



AUSTRALIAN EQUIPMENT  
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9 March 2016

**Workshop on New *Leases* Accounting Standard  
Thursday 7 April, 2pm-4pm, KPMG Offices  
Level 15, 10 Shelley Street, Sydney**

Executive Summary

This **Workshop** will be facilitated by KPMG and will focus on the long-awaited new lease accounting standard, International Financial Reporting Standard IFRS 16, which replaces International Accounting Standard IAS 17. For lessees, all leases are treated as finance leases and reported on the lessee's balance sheet, recognising the present value of lease payments. There are exclusions for short term leases and leases of low value assets.

The straight-line expense for operating leases is replaced with a depreciation charge for lease assets and an interest expense on lease liabilities (ie, with the interest expense reducing over the life of the asset. IFRS 16 does not change accounting for service contracts: where leases and services are combined in a single contract, amounts related to services are not required to be reported on the balance sheet; there is an option to allow a lessee to treat them both as a lease, instead of separating these components.

The **Workshop** will provide an overview of the new Standard, its scope and exemptions (including discussion of service contracts), the accounting implications for lessees (including illustrative examples of impact to lessees' financial statements), summarise the key financial and operating consequences for lessees, and address the transitional implications.

Please advise below the name(s) of your company's representatives attending the **Workshop** and email back to [connie@aela.asn.au](mailto:connie@aela.asn.au) by **Tuesday 29 March**.

Company: .....

Name(s) of Person(s) .....  
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JOHN BILLS  
**Director**