

STAFF PAPER

June 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 June 2014 joint Board meeting and to update the Boards on the next steps in the leases project redeliberations.
2. The objective of the June 2014 meeting is to reach decisions on subleases, lessee balance sheet presentation, and cash flow presentation.

Overview of Agenda Papers

3. The staff have prepared the following papers for discussion:
 - (a) **Subleases** (Agenda Paper 3A/FASB Memo 286), which discuss the accounting for, and presentation of, subleases by an entity that acts as an intermediate lessor (that is, an entity that is both a lessee and a lessor of the same underlying asset).
 - (b) **Lessee Balance Sheet Presentation** (Agenda Paper 3B/FASB Memo 287), which discusses presentation of the lessee's right-of-use (ROU) asset and

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the liability to make lease payments (lease liability) in a lessee's balance sheet for Type A leases and Type B leases.

- (c) **Cash Flow Presentation** (Agenda Paper 3C/FASB Memo 288), which discusses the presentation of leases in the statement of cash flows for both lessees and lessors.

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) Sale and leaseback transactions
 - (b) Leases of small assets
 - (c) Disclosures
 - (d) Transition
 - (e) Leveraged leases (FASB-only)
 - (f) Private company and not-for-profit issues (FASB-only)
 - (g) Effective date
 - (h) Cost-benefit
 - (i) 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.