

Example	Customer rights	Supplier rights	Other factors	Conclusion under IFRS 16
1 – Solar Farm	<p>Contract to purchase all output over 20 year life of plant.</p> <p>Design of plant specified by customer.</p>	<p>Responsible for building and operating plant and operating and maintaining to customer specifications.</p>	<p>Supplier will receive tax credits for the construction.</p>	<p>Contract contains a lease as the customer has the right to direct how and for what purpose the asset is used, as predetermined by the design of the plant.</p>
2 – Solar Farm	<p>Purchases all output. Schedule of output is pre-determined.</p> <p>Customer has no right of access to the plant or decision making rights.</p>	<p>Owens and operated the plant, cannot substitute the plant.</p> <p>Supplier designed and built the plant with no involvement of the customer.</p>		<p>Contract does not contain a lease since customer rights do not extend beyond those of a customer in a typical supply or service contract.</p>
3 – Solar Farm	<p>Purchases all power over a particular period.</p> <p>Customer issues instructions on operating the plan and controls quantity and timing of delivery.</p>	<p>Supplier operates and maintains the plant.</p>		<p>Contract contains a lease as customer is making the decisions about how and for what purpose the asset is being used.</p>
4 – Fibre optic cable	<p>Right to use three physically distinct fibres within a fibre optic cable.</p> <p>Customers makes decision about use.</p>	<p>Supplier responsible for repairs and maintenance. Can only substitute for reasons of repair, maintenance or malfunction.</p>		<p>Customer has right of control and contract contains a lease.</p>
5 – Fibre optic cable	<p>Right to use specified amount of capacity within fibre optic cable (cable contains 15 fibres with similar capacities).</p>	<p>Supplier determines which fibres are used.</p>		<p>Contract does not contain a lease as the capacity portion is not physically distinct, and hence customer does not control it.</p>