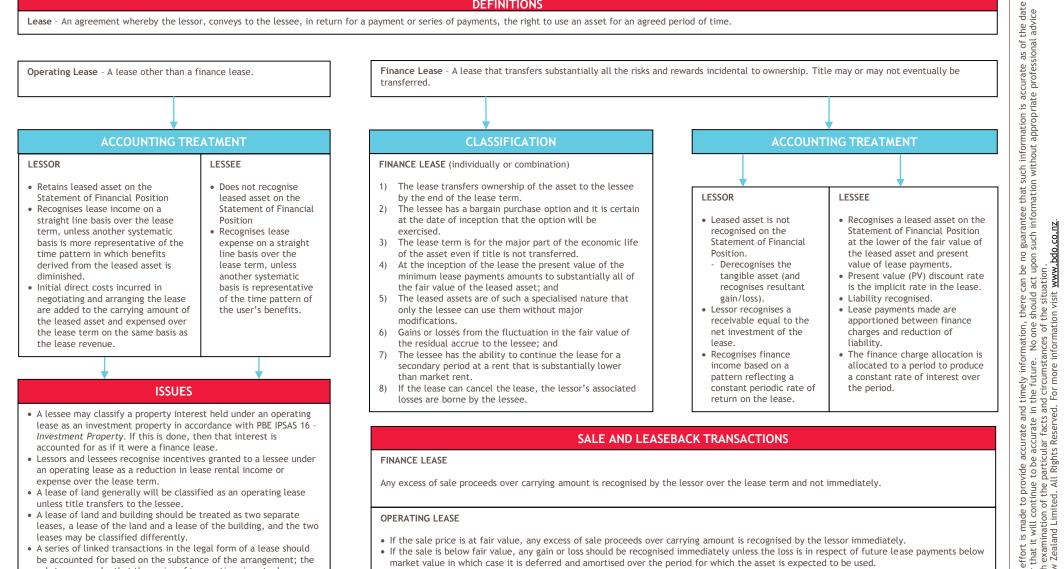
D PBE IPSAS 13: LEASES

Effective Periods Beginning

Although every eff it is received or th after a thorough e © 2014 BDO New 2

DEFINITIONS

Lease - An agreement whereby the lessor, conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time.



- A lease of land and building should be treated as two separate leases, a lease of the land and a lease of the building, and the two leases may be classified differently.
- A series of linked transactions in the legal form of a lease should be accounted for based on the substance of the arrangement: the substance may be that the series of transactions is not a lease.
- Special requirements apply to manufacturer or dealer lessors granting finance leases.

• If the sale price is at fair value, any excess of sale proceeds over carrying amount is recognised by the lessor immediately.

market value in which case it is deferred and amortised over the period for which the asset is expected to be used.

• If the sale price is above market value, the excess of fair value is deferred and amortised over the lease period.

• If the sale is below fair value, any gain or loss should be recognised immediately unless the loss is in respect of future lease payments below

OPERATING LEASE