

STAFF PAPER

Week of October 17, 2011

FASB | IASB Meeting

FASB ED Session –October 14, 2011

Project	Leases		
Paper topic	Cover Memo		
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This paper has been prepared by the staff of the IFRS Foundation and the FASB for discussion at a public meeting of the FASB or IASB. It does not purport to represent the views of any individual members of either board. Comments on the application of US GAAP or IFRSs do not purport to set out acceptable or unacceptable application of U.S. GAAP or IFRSs. The FASB and the IASB report their decisions made at public meetings in FASB *Action Alert* or in IASB *Update*.

Summary of Papers

1. The staff have prepared the following papers for discussion at the October 2011 joint board meetings:
 - (a) IASB Agenda Reference 2A/FASB Agenda Reference 205 – Lessor Accounting – variable lease payments and measurement of residual asset
 - (b) IASB Agenda Reference 2B/FASB Agenda Reference 206 – Fair value requirement for lease receivables and transfers of lease receivables
 - (c) IASB Agenda Reference 2C/FASB Agenda Reference 207 – Presentation: Lessor Statement of Comprehensive Income
 - (d) IASB Agenda Reference 2D/FASB Agenda Reference 208 – Lessor Disclosures
 - (e) IASB Agenda Reference 2E/FASB Agenda Reference 209 – Consequential Amendments to IAS 40 (Note: This is an IASB-only paper; however, the staff thought it would be helpful to discuss these issues at a joint meeting because of the FASB’s Investment Property project).
 - (f) IASB Agenda Reference 2F/FASB Agenda Reference 210 – Lessor Accounting.

IASB Agenda ref	2
FASB Agenda ref	204

The next group of papers all relate to transition. The staff thinks it is important for the Boards to consider the recommendations in all papers discussing transition before making any individual decisions:

- (g) IASB Agenda Reference 2G/FASB Agenda Reference 211 – Lessee Transition – The purpose of this paper is to discuss the general transition requirements for lessees when implementing the proposed leases requirements.
- (h) IASB Agenda Reference 2H/FASB Agenda Reference 212 – Lessor Transition – The purpose of this paper is to discuss the general transition requirements for lessors when implementing the proposed leases requirements.
- (i) IASB Agenda Reference 2I/FASB Agenda Reference 213 – Transition Reliefs and Disclosures – In the papers discussing general transition requirements for lessees and lessors, the staff recommends providing transition reliefs to ease the burden of applying the proposed standard. The purpose of this paper is to discuss those transition reliefs. This paper also discusses general transition disclosures for lessees and lessors when implementing the proposed leases requirements.

IASB Agenda ref	2
FASB Agenda ref	204

- (j) IASB Agenda Reference 2J/FASB Agenda Reference 214 – Transition – Other considerations – The purpose of this paper is to address the following transition considerations:
- (i) Determining the discount rate for measuring the lessee’s liabilities to make lease payments (which is applicable for all lessee transition approaches addressed in the general lessee transition paper, except for a full retrospective approach) and the lessor’s rights to receive lease payments.
 - (ii) Whether to continue providing the transition exception in EITF 01-8, *Determining Whether an Arrangement Contains a Lease* (FASB only).
 - (iii) Other considerations the staff does not think warrant guidance, including short-term leases, investment property measured at fair value, subleases, useful lives of leasehold improvements, secured borrowings, build-to-suit leases, and in-substance purchases and sales.
- (k) IASB Agenda Reference 2K/FASB Agenda Reference 215 – Transition: sale and leaseback – This paper addresses transition accounting for sale and leaseback transactions.