# New Lease Accounting Standards

Leasing Loses Altitude While Ownership Takes Off
Lisa the Leasing Leopard Changes Her Spots
Treatise on Leases (Covering Ind AS, IGAAP, IFRS and US GAAP), First Edition
G4+1 Position Paper
The Impact of Globalization on International Finance and Accounting
Proposed International Accounting Standard
Sale and Leaseback Transactions Involving Real Estate, Sales Type Leases of Real Estate, Definition of the Lease Term, and Initial Direct Costs of Direct Financing Leases
IFRS 16 New Lease Accounting
Leases (topic 842)
Issues Relating to Accounting for Leases
Leases: implementation of a new approach
IFRS 16 and Corporate Financial Performance in Italy: Lease accounting framework and the development of international Accounting standards
Accounting Theory
Efficiency Gains from Accounting Regulatory Compliance
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IFRS 3 Business Combinations
Accounting for leases
Wiley Not-for-Profit GAAP 2017
The Pros and Cons of Sale and Leaseback Transactions
How Does the IASB Use the Conceptual Framework in Developing IFRSs? An Examination of the Development of IFRS 16 Leases
IFRS 16 and Corporate Financial Performance in Italy
Leases, Preliminary Views

FRS 102
Statement of Financial Accounting Standards
Accounting for Leases
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Capitalisation of Operating Leases and Credit Ratings
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The Effect of Accounting Standards Update No. 2016-2, Leases (topic 842) on the Hospitality Industry
Accounting for leases. Analysis of the IAS 17 and its impact
The New Lease Accounting Standards (Topic 842)
The Future of Lease Accounting and Its Impact on Corporate Real Estate Decisions
New FASB Rules on Accounting for Leases
Proposed New Lease Accounting Standards
A Note on Leases
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## AVA SANTANA

Leasing Loses Altitude While Ownership Takes Off Springer Nature
The 'FASB Accounting Standards Codification' is the source of authoritative generally accepted accounting principles (GAAP) recognized by the FASB to be applied by nongovernmental entities. An Accounting Standards Update is not authoritative; rather, it is a document that communicates how the Accounting Standards Codification is being amended. It also provides other information to help a user of GAAP understand how and why GAAP is changing and when the changes will be effective.
**Lisa the Leasing Leopard Changes Her Spots** Bloomsbury Publishing
Presents complex materials in a clear and understandable manner. Incorporating the latest accounting standards and presenting the most up-to-date accounting theory from the top academic journals in accounting and finance throughout the world.
**Treatise on Leases (Covering Ind AS, IGAAP, IFRS and US GAAP), First Edition** GRIN Verlag
This book presents an empirical analysis on how the new lease accounting model of IFRS 16 affects financial statements and performance of Italian companies. It discusses the theoretical framework of the

off-balance sheet financing with a particular focus on the off-balance sheet lease contracts. Previous research provided controversial results about the potential impacts on the companies' financial statement and performance deriving from leases capitalization. The application of different methodological approaches based on estimation of the expected effects resulted in inconclusive results. This book aims to measure the real impacts deriving from the post-implementation of the new lease accounting standard (IFRS 16) on companies' financial statements, economic and financial performance, on market reactions and on financial statement' users.

G4+1 Position Paper GRIN Verlag

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*The Impact of Globalization on International Finance and Accounting* John Wiley & Sons

We examine how the International Accounting Standards Board (IASB) used the Conceptual Framework for Financial Reporting (Framework) in developing the new lease accounting standard International Financial Reporting Standard (IFRS) 16 Leases. We report three major findings in this paper. First, while the IASB used the Framework concepts to justify new lease accounting requirements, it also used an outside-the-Framework notion to justify a requirement. Second, accommodating constituents' demands, it introduced rules in IFRS 16 to mitigate their concerns relating to high implementation costs. Third, there are instances where the IASB did not apply appropriate concepts to justify lease accounting requirements. These findings have implications for setting IFRSs.

Proposed International Accounting Standard SAGE

The new era of lease accounting has been started with the introduction of International Financial Reporting Standard (IFRS) 16 – Leases. Leasing is a common form of finance for many businesses and will affect most of the companies involved in leasing and especially in sectors like the airline, telecom, retail, and shipping. Listed companies around the world having approx. The US $ 3.3 trillion worth of leases. The IFRS 16 will have a substantial impact on the financial statements and will improve the quality of financial information. This standard will bring significant transparency of companies' lease commitments. This book brings together 360 views from the computation of the present value of lease liability, accounting, presentation, disclosures, taxation impact, subsequent modification

and many more.
Sale and Leaseback Transactions Involving Real Estate, Sales Type Leases of Real Estate, Definition of the Lease Term, and Initial Direct Costs of Direct Financing Leases The New Lease Accounting Standards (Topic 842)The accounting treatment for operating leases has attracted attention from both business and academic communities. The progression of the operating lease from short-term low-risk rental activity to an extensive financing vehicle to hide liabilities posed a challenge to the accounting profession. The new lease accounting standards were launched with a background full of controversies. This study provided evidential support for the material changes in reported financial data after implementing the new lease accounting standards. The hypotheses testings utilized the paired t-test and its non-parametric alternative, Wilcoxon, to investigate the significance of the year-over-year differences in financial performance metrics measuring firms' asset efficiency, profitability, financial leverage, liquidity, and credit risk. The research results revealed significant changes in every category of financial performance. Firms with operating leases demonstrated more volatility in financial performance than firms not engaged in operating leases. Asset efficiency and profitability decreased while financial leverage increased. Other than expected higher assets and liabilities, most firms in the Standard & Poor's (S&P) Industrial Sector ended up with higher equity and cash holding positions. The significance of the changes in financial ratio reflects the magnitude of the differences in reported financial data pre and post the implementation of the new lease accounting standards.IFRS 16 New Lease Accounting
The essential not-for-profit GAAP reference, updated with the latest standards Wiley Not-for-Profit GAAP 2017 is the essential accounting resource for not-for-profit organizations, providing quick access to the most up-to-date standards and practical tools for implementation. Designed help you find the answers you need quickly and easily, this guide features helpful visual aids alongside detailed explanations tailored to the not-for-profit sector. Authoritative discussion covers Financial Accounting Standards Board (FASB) Accounting Standards Codification, which includes the standards originally issued in the Statements, Interpretations and Technical Bulletins; Accounting Principles Board Opinions, Accounting Research Bulletins, AICPA Statements of Position and FASB Emerging Issues Task Force statements relevant to the not-for-profit organization. The unique characteristics of the not-for-profit organization demand adherence to specific GAAP; auditors and preparers must understand these standards, stay up-to-date as they continue to evolve and know how to apply them in the course of real-world financial statement preparation. This book provides the guidance you need in a user-friendly format. Get up to date on the latest changes to GAAP affecting not-for-profit organizations Reference authoritative standards for measurement, presentation and disclosure Consult flowcharts, diagrams and charts to find answers at a glance Double-check disclosures against a checklist of GAAP requirements Accounting standards are constantly changing, and the special requirements targeting not-for-profits add

an additional challenge to full compliance. Instead of wading through dozens of volumes of official pronouncements to locate relevant information, consult an all-in-one resource targeted specifically to not-for-profit GAAP — one that is updated annually to bring you the most current information available. Wiley Not-for-Profit GAAP 2017 provides clear answers and practical guidance to help you streamline GAAP implementation and ensure compliance.

IFRS 16 New Lease Accounting WITSYNC Soft Solutions

The accounting treatment for operating leases has attracted attention from both business and academic communities. The progression of the operating lease from short-term low-risk rental activity to an extensive financing vehicle to hide liabilities posed a challenge to the accounting profession. The new lease accounting standards were launched with a background full of controversies. This study provided evidential support for the material changes in reported financial data after implementing the new lease accounting standards. The hypotheses testings utilized the paired t-test and its non-parametric alternative, Wilcoxon, to investigate the significance of the year-over-year differences in financial performance metrics measuring firms' asset efficiency, profitability, financial leverage, liquidity, and credit risk. The research results revealed significant changes in every category of financial performance. Firms with operating leases demonstrated more volatility in financial performance than firms not engaged in operating leases. Asset efficiency and profitability decreased while financial leverage increased. Other than expected higher assets and liabilities, most firms in the Standard & Poor's (S&P) Industrial Sector ended up with higher equity and cash holding positions. The significance of the changes in financial ratio reflects the magnitude of the differences in reported financial data pre and post the implementation of the new lease accounting standards.

Leases (topic 842) GRIN Verlag

Lisa the leopard loves leasing, but she's pretty unorganised. Lisa has to learn that if she puts effort into doing what she loves, it'll really pay off!

Issues Relating to Accounting for Leases GRIN Verlag

This paper evaluates the real effects of the new lease standard, Accounting Standards Codification (ASC) 842, on firms' investment and operational outcomes. Using a sample of airline companies, we find that after the issuance of ASC 842, public airlines (treatment firms) reduce operating lease usage by about 7-10 percentage points relative to private airlines (control firms). The reduced lease usage is replaced by increased ownership, consistent with the lost financial reporting benefits causing an equilibrium shift from leasing to buying. We also find evidence that the decline in lease usage hinders public airlines' operational flexibility and engenders more idle capacity in flights post-ASC 842. Public airlines respond to the excess capacity by deploying their aircraft to shorter flying routes, which may engender more wear and tear on the fleet. Overall, our paper documents both the expected and unexpected consequences of the new lease standard.

Leases: implementation of a new approach Springer

This study was conducted by Financial Executives Research Foundation (FERF) and Ventana Research, and sponsored by Cresa. The purpose of this research is to assess the potential impact that the leasing proposal (Accounting Standards Update, Leases (Topic 840)1), if finalized, will have on the financial statements and operations of companies. The study was primarily focused on the accounting for real estate leases, as property leases are the most material portion of the lease population. Leases of equipment are greater in number and will represent a significant compliance burden for companies, but they represent a smaller portion of the lease population by value. FERF received responses from 100 qualified participants from U.S. companies in a variety of industries. All of these participants indicated they are familiar with the proposal, and one-third indicated they have initiated a formal review of the proposal's potential impact on their companies. These respondents include chief financial officers (CFOs) and those who work in the finance/accounting function. --

**IFRS 16 and Corporate Financial Performance in Italy: Lease accounting framework and the development of international Accounting standards**

Lisa the leopard loves leasing, but she's pretty unorganized. Lisa has to learn that if she puts effort into doing what she loves, it'll really pay off!

**Accounting Theory**

Seminar paper from the year 2016 in the subject Business economics - Business Management, Corporate Governance, grade: 1.0, University of applied sciences Frankfurt a. M., course: Master of Business Administration, language: English, abstract: The objective of this work is to analyze and assess the pros and cons of sale and leaseback transactions (SLBTs) from different perspectives. For that purpose, mainly printed sources from leading authors in the area of finance and accounting as well as academic journals will be used. To include latest developments and insights, the author will reference publications by standardization bodies, the Big Four audit firms as well as consulting companies, among others. At first, the foundational framework will be established, including an overview of available financing methods and a definition on what is commonly understood by external as well as internal financing. The following sub-chapter drills deeper into the matter by defining what leases are and how they can be classified into different types. For that reason, operating and financial leases will be distinguished with reference to common accounting standards. Additionally, a practical example will illustrate this distinction. This is closely followed by the definition of sale and leaseback transactions including the prime characteristics of it. Also, a practical example will ensure clearer understanding. In the main part the pros of sale and leaseback will be assessed from the perspective of the seller as well as from buyer of the assets. The associated cons will be analyzed thereafter. Another practical example will serve to complement this section. In the next chapter the possible effects of changing regulations, laws and accounting practices regarding leases and SLBT’s will be outlined. This includes a practical example to illustrate and explain the effects of the new accounting standard “IFRS 16 Leases” on this subject from different perspectives. After that, a concise overview of typical sale and leaseback applications will follow.

**Efficiency Gains from Accounting Regulatory Compliance**

This thesis explores the likely impacts the proposed changes to lease accounting would have on corporate real estate decisions. The Financial Accounting Standards Board (SFASB) and the International Accounting Standards Board (IASB) plan to establish a unified set of principle-based accounting systems into a unified set of principle-based standards in an effort to improve financial transparency and comparability across world markets. One component of this plan, centered on reform of current lease accounting standards, would eliminate the distinction between capital and operating leases and require almost all leases to be recognized as an asset and liability on the balance sheet. This represents a significant departure from the current accounting guidance under Generally Accepted Accounting Principles (GAAP), which requires American companies are only required to disclose only limited information about future operating lease requirements in the footnotes of financial statements. What's more, empirical evidence suggests that many companies structure leases to obtain this type of offbalance- sheet financing that operating leases afford. For companies with relatively large operating lease portfolios, the new accounting standards would have a significant impact on their balance sheets. If these companies consider accounting treatment in their real estate decisions, they may be inclined to pursue alternative real estate strategies to mitigate this impact. That being said, the corporate real estate decision-making process is complex; therefore any strategy aimed at achieving a specific accounting treatment must consider other relevant and potentially more important factors. This study analyzes the proposed changes to lease accounting and explores how corporate real estate managers consider the effects of accounting in their real estate decisions. Specific hypotheses are tested through targeted interviews with a diverse group of public and private tenants and landlords to identify the variables that would determine a particular company's incentive to change its real estate strategy in response to new accounting guidelines. Results of interviews are discussed and predictions are made regarding the future of real estate leasing strategies.

<u>A comparison of leasing according to the treatment of different accounting principles and diverse treatment in loacal GAAP´s of major industrial countries</u>

Seminar paper from the year 2004 in the subject Business economics - Accounting and Taxes, grade: 1,0, University of Bayreuth, course: A critical analysis of international financial reporting issues, 41 entries in the bibliography, language: English, abstract: The globalisation of capital markets is driving the increasing convergence of accounting standards worldwide. Recently, the progress toward attaining a global financial reporting framework has accelerated, and many significant steps have been taken. The most important step is the formation of the International Accounting Standards Board (IASB), which replaced the International Accounting Standards Committee (IASC), as part of a comprehensive restructuring of the international accounting standard-setting organisation in March 2001. Since then the acceptance and adoption of International Accounting Standards/International Financial Reporting Standards (IAS/IFRS), hereafter referred to as IFRS, has been growing rapidly. From 01 January 2005 all publicly traded European companies shall account for their consolidated accounts according to IFRS. In accordance with § 292a German Commercial Code (Handelsgesetzbuch,HGB)German parent companies may account for their consolidated accounts only according to international accepted accounting standards, according to prevailing opinion such are IFRS and the United States Generally Accepted Accounting Principles (USGAAP).Due to the Accounting Law Reformation Act (Bilanzrechtsreformgesetz,BilReG)all publicly traded German companies shall account for their group accounts according to IFRS from 01 January 2005 except those that are already applying US GAAP (from 01 January 2007). Furthermore all enterprises may account for their individual accounts according to IFRS in addition to German Commercial Code which still is obligatory for tax, and profit determination and distribution purposes. Due to the commitment of applying IFRS for consolidated accounts international financial reporting issues need to undergo a closer examination. This paper deals with the accounting for leases. First current lease accounting standards are described with a focus on IAS 17 and its key differences to US GAAP and German Commercial Code. Next proposed improvements on current lease accounting standards are dealt with, focussing on new approaches discussed in the accounting and lease literature and a possible treatment of leases with optional features. After this the proposed approaches' effect on profit determination and distribution is discussed. The final part offers a conclusion to some of the issues raised in this paper.

*Accounting for Leases: a New Approach*

The Financial Accounting Standards Board (FASB) and International Accounting Standards Board (IASB) will re-expose in the first half of 2013 a revised joint proposal for a new lease accounting standard (FASB 2012). The proposed standard requires lessees to record operating leases as debt, making it more difficult for lessees to avoid liability recognition. We examine whether or not the debt impact of operating leases is reflected in bond ratings. Using the methodology of Damodaran (2009), we compare firms' actual credit ratings with synthetic ratings calculated using both reported financial statement data and financial statement data that has been adjusted to reflect the debt treatment of operating leases. We find that when operating leases are treated as debt, coverage ratios and synthetic ratings are significantly lower than those created under current accounting rules. In addition, we find that the actual ratings are significantly lower than unadjusted synthetic ratings, while synthetic ratings calculated using adjusted data approximate the actual ratings. This suggests that the debt impact of operating leases is important to ratings agencies and that the agencies incorporate available information into their ratings. However, information available under current accounting rules is incomplete. Given the importance of lease information and the incompleteness of the data available under current accounting rules, we suggest ratings may become more accurate under the proposed standard.

*IFRS 3 Business Combinations*

The Financial Accounting Standards Board (FASB) released a new standard on accounting for leases (Topic 842) in order to create more transparency in financial statements for its users. This new standard will no longer allow companies to keep leases classified as operating leases off the balance sheet. Instead, companies will be required to include a lease asset and lease liability on their balance sheet with every lease. This new standard will have a large impact on the financial statements and financial ratios of companies after it is enacted. This thesis will analyze the effect this new standard will have on the hospitality industry by looking at 10 hotel companies and 10 restaurant companies. These companies are the top 10 companies in both the Hotel, Casinos, and Resorts and Food Services industries on the Fortune 1000 listing. First, I will look at each company's percent of operating versus capital leases. Then, the effects on the balance sheet and income statement will be analyzed as well as four financial ratios. These ratios include return on assets, debt to equity, debt to assets, and interest coverage. The impact on these ratios is the most important result of this research.

**Accounting for leases**

Wissenschaftlicher Aufsatz aus dem Jahr 2011 im Fachbereich Jura - Zivilrecht / Handelsrecht, Gesellschaftsrecht, Kartellrecht, Wirtschaftsrecht, , Sprache: Deutsch, Abstract: Leasing is more and more understood as a modern form of financing of various assets, both in the commercial and the private sector. Leases have now become an integral part of economic life. With their multiple creative possibilities and variations, leases are an equitable alternative to buying and renting for companies. The diversity of different forms of leasing, and the fact that there is no uniform lease contract as a reference, results in lease accounting being one of the most difficult areas of accounting under almost all jurisdictions. [1] This diversity leads to an accounting system for leasing business with different possibilities to allocate positions in the P & L and balance sheet. Due to the lack of specific rules, leasing accounting is mostly based on general accounting principles. [2] In Germany, relevant tax decrees have impact on the local accounting. Leases are, in principle, not fixed on legal contract types, and this allows temporary grant of use and utilization of liquidity-friendly financing alternatives in the balance-sheet. Since most major accounting systems presuppose exclusion of pending transactions from the balance sheet, [3] companies used contracts for grant of use, such as lease, deliberately to influence the accounting. For example, sale and leaseback transactions are used to reduce the balance-sheet debt, though the physical property mapping has not changed. [4] The current lease accounting under IFRS 17 of the IASB is to be understood as a reaction to the existing situation in the various accounting systems. The aim of the standard setter was to capture the major part of the grant of use in the balance sheet. All postings, which change the asset allocation similar to an investment, should also be accounted as such. [5] The concept of economic ownership divides any grant of use in leasing into two classes. The finance leases which, simply put, means all long-term and investment-like grants of use, and operating leases, which are any other grants of use. This was still not sufficient for IASB members. Therefore chaired by Warren McGregor, the IASB issued a joint project with the U.S. Federal Accounting Standards Board (FASB), and since 2006, the lease accounting is on the agenda as an active reform project. Basis for reform efforts was the socalled McGregor paper of 1996. [6] [...]

*Wiley Not-for-Profit GAAP 2017*

Using the recent lease accounting standard change (ASC-842), I examine whether the process of complying with new accounting standards has positive spillover effects on operating efficiency through managerial learning. To separate managerial learning from the potential benefits of enhanced disclosures, I exploit the relatively long transition period (2017-2018), wherein managers had access to new information related to operating leases that was not disclosed to the market. I find that firms with a high proportion of operating leases experience an increase in profitability and a reduction in operating leases during the transition-period relative to other firms. I document that the results are not driven by substitution to capital leases or the purchase of PPE. Additional analyses reveal that the results are concentrated in firms with poor internal information environments and high business complexity. My results support the claim that the information generated through the compliance process can lead to efficiency gains.

*The Pros and Cons of Sale and Leaseback Transactions*

This technical note explains how to account for leases under Accounting Standards Codification 842. This new addition to US generally accepted accounting principles became effective for fiscal years beginning after December 15, 2019. The note provides broad treatment for how a lessee will account for a short-term, operating, and financing lease, and how a lessor will account for short-term and sales-type leases with and without manufacturing profit. The intent is to provide a brief overview of lease accounting. As such, it is most appropriate for MBA or finance students who need to understand the broad effects of leases on the balance sheet, income statement, and statement of cash flows.ExcerptUVA-C-2439May 28, 2020A Note on LeasesBackgroundAs you may have seen from your own personal experience, leases are contracts where the lessee obtains the right to use an asset (such as an apartment, vehicle, or other) in exchange for a series of regular payments to the lessor.While common in practice, these arrangements have caused challenges for standard setters and analysts. The big question is who owns the asset after the arrangement--the lessee, the lessor, or both? In the past (generally fiscal years 2018 and prior), many firms that leased assets were able to structure the lease in a way that made it appear that they were borrowing the asset for a short term. Therefore, the balance sheet did not include the asset or corresponding liability for the lease payments. Firms were motivated to structure leases in this manner in order to appear less levered. They could simply renew the short-term lease and continue operating the asset over long horizons without ever recording the asset and liability on the balance sheet.

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