

Supporting Document 1: Summary of Query Not Analyzed in Detail by the IPSASB Application Group**Issue 1: Separation of Land and Assets Other than Buildings that are Located on Land***Summary of the Submission*

1. A constituent noted that paragraph 74 of IPSAS 17, *Property, Plant and Equipment*, only requires the separation of land and buildings. Because of this explicit wording, the constituent asked if other assets located on land, such as infrastructure assets, should also be separated from land for depreciation and disclosure purposes.

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2. Staff responded to the constituent and noted that IPSAS 17 has been superseded by IPSAS 45, *Property, Plant, and Equipment*, which became effective for periods beginning on or after January 1, 2025. Unlike IPSAS 17, paragraph 34 of IPSAS 45 explicitly states that infrastructure assets are an example of a separate class of property, plant and equipment. Therefore, the disclosures required for each class of property, plant and equipment would require separation of infrastructure assets for disclosure purposes if such assets were material.
3. Staff also noted to the constituent that paragraph 52 of IPSAS 45, which was not in IPSAS 17, includes a rebuttable presumption that “non-land property, plant and equipment” have finite useful lives, while land usually has an indefinite useful life. This difference in useful lives would require the separation of non-land property, plant and equipment, such as infrastructure assets, for depreciation purposes.
4. In addition, staff noted that the principle to separate land from other assets could have been reached via the following paragraphs in IPSAS 17:
 - (a) Paragraph 18 of IPSAS 17 states that the standard does not prescribe the unit of measure for recognition, and therefore, judgment is required to determine what is considered an item of property, plant and equipment;
 - (b) The disclosure requirements in paragraphs 88 and 89 of IPSAS 17 require separate disclosure of information for each class of property, plant and equipment. A class is defined as a grouping of assets of a similar nature of function in an entity’s operations that is shown as a single item for disclosure purposes. Because land and other assets such as infrastructure are of a different nature and function, they are considered different classes per paragraph 52 of IPSAS 17 and would need to be disclosed separately if they are material; and
 - (c) Even if land is grouped with another asset, paragraphs 59-65 of IPSAS 17 require significant parts of an asset with different useful lives to be depreciated separately. If land, which typically has an indefinite useful life is grouped together with other assets such as infrastructure and service concession assets which typically have a finite life, the depreciation guidance requires their separation to calculate depreciation.
5. Although the guidance in IPSAS 17 was not explicit, because the standard has already been superseded by IPSAS 45, which does contain explicit guidance on the separation of land and infrastructure assets, staff concluded that a detailed analysis by the IAG was not necessary. As a

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result, staff confirmed with the IAG that a detailed analysis by the group was not required and responded to the constituent with the guidance noted in paragraphs 2–4 above.

Supporting Document 2: Summary of IFRIC Activities Not Analyzed in Detail by the IPSASB Application Group**Agenda Decision: Economic Benefits from Use of a Battery under an Offtake Arrangement (IFRS 16 Leases) – Published April 22, 2026***Summary of the Submission and the IFRIC's Analysis*

1. When identifying a lease within the scope of IFRS 16 *Leases*, to determine if a contract conveys the right to control the use of an identified asset for a period of time, paragraph B9 of IFRS 16 requires an entity to assess whether a customer has: (a) the right to obtain substantially all of the economic benefits from the use of the identified asset; and (b) the right to direct the use of the identified asset.
2. The IFRIC received a question regarding how an entity (a battery owner) applies paragraph B9(a) of IFRS 16 to determine if a customer (an electricity retailer) has the right to obtain substantially all of the economic benefits from the use of an identified asset (the battery). The battery owner and the electricity retailer have entered a battery offtake arrangement with the following key terms:
 - (a) The electricity retailer pays a fixed fee for the right to use the battery over the contract period, but the owner retains custody of the battery;
 - (b) The contract period covers 100% of the battery's capacity; and
 - (c) During the contract period, the electricity retailer has the exclusive right to use the entire capacity of the battery and to direct the battery owner on whether, when and by how much to charge or discharge the battery.

(Note: The fact pattern provided to the IFRIC stated that the electricity retailer has the right to direct the use of the battery, so the IFRIC did not consider the application of paragraph B9(b).)
3. The IFRIC observed that based on the fact pattern provided, the economic benefits from the battery are derived from its ability and capacity to store and release electricity. As the offtake arrangement covers all of the battery's capacity and provides the electricity retailer with the ability to direct when electricity is stored and released, the IFRIC concluded that the electricity retailer has the right to obtain substantially all of the economic benefits from the use of the battery.
4. The IFRIC concluded that the principles and requirements in IFRS 16 provided adequate guidance to assess whether the electricity retailer has obtained substantially all of the economic benefits from the battery. As a result, the IFRIC decided not to add a standard-setting project to its work plan.

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5. Staff noted that the guidance in paragraph B9 of IFRS 16, as well as the explanatory guidance in paragraphs B21-B23, is incorporated into paragraphs AG10 and AG22-AG24 of IPSAS 43 with only changes for public sector terminology and the addition of references to service potential. As the guidance on leases in IPSAS 43 is aligned with IFRS 16, the IFRIC's decision that no standard-setting work is required also applies to the IPSAS Standards.
6. Staff confirmed with the IAG that a detailed analysis by the group is not required and that no action is required by the IPSASB.