ lease;
 - (b) ...

Effective date

...

59 AASB 16 Leases, issued in February 2016, amended paragraphs 17 and 44. An entity shall apply those amendments when it applies AASB 16.

In the illustrative examples accompanying AASB 107, Example A is amended.

A Statement of cash flows for an entity other than a financial institution

...

3 The following additional information is also relevant for the preparation of the statements of cash flows:

- ...
- during the period, the group acquired property, plant and equipment and right-of-use assets relating to property, plant and equipment with an aggregate cost of 1,250, of which 900 ~~was acquired by means of finance leases related to right-of-use assets~~. Cash payments of 350 were made to purchase property, plant and equipment.
- ...

Direct method statement of cash flows (paragraph 18(a))

20X2

...

Cash flows from financing activities

...

Payment of ~~finance~~ lease liabilities (90)

...

Indirect method statement of cash flows (paragraph 18(b))

20X2

...

Cash flows from financing activities

...

Payment of ~~finance~~ lease liabilities (90)

...

Notes to the statement of cash flows (direct method and indirect method)

...

B. Property, plant and equipment

During the period, the Group acquired property, plant and equipment and right-of-use assets relating to property, plant and equipment with an aggregate cost of 1,250, of which 900 ~~was acquired by means of finance leases related to right-of-use assets~~. Cash payments of 350 were made to purchase property, plant and equipment.

AASB 112 *Income Taxes* (July 2004)

The following amendments apply only when AASB 16 is applied early in conjunction with the July 2004 version of AASB 112.

Paragraph 20 is amended to read as follows for an entity that has not adopted AASB 9 *Financial Instruments*.

Assets carried at fair value

- 20 Australian Accounting Standards permit or require certain assets to be carried at fair value or to be revalued (see, for example, AASB 116 *Property, Plant and Equipment*, AASB 138 *Intangible Assets*, AASB 139 *Financial Instruments: Recognition and Measurement*, AASB 140 *Investment Property* and AASB 16 *Leases*). In some jurisdictions, ...

Paragraph 20 is amended to read as follows for an entity that has adopted AASB 9 *Financial Instruments*.

Assets carried at fair value

- 20 Australian Accounting Standards permit or require certain assets to be carried at fair value or to be revalued (see, for example, AASB 116 *Property, Plant and Equipment*, AASB 138 *Intangible Assets*, AASB 140 *Investment Property*, AASB 9 *Financial Instruments* and AASB 16 *Leases*). In some jurisdictions, ...

Paragraph 98G is added.

Effective date

...

- 98G AASB 16, issued in February 2016, amended paragraph 20. An entity shall apply that amendment when it applies AASB 16.

AASB 112 *Income Taxes* (August 2015)

Paragraph 20 is amended and paragraph 98G is added.

Assets carried at fair value

- 20 Australian Accounting Standards permit or require certain assets to be carried at fair value or to be revalued (see, for example, AASB 116 *Property, Plant and Equipment*, AASB 138 *Intangible Assets*, AASB 140 *Investment Property*, ~~and~~ AASB 9 *Financial Instruments* and AASB 16 *Leases*). In some jurisdictions, ...

Paragraph 98G is added.

Effective date

...

98G AASB 16, issued in February 2016, amended paragraph 20. An entity shall apply that amendment when it applies AASB 16.

AASB 116 Property, Plant and Equipment (August 2015)

Paragraphs 4 and 27 are deleted, paragraphs 5, 10, 44, 68 and 69 are amended and paragraph 81L is added.
--

Scope

...

4 ~~[Deleted] Other Standards may require recognition of an item of property, plant and equipment based on an approach different from that in this Standard. For example, AASB 117 *Leases* requires an entity to evaluate its recognition of an item of leased property, plant and equipment on the basis of the transfer of risks and rewards. However, in such cases other aspects of the accounting treatment for these assets, including depreciation, are prescribed by this Standard.~~

5 An entity using the cost model for investment property in accordance with AASB 140 *Investment Property* shall use the cost model in this Standard for owned investment property.

Recognition

...

10 An entity evaluates under this recognition principle all its property, plant and equipment costs at the time they are incurred. These costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. The cost of an item of property, plant and equipment may include costs incurred relating to leases of assets that are used to construct, add to, replace part of or service an item of property, plant and equipment, such as depreciation of right-of-use assets.

Measurement of cost

...

27 ~~[Deleted] The cost of an item of property, plant and equipment held by a lessee under a finance lease is determined in accordance with AASB 117.~~

...

Depreciation

...

44 An entity allocates the amount initially recognised in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. For example, it may be appropriate to depreciate separately the airframe and engines of an aircraft, ~~whether owned or subject to a finance lease.~~ Similarly, if an entity acquires property, plant and equipment subject to an operating lease in which it is the lessor, it may be appropriate to depreciate separately amounts reflected in the cost of that item that are attributable to favourable or unfavourable lease terms relative to market terms.

...

Derecognition

...

68 **The gain or loss arising from the derecognition of an item of property, plant and equipment shall be included in profit or loss when the item is derecognised (unless ~~AASB 117~~ AASB 16 Leases requires otherwise on a sale and leaseback). Gains shall not be classified as revenue.**

...

69 The disposal of an item of property, plant and equipment may occur in a variety of ways (eg by sale, by entering into a finance lease or by donation). The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in AASB 15. ~~AASB 117~~ AASB 16 applies to disposal by a sale and leaseback.

...

Effective date

...

81L AASB 16, issued in February 2016, deleted paragraphs 4 and 27 and amended paragraphs 5, 10, 44 and 68–69. An entity shall apply those amendments when it applies AASB 16.

AASB 121 *The Effects of Changes in Foreign Exchange Rates* (August 2015)

Paragraph 16 is amended and paragraph 60K is added.

Monetary items

16 The essential feature of a monetary item is a right to receive (or an obligation to deliver) a fixed or determinable number of units of currency. Examples include: pensions and other employee benefits to be paid in cash; provisions that are to be settled in cash; lease liabilities; and cash dividends that are recognised as a liability. Similarly, a contract to receive (or deliver) a variable number of the entity's own equity instruments or a variable amount of assets in which the fair value to be received (or delivered) equals a fixed or determinable number of units of currency is a monetary item. Conversely, the essential feature of a non-monetary item is the absence of a right to receive (or an obligation to deliver) a fixed or determinable number of units of currency. Examples include: amounts prepaid for goods and services (~~eg prepaid rent~~); goodwill; intangible assets; inventories; property, plant and equipment; right-of-use assets; and provisions that are to be settled by the delivery of a non-monetary asset.

Effective date and transition

...

60K AASB 16 *Leases*, issued in February 2016, amended paragraph 16. An entity shall apply that amendment when it applies AASB 16.

AASB 123 *Borrowing Costs* (August 2015)

Paragraph 6 is amended and paragraph 29C is added.

Definitions

...

6 Borrowing costs may include:
(a) ...

- (d) ~~finance charges interest~~ in respect of ~~finance~~ leases liabilities recognised in accordance with ~~AASB 117~~ AASB 16 Leases; and
- (e) ...

Effective date

...

- 29C AASB 16, issued in February 2016, amended paragraph 6. An entity shall apply that amendment when it applies AASB 16.

AASB 132 *Financial Instruments: Presentation* (August 2015)

Paragraph 97S is added and paragraphs AG9 and AG10 in the Application Guidance are amended.

Effective date and transition

...

- 97S AASB 16 Leases, issued in February 2016, amended paragraphs AG9 and AG10. An entity shall apply those amendments when it applies AASB 16.

Appendix

Definitions (paragraphs 11-14)

Financial assets and financial liabilities

...

- AG9 ~~Under AASB 117 *Leases* a finance lease is regarded as primarily~~ A lease typically creates an entitlement of the lessor to receive, and an obligation of the lessee to pay, a stream of payments that are substantially the same as blended payments of principal and interest under a loan agreement. The lessor accounts for its investment in the amount receivable under a finance the lease ~~contract~~ rather than the ~~leased~~ underlying asset itself that is subject to the finance lease. Accordingly, a lessor regards a finance lease as a financial instrument. ~~An operating lease, on the other hand, is regarded as primarily an uncompleted contract committing the lessor to provide the use of an asset in future periods in exchange for consideration similar to a fee for a service. Under AASB 16, a lessor does not recognise its entitlement to receive lease payments under an operating lease. The lessor continues to account for the leased underlying asset itself rather than any amount receivable in the future under the contract. Accordingly, a finance lease is regarded as a financial instrument and an operating lease is not regarded as a financial instrument (except as regards individual payments currently due and payable) a lessor does not regard an operating lease as a financial instrument, except as regards individual payments currently due and payable by the lessee.~~

- AG10 Physical assets (such as inventories, property, plant and equipment), ~~leased~~ right-of-use assets and intangible assets (such as patents and trademarks) are not financial assets. Control of such physical assets, right-of-use assets and intangible assets creates an opportunity to generate an inflow of cash or another financial asset, but it does not give rise to a present right to receive cash or another financial asset.

...

AASB 134 *Interim Financial Reporting* (August 2015)

In the Illustrative examples accompanying AASB 134, paragraphs B7 and C7 are amended.

Contingent Variable lease payments

- B7 ~~Contingent Variable~~ lease payments based on sales can be an example of a legal or constructive obligation that is recognised as a liability. If a lease provides for ~~contingent variable~~ payments based on the lessee achieving a certain level of annual sales, an obligation can arise in the interim periods of the financial year before the required annual level of sales has been achieved, if that required level of sales is expected to be achieved and the entity, therefore, has no realistic alternative but to make the future lease payment.

C Examples of the use of estimates

- ...
- C7 **Revaluations and fair value accounting:** AASB 116 *Property, Plant and Equipment* allows an entity to choose as its accounting policy the revaluation model whereby items of property, plant and equipment are revalued to fair value. AASB 16 *Leases* allows a lessee to measure right-of-use assets applying the revaluation model in AASB 116 if those right-of-use assets relate to a class of property, plant and equipment to which the lessee applies the revaluation model in AASB 116. Similarly, AASB 140 *Investment Property* requires an entity to measure the fair value of investment property. For those measurements, an entity may rely on professionally qualified valuers at annual reporting dates though not at interim reporting dates.
- ...

AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* (August 2015)

Paragraph 5 is amended and paragraph 102 is added.

Scope

- ...
- 5 When another Standard deals with a specific type of provision, contingent liability or contingent asset, an entity applies that Standard instead of this Standard. For example, some types of provisions are addressed in Standards on:
- (a) ...
 - (c) leases (see ~~AASB 117~~ AASB 16 *Leases*). However, ~~as AASB 117 contains no specific requirements to deal with operating leases that have become onerous, this Standard applies to such cases~~ this Standard applies to any lease that becomes onerous before the commencement date of the lease as defined in AASB 16. This Standard also applies to short-term leases and leases for which the underlying asset is of low value accounted for in accordance with paragraph 6 of AASB 16 and that have become onerous;
 - (d) ...

Effective date

- ...
- 102 AASB 16, issued in February 2016, amended paragraph 5. An entity shall apply that amendment when it applies AASB 16.

In the Guidance on implementing AASB 137, in Section C, Example 8 is deleted.

Example 8 An onerous contract

~~[Deleted] An entity operates profitably from a factory that it has leased under an operating lease....~~

~~Conclusion~~ A provision is recognised for the best estimate of the unavoidable lease payments (see paragraphs 5(e), 14 and 66).

AASB 138 *Intangible Assets* (August 2015)

Paragraphs 3, 6, 113 and 114 are amended and paragraph 130L is added.

Scope

- ...
- 3 If another Standard prescribes the accounting for a specific type of intangible asset, an entity applies that Standard instead of this Standard. For example, this Standard does not apply to:
- (a) ...
 - (c) ~~leases that are within the scope of AASB 117 of intangible assets accounted for in accordance with~~ AASB 16 Leases.
 - (d) ...
- 6 ~~In the case of a finance lease, the underlying asset may be either tangible or intangible. After initial recognition, a lessee accounts for an intangible asset held under a finance lease in accordance with this Standard. Rights held by a lessee under licensing agreements for items such as motion picture films, video recordings, plays, manuscripts, patents and copyrights are excluded from the scope of AASB 117 and are within the scope of this Standard and are excluded from the scope of AASB 16.~~
- ...

Retirements and disposals

- ...
- 113 ~~The gain or loss arising from the derecognition of an intangible asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. It shall be recognised in profit or loss when the asset is derecognised (unless AASB 117~~ AASB 16 ~~requires otherwise on a sale and leaseback.) Gains shall not be classified as revenue.~~
- 114 The disposal of an intangible asset may occur in a variety of ways (eg by sale, by entering into a finance lease, or by donation). The date of disposal of an intangible asset is the date that the recipient obtains control of that asset in accordance with the requirements for determining when a performance obligation is satisfied in AASB 15 *Revenue from Contracts with Customers*. ~~AASB 117~~ AASB 16 applies to disposal by a sale and leaseback.

Transitional provisions and effective date

- ...
- 130L AASB 16, issued in February 2016, amended paragraphs 3, 6, 113 and 114. An entity shall apply those amendments when it applies AASB 16.

AASB 139 *Financial Instruments: Recognition and Measurement* (July 2004)

The following amendments apply only when AASB 16 is applied early in conjunction with the July 2004 version of AASB 139.

Paragraph 2 is amended, paragraph 103V is added and in the Application Guidance paragraph AG33 is amended.

Scope

- 2 This Standard shall be applied by all entities to all types of financial instruments except:
- (a) ...
 - (b) rights and obligations under leases to which ~~AASB 117~~ **AASB 16** *Leases* applies. However:
 - (i) finance lease receivables (ie net investments in finance leases) and operating lease receivables recognised by a lessor are subject to the *derecognition* and impairment provisions of this Standard (see paragraphs 15–37 and 58, 59, 63–65 and Appendix A paragraphs AG36–AG52 and AG84–AG93);
 - (ii) finance lease payables liabilities recognised by a lessee are subject to the derecognition provisions in paragraph 39 of this Standard (see ~~paragraphs 39–42 and Appendix A paragraphs AG57–AG63~~); and
 - (iii) ...

Effective date and transition

...

103V AASB 16, issued in February 2016, amended paragraphs 2 and AG33. An entity shall apply those amendments when it applies AASB 16.

Appendix A

Embedded derivatives (paragraphs 10–13)

- ...
- AG33 The economic characteristics and risks of an embedded derivative are closely related to the economic characteristics and risks of the host contract in the following examples. In these examples, an entity does not account for the embedded derivative separately from the host contract.
- (a) ...
 - (f) An embedded derivative in a host lease contract is closely related to the host contract if the embedded derivative is (i) an inflation-related index such as an index of lease payments to a consumer price index (provided that the lease is not leveraged and the index relates to inflation in the entity's own economic environment), (ii) ~~contingent rentals~~ variable lease payments based on related sales or (iii) ~~contingent rentals~~ variable lease payments based on variable interest rates.
 - (g) ...

AASB 140 *Investment Property* (August 2015)

Paragraphs 3, 6, 25, 26 and 34 are deleted, paragraphs 5, 7-9, 16, 20, 30, 41, 50, 53, 53A, 54, 56, 60-62, 67, 69, 74, 75, 77 and 78 are amended and paragraphs 19A, 29A, 40A, 84B and 85F are added.

Scope

- ...
- 3 ~~[Deleted] Among other things, this Standard applies to the measurement in a lessee's financial statements of investment property interests held under a lease accounted for as a finance lease and to the measurement in a lessor's financial statements of investment property provided to a lessee under an operating lease. This Standard does not deal with matters covered in AASB 117 *Leases*, including:~~
- (a) ~~classification of leases as finance leases or operating leases;~~

- (b) recognition of lease income from investment property (see also AASB 15 *Revenue from Contracts with Customers*);
 - (c) measurement in a lessee's financial statements of property interests held under a lease accounted for as an operating lease;
 - (d) measurement in a lessor's financial statements of its net investment in a finance lease;
 - (e) accounting for sale and leaseback transactions; and
 - (f) disclosure about finance leases and operating leases.
- ...

Definitions

5 The following terms are used in this Standard with the meanings specified:

...

Investment property is property (land or a building—or part of a building—or both) held (by the owner or by the lessee as a right-of-use asset under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

- (a) use in the production or supply of goods or services or for administrative purposes; or
- (b) sale in the ordinary course of business.

Owner-occupied property is property held (by the owner or by the lessee as a right-of-use asset under a finance lease) for use in the production or supply of goods or services or for administrative purposes.

Classification of property as investment property or owner-occupied property

6 ~~[Deleted] A *property interest* that is held by a lessee under an operating lease may be classified and accounted for as investment property if, and only if, the property would otherwise meet the definition of an investment property and the lessee uses the fair value model set out in paragraphs 33–55 for the asset recognised. This classification alternative is available on a property-by-property basis. However, once this classification alternative is selected for one such property interest held under an operating lease, all property classified as investment property shall be accounted for using the fair value model. When this classification alternative is selected, any interest so classified is included in the disclosures required by paragraphs 74–78.~~

7 Investment property is held to earn rentals or for capital appreciation or both. Therefore, an investment property generates cash flows largely independently of the other assets held by an entity. This distinguishes investment property from owner-occupied property. The production or supply of goods or services (or the use of property for administrative purposes) generates cash flows that are attributable not only to property, but also to other assets used in the production or supply process. AASB 116 applies to owned owner-occupied property and AASB 16 applies to owner-occupied property held by a lessee as a right-of-use asset.

8 The following are examples of investment property:

- (a) ...
- (c) a building owned by the entity (or a right-of-use asset relating to a building held by the entity under ~~a finance lease~~) and leased out under one or more operating leases.
- (d) ...

9 The following are examples of items that are not investment property and are therefore outside the scope of this Standard:

- (a) ...
- (c) owner-occupied property (see AASB 116 and AASB 16), including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal.
- (d) ...

Recognition

- 16 **An owned** investment property shall be recognised as an asset when, and only when:
- (a) it is probable that the future economic benefits that are associated with the investment property will flow to the entity; and
 - (b) the cost of the investment property can be measured reliably.
- ...
- 19A An investment property held by a lessee as a right-of-use asset shall be recognised in accordance with AASB 16.

Measurement at recognition

- 20 An **owned** investment property shall be measured initially at its cost. Transaction costs shall be included in the initial measurement.
- ...
- 25 ~~[Deleted] The initial cost of a property interest held under a lease and classified as an investment property shall be as prescribed for a finance lease by paragraph 20 of AASB 117, ie the asset shall be recognised at the lower of the fair value of the property and the present value of the minimum lease payments. An equivalent amount shall be recognised as a liability in accordance with that same paragraph.~~
- 26 ~~[Deleted] Any premium paid for a lease is treated as part of the minimum lease payments for this purpose, and is therefore included in the cost of the asset, but is excluded from the liability. If a property interest held under a lease is classified as investment property, the item accounted for at fair value is that interest and not the underlying property. Guidance on measuring the fair value of a property interest is set out for the fair value model in paragraphs 33–35, 40, 41, 48, 50 and 52 and in AASB 13. That guidance is also relevant to the measurement of fair value when that value is used as cost for initial recognition purposes.~~
- ...
- 29A An investment property held by a lessee as a right-of-use asset shall be measured initially at its cost in accordance with AASB 16.

Measurement after recognition

Accounting policy

- 30 With the exceptions noted in paragraphs 32A and 34, an entity shall choose as its accounting policy either the fair value model in paragraphs 33–55 or the cost model in paragraph 56 and shall apply that policy to all of its investment property.
- ...

Fair value model

- ...
- 34 ~~[Deleted] When a property interest held by a lessee under an operating lease is classified as an investment property under paragraph 6, paragraph 30 is not elective; the fair value model shall be applied.~~
- ...
- 40A When a lessee uses the fair value model to measure an investment property that is held as a right-of-use asset, it shall measure the right-of-use asset, and not the underlying property, at fair value.
- 41 ~~Paragraph 25 AASB 16 specifies the basis for initial recognition of the cost of an interest in a leased property an investment property held by a lessee as a right-of-use asset. Paragraph 33 requires the interest in the leased property investment property held by a lessee as a right-of-use asset to be remeasured, if necessary, to fair value if the entity chooses the fair value model. In a lease negotiated When lease payments are at market rates, the fair value of an interest in a leased property an investment property held by a lessee as a right-of-~~

~~use asset at acquisition, net of all expected lease payments (including those relating to recognised lease liabilities), should be zero. This fair value does not change regardless of whether, for accounting purposes, a leased asset and liability are recognised at fair value or at the present value of minimum lease payments, in accordance with paragraph 20 of AASB 117. Thus, remeasuring a leased right-of-use asset from cost in accordance with paragraph 25 AASB 16 to fair value in accordance with paragraph 33 (taking into account the requirements in paragraph 50) should not give rise to any initial gain or loss, unless fair value is measured at different times. This could occur when an election to apply the fair value model is made after initial recognition.~~

...

50 In determining the carrying amount of investment property under the fair value model, an entity does not double-count assets or liabilities that are recognised as separate assets or liabilities. For example:

(a) ...

(d) the fair value of investment property held by a lessee as a right-of-use asset under a lease reflects expected cash flows (including ~~contingent rent that is~~ variable lease payments that are expected to become payable). Accordingly, if a valuation obtained for a property is net of all payments expected to be made, it will be necessary to add back any recognised lease liability, to arrive at the carrying amount of the investment property using the fair value model.

...

Inability to measure fair value reliably

53 **There is a rebuttable presumption that an entity can reliably measure the fair value of an investment property on a continuing basis. However, in exceptional cases, there is clear evidence when an entity first acquires an investment property (or when an existing property first becomes investment property after a change in use) that the fair value of the investment property is not reliably measurable on a continuing basis. This arises when, and only when, the market for comparable properties is inactive (eg there are few recent transactions, price quotations are not current or observed transaction prices indicate that the seller was forced to sell) and alternative reliable measurements of fair value (for example, based on discounted cash flow projections) are not available. If an entity determines that the fair value of an investment property under construction is not reliably measurable but expects the fair value of the property to be reliably measurable when construction is complete, it shall measure that investment property under construction at cost until either its fair value becomes reliably measurable or construction is completed (whichever is earlier). If an entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably measurable on a continuing basis, the entity shall measure that investment property using the cost model in AASB 116 for owned investment property or in accordance with AASB 16 for investment property held by a lessee as a right-of-use asset. The residual value of the investment property shall be assumed to be zero. The entity shall continue to apply AASB 116 or AASB 16 until disposal of the investment property.**

53A Once an entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it shall measure that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, in accordance with paragraph 53, the property shall be accounted for using the cost model in accordance with AASB 116 for owned assets or AASB 16 for investment property held by a lessee as a right-of-use asset.

...

54 In the exceptional cases when an entity is compelled, for the reason given in paragraph 53, to measure an investment property using the cost model in accordance with AASB 116 or AASB 16, it measures at fair value all its other investment property, including investment property under construction. In these cases, although an entity may use the cost model for one investment property, the entity shall continue to account for each of the remaining properties using the fair value model.

...

Cost model

56 ~~After initial recognition, an entity that chooses the cost model shall measure all of its investment properties in accordance with AASB 116's requirements for that model, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations.~~

~~Investment properties that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) shall be measured in accordance with AASB 5.~~

After initial recognition, an entity that chooses the cost model shall measure investment property:

- (a) in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* if it meets the criteria to be classified as held for sale (or is included in a disposal group that is classified as held for sale);
- (b) in accordance with AASB 16 if it is held by a lessee as a right-of-use asset and is not held for sale in accordance with AASB 5; and
- (c) in accordance with the requirements in AASB 116 for the cost model in all other cases.

Transfers

...

- 60 For a transfer from investment property carried at fair value to owner-occupied property or inventories, the property's deemed cost for subsequent accounting in accordance with AASB 116, AASB 16 or AASB 102 shall be its fair value at the date of change in use.
- 61 If an owner-occupied property becomes an investment property that will be carried at fair value, an entity shall apply AASB 116 for owned property and AASB 16 for property held by a lessee as a right-of-use asset up to the date of change in use. The entity shall treat any difference at that date between the carrying amount of the property in accordance with AASB 116 or AASB 16 and its fair value in the same way as a revaluation in accordance with AASB 116.
- 62 Up to the date when an owner-occupied property becomes an investment property carried at fair value, an entity depreciates the property (or the right-of-use asset) and recognises any impairment losses that have occurred. The entity treats any difference at that date between the carrying amount of the property in accordance with AASB 116 or AASB 16 and its fair value in the same way as a revaluation in accordance with AASB 116. In other words:
- (a) ...

Disposals

...

- 67 The disposal of an investment property may be achieved by sale or by entering into a finance lease. The date of disposal for investment property that is sold is the date the recipient obtains control of the investment property in accordance with the requirements for determining when a performance obligation is satisfied in AASB 15. ~~AASB 117~~ AASB 16 applies to a disposal effected by entering into a finance lease and to a sale and leaseback.
- ...
- 69 **Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognised in profit or loss (unless ~~AASB 117~~ AASB 16 requires otherwise on a sale and leaseback) in the period of the retirement or disposal.**
- ...

Disclosure

Fair value model and cost model

- 74 The disclosures below apply in addition to those in ~~AASB 117~~ AASB 16. In accordance with ~~AASB 117~~ AASB 16, the owner of an investment property provides lessors' disclosures about leases into which it has entered. ~~An entity A lessee~~ that holds an investment property as a right-of-use asset ~~under a finance or operating lease~~ provides lessees' disclosures as required by AASB 16 ~~for finance leases~~ and lessors' disclosures as required by AASB 16 for any operating leases into which it has entered.

- 75 An entity shall disclose:
- (a) ...
 - (b) ~~[deleted] if it applies the fair value model, whether, and in what circumstances, property interests held under operating leases are classified and accounted for as investment property.~~
 - (c) ...

Fair value model

...

- 77 When a valuation obtained for investment property is adjusted significantly for the purpose of the financial statements, for example to avoid double-counting of assets or liabilities that are recognised as separate assets and liabilities as described in paragraph 50, the entity shall disclose a reconciliation between the valuation obtained and the adjusted valuation included in the financial statements, showing separately the aggregate amount of any recognised lease obligations liabilities that have been added back, and any other significant adjustments.
- 78 In the exceptional cases referred to in paragraph 53, when an entity measures investment property using the cost model in AASB 116 or in accordance with AASB 16, the reconciliation required by paragraph 76 shall disclose amounts relating to that investment property separately from amounts relating to other investment property. In addition, an entity shall disclose:
- (a) ...

AASB 16

- 84B** An entity applying AASB 16, and its related amendments to this Standard, for the first time shall apply the transition requirements in Appendix C of AASB 16 to its investment property held as a right-of-use asset.

Effective date

...

- 85F AASB 16, issued in February 2016, amended the scope of AASB 140 by defining investment property to include both owned investment property and property held by a lessee as a right-of-use asset. AASB 16 amended paragraphs 5, 7, 8, 9, 16, 20, 30, 41, 50, 53, 53A, 54, 56, 60, 61, 62, 67, 69, 74, 75, 77 and 78, added paragraphs 19A, 29A, 40A and 84B and its related heading and deleted paragraphs 3, 6, 25, 26 and 34. An entity shall apply those amendments when it applies AASB 16.

AASB 141 Agriculture (August 2015)

Paragraph 2 is amended and paragraph 64 is added.

Scope

...

- 2 This Standard does not apply to:
- (a) ...
 - (c) right-of-use assets arising from a lease of land related to agricultural activity (see AASB 16 Leases).

...

Effective date and transition

...

- 64 AASB 16, issued in February 2016, amended paragraph 2. An entity shall apply that amendment when it applies AASB 16.

AASB 1023 *General Insurance Contracts* (July 2004)

Paragraph 2.2(e) is amended.

2 Scope

Transactions Outside the Scope of this Standard

2.2 This Standard does not apply to:

- (a) ...
- (e) contractual rights or contractual obligations that are contingent on the future use of, or right to use, a non-financial item (for example, some license fees, royalties, ~~contingent variable~~ lease payments and similar items), as well as a lessee's residual value guarantee embedded in a ~~finance~~ lease (see AASB 15, ~~AASB 117~~ AASB 16 Leases and AASB 138 *Intangible Assets*);
- (f) ...

Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*

The References paragraph is amended.

References

- AASB 16 Leases
- AASB 101 *Presentation of Financial Statements*
- ...

Paragraph 2 is amended and paragraph 9B is added.

Scope

- 2 This Interpretation applies to changes in the measurement of any existing decommissioning, restoration or similar liability that is both:
- (a) recognised as part of the cost of an item of property, plant and equipment in accordance with AASB 116 or as part of the cost of a right-of-use asset in accordance with AASB 16; and
 - (b) ...

Effective date

...

9B AASB 16, issued in February 2016, amended paragraph 2. An entity shall apply that amendment when it applies AASB 16.

Interpretation 12 *Service Concession Arrangements*

The References paragraph is amended.

References

- ...
- *AASB 15 Revenue from Contracts with Customers*
- *AASB 16 Leases*
- ...
- *AASB 117 Leases*
- ...
- *AASB Interpretation 4 Determining whether an Arrangement contains a Lease*
- ...

Paragraph 28F is added.

Effective date

...
28F AASB 16, issued in February 2016, amended paragraph AG8. An entity shall apply those amendments when it applies AASB 16.

In Appendix A, paragraph AG8 is amended.

Appendix A

Scope (paragraph 5)

...
AG8 The operator may have a right to use the separable infrastructure described in paragraph AG7(a), or the facilities used to provide ancillary unregulated services described in paragraph AG7(b). In either case, there may in substance be a lease from the grantor to the operator; if so, it shall be accounted for in accordance with AASB 117 AASB 16.

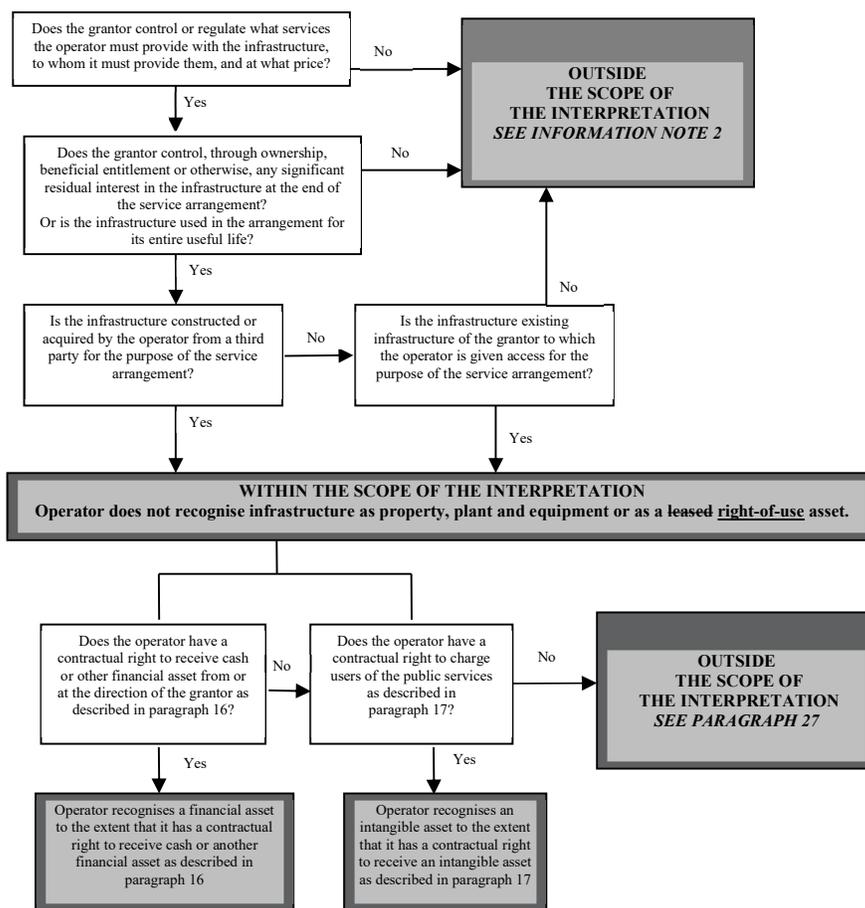
Information note 1 and Information note 2 accompanying Interpretation 12 are amended.

Information note 1

Accounting framework for public-to-private service arrangements

...

The diagram below summarises the accounting for service arrangements established by Interpretation 12.



Information note 2

References to AASB pronouncements that apply to typical types of public-to-private arrangements

...

The table sets out the typical types of arrangements for private sector participation in the provision of public sector services and provides references to Australian Accounting Standards that apply to those arrangements. The list of arrangements types is not exhaustive. The purpose of the table is to highlight the continuum of arrangements. It is not the IFRIC's intention to convey the impression that bright lines exist between the accounting requirements for public-to-private arrangements.

Category	Lessee	Service provider			Owner	
		Service and/or maintenance contract (specific tasks)	Rehabilitate-operate-transfer	Build-operate-transfer	Build-own-operate	100% Divestment/Privatisation/Corporation
Typical arrangement types	Lease (eg Operator leases asset)	Service and/or maintenance contract (specific tasks)	Rehabilitate-operate-transfer	Build-operate-transfer	Build-own-operate	100% Divestment/Privatisation/Corporation

	from grantor)	eg debt collection)				
Asset ownership	Grantor				Operator	
Capital investment	Grantor		Operator			
Demand risk	Shared	Grantor	Operator and/or Grantor		Operator	
Typical duration	8–20 years	1–5 years	25–30 years		Indefinite (or may be limited by licence)	
Residual interest	Grantor				Operator	
Relevant pronouncement	AASB 117 <u>AASB 16</u>	AASB 15	Interpretation 12		AASB 116	

Interpretation 129 Service Concession Arrangements: Disclosures

The References paragraph is amended.

References

- AASB 16 Leases
- ...
- ~~AASB 117 Leases~~
- ...

Paragraph 5 is amended.

Issue

...

- 5 Certain aspects and disclosures relating to some service concession arrangements are already addressed by existing Australian Accounting Standards (eg AASB 116 applies to acquisitions of items of property, plant and equipment, ~~AASB 117~~ AASB 16 applies to leases of assets, and AASB 138 applies to acquisitions of intangible assets). However, a service concession arrangement may involve executory contracts that are not addressed in Australian Accounting Standards, unless the contracts are onerous, in which case AASB 137 applies. Therefore, this Interpretation addresses additional disclosures of service concession arrangements.

Paragraph Aus7.3 is added.

Effective date

...

Aus7.3 AASB 16, issued in February 2016, amended paragraph 5. An entity shall apply that amendment when it applies AASB 16.

Interpretation 132 *Intangible Assets—Web Site Costs*

The References paragraph is amended.

References

- ...
- *AASB 15 Revenue from Contracts with Customers*
- AASB 16 Leases
- ...
- ~~AASB 117 Leases~~
- ...

Paragraph 6 is amended.

Issue

...

- 6 ~~AASB 138 does not apply to intangible assets held by an entity for sale in the ordinary course of business (see AASB 102 and AASB 15) or leases that fall within the scope of AASB 117 of intangible assets accounted for in accordance with AASB 16. Accordingly, this Interpretation does not apply to expenditure on the development or operation of a web site (or web site software) for sale to another entity or that is accounted for in accordance with AASB 16. When a web site is leased under an operating lease, the lessor applies this Interpretation. When a web site is leased under a finance lease, the lessee applies this Interpretation after initial recognition of the leased asset.~~

Paragraph Aus10.3 is added.

Effective date

...

Aus10.3 AASB 16, issued in February 2016, amended paragraph 6. An entity shall apply that amendment when it applies AASB 16.