



Project **Leases**

Topic **Cover Memo**

Purpose

1. At the joint meetings the staff will present eight papers. The joint meetings are scheduled on Tuesday, Wednesday and Thursday 20-22 April.
2. The eight papers are as follows:
 - (a) Agenda Paper 2A/Memo 82: *Long term leases of land* – this paper asks the boards to reach a tentative view on how to account for long term leases of land.
 - (b) Agenda Paper 2B/Memo 83: *Lessor accounting – Impairment of assets* – this paper asks the boards to reach a tentative view on how to address impairment by lessors under the performance obligation approach.
 - (c) Agenda Paper 2C/Memo 84: *Presentation of cash flows* – this paper asks the boards to reach a tentative view on how to present a lessee’s cash flows in the period arising from a lease contract in the financial statements.
 - (d) Agenda Paper 2D/Memo 85: *Accounting for subleases* – this paper asks the boards to tentatively decide on how to account for sublease transactions under the performance obligation approach to lessor accounting.

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.

Comments made in relation to the application of U.S. GAAP or IFRSs do not purport to be acceptable or unacceptable application of U.S. GAAP or IFRSs.

The tentative decisions made by the FASB or the IASB at public meetings are reported in FASB *Action Alert* or in IASB *Update*. Official pronouncements of the FASB or the IASB are published only after each board has completed its full due process, including appropriate public consultation and formal voting procedures.

Staff paper

- (e) Agenda Paper 2E/Memo 86: ***Lessor accounting – Purchase options*** – this paper asks the boards to reach a tentative view on how to account for purchase options by lessors.
 - (f) Agenda Paper 2F/Memo 87: ***Accounting for the lessor’s performance obligation, including consideration of recognising profit at lease commencement*** – this paper asks the boards to tentatively decide on the accounting for the lessor’s performance obligations and whether/how the lessor should recognise any profit upon lease inception.
 - (g) Agenda Paper 2G/Memo 88: ***Lessor accounting – Disclosures*** – this paper asks the boards to reach a tentative view on disclosure requirements for lessors.
 - (h) Agenda Paper 2H/Memo 89: ***Sale and leaseback transactions*** - this paper asks the boards to tentatively decide on how both a seller/lessee and a buyer/lessor should account for a sale and leaseback transaction under the proposed new leases requirements.
3. The staff plan to present the papers at the joint meetings as follows (the plan is subject to change):
 4. On Tuesday 20 April:
 - Agenda Paper 2H/Memo 89: Sale and leaseback transactions
 - Agenda Paper 2F/Memo 87: Accounting for the lessor’s performance obligation, including consideration of recognising profit at lease commencement
 - Agenda Paper 2D/Memo 85: Accounting for subleases.
 5. On Wednesday 21 April:
 - Agenda Paper 2B/Memo 83: Lessor accounting – Impairment of assets
 - Agenda Paper 2A/Memo 82: Long term leases of land
 - Agenda Paper 2E/Memo 86: Lessor accounting – Purchase options.
 6. On Thursday 22 April:

Staff paper

- Agenda Paper 2C/Memo 84: Presentation of cash flows
- Agenda Paper 2G/Memo 88: Lessor accounting – Disclosures.

Next steps

7. The staff plan to continue discussion of lessee and lessor accounting at the meeting in May 2010.