



Hot Topics

AASB 16 Leases

In January 2016, the International Accounting Standards Board (IASB) issued IFRS 16 *Leases* to improve the financial reporting of leases. IFRS 16 replaces IAS 17 *Leases* and its related Interpretations.

The objective of IFRS 16 is to report information that represents lease transactions faithfully and provides users of financial statements with a basis to assess the amount, timing and uncertainty of cash flows arising from leases. To meet this objective, IFRS 16 introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019, with earlier application permitted subject to certain conditions. The AASB issued an equivalent standard AASB 16 *Leases* with the same effective date. The AASB also issued Australian specific amendments to AASB 16 as outlined in AASB 1058 *Income of Not-for-profit Entities* and AASB 1059 *Service Concession Arrangements: Grantors* and can be found [here](#).¹

To date, the IASB has undertaken several activities to support implementation of the Standard. The IASB has made available following additional resources on IFRS 16:

Educational Material

[IFRS 16 Leases Project summary and Feedback Statement \[Jan 2016\]](#)

[IFRS 16 Effects Analysis \[Jan 2016\]](#)

[De-brief: Leases \[Jan 2016\]](#)

Educational Webcasts and Webinars

[Lease Term Q&A with Board Member Darrel Scott \[Oct 2017\]](#)

[IFRS 16: Lessee Disclosures \[Jul 2017\]](#)

[IFRS 16: Lease Modifications—Lessees \[March 2017\]](#)

[IFRS 16: Lessee Measurement \[Jun 2016\]](#)

[IFRS 16: Definition of a lease \[Apr 2016\]](#)

[IFRS 16: Exemptions—Discussion with Board Member Sue Lloyd \[Apr 2016\]](#)

[Transition to IFRS 16 \[Mar 2016\]](#)

[Introducing IFRS 16 \[Jan 2016\]](#)

¹ The AASB also issued in November 2018 [Exposure Draft 286 \(ED 286\) Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities](#) which further proposes to amend AASB 16 for Not-for-Profit Entities



IASB's Board member articles and other publications

Leases one year on—putting IFRS 16 into practice **[Jan 2017]**

Shining the Light on Leases **[Mar 2016]**

Investor Perspective: A new lease of life **[Jan 2016]**

Little to fear in new world of lease accounting **[Jan 2016]**

Other Resources

KPMG AASB 16 Leases: Do you have its measure? - Webinar **[November 2017]**

KPMG AASB 16 – Variable lease payments practical guide **[October 2017]**

KPMG Transition to AASB 16- Webinar **[Mar 2017]**

Ernst & Young Applying IFRS- A closer look at the new leases standard **[August 2016]**

Deloitte A guide to AASB 16 **[Jun 2016]**

PricewaterhouseCoopers The leases standard is changing are you ready? **[Jan 2016]**