



Leases

Handbook updates address questions to ask finance team

August 2025

Topic 842 affects almost all organizations, public and private, across all industries. The assets they lease encompass a wide range, including real estate, equipment, fleet and automobiles, among many others. Applying Topic 842 requires lessees and lessors to navigate new transaction types and economic events as they arise. Each year, new interpretations and scenarios arise which can influence how the standard should be applied.



Why management and audit committees should take note

The [August 2025](#) edition of our Handbook includes new and updated interpretations and examples. These come principally from our experiences with companies applying Topic 842 and our discussions with industry, preparer and peer groups. While our Handbook is 1,000+ pages in length, here are some focused questions you should be asking your Finance team.

Questions for your finance team



The following are just a few high-level conversation-starters. Our detailed 1000+ page [Leases Handbook](#) covers a broad range of topics related to the standard which may be more applicable to your company's unique circumstances.

How are acquired impaired ROU assets measured?

If an entity acquires an ROU asset that was previously impaired by the acquirer, it may be required to, in effect, reverse the impairment in purchase accounting.

[See: Question 11.1.215](#)

When should we reassess the asset grouping of ROU assets?

In some situations, it may be an aggregate or accumulation of lessee actions that will trigger a reassessment, instead of any single action.

[See: Question 6.5.60 and Example 6.5.25](#)

How do substitution rights or requests affect sale-leaseback accounting?

In recent years, there has been an increase in sale-leaseback transactions that include substitution rights for the seller-lessee. Different forms of such rights can affect sale/purchase accounting in different ways.

[See: Questions 9.1.35, 9.1.36, and 9.1.37](#)

Should we record onerous lease contract liabilities?

In general, we do not believe entities should record onerous lease contract liabilities between lease inception and lease commencement.

[See: Question 6.3.11](#)

How should we present the balance sheet?

Our updated Handbook outlines two acceptable presentation methods for lease incentive receivables that exceed the current portion of the lease liability.

[See: Question 6.9.11](#)

For more info

Visit our [Leases topic page](#) to get the latest guidance for lessees and lessors.