

# Accounting for the New Lease Standard

## ASU 2016-02

### Course Description

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The purpose of this course is to review the changes made to lease accounting by ASU 2016-02, Leases, and to establish the principles that lessees and lessors shall apply to report useful information to users of financial statements about the amount, timing, and uncertainty of cash flows arising from a lease. Topics include a review of the new rules for lessees and lessors, the types of leases, how to account for the balance sheet, income statement and cash flows statement impacts of different types of leases, the implementation requirements, and more.

**Completion Deadline & Exam:** This course, including the examination, must be completed within one year of the date of purchase. In addition, unless otherwise indicated, no correct or incorrect feedback for any exam question will be provided.

**Course Level:** Overview. This program is appropriate for professionals at all organizational levels.

**CPE Credits:** 8 (CPA)

**Field of Study:** Accounting

**Prerequisite:** None.

**Advanced Preparation:** None

### Course Learning Objectives

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- Recognize a key change made to GAAP by the new lease standard
- Identify a type of lease that exists for a lessee under ASU 2016-02
- Recall a type of lease for which the ASU 2016-02 rules do not apply
- Recognize some of the criteria that determine whether a contract is or is not a lease
- Identify some of the types of economic benefits a lessee can obtain from a leased asset
- Recognize a right that ASU 2016-02 states does not prevent a lessee from having the right to direct use of an identified asset
- Identify a threshold for a lease term to be considered a major part of an asset's remaining economic life
- Recognize who an entity might not want to use the risk-free rate to compute the present value of lease payments
- Identify how a lessee should account for initial direct costs

- Recognize items that are and are not components of a lease term
- Recall the method a lessee should use to record interest expense on a lease obligation
- Identify types of leases for a lessor
- Recognize the rate that a lessor should use in performing the 90% test for a direct financing lease
- Recall how a lessor should initially account for initial direct costs for a lease in certain instances
- Identify how a lessor should account for lease payments received on the income statement for an operating lease
- Recall how a lessor should classify certain cash receipts on the statement of cash flows
- Recognize how certain existing leases are accounted for on the implementation date of ASU 2016-02
- Identify how deferred income taxes will be treated for lessees under ASU 2016-02
- Recall the potential impact that the new lease standard might have on a lessee's EBITDA and debt-equity ratios, and
- Recall the IRS rules as when an entity should and should not capitalize a lease for tax purposes.