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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. It presents the boards' preliminary views on lessee accounting. At the September 2009 meeting, the boards discussed a summary of the responses to the discussion paper and a time table for the project.

## Purpose

2. At this meeting the staff will present four papers:
  - (a) Agenda Paper 10A/Memo 41: ***Reconfirmation of the right-of-use model for lessees*** – this paper asks the boards to tentatively reconfirm their support for the basic right-of-use model. The staff require reconfirmation of that model before we can move forward on lessee accounting.
  - (b) Agenda Paper 10B/Memo 42: ***In-substance purchases/sales*** - this paper asks the boards to reach a preliminary view on the treatment of in-substance purchases/sales.
  - (c) Agenda Paper 10C/Memo 43: ***Lessor accounting model***– this paper presents the boards with possible lessor accounting models (including additional analysis on the derecognition approach and the performance obligation approach) and asks the boards which model they support.

This paper has been prepared by the technical staff of the FASB and the IASCF for discussion at a public meeting of the FASB or the IASB.

The views expressed in this paper are those of the staff preparing the paper. They do not purport to represent the views of any individual members of the FASB or the IASB.

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- (d) Agenda Paper 10D/Memo 44: *Timing of initial recognition* – this paper asks the boards to determine when initial recognition of assets and liabilities in a lease contract should take place.

**Next steps**

- 3. During the November 2009 meeting the staff intend to ask the boards to reach a preliminary view on the following accounting issues for both the lessee and the lessor (assuming the boards have agreed on a model for lessors):
  - (a) initial and subsequent measurement of the
    - (i) lessee's right-of-use asset and its obligation to pay rentals
    - (ii) lessor's right to receive rental payments
  - (b) treatment of leases with options
  - (c) treatment of contingent rentals and residual value guarantees.