Introduction

Background information

Leasing is a popular financing option for companies. However, the way leasing transactions have been structured in the past has caused major variations in the presentation of financial statements. There have been two leasing options available to companies:

- **Financing lease** — used to finance equipment for the major part of its useful life, when there is a reasonable assurance that the lessee will obtain ownership of the equipment by the end of the lease term
- **Operating lease** — used to finance equipment for less than its useful life, and at the end of the lease term the lessee can return the equipment to the lessor without further obligation

The proposed new International Accounting Standard 17 (IAS 17), *Leases* will make no distinction between operating and financing leases. Instead, all leases will be covered under the concept of “right-to-use” asset, which basically means the ability to use a specified asset over the term of the lease. Different financial statement reporting of leases will be required. The following are exceptions to the proposed new treatment:

- Mineral rights leases
- Leases less than 12 months
- Leases for biological and/or intangible assets
- Purchase and sale contracts

Objective of IAS 17 leases proposal

It is important for users of financial statements to have a clear picture of the lease obligations of both the lessee and the lessor. The objective of the proposed new standard is to facilitate a better understanding of debt financing as it relates to leases. The standard is intended to ensure that leases are reflected properly on the balance sheet and in the statement of cash flow.

Current financial statement presentation

The two leasing options lead to different financial statement presentation for companies, Financing lease option and Operating lease option.
Financing lease option

Balance sheet
Property, plant and equipment — Capital lease

Liabilities
Short-term debt — Current portion of capital lease
Interest payable — Capital lease (based on accrual accounting)
Long-term debt — Capital lease

Income statement
Lease expense — Property, plant and equipment
Financing charge — Lease

Operating lease option

Balance sheet
No inclusion, but a note included around the financial obligations for leases

Income statement
Lease expense

The current presentation would mean that certain ratios would be impacted by the proposed new IAS 17, as shown in Table 1.

TABLE 1
Ratio and potential impact

<table>
<thead>
<tr>
<th>Ratio</th>
<th>Financing lease</th>
<th>Operating lease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt ratios</td>
<td>Debt ratios would increase. Could cause issues with restrictive covenants, especially if you have to maintain certain debt levels.</td>
<td>Debt ratio would not be impacted. Current process has leases shown as a note to the financial statements.</td>
</tr>
<tr>
<td>Return on assets</td>
<td>Would increase the total assets and impacted ratio</td>
<td>Operating lease would not be included in return on assets; would give a more favourable return.</td>
</tr>
<tr>
<td>Income statement ratio</td>
<td>You would show two items: • Amortization • Financing expense</td>
<td>You would show one item: • Lease expense</td>
</tr>
</tbody>
</table>

Readers/users of financial statements would have a hard time understanding the financial results, because different companies would treat leases differently; therefore, ratios could be distorted company by company and possibly by the same companies within the same industry.

Other reporting concerns

Leasing is a common method of debt financing used by many different sectors, which means that the overall preparation of financial statements will be greatly influenced by the proposed changes, for example:

• The lessee will need to set up items and keep track of all right-to-use assets, which means more detailed sub-ledgers and/or the requirement to set up a separate property, plant and equipment sub-ledger for right-to-use assets. The lessee will need to keep track of the debt
schedules, which means establishing a system to identify each lease separately as part of the right-to-use asset class.

- Property, plant and equipment will include both purchased (outright/bank loan) and right-to-use assets. The increase in property, plant and equipment will have an impact on the return-on-asset calculation and other ratios/metrics.

**Leases — Contract and recognition**

Assets and liabilities recognized by the lessee and lessor would be measured on a basis that

- assumes the longest possible lease term that is more likely than not to occur, taking into account the effect of any options to extend or terminate the lease;

- uses an expected outcome technique to reflect the lease payments, including contingent rentals and expected payments under term option penalties and residual value guarantees, specified by the lease;

- is updated when changes in facts or circumstances indicate that there would be a significant change in those assets or liabilities since the previous reporting period.

**Accounting for lessee**

**Lesseec recognition of the lease (Lesseec model)**

Under the proposed new standard, the lessee will recognize an asset representing its right to use the leased (“underlying”) asset for the lease term (the “right-to-use” asset) and a liability to make lease payments.

**TABLE 2**

<table>
<thead>
<tr>
<th>New lessee accounting</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance sheet</strong></td>
</tr>
<tr>
<td>Right-to-use asset</td>
</tr>
<tr>
<td>Liability to make lease payment</td>
</tr>
</tbody>
</table>

**Lesseec measurement**

The lessee will set up the liability based on the PV (Present Value) of the lease payments. In determining the present value of lease payments payable, the lessee shall include the following.

- An estimate of contingent rentals payable. If the contingent rentals depend on an index or a rate, the lessee shall determine the expected lease payments using readily available forward rates or indices. If forward rates or indices are not readily available, the lessee shall use the prevailing rates or indices. (A rental is contingent when the lessee must pay an extra amount based on sales or profitability.) Contingent rentals also include common area costs.

- An estimate of amounts payable to the lessor under residual value guarantees. Residual value guarantees that are provided by an unrelated third party are not lease payments. (The residual value is the future value of equipment/vehicle/building based on a depreciation factor; it is like a salvage value.) The residual value can vary depending on the term of the lease.

- An estimate of expected payments to the lessor under term option penalties.

The exercise price of the purchase option included as part of the lease contract is not part of a lease; therefore the purchase option is not included in determining the present value of lease payments.
TABLE 3
Setup and subsequent accounting for leases

<table>
<thead>
<tr>
<th></th>
<th>Initial measurement</th>
<th>Subsequent measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liability to make lease payments</td>
<td>PV of lease payments discounted using an incremental borrowing rate</td>
<td>Amortized cost No revision of incremental borrowing rate</td>
</tr>
<tr>
<td>Right-to-use asset</td>
<td>Cost = (liability to make lease payments)</td>
<td>Amortized cost (option to revalue*)</td>
</tr>
</tbody>
</table>

* Revaluation of entire class of property, plant and equipment is required if right to use is revalued.

Reference: IAS 17, sections 10-27

Transition rules for lessee
The lessee will set up the right to use for the remaining part of the lease and amortize this over the remaining period, including the financing cost, and so on. This means that liability and asset will be set up. The operating lease expense lines would be replaced with the lease expense and financing charge (interest expense). Companies may want to identify leases of less than 12 months as separate items on the income statement.

The original setup of the leases of more than 12 months will be based on the fair value of the lease using the discount rate that was used at the inception of the lease. This will require companies to maintain detailed records for each lease, including expiration date, lease payment, and so on.

Accounting for lessor

Lessor recognition of the lease (Lessor model)
Based on exposure to risks or benefits of the underlying asset during or subsequent to the expected term of the lease contract,

- counterparty credit risk is not considered.

The lessor will recognize an asset representing its right to receive lease payments and, depending on its exposure to risks or benefits associated with the underlying asset, will apply one of the following accounting methods.

- If a lessor retains exposure to significant risks or benefits associated with an underlying asset, the lessor shall apply the **performance obligation** accounting method for the lease. (paragraph 29)

- If a lessor does not retain exposure to significant risks or benefits associated with an underlying asset, the lessor shall apply the **derecognition** accounting method for the lease. (paragraph 29)

Important
Once the accounting method for the lease has been determined, it cannot be changed.
**Performance obligation**

The performance obligation accounting method is used if the lessor retains exposure to significant risks or benefits associated with the underlying leased asset. In this approach, the underlying asset is considered to remain the property of the lessor, and the lessor is committed to allow the lessee to use the underlying asset during the term of the lease contract.

**TABLE 4**

**Financial statement presentation — Performance obligation**

<table>
<thead>
<tr>
<th>Balance sheet</th>
<th>Income statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying asset $</td>
<td>Lease income $</td>
</tr>
<tr>
<td>Right to receive lease payment $</td>
<td>Deduct: Depreciation expense $</td>
</tr>
<tr>
<td>Deduct: Lease liability $</td>
<td></td>
</tr>
<tr>
<td>Net lease asset (liability) $</td>
<td>Interest income $</td>
</tr>
</tbody>
</table>

**Derecognition**

Under the derecognition accounting method, economic risks and benefits associated with the underlying leased asset are considered to transfer to the lessee at the commencement of the lease. The lessor would derecognize a portion of the carrying amount of the leased asset that represents the lessee’s right to use the underlying asset during the term of the lease.

**TABLE 5**

**Financial statement presentation — Derecognition**

<table>
<thead>
<tr>
<th>Balance sheet</th>
<th>Income statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residual asset $</td>
<td>Revenue $</td>
</tr>
<tr>
<td>Right to receive lease payment $</td>
<td>Deduct: Cost of sales $</td>
</tr>
<tr>
<td></td>
<td>Interest income $</td>
</tr>
</tbody>
</table>

**Reference:** IAS 17, sections 28-63

In both cases, the lease is set up as an asset on the lessor’s accounting system. However, the difference is that under the derecognition method, the ownership of the asset is deemed to transfer to the lessee as part of the lease contract. The performance obligation method does not recognize any change in ownership.

**Transition rules for lessor**

The lessor will recognize lease receivables for all outstanding leases as of the date of initial application using a simplified retrospective approach. The lease receivable will be measured at the PV of the outstanding lease payments, discounted using the rate charged to the lessee at the inception of the lease, subject to any adjustments to reflect any changes in impairment of the lease.

For leases under the performance obligation method, the lessor will recognize a lease liability and re-instate any previously derecognized underlying assets. The lessor’s lease liability will be measured on the same basis as the receivable, at the date of initial application. Previously derecognized assets will be measured at depreciated cost, adjusted for any impairment and...
revaluation. For leases under the derecognition method, the lessor will recognize the residual asset at fair value, determined at the date of initial application.

**Short-term leases**

With short-term leases, at the inception date of a lease the lessee may elect on a lease-by-lease basis to measure, both at initial measurement and subsequently,

- the liability to make lease payments at the undiscounted amount of the lease payments;
- the right-to-use asset at the undiscounted amount of lease payments plus initial direct costs.

Lessees shall recognize lease payments in profit or loss over the lease term.

*Reference: IAS 17, sections 64 and 65*

**Sales and leaseback**

If a transferor transfers an asset to another party and leases the asset back from the other party, both the transferor and the transferee will account for the transfer contract and the lease contract

- entered into at or near the same time;
- negotiated as a package with a single commercial objective;
- performed either concurrently or consecutively.

The transferor will account for transactions that meet the criteria in the following way:

- If the transfer meets the conditions for a sale, the transferor will account for the sale in accordance with the applicable IFRS standard.
- If the transfer does not meet the conditions for a sale, the transferor will account for the contract as right to use. The transferor will use the derecognition method for lease accounting.

*Reference: IAS 17, sections 66, 67, 68, 69*

**Subleases**

In a sublease arrangement, one party (the intermediate lessor) acts as both the lessor and lessee of the same asset. That is, one party obtains the right to use the underlying asset under the head lease, and acts as the lessor in the sublease, whereby it conveys the right to use the underlying asset to a different party for the same or a shorter term.

The new proposal does not provide different measurement requirements for the assets and liabilities that arise in a sublease. The lessee accounting model would be applied to the assets and liabilities that arise in the head lease, and the lessor accounting model would be applied to the assets and liabilities that arise in the sublease.

**Contingent rentals**

Contingent rental costs relate to maintenance items (truck, equipment, etc.) that are usually included as separate components of the lease contract. Contingent rentals can be accounted for in the following way.

- Re-assess the length of the lease term in accordance and adjust the right-to-use asset to reflect any resulting change to the liability to make lease payments arising from changes to the lease term.
• Re-assess the expected amount of any contingent rentals and expected payments under term option penalties and residual value guarantees. A lessee shall recognize any resulting changes to the liability to make lease payments in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

A lessee shall distinguish changes in contingent rentals and expected payments under term option penalties and residual value guarantees that relate to current or prior periods from those that relate to future periods. A lessee shall recognize changes in the expected amount of such payments.

For example, when lease payments depend on the amount of the lessee’s sales, changes relating to sales in the current or prior periods are recognized in profit or loss, whereas changes relating to expectations of future sales are recognized as an adjustment to the right-to-use asset.

A lessee shall not change the rate used to discount the lease payments except to reflect changes in reference interest rates when contingent rentals are based on those reference interest rates. When contingent rentals are based on reference interest rates, a lessee shall recognize any changes to the liability to make lease payments arising from changes in the discount rate in profit or loss.

**Reference:** IAS 17, sections 17, 18, 19

### Amortization of right to use

If a lessee measures the right-to-use asset at amortized cost, it shall amortize the asset on a systematic basis from the date of commencement of the lease to the end of the lease term, or over the useful life of the underlying asset, if shorter. The lessee shall select the amortization method and review the amortization period and amortization method in accordance with IAS 38, *Intangible Assets*.

**Reference:** IAS 17, section 20

### Remeasurement/revaluation

A lessee shall measure a right-to-use asset at its fair value at the date of revaluation less any amortization and impairment losses arising after the date of revaluation if it revalues all owned assets in that class of property, plant and equipment, in accordance with IAS 16, *Property, Plant and Equipment*. For the purposes of this revaluation, fair value need not be determined by reference to an active market. If a lessee measures a right-to-use asset at a revalued amount, it shall revalue all right-to-use assets relating to the class of property, plant and equipment to which the underlying asset belongs.

Companies will be required to provide revaluation/impairment testing on leases on a periodic basis to determine if there is any material difference in the fair value of a lease. At each reporting date, the lessee or lessor reassesses which outcome it considers most likely to occur on the basis of any new facts or circumstances indicating that there would be a significant change in the recognized right to receive lease payments or liability to make lease payments since the previous reporting period.

The lessee and lessor may have different information regarding the likelihood of an option being exercised, and therefore may reach different decisions about what is the most likely outcome.
If the lessee revalues a right-to-use asset in accordance with section 21 (IAS 17), it shall recognize gains and losses on revaluation in the statement of comprehensive income in accordance with IAS 38, *Intangible Assets*.

**Reference:** IAS 17, sections 54 and 55

### Leases with options

**Purchase option — Outright**

A lease contract shall be considered as terminated when an option to purchase the underlying asset is exercised. Thus, a contract would be accounted for as a purchase (by the lessee) and a sale (by the lessor) when the purchase option is exercised.

**Reference:** IAS 17, section 15

### Renewal option

**Lessor approach**

The lessor will need to determine the probability of renewing the lease, which involves analyzing each lease individually and basing this analysis on the historical trends of similar leases on renewal. The renewal part of the lease is very important as it leads to how the liability and lease are initially recorded. The following example shows the probability determinations of renewal on which the lease term is based.

An entity may have a lease that has a non-cancellable 7-year term, an option to renew for 5 years at the end of 7 years, and an option to renew for an additional 5 years at the end of 12 years. Assume that the entity determines the probability for each term as follows:

- 40% probability of 7-year term
- 30% probability of 12-year term
- 30% probability of 17-year term

There is 100% chance the lease will have 7-year term. The probability increases to 70% for the lease to be 7 years or more. There is only a 30% chance the lease would be 17 years. Therefore, the longest possible term for this example would be 12 years.

The lessor can use the following factors as guidance:

- **Contractual factors**, which are the explicit contractual terms that could affect whether the lessee extends or terminates the lease. Examples of contractual factors are the level of lease payments in any secondary period (bargain, discounted, market or fixed rate), the existence and amount of any contingent rentals or other contingent payments such as payments under term option penalties and residual value guarantees, and the existence and terms of any renewal options and costs associated with returning the underlying asset in a contractually specified condition or to a contractually specified location.

- **Non-contractual factors**, such as statutory law or the financial consequences of a decision to extend or terminate the lease that the contract does not state explicitly. Examples of non-contractual factors are local regulations that affect the lease term, the existence of significant leasehold improvements that would be forgone if the lease were terminated or not extended, non-contractual relocation costs, costs of lost production, tax consequences, and costs associated with sourcing an alternative item.

- **Business factors**, such as whether the underlying asset is crucial to the lessee’s operations, whether the underlying asset is a specialized asset, or the location of the asset.

- **Other lessee-specific factors**, such as the lessee’s intentions and past practice.
The lessor will need to weigh the above factors along with historical trends on renewals for particular industries, company sizes, or similar market comparisons.

All work and assumptions will need to be documented to support the lease calculation.

The above-mentioned factors are used to determine the value of the leases under sections 13, 34, and 51 of IAS 17.

**Accounting approach when lease is not renewed**

If the lessee or lessor determines that renewal is more likely than not to occur, the lease term for the lessee or lessor is 15 years. In that case, the following accounting approach would apply.

- The lessee would recognize a liability to make lease payments equal to the present value of 15 years of lease payments.
- If the lessor retains exposure to significant risks or benefits associated with the underlying asset, the lessor would recognize a receivable and a liability equal to the present value of 15 years of lease payments. The lessor would continue to recognize the underlying asset.
- If the lessor does not retain exposure to significant risks or benefits associated with the underlying asset, the lessor would recognize a receivable equal to the present value of 15 years of lease payments and would derecognize a portion of the underlying asset.

**Truck lease example**

The following tables show how a truck lease would be accounted for under the new IAS 17 standard.

**TABLE 6**

**Truck lease — Accounting method**

<table>
<thead>
<tr>
<th>Vehicle cost</th>
<th>$115,000.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease term</td>
<td>60.00</td>
</tr>
<tr>
<td>Total monthly lease</td>
<td>$2,464.18</td>
</tr>
<tr>
<td>Mileage component of rent (contingent)</td>
<td>$395.00</td>
</tr>
<tr>
<td>Basic rent</td>
<td>$2,069.18</td>
</tr>
<tr>
<td>Lessee borrowing rate</td>
<td>6.0%</td>
</tr>
<tr>
<td>Basic rent</td>
<td>$107,009.82</td>
</tr>
<tr>
<td>Basic mileage</td>
<td>20,433.00</td>
</tr>
<tr>
<td>Total capitalized amount</td>
<td>$127,442.82</td>
</tr>
</tbody>
</table>

**Set up entries — Lessee**

<table>
<thead>
<tr>
<th>DR</th>
<th>CR</th>
</tr>
</thead>
<tbody>
<tr>
<td>$107,009.82</td>
<td>$107,009.82</td>
</tr>
<tr>
<td><strong>Right-to-use leased asset</strong></td>
<td><strong>Capitalized lease obligation</strong></td>
</tr>
</tbody>
</table>

To record the lease at inception (pv of rents)

<table>
<thead>
<tr>
<th>DR</th>
<th>CR</th>
</tr>
</thead>
<tbody>
<tr>
<td>$20,433.00</td>
<td>$20,433.00</td>
</tr>
<tr>
<td><strong>Right-to-use asset</strong></td>
<td><strong>Capitalized lease obligation</strong></td>
</tr>
</tbody>
</table>

To record est. contingent rents at inception (pv of est. mileage)
**Monthly charges**

- Lease expense $1,534.13
- Lease expense — Maintenance charge $292.84
- Interest expense $637.21

**Monthly profit and loss charge** $2,464.18

**Profit and loss charge (1st month)**

- Lease expense $1,534.13
- Lease expense — Maintenance charge $292.84
- Interest expense $637.21

**Total charge** $2,464.18

**Balance sheet (1st month payment)**

**Fixed assets**

- Right to use $127,442.82
- Accumulated depreciation $1,826.96

**Net** $125,615.86

**Liabilities (1st month payment)**

- Capitalized lease obligation $127,442.82
- Principal $1,826.96

**Net balance** $125,615.86 *(should tie to the Amortization Schedule)*

**TABLE 7**

**Truck lease — Effective interest calculation**

**A. Truck lease payments**

<table>
<thead>
<tr>
<th>Period</th>
<th>Total payment</th>
<th>Interest</th>
<th>Principal</th>
<th>Outstanding balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$2,069.18</td>
<td>$535.05</td>
<td>$1,534.13</td>
<td>$107,009.82</td>
</tr>
<tr>
<td>2</td>
<td>$2,069.18</td>
<td>$527.38</td>
<td>$1,541.80</td>
<td>$105,475.69</td>
</tr>
<tr>
<td>3</td>
<td>$2,069.18</td>
<td>$519.67</td>
<td>$1,549.51</td>
<td>$103,933.89</td>
</tr>
<tr>
<td>4</td>
<td>$2,069.18</td>
<td>$511.92</td>
<td>$1,557.25</td>
<td>$102,384.39</td>
</tr>
<tr>
<td>5</td>
<td>$2,069.18</td>
<td>$504.14</td>
<td>$1,565.04</td>
<td>$ 99,262.09</td>
</tr>
</tbody>
</table>

**B. Truck lease maintenance**

<table>
<thead>
<tr>
<th>Period</th>
<th>Total payment</th>
<th>Interest</th>
<th>Principal</th>
<th>Outstanding balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$395.00</td>
<td>$102.17</td>
<td>$292.84</td>
<td>$20,433.00</td>
</tr>
<tr>
<td>2</td>
<td>$395.00</td>
<td>$100.70</td>
<td>$294.30</td>
<td>$19,845.87</td>
</tr>
<tr>
<td>3</td>
<td>$395.00</td>
<td>$ 99.23</td>
<td>$295.77</td>
<td>$19,550.10</td>
</tr>
<tr>
<td>4</td>
<td>$395.00</td>
<td>$ 97.75</td>
<td>$297.25</td>
<td>$19,252.85</td>
</tr>
<tr>
<td>5</td>
<td>$395.00</td>
<td>$ 96.26</td>
<td>$298.74</td>
<td>$18,954.11</td>
</tr>
</tbody>
</table>
Property lease example

The following tables show how a property lease would be accounted for under the new IAS 17 standard.

TABLE 8
Property lease — Accounting method

A company enters into a property lease to lease 1500 (sq. footage). The term of the lease is five years with an option to renew for five years.

<table>
<thead>
<tr>
<th></th>
<th>DR</th>
<th>CR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual lease</td>
<td>$225,000</td>
<td></td>
</tr>
<tr>
<td>Square footage</td>
<td>1,500</td>
<td></td>
</tr>
<tr>
<td>Price per square footage</td>
<td>$ 150</td>
<td></td>
</tr>
<tr>
<td>Interest rate</td>
<td>5.5%</td>
<td></td>
</tr>
<tr>
<td>Term</td>
<td>60</td>
<td></td>
</tr>
<tr>
<td>PV of lease</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lease payment</td>
<td>$ 4,298</td>
<td></td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>$168,750</td>
<td></td>
</tr>
<tr>
<td>Lessee Right-to-use asset</td>
<td>$225,000</td>
<td></td>
</tr>
<tr>
<td>Liabilities under lease</td>
<td></td>
<td>$225,000</td>
</tr>
</tbody>
</table>

To set up the obligation for the lease

Lessee Monthly lease charge — Profit and loss

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease expense — Right to use</td>
<td>$ 3,267 *</td>
<td></td>
</tr>
<tr>
<td>Interest expense — Right to use</td>
<td>$ 1,031 **</td>
<td></td>
</tr>
</tbody>
</table>

Lessee Leasehold improvements — Profit and loss

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold amortization</td>
<td>$ 2,813</td>
</tr>
</tbody>
</table>

Accumulated depreciation — Leasehold $ 2,813

* See Table 9 for correlation.
**See Table 9 for correlation.

TABLE 9
Property lease — Effective interest calculation

<table>
<thead>
<tr>
<th>Period</th>
<th>Payment</th>
<th>Interest</th>
<th>Principal</th>
<th>Carrying value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$225,000</td>
</tr>
<tr>
<td>1</td>
<td>$4,298</td>
<td>$1,031 **</td>
<td>$3,267 *</td>
<td>$221,734</td>
</tr>
<tr>
<td>2</td>
<td>$4,298</td>
<td>$1,016</td>
<td>$3,281</td>
<td>$218,452</td>
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* See Table 8 for correlation.
**See Table 8 for correlation.
More information

The article Taking the ‘Ease’ Out of ‘Lease’? will provide you more information on the leasing industry and the potential impact the proposed new IAS 17 standard will have on leasing.

Articles in this series will discuss:
IFRS 1 First-time Adoption of IFRS
IFRS 3 Business Combinations
IFRS 7 Financial Instruments: Disclosures
IAS 1 Presentation of Financial Statements
IAS 16 Property, Plant and Equipment
IAS 17 Leases
IAS 27 Consolidated and Separate Financial Statements
IAS 32 Financial Instruments: Presentation
IAS 36 Impairment of Assets
IAS 37 Provisions, Contingent Liabilities and Contingent Assets
IAS 38 Intangible Assets
IAS 39 Financial Instruments: Recognition and Measurement

For a more comprehensive introduction to the proposed new IAS 17 standard, see the online course IAS 17, available on PD Net. You must be registered to access and purchase the course.

If you are not registered on PD Net, register now — it’s fast, easy, and free.

Paul Young has been a CGA since 1996. He has over 20 years of experience with multinational companies in the areas of financial analysis, reporting, business process improvements, and budgeting solutions. In addition, Paul is active with CGA-Canada curriculum development and provides teaching, course review, and tutoring services for various courses such as PF1, MS2, FN2, and FA4.