



Project **Leases**

Topic **Cover Note**

Background

1. The Leases discussion paper (DP) was published in March 2009. It presents the boards' preliminary views on lessee accounting.
2. At the joint meeting with the FASB in October 2009, the boards reaffirmed the right-of-use approach for lessees and tentatively decided to develop a performance obligation approach for lessors.

Purpose

3. At this meeting the staff will present eight papers.
 - (a) Agenda Paper 5A/Memo 46: *Lessee accounting – Initial measurement* – this paper asks the boards to reach a preliminary view on the initial measurement of the lessee's obligation to pay rentals and its right-of-use asset.
 - (b) Agenda Paper 5B/Memo 47: *Lessee accounting – Subsequent measurement of the obligation to pay rentals* – this paper asks the boards to reach a preliminary view on the subsequent measurement of the lessee's obligation to pay rentals.
 - (c) Agenda Paper 5C/Memo 48: *Lessee accounting – Subsequent measurement of the right-of-use asset* – this paper asks the boards to
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reach a preliminary view on the subsequent measurement of the lessee's right-of-use asset.

- (d) Agenda Paper 5D/Memo 49: *Lessee accounting – Leases with options* – this paper asks the boards to reach a preliminary view on the treatment for lessees of leases that include options.
- (e) Agenda Paper 5E/Memo 50: *Lessee accounting – Contingent rentals and residual value guarantees* – this paper asks the boards to reach a preliminary view on the treatment for lessees of leases that include contingent rental arrangements and residual value guarantees.
- (f) Agenda Paper 5F/Memo 51: *Lessor accounting – Initial and subsequent measurement of the lessor's receivable and the lessor's performance obligation* – this paper asks the boards to reach a preliminary view on the initial and subsequent measurement of the lessor's receivable and the lessor's performance obligation.
- (g) Agenda Paper 5G/Memo 52: *Lessor accounting – Leases with options* – this paper asks the boards to reach a preliminary view on the treatment for lessors of leases that include options.
- (h) Agenda Paper 5H/Memo 53: *Lessor accounting – Contingent rentals* – this paper asks the boards to reach a preliminary view on the treatment for lessors of leases that include contingent rental arrangements.

Next steps

- 4. During the December 2009 meeting the staff intend to ask the boards to reach a preliminary view on the following accounting issues for lessees and lessors:
 - (a) scope
 - (b) presentation.