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Lease Accounting: A Review of Recent Literature

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Abstract

Current lease accounting standards classify leases as either operating or finance leases. Operating leases do not require recognition of lease assets or lease liabilities on the balance sheet. Proposed changes to lease accounting would require a lessee to recognise assets and liabilities for most leases over 12 months and may improve the quality and comparability of financial reporting of the entity. In this paper we summarise the literature that can be related, directly or indirectly to the proposed changes by the IASB and the FASB on lease accounting. In summary, the literature highlights that the proposed changes would potentially have economic implications for both preparers and users of accounting reports; including changes to financial ratios, assessment of risk and providing an audit of the accounting reports.

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Notes

1. See Koller et al. (2010) for detailed explanations on the assumptions considered for the 8 times multiplier.

Related Research Data

Evidence that Market Participants Assess Recognized and Disclosed Items Similarly When Reliability Is Not an Issue
Source: SSRN Electronic Journal
Asset Securitizations and Credit Risk
Source: The Accounting Review
The Joint FASB/IASB Lease Project: Discussion And Industry Implications
Source: Journal of Business & Economics Research (JBER)
Leases and Debt: Complements or Substitutes? Evidence from Belgian SMEs
Source: Journal of Small Business Management
How do Auditors Perceive Recognized vs. Disclosed Lease and Pension Obligations? Evidence from Fees and Going-Concern Opinions
Source: International Journal of Auditing
Market Evaluation of Off-Balance Sheet Financing: You Can Run But You Can't Hide
Source: SSRN Electronic Journal
Amortized Cost for Operating Lease Assets

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