

Australian Accounting Standards Board

Rejected Issue – Not Taken onto the AASB’s Agenda

Leases: Recognition of Contingent Rentals

(September 2006)

The Issue

The issue is whether an estimate of contingent rentals payable/receivable under an operating lease should be included in the total lease payments/lease income to be recognised on a straight-line basis over the lease term.

Reasons for Not Adding the Issue to the AASB’s Agenda

The issue was referred to the IFRIC for consideration. The IFRIC noted that, although IAS 17 *Leases* is unclear on this issue, this has not, in general, led to contingent rentals being included in the amount to be recognised on a straight-line basis over the lease term. Accordingly, the IFRIC decided not to add this issue to its agenda but to recommend to the IASB that IAS 17 be amended to clarify the approach intended by the Standard.

At its September 2006 meeting, the AASB decided not to add this issue to its agenda. The AASB concurred with the IFRIC view, and noted that paragraphs A.6 and A.8 of the section “Differences between AASB 117 and AASB 1008” appended to the July 2004 version of AASB 117 *Leases* therefore were superseded.
