

From: Philip Eilenberg [<mailto:Philip.Eilenberg@cornwallpark.co.nz>]
Sent: Tuesday, 29 May 2018 11:01 AM
To: XRB Submissions <submissions@xrb.govt.nz>
Subject: IPSASB ED 64 Submission

We wish to comment on the standard as follows:

Cornwall Park in Auckland was gifted in 1901 by Sir John Logan Campbell to NZ by placing it into a trust that would establish and manage it as a 425 acre park for future generations – it opened to the public in 1903. His gift went further - to ensure Cornwall Park would always be free for people to enjoy, he gifted in 1908 (4-years before his death) some 143 acres of surrounding land, a portion of which in the 1920's, the Trust Board leased out for residential occupation on a perpetual right of renewal basis with 21 year rent reviews, based on 5% of an independent value of the land only. Today there are still 102 residential ground rent leases – over time a number have reverted back to The Trust Board due to non-renewal by lessees.

The Trust Board is classified as a Tier 2 NFT PBE and under PBE IPSAS 16, the residential land was valued in 2015 and appeared in the Trust Board's Statement of Financial Position at over \$156 million.

One of the key points we wish to comment on is that the ground leases are perpetual and the proposed standard should be explicit on this. The Trust Board does not consider it appropriate to have the ground leases on the Statement of Financial Position for the Lessor, we consider that increased disclosure is much more appropriate. As shown above, the underlying properties are already on the Statement of Financial Position, so recording the ground leases would, in our view, result in 'double-counting'.

The other matter is that this is inconsistent with the for-profit model, NZ IFRS 16, and that this creates divergence and confusion in the market place. Whilst the NFP sector may have differences, leases is an area where there needs to be harmony with the for-profit sector.

Kind Regards,

Philip Eilenberg
Finance & Administration Manager
Cornwall Park Trust Board
P O Box 26 072, Epsom, Auckland 1344
Phone: (09) 531 4104 Mobile: (021) 928 041 Fax: (09) 524 6433
Email: philip.eilenberg@cornwallpark.co.nz
www.cornwallpark.co.nz