

Chapter 14 Outline

Leases and Their Uses
 Advantages and Disadvantages of
 Leases
 Provisions of Lease Contracts
Lease Accounting
 Classification of Leases
 Operating Leases
 Capital Leases
 Illustration of Accounting for Capital
 Leases
Leasehold Improvements
Leases and Their Effect on Financial Ratios
Choosing to Lease or Buy

Competencies

1. Define the basic terms of leasing, list the advantages and disadvantages of using lease agreements in clubs, and describe the common provisions of lease contracts. (pp. 307–309)
2. Describe the differences between operating leases and capital leases, and explain the accounting procedures involved in handling each type. (pp. 309–317)
3. Explain the role of leasehold improvements and the impact that leasing may have on financial ratios. (pp. 317–318)
4. Demonstrate the accounting steps involved in making the decision to lease or buy. (pp. 318–319)