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

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### Purpose of this meeting

1. At the May 2010 meeting the Board expressed an interest in using a hybrid lessor accounting model. Under a hybrid model, a lessor would use a performance obligation (PO) approach to lessor accounting in some situations and a partial derecognition approach in other situations. The FASB have tentatively decided to adopt a performance obligation approach (PO approach) for all leases.
2. The Board instructed the staff to develop proposals regarding when a lessor should use which accounting approach. Agenda paper 6A sets out the staff's recommendations for when an entity should use which approach.
3. At this IASB only meeting, we will ask the Board to discuss the proposals set out in AP 6A paper and, if possible, reach a consensus on which hybrid model to adopt. However, we will not ask you to make a decision about the proposed model.
4. The staff have distributed agenda paper 6A to the FASB. At the joint meeting on Thursday 18 June, we will:
  - (a) update the FASB on our discussions regarding the hybrid model
  - (b) seek feedback from the FASB
  - (c) ask for a decision on which hybrid model you would prefer.

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

Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS—only the IFRIC or the IASB can make such a determination.

The tentative decisions made by the IASB at its public meetings are reported in *IASB Update*. Official pronouncements of the IASB, including Discussion Papers, Exposure Drafts, IFRSs and Interpretations are published only after it has completed its full due process, including appropriate public consultation and formal voting procedures.