



Project **Leases**
Topic **Cover Memo**

Purpose

1. At the May 2010 joint meeting the staff will present nine papers. Leases is tentatively scheduled to be discussed at the joint meeting on Tuesday and Wednesday May 18-19, 2010.
2. The nine papers are as follows:
 - (a) Agenda Paper 5A/Memo 92: *Lessor Performance Obligation*—this paper asks the boards to consider the identification and satisfaction of a lessor’s performance obligation as well as to consider whether any revenue should be recognized at lease commencement under a performance obligation approach to lessor accounting.
 - (b) Agenda Paper 5B/Memo 93: *Derecognition Approach to Lessor Accounting*—this paper discusses two approaches to a derecognition approach to lessor accounting.
 - (c) Agenda Paper 5C/Memo 94: *Residual Asset*—this paper addresses the accounting for a lessor’s residual value asset under a derecognition approach to lessor accounting.
 - (d) Agenda Paper 5D/Memo 95: *Options*—this paper discusses the accounting for options to extend or terminate a lease and purchase options under a derecognition 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 5E/Memo 96: *Contingent Rentals and Residual Value Guarantees*—this paper discusses the accounting for contingent rentals and residual value guarantees under a derecognition approach to lessor accounting.
- (f) Agenda Paper 5F/Memo 97: *Arrangements with service and lease components*—this paper addresses the accounting for arrangements with service and lease components under a derecognition approach to lessor accounting.
- (g) Agenda Paper 5G/Memo 98: *Subleases*—this paper discusses the accounting for subleases under a derecognition approach to lessor accounting.
- (h) Agenda Paper 5H/Memo 99: *Presentation*—this paper addresses the presentation requirements under a derecognition approach to lessor accounting.
- (i) Agenda Paper 5I/Memo 100: *Disclosures*—this paper addresses the disclosure requirements under a derecognition approach to lessor accounting.
- (j) Agenda Paper 5J/Memo 101: *Questions for the Boards for Lessor Accounting and Next Steps*—this paper asks the Boards how the staff should proceed on the leases project.

Next steps

3. The staff plans to draft the Leases Exposure Draft as directed by the Boards, subject to the outcome of the discussion of Agenda Paper 5J/Memo 101.