

Initial measurement	Accretion	Subsequent measurement
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1	Residual asset	Proportionate share of historical carrying amount	Accreted using rate in the lease	36.0	9.8	45.8
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2A		Proportionate share of historical carrying amount plus deferred income associated with that proportionate share	Accreted to expected residual value. Deferred income remains constant (no accretion)			
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Presentation - net asset				
	Residual asset	43.2	11.8	55.0
	Deferred profit	(7.2)	-	(7.2)
	Net Asset	36.0	11.8	47.8

Presentation - asset and liability				
	Residual asset	43.2	11.8	55.0
	Deferred profit	(7.2)	-	(7.2)

The Boards discussed the residual and receivable approach to lessor accounting, assuming that profit is reasonably assured.

The Boards tentatively decided to initially measure the residual asset as an allocation of the underlying asset's carrying amount based on a relative fair value basis.

Carrying Amount of Underlying Asset - (Carrying Amount of Underlying Asset* PV of Lease Payments/Fair Value of Underlying Asset)

$$36 = 100 - (100 * 77 / 120)$$

The Boards tentatively decided to accrete the residual asset to:

1	45.8, which is the initial measurement of 36 accreted using the rate the lessor charges the lessee.
2	47.8, representing a 55 gross residual asset less deferred profit of 7.2. The gross asset (43.2) is accreted using the rate the lessor charges in the lease and the deferred profit, 7.2, remains constant.

The Boards decided to present:

2A	A net asset including the gross residual and deferred profit.
2B	A gross residual asset and a separate liability representing the deferred profit not recognized.