IFRS 16 Leases in Practice

CertiFi micro-credential

1 course · 5 lessons · about 3 study hours · issued 28 Nov 2026

IFRS-04

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Almost every company rents something: a warehouse, an office, vehicles, equipment. Following an Abu Dhabi distributor, you will identify leases, set the lease term and discount rate, calculate the lease liability and right-of-use asset, build the schedule for a five-year warehouse lease, and deal with rent increases, renewals and early exits. This is a CertiFi certificate of completion and is not a qualification of the IFRS Foundation.

On completion, you will be able to:

- Decide whether a contract is, or contains, a lease
- Determine the lease term, the lease payments and the discount rate
- Calculate the lease liability and right-of-use asset and build the lease schedule
- Account for reassessments and modifications
- Present and disclose leases, and explain the effect on EBITDA, debt and covenants

Learning outcomes by lesson

1. Is it a lease? Scope and exemptions

- Define a lease
- Apply the tests of an identified asset and the right to control its use
- Use the short-term and low-value exemptions
- Separate lease and service components

2. Lease term, payments and discount rate

- Determine the lease term, including options
- Decide which payments are included in the liability
- Choose the discount rate
- Apply these to renewable tenancy contracts

3. Measuring the lease: a worked example

- Calculate the lease liability at commencement
- Measure the right-of-use asset
- Build the lease schedule
- Compare the expense with the old rent expense

4. Changes after commencement

- Remeasure the liability when payments change
- Distinguish a reassessment from a modification
- Account for a rent increase linked to an index
- Account for an extension and an early termination

5. Presentation, disclosure, and what lenders see

- Present leases in the primary statements
- List the main disclosures
- Explain the effect on EBITDA, debt and covenants
- Outline lessor accounting and sale and leaseback
- Set up a lease register