

COMMENTARIES ON ACCOUNTING FOR LEASES

James A. Largay III, Editor

The following three Commentaries were written to address issues related to accounting for leases, stimulated by the 2000 release of the FASB *Special Report*, "Leases: Implementation of a New Approach." All three are based on documents originally prepared for other purposes and revised for the general *Horizons*' readership. One need not be familiar with the *Special Report* to benefit from reading these articles. All that is needed is a keen interest in lease accounting issues.

The Commentary by Dennis Monson of KPMG LLP addresses lease accounting issues within the context of the FASB's Conceptual Framework. Based on a comment letter to the FASB, it uses numerical examples to illustrate the financial statement differences that arise under the two alternative approaches being considered and argues for one of the approaches based on the Framework's characteristics of useful accounting information.

The AAA's Financial Accounting Standards Committee regularly provides feedback to the FASB and other groups on documents of interest to those groups. This feedback frequently contains point-by-point responses to detailed issues raised in those documents. Their Commentary emphasizes the Committee's views on the characteristics of a conceptually sound leasing standard and how academic research bears on those characteristics and elements of the *Special Report*. The principal author is Stephen G. Ryan; copies of the complete Committee response to the FASB *Special Report* are available from him.

Robert Lipe's Commentary reviewing research on lease accounting is based on a longer paper commissioned for the AAA/FASB Financial Reporting Issues Conference held on December 8–9, 2000. Most research assesses the link between nonrecognized lease obligations and the risk of owning lessees' equity shares, but the income components produced by operating/capital lease treatment are also important. Robert also outlines fruitful areas for research in the lease accounting area.