

STAFF PAPER

July 2014

FASB | IASB Meeting

Project	Leases
Paper topic	Cover Memo
CONTACT(S)	Danielle Zeyher dtzeyher@fasb.org +1 203 956 5265 Patrina Buchanan pbuchanan@ifrs.org +44 207 246 6468

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Introduction and Objective of the Meeting

1. The purpose of this paper is to provide an overview of the agenda papers prepared for the July 2014 joint Board meeting and to update the Boards on the next steps in the leases project redeliberations.
2. The objective of the July 2014 meeting is to reach decisions on sale and leaseback transactions and financial statement disclosures for lessors.

Overview of Agenda Papers

3. The staff have prepared the following papers for discussion:
 - (a) **Sale and Leaseback Transactions** (Agenda Paper 3A/FASB Memo 290), which discusses the following issues with respect to the accounting for sale and leaseback transactions:
 - (i) Determining whether a sale has occurred
 - (ii) Accounting for the sale/purchase
 - (iii) Accounting for the leaseback
 - (iv) Accounting for “off-market” terms

The IASB is the independent standard-setting body of the IFRS Foundation, a not-for-profit corporation promoting the adoption of IFRSs. For more information visit www.ifrs.org

The Financial Accounting Standards Board (FASB), is the national standard-setter of the United States, responsible for establishing standards of financial accounting that govern the preparation of financial reports by nongovernmental entities. For more information visit www.fasb.org

- (v) Accounting for “failed” sale and leaseback transactions
- (vi) Accounting for sale and leaseback transactions during transition
- (b) **Lessor Disclosure Requirements** (Agenda Paper 3B/FASB Memo 291), which discusses disclosure requirements for a lessor in the final leases standard.

Next Steps

4. The Boards will continue redeliberating the proposals in the May 2013 ED at future Board meetings. The staff plan to bring the following topics for discussion before issuing a final leases standard:
 - (a) Leases of small assets
 - (b) Disclosures for lessees
 - (c) Transition
 - (d) Leveraged leases (FASB-only)
 - (e) Private company and not-for-profit issues (FASB-only)
 - (f) Effective date
 - (g) Cost-benefit
 - (h) Other (related party leases, consequential amendments, etc.).
5. The redeliberations will continue on a joint basis, with the intention of minimizing any differences between U.S. GAAP and IFRS.