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**International
Accounting Standards
Board**

This document is provided as a convenience to observers at IASB meetings, to assist them in following the Board's discussion. It does not represent an official position of the IASB. Board positions are set out in Standards.

These notes are based on the staff papers prepared for the IASB. Paragraph numbers correspond to paragraph numbers used in the IASB papers. However, because these notes are less detailed, some paragraph numbers are not used.

INFORMATION FOR OBSERVERS

Board Meeting: 24 July 2008, London

Project: Leases

Subject: Cover Note (Agenda Paper 13)

Background

1. At the IASB and FASB technical plan meetings in June, the staff presented a technical plan for the lease accounting project that envisages the publication of a discussion paper in November of this year.
2. Also, at the technical plan meeting the staff undertook to provide the Boards with analysis of a number of key areas. The papers presented at this meeting address those areas, namely:
 - The overall approach to the project (Agenda paper 13A/FASB memo No. 16)
 - The treatment of options to extend or terminate a lease (Agenda paper 13B/FASB memo No. 17)
 - The treatment of contingent rentals (Agenda paper 13C/FASB memo No.18)

- Initial and subsequent measurement of right of use asset and the obligation to pay rentals (Agenda paper 13D/FASB memo No. 19)
 - Whether to abolish the requirement to classify leases as finance leases or operating leases (Agenda paper 13E/FASB memo No. 20)
3. In agenda paper 13A (FASB memo No. 16) the staff seeks the Boards' agreement to a proposed new approach to the lease accounting project. Agenda papers 13B – 13D (FASB memo No. 17 - 19) seek preliminary views on how to address a number of issues that arise out of the proposed approach. Finally, agenda paper 13E (FASB memo No. 20) asks the Boards to decide whether to remove the requirement to classify leases as finance leases or operating leases.
 4. If the Boards are unable to reach a preliminary view on one or more of these issues, the staff will either return to the Board with alternative proposals (and a revised timetable) or recommend publication of the discussion paper without a preliminary view.
 5. If the Boards are able to reach a preliminary view on each of these issues, the staff intends to distribute a first draft of the discussion paper to Board members in September.