This presentation has been prepared to help constituents understand the current status of projects of the FASB and IASB. The views expressed in this presentation are those of the presenter. Official positions of the FASB and IASB are reached only after extensive due process and deliberations.
Response to SEC Staff Report on IFRS
No decision, not “No” decision

• Lack of commitment more a reflection of US political environment than IFRSs
  – SEC overwhelmed with Dodd-Frank rulemaking
  – Yet to appoint permanent successor to James Kroeker

• Little appetite for bold steps in tail end of current administration

• Very likely that real decisions will be left until at least post-election

• A definite role for the FASB, even when a decision is taken in favor of some sort of IFRS
Business as usual

- IASB remains focused on working with FASB
- Four remaining convergence projects to complete
- IASB has other areas to attend to:
  - Development of research programme
  - New work plan
  - Development of new ways to work with standard setters and regulators
Preliminary comments on report

• Broadly in line with conclusions of Monitoring Board and Trustees’ Governance and strategy reviews e.g.
  – Need for IASB to deepen cooperation with national standard setters
  – Need for more active interpretations committee
  – Improvement needed in consistency of global application of IFRSs

• Report predates important initiatives such as proposed revisions to IASB’s *Due Process Handbook*
Preliminary comments (cont.)

• IFRSs perceived to be high quality by international financial reporting community

• “Substantial Support” for incorporation / endorsement approach

• Funding challenges more acute in US than elsewhere
  – Important to note that this is being addressed elsewhere in the world
  – SEC “committed to finding a solution to the US funding issue”
Moving forward

• Report reflects the many challenges faced by a large economy such as US in transitioning to IFRSs
• Political will required to overcome challenges of transition
• Many other large economies have successfully transitioned to IFRSs: Canada
• Commitment to implementation of global accounting standards by:
  – US Government
  – SEC
  – Repeated G20 communiqués
IFRSs: Critical Mass

- The momentum behind IFRS as the de facto global accounting standards is irreversible
- Most of the G20 Nations have already adopted
- IFRSs are now used by half of Fortune 500 companies
Update on Financial Instruments
## Background

<table>
<thead>
<tr>
<th>Phase</th>
<th>Title</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase I</td>
<td>Classification and Measurement</td>
<td>IFRS 9 <em>Financial Instruments</em></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Financial assets completed in 2009</td>
</tr>
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<td></td>
<td></td>
<td>Financial liabilities completed in 2010</td>
</tr>
<tr>
<td></td>
<td>Limited amendments to IFRS 9</td>
<td>Target exposure H2 2012</td>
</tr>
<tr>
<td>Phase II</td>
<td>Impairment</td>
<td>Target re-exposure H2 2012</td>
</tr>
<tr>
<td>Phase III</td>
<td>General hedge accounting</td>
<td>Review draft H2 2012</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Final document end of 2012</td>
</tr>
<tr>
<td></td>
<td>Accounting for macro hedging</td>
<td>DP H2 2012</td>
</tr>
</tbody>
</table>
Phase I
Classification and Measurement - limited amendments to IFRS 9
Limited amendments to IFRS 9: Scope

Business model test

Contractual cash flow characteristics

Amortised cost (one impairment method)

FVOCI (one impairment method)

FVO for accounting mismatch (option)

All other instruments:
- Equities
- Derivatives
- Some hybrid contracts
- ...

Fair Value (No impairment)

Equities: OCI presentation available (alternative)

Reclassification required if business model changes
Contractual cash flow characteristics assessment

Contractual terms that give rise to solely payments of:

- Principal
- Interest

Interest = consideration for:
- time value of money
- credit risk

Tentative decision: ‘Modified’ P&I satisfies test IF compared with a ‘perfect’ instrument, difference not more than insignificant
Business model – tentative joint decisions

- Hold to collect → Amortised cost
- Hold to collect and sell → FVOCI (with recycling and impairment)
- Other (residual) → FVPL
Items confirmed in joint deliberations

• Tentative decisions
  – Bifurcation same as IFRS 9
    – No bifurcation of financial assets
    – ‘Closely related’ bifurcation of financial liabilities
    – No change to treatment of own credit
  – Reclassifications and FVO as per IFRS 9 but extended to include FVOCI category
Classification and Measurement - Next steps

- Joint discussions complete
- IASB tentatively decided to propose
  - from when final IFRS 9 is published those newly applying IFRS 9 must apply complete package
  - early application permitted
- Exposure drafts targeted fourth quarter 2012
Phase II
Impairment
General deterioration model

Scope: Financial assets that are *not credit-impaired* on initial recognition

**On initial recognition**
- Interest revenue calculated on gross carrying amount
- 12 months expected loss allowance

**If more than insignificant deterioration in credit quality AND likelihood of loss event reasonably possible**
- Interest revenue calculated on gross carrying amount
- Lifetime expected loss allowance

**If deteriorate to credit-impaired**
- Interest revenue calculated on the net carrying amount
- Lifetime expected loss allowance
Credit-impaired on initial recognition

• Scope
  – Both *originated* and *purchased* credit-impaired
  – Credit–impaired = same population as IAS 39 impaired *

• Always outside general deterioration model

• Use credit-adjusted effective interest rate
  – No day 1 allowance balance
  – No day 1 impairment loss recognised

• Allowance balance represents *changes* in lifetime loss expectations

* FASB will consider whether scope should be broadened.
Lease Receivables

• Lease receivables recognized as a result of the joint leases project:
  – An entity may choose to either:
    1) Fully apply “three-bucket” model, or
    2) Always recognize lifetime expected losses
  – Cash flows and discount rate used in the measurement of the lease receivables would be used as the contractual cash flows and effective interest rate for impairment purposes

• Lease receivables recognized by a lessor under existing leases guidance (Topic 840):
  – An entity may choose to either:
    1) Fully apply “three-bucket” model, or
    2) Always recognize lifetime expected losses
Trade Receivables

- Application of the model to trade receivables *with* and *without* a significant financing component as defined in Revenue Recognition 2011 Exposure Draft:
  - *With* a significant financial component, an entity may choose to either:
    1) Fully apply “three-bucket” model, or
    2) Always recognize lifetime expected losses
  - *Without* a significant financial component, an entity would always recognize lifetime expected losses
Three-Bucket Model – Initial U.S. Feedback

• FASB staff had received a number of questions regarding the principles in the model. Staff and the Board members performed outreach.

• FASB indicated its intention to develop application guidance to try and clarify the principles in the model.

• Purpose of the outreach was to understand
  – whether the model would be operable, auditable and understandable and
  – whether the draft application guidance sufficiently clarified the principles in the model.

• Root causes
  – “Transfer notion” lacks sufficient operational guidance
  – Bucket 1 measurement is confusing
  – Model doesn’t fix the PCI problem for preparers or users

• Resulting concern
  – May not result in consistent application
  – May not provide users with comparable or transparent results
  – Credit impairment allowance will be difficult for users to understand
  – Credit impairment allowance may not reflect the appropriate level of risk

• Re-exposure draft targeted Q4 2012
Phase III

Hedge Accounting (General) and Macro Hedging
Open topics and timeline- General Hedging

- All decisions have been taken
- No open topics

- Review draft (on website)
- Timing: mid 2012 (for ≈ 90 days)

- Issue as final (= part of IFRS 9)
- Timing: H2 2012
Road map- Macro Hedging

• Continue with IFRS 9 as planned but *exclude* accounting for macro hedging from its scope

• Progress accounting for macro hedging as a separate project with the objective to prepare a Discussion Paper

• Interim solution:
  – Adopt IFRS 9 for all purposes except portfolio fair value hedge of interest rate risk (for which IAS 39 remains eligible)
  – Maintains status quo for those using macro hedge accounting
Revenue from Contracts with Customers
Agenda

- Project objective & status
- Overview of the revenue proposal
- Overview of feedback received
- Decisions to date & issues for future redeliberation
- Redeliberation plan
- Q&A
Project objective

**Objective:** To develop a single, principle-based revenue standard for US GAAP and IFRSs

- The revenue standard aims to improve accounting for contracts with customers by:
  - Providing a more robust framework for addressing revenue issues as they arise
  - Increasing comparability across industries and capital markets
  - Requiring better disclosure
Project status

2010
- June 2010
  Exposure draft
  Revenue from Contracts with Customers
  974 comment letters

2011
- November 2011
  Revised exposure draft
  Re-exposure of Revenue from Contracts with Customers
  358 comment letters

2012
- March 2012
  Comment letter deadline
  April 2012
  Roundtables
  May 2012 onwards
  Redeliberations

2013
- H1 2013
  Final standard (ASU / IFRS)
  Retrospective transition transition proposed
  Effective date to be determined (but no earlier than January 1, 2016)
Overview of revised proposals

Core principle:

Recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services

Steps to apply the core principle:

1. Identify the contract(s) with the customer
2. Identify the separate performance obligations
3. Determine the transaction price
4. Allocate the transaction price
5. Recognize revenue when a performance obligation is satisfied
Overview of feedback

Project objective and proposals are generally supported, but…

- Requests to clarify and refine the proposals
  - Identifying separate performance obligations
  - Determining revenue over time
- Difficulties in practically applying proposals
  - Time value of money
  - Retrospective transition
- Disagreement
  - Disclosure requirements
  - Onerous performance obligations
  - Application to the telecommunications industry
Step 1: Identify the contract(s)

- Planned for discussion in September 2012

<table>
<thead>
<tr>
<th>Proposal</th>
<th>Issues for redeliberation include</th>
</tr>
</thead>
<tbody>
<tr>
<td>Combine contracts with the same customer and entered into at or near the same time if specified criteria are met</td>
<td>Accounting for contracts that are economically linked (e.g., sales through a distribution channel with promises to an ultimate customer)</td>
</tr>
<tr>
<td>Contract modifications</td>
<td>Clarify and reduce complexity of the proposed requirements</td>
</tr>
<tr>
<td>• Some accounted for as a separate contract</td>
<td></td>
</tr>
<tr>
<td>• Otherwise, re-evaluate remaining performance obligations</td>
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</tbody>
</table>
Step 2: Identify the separate performance obligation(s)

• A promise to transfer a good or service (or a bundle of goods or services) is a separate performance obligation only if the promised good or service is:
  – **capable of being distinct**—the customer can benefit from the good or service on its own or together with other readily available resources; and
  – **distinct within the context of the contract**—the good or service is not highly dependent on, or highly interrelated with, other promised goods or services in the contract

• Indicators that a good or service is distinct within context of the contract

  - Entity does not provide a significant service of integrating the good or service into a combined item (inputs to produce an output)
  - The good or service does not significantly modify or customise other promised goods or services
  - Purchasing (or not purchasing) the good or service would not significantly affect the remainder of the contract
  - The good or service is not part of a series of consecutively delivered goods or services accounted for as performance obligations satisfied over time with a single measure of progress
Step 3: Determine the transaction price

- Planned for discussion in September 2012

<table>
<thead>
<tr>
<th>Proposal</th>
<th>Issues for redeliberation include</th>
</tr>
</thead>
</table>
| Account for time value of money only if there is a significant financing component that is significant to the contract | • Clarify when a contract has a significant financing component  
  • relevance of primary intent of payment terms  
  • 1 year practical expedient  
  • Application to advance payments  
  • Practical difficulties (e.g., multiple performance obligations, variable consideration) |
| Effects of customer credit risk excluded from revenue but presented adjacent to revenue line on income statement | • Presentation of impairment loss  
  • Accounting for subsequent impairments  
  • Linkage with accounting for receivables and contracts with significant financing components  
  • Need for a minimum recognition threshold? |
Step 4: Allocate the transaction price

- Planned for discussion in October 2012

<table>
<thead>
<tr>
<th>Proposal</th>
<th>Issues for redeliberation include</th>
</tr>
</thead>
</table>
| The transaction price should be allocated to each separate performance obligation on a relative standalone selling price basis  
  • Estimate selling prices if they are not observable  
  • Residual estimation techniques may be appropriate                      | Application of the residual approach to estimate stand-alone selling prices (e.g., mobile phone handsets sold as part of a bundled arrangement or software contracts whereby two or more of the promised goods or services have highly variable or uncertain stand-alone selling prices) |
| Discounts and contingent amounts are allocated entirely to one performance obligation if specified criteria are met | Consider the basis for allocating discounts or variable consideration                                                                                         |
Overview of Step 5: Recognize revenue

Revenue is recognized when (or as) the entity satisfies a performance obligation by transferring a promised good or service to the customer.

Performance obligations satisfied over time

A performance obligation is satisfied over time if the criteria in paragraph 35 are met (see following slide).

Revenue is recognized by measuring progress towards complete satisfaction of the performance obligation.

Performance obligations satisfied at a point in time

All other performance obligations are satisfied at a point in time.

Revenue is recognized at the point in time when the customer obtains control of the promised asset. Indicators of control include:
- Present right to payment
- Legal title
- Physical possession
- Risks and rewards of ownership
- Customer acceptance
Step 5: Recognize revenue

- An entity satisfies a performance obligation and recognizes revenue over time if one of the following criteria are met:
  a. the customer receives and consumes the benefits of the entity’s performance as the entity performs
     o an objective basis for assessing benefit—hypothetically, would another entity need to substantially re-perform the work the entity has completed to date if that other entity were to fulfil the remaining obligation to the customer?
  b. the entity’s performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced
  c. the entity’s performance does not create an asset with an alternative use to the entity and the entity has a right to payment for performance completed to date and it expects to fulfil the contract as promised
**Step 5: Constraint on the cumulative amount of revenue recognized**

- Planned for discussion in September 2012

<table>
<thead>
<tr>
<th>Proposal</th>
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</table>
| When consideration is variable, the cumulative amount of revenue recognized is limited to the amount to which an entity is reasonably assured to be entitled. | • Clarify meaning of ‘predictive experience’  
• Clarify principles to address royalties (paragraph 85) |

An entity is reasonably assured if:
- it has experience with similar types of performance obligations
- its experience is predictive of the amount of consideration to which the entity will be entitled

Various factors might indicate that the entity’s experience is not predictive.
Onerous performance obligations

• The revenue standard will not include an onerous test
• Instead, an entity will apply the onerous tests in existing IFRSs or US GAAP

Requirements in IAS 37 for onerous contracts would apply to all contracts with customers

Existing guidance for recognition of losses will be retained, including guidance in Subtopic 605-35 for losses on construction and production contracts
Disclosure

• Planned for discussion in November 2012

• Redeliberations to consider costs and benefits of annual and interim disclosures
  – Users—level of disclosure is appropriate (or more is required)
  – Preparers and others—disclosure proposals are excessive, overly prescriptive and requires information not used by management
Revenue and leases

• Scope
  – leases standard applies to determine whether a contract with a customer includes a lease
  – revenue standard applies to services separate from lease

• Accounting for variable consideration

• Pattern of revenue recognition:
  – revenue model—revenue recognized when performance obligations are satisfied
  – leases model—revenue recognition model based on the level of consumption of the underlying asset

• Redeliberations on licences and rights to use IP will continue in September 2012
Other planned redeliberation topics

<table>
<thead>
<tr>
<th>MONTH</th>
<th>REDELIBERATION TOPIC</th>
</tr>
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<tbody>
<tr>
<td>July 2012 (Complete)</td>
<td>• Identification of separate performance obligations (Step 2)</td>
</tr>
<tr>
<td></td>
<td>• Satisfaction of performance obligations (Step 5)</td>
</tr>
<tr>
<td></td>
<td>• Onerous test</td>
</tr>
<tr>
<td>September 2012</td>
<td>• Constraint (Step 5)</td>
</tr>
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<td></td>
<td>• Collectibility</td>
</tr>
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<td></td>
<td>• Time Value of Money (Step 3)</td>
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<tr>
<td></td>
<td>• Contract Issues (Step 1)</td>
</tr>
<tr>
<td></td>
<td>• Licenses</td>
</tr>
<tr>
<td></td>
<td>• Measures of Progress (Step 5)</td>
</tr>
<tr>
<td>October 2012</td>
<td>• Scope</td>
</tr>
<tr>
<td></td>
<td>• Costs</td>
</tr>
<tr>
<td></td>
<td>• Allocation of the transaction price (Step 4)</td>
</tr>
<tr>
<td></td>
<td>• Nonfinancial assets</td>
</tr>
<tr>
<td>November 2012</td>
<td>• Disclosures</td>
</tr>
<tr>
<td></td>
<td>• Transition, effective date &amp; early adoption</td>
</tr>
<tr>
<td>December 2012</td>
<td>• Sweep issues &amp; consequential amendments</td>
</tr>
<tr>
<td></td>
<td>• Cost-benefit analysis</td>
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</tbody>
</table>
Leases
Leases

• Why a leases project?
• Right-of-use model
• Lessee accounting model
• Lessor accounting model
• Classification of leases
• Where we are
Why a leases project?

• Existing lease accounting does not meet users’ needs
  – accounting depends on classification
  – contractual rights and obligations (assets and liabilities) are off balance sheet
  – many users adjust financial statements

• Structuring opportunities
  – current lease classification often based on bright lines
  – significant difference in accounting on either side of operating/finance lease line
Proposed right-of-use model

• A lease contract is one in which the right to control the use of an asset (for a period of time) is transferred to the lessee.
2010 ED proposals for Lessees

- Lessee obtains the right to use an asset and has an obligation to pay for that right

<table>
<thead>
<tr>
<th>Balance Sheet</th>
<th>Income Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Right-of-use asset</td>
<td>Amortization expense</td>
</tr>
<tr>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Liability to make lease payments¹</td>
<td>Interest expense</td>
</tr>
<tr>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

¹Discount at rate lessor charges the lessee or lessee’s incremental borrowing rate if lessor rate not available.
Lessee Feedback received

Main Themes

- General support for recognition of assets and liabilities
- Mixed views on income statement effects
- Concerns about cost and complexity
- Concerns about service contracts being captured as leases
Redeliberations—lessee model

Balance sheet

- DR ROU asset
- CR Lease liability

Income statement

- Lessee consumes more than insignificant portion of leased asset
- Amortization expense
- Interest expense
- Lessee does not consume more than insignificant portion of leased asset
- Lease expense

1 Measured at present value of lease payments
2 Initially measured at same amount as liability, plus initial direct costs
The rationale (lessee)

- Right to use an asset
- Obligation to pay for that right

- Not all leases are the same
  - 10-year airplane lease => paying to acquire the piece of the airplane consumed plus financing
  - 3-year real estate lease => paying only for use of the lessor’s asset

- Recognize amortization on ROU asset (and interest on lease liability) when lessee consumes a more than insignificant portion of leased asset
- Recognize straight-line lease expense when lessee is paying only for use of the lessor’s asset
## Reducing complexity and cost

### Lessee and Lessor

<table>
<thead>
<tr>
<th>Options to extend the lease term (term options)</th>
<th>2010 ED</th>
<th>Post-ED simplifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Longest possible lease term more likely than not to occur</td>
<td></td>
<td>• Option period included if lessee has significant economic incentive to exercise</td>
</tr>
<tr>
<td>• Reassessed</td>
<td></td>
<td>• Reassessed other than for market conditions</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Variable lease payments</th>
<th>2010 ED</th>
<th>Post-ED simplifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Included in lease liability on probability-weighted basis</td>
<td></td>
<td>• Excluded from liability (unless in-substance fixed or based on an index or rate) and accounted for as occurred</td>
</tr>
<tr>
<td>• Reassessed</td>
<td></td>
<td>• Reassessed for spot/index</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Short–term leases (lease term ≤ 12 months)</th>
<th>2010 ED</th>
<th>Post-ED simplifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Liability/asset recognized with no discounting</td>
<td></td>
<td>• No liability/asset recognized</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Rent expense</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• IAS 17 operating lease model</td>
</tr>
</tbody>
</table>
Redeliberations – definition of a lease
Lessee and Lessor

• ‘Contract in which the right to use an asset is conveyed, for a period of time, in exchange for consideration’
  – underlying asset = identifiable (physically distinct)
  – right to control use of underlying asset

• Notion of control changed
  – ‘ability to direct the use’ and receive benefits
  – change from EITF 01-8/IFRIC 4/ED:
    if entity obtains substantially all output ≠ control
    – pricing does not determine control
Lessee Redeliberations
Other Issues

• Multi-element contracts
  – separately account for non-lease elements
  – allocate between lease and non-lease elements if there are observable prices

• Lessee residual value guarantees
  – include in lease payments amounts expected to be payable

• Sale and leaseback transactions
  – if sale, account for as sale then leaseback
2010 ED – Lessor accounting

Does the lessor retain significant risks or benefits of the underlying asset?

- **No**
  - Derecognition approach:
    - Derecognize underlying asset
    - Recognize residual asset
    - Profit on amount derecognized and interest income

- **Yes**
  - Performance obligation approach:
    - Recognize underlying asset
    - Recognize performance obligation
    - Lease income, depreciation and interest income

Both approaches: recognize lease receivable
Lessor Feedback received

Main Themes

Concerns about lessor model:
- relationship with lessee model
- not representing economics
- little support for PO approach

Concerns about cost and complexity

Concerns about service contracts being captured as leases
Redeliberations—lessor model

Lessor accounting approach

- **Asset subject to lease**
  - **Lessee consumes more than insignificant portion of leased asset**
    - Receivable and residual approach
  - **Lessee does not consume more than insignificant portion of leased asset**
    - Approach similar to current operating lease accounting
The rationale (lessor)

What the lessor provides

- Lessor provides the lessee with the right to use an asset

- Not all leases are the same
  - 10-year airplane lease => lessor charges the lessee to recover expected consumption of the airplane plus financing
  - 3-year real estate lease => lessor charges the lessee only for use of the real estate

What the right-of-use represents

How best to reflect those contracts in lessor’s financial statements

- Recognize lease receivable and retained interest in residual asset when lessee consumes a more than insignificant portion of leased asset
- No change to accounting for leased asset and recognize straight-line lease income when lessor charges the lessee only for use of the leased asset
## Receivable and residual approach

<table>
<thead>
<tr>
<th>Balance Sheet</th>
<th>Income Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Right to receive lease payments(^1)</td>
<td>X Profit on transfer of right-of-use (X) (gross or net based on business model)</td>
</tr>
<tr>
<td>Residual asset(^2)</td>
<td>X Interest income—on receivable and residual(^3) (X)</td>
</tr>
</tbody>
</table>

\(^1\) Present value of lease payments, plus initial direct costs  
\(^2\) Measured at an allocation of carrying amount of leased asset  
\(^3\) Interest on residual based on estimated residual value—any profit on the residual asset is not recognized until asset sold or re-leased at end of lease term
Lessor approach similar to current operating lease accounting

<table>
<thead>
<tr>
<th>Balance Sheet</th>
<th>Income Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leased asset(^1)</td>
<td>X Rental income(^2)</td>
</tr>
<tr>
<td></td>
<td>Depreciation(^3)</td>
</tr>
</tbody>
</table>

\(^1\) Lessor measures leased asset (e.g. property) at cost

\(^2\) Rental income recognized on a straight-line basis or another systematic basis, if more representative of pattern of earning rentals

\(^3\) Asset depreciation recognized
Classification of leases*

**Lessee consumes more than insignificant portion of leased asset**

- Leases of assets other than property *unless*:
  - Lease term is insignificant relative to economic life of asset
  - PV of lease payments is insignificant relative to FV of asset

**Lessee does not consume more than insignificant portion of leased asset**

- Leases of property (land and/or a building) *unless*:
  - Lease term is major part of economic life of asset
  - PV of lease payments is substantially all of FV of asset

* Both lessee and lessor
Classification of leases—examples

Assumed economic life of:
1 40 years
2 25 years
3 10 years
4 6 years
Leases - Where we are

August 2010
Exposure Draft
Leases

- Comment period 4 months
- 786 comment letters received
- Contained proposals for both lessees and lessors

Q4 2012
Second Exposure Draft
Leases

- Re-expose proposals
- Comment period 120 days
- Focus on revisions to 2010 proposals
- Will contain proposals for both lessees and lessors

Consultation

- Outreach
- Working group meetings
- Redeliberations

TBD
Final Standard
Leases

- Effective date: TBD
- Will contain guidance for both lessees and lessors
Questions or comments?

Expressions of individual views by members of the IASB and its staff are encouraged. The views expressed in this presentation are those of the presenters. Official position of the IASB on accounting matters are determined only after extensive due process and deliberation.