



<b>To:</b>	AASB members	<b>Date:</b>	23 August 2011
<b>From:</b>	Nikole Gyles	<b>Agenda Item:</b>	5.1
<b>Subject:</b>	Leases – project update and issues relating to the proposed lessor model	<b>File:</b>	

### Action

Receive an update on the recent tentative decisions made by the IASB and the FASB in their joint project to develop a Standard on *Leases* and consider if there are any issues that need to be raised with the IASB on those tentative decisions.

### Attachments

Agenda Paper	Title
5.2	<i>Leases project update: Tentative decisions made by IASB/FASB on the Leases project – August 2011</i>
5.3	<i>Lessor model – Key issues and considerations relating to July 2011 IASB redeliberations</i>

### Staff recommendations

- (a) Staff do not consider that there are any issues identified in Agenda Paper 5.2 that need to be raised formally with the IASB in relation to the tentative decisions made at the June 2011 IASB/FASB meeting, particularly given the IASB’s decision to re-expose the Leases proposals in Q4 2011.
- (b) Staff recommend raising the key issues outlined in Agenda Paper 5.3 to the IASB staff for consideration in their drafting of the revised Leases Exposure Draft.

### Question to Board members:

Do you agree with staff’s recommendations?

## Overview

Agenda Paper 5.2 *Leases project update: Tentative decisions made by IASB/FASB on the Leases project – August 2011* provides a report on the outcome of the IASB's July 2011 meeting. At the time of writing this memo, the IASB does not have any meetings scheduled at which leases is expected to be discussed prior to the AASB September 2011 meeting. Staff will provide a verbal update if any further IASB developments arise.

Agenda Paper 5.3 *Lessor model – Key issues and considerations relating to July 2011 IASB redeliberations* outlines key issues identified by AASB staff in relation to the 'residual and receivable' model discussed by the IASB at its July 2011 meeting.

## Background

The IASB and the FASB have undertaken a joint project to develop a Standard on *Leases*, an original objective of which was that all assets and liabilities arising under lease contracts are recognised in the statement of financial position of both lessees and lessors.

In August 2010, the AASB issued ED 202R *Leases*, which incorporated the IASB's ED/2010/9 *Leases*. The comment period for IASB's ED 2010/6 closed on 15 December 2010 and over 760 comment letters were received (the comment period for AASB ED 202R closed on 12 November 2010 and attracted 16 comment letters). The IASB and FASB began redeliberations on the *Leases* project in January 2011.

The AASB wrote to the IASB in May 2011 on some of the tentative decisions made in the *Leases* project (link to [Letter to IASB - Leases](#)<sup>1</sup>).

At the July AASB meeting staff provided an update on the project incorporating tentative decisions made by the IASB up to June 2011.

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<sup>1</sup> [http://www.aasb.gov.au/admin/file/content106/c2/AASB\\_Letter\\_to\\_IASB\\_-\\_Lease.pdf](http://www.aasb.gov.au/admin/file/content106/c2/AASB_Letter_to_IASB_-_Lease.pdf)