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Project	<b>Leases</b>
Topic	<b>Cover Note</b>

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## Background

1. The Leases discussion paper (DP) was published in March 2009 with a comment letter deadline of July 17, 2009. The boards asked the staff to consider during the comment period how the right-of-use accounting model proposed in the DP could be applied to lessors.
2. At their May meetings, the boards discussed applying a right-of-use model to lessors and tentatively concluded that a lessor would recognise an asset representing its right to receive rental payments from the lessee (a lease receivable) and a liability representing its performance obligation under the lease.

## Purpose

3. The purpose of this meeting is to ask the boards to reach preliminary views on the agenda paper 15A/FASB Memo No.36—*Lessor accounting*. The purpose of this paper is to further discuss the right-of-use model for lessors. This paper asks the boards to reach a preliminary view on the initial and subsequent measurements of the lessor's lease receivable and performance obligations. This paper also asks the boards to reach a preliminary view on how these assets and liabilities should be presented.

## IASB/FASB Staff paper

4. If you are unable to reach preliminary views on any of these issues, we will ask you to reconsider these issues in September.

### **Next steps**

5. In September, the staff intends to:
  - (a) present the boards with a comment letter analysis
  - (b) ask the boards to reach a decision on whether to include lessor accounting in the scope of a new leases standard.