FASAB
THE FEDERAL ACCOUNTING STANDARDS ADVISORY BOARD

Memorandum

DoW Briefing

August 6, 2026

To: Members of the Board
From: Josh R. Williams, Assistant Director
Thru: Monica R. Valentine, Executive Director
Subject: **Department of War Briefing -** (Topic D)

INTRODUCTION

The Department of War (DoW) requested a meeting with the Board to discuss potential amendments and accommodations to select federal accounting standards they believe will help them achieve an unmodified audit opinion by Fiscal Year 2028.

At the request of the FASAB chair, staff coordinated with the DoW to present their proposals for the August 2026 meeting. For this session, DoW representatives will present proposals related to the following standards:

- SFFAS 5, *Accounting for Liabilities of The Federal Government*
- SFFAS 6, *Accounting for Property, Plant, and Equipment*
- SFFAS 54, *Leases*
- SFFAS 62, *Transitional Amendment to SFFAS 54*

The DoW believes that targeted changes to the selected federal accounting standards would improve the usefulness of the DoW's financial data for decision-makers by aligning the standards with operational realities, which the DoW considers essential to achieve an unmodified audit opinion by Fiscal Year 2028.

REQUEST FOR FEEDBACK

Prior to the Board's August meeting, please review the attached presentation and provide any preliminary thoughts and questions by August 13, 2026.

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NEXT STEPS

Pending the outcome of the technical agenda discussion, staff will coordinate further with the DoW as appropriate.

ATTACHMENTS

1. DoW Presentation Slides
2. DoW Presenter Bios

APPENDIX

A. Due process timeline for Lease standards

Under Secretary of War (Comptroller)

FASAB Standard Accommodation and Standard Amendments

August 2026

Bottom Line Up Front (BLUF)

Purpose: The **FY 2024 NDAA** emphasized holding the DoW accountable to modernize its financial management systems; assess DoW's progress in remediating financial management deficiencies that were identified in previous audits and reports; and achieve a clean audit opinion by **December 31, 2028**.

The proposed targeted changes to federal accounting standards would improve the usefulness of DoW financial data for decision-makers by aligning it with operational realities and are considered essential for the DoW to achieve an unmodified audit opinion by Fiscal Year 2028.

Agenda

Topic	Content	Slide
BLUF		2
Standard Accommodations and Amendments	• SFFAS 54 & SFFAS 62: Leases • SFFAS 5: Accounting for Liabilities of the Federal Government and SFFAS 6: Accounting for Property, Plant, and Equipment – Clean up Costs	4 - 6 7-12

SFFAS 54 & SFFAS 62: Leases

- **FASAB Requirements**
  - SFFAS 54 requires DoW lessees to recognize a lease liability and a lease asset (federal lessor would recognize a lease receivable) at the commencement of the lease term, unless it is a non-intragovernmental short-term lease, contract or agreement that transfers ownership, or intragovernmental lease.

- **Implementation Challenges**
  - DoW components have prioritized efforts based on materiality and qualitative considerations. As a result, numerous DoW agencies have not implemented the lease standard.

- **Proposed Accommodation—SFFAS 54**
  - The DoW proposes a temporary deferral of the standard until **after** December 2029 (targeting implementation by September 30, 2030) to focus immediate resources on securing an unmodified audit opinion.

- **Proposed Adjustment—SFFAS 62 & Exposure Draft Practical Expedient**
  - The ED provides meaningful relief to allow agencies to elect not to assess certain contract for embedded leases; however, agencies would still be required to identify and capitalize material embedded leases in certain circumstances. Eliminating the embedded lease requirement entirely would promote consistency across agencies, reduce audit complexity, and allow resources to be focused on higher-risk areas.

Aligning Compliance with SECWAR & FY24 NDAA Audit Goals

- **Audit Priority Conflict:** The current SFFAS 54 compliance deadline places a lower priority accounting change in direct conflict with the DoW's primary objective of achieving an unmodified audit opinion by FY28, as mandated by the FY24 NDAA.

- **Resource Diversion Risk:** Forcing compliance in the immediate term would divert critical resources away from urgent, high-priority FY26 audit remedial areas (such as Fund Balance with Treasury (FBwT), high-value mission equipment like vessels and aircraft, real property, and inventory and operating material and supplies that support the warfighter.

- **Protecting Critical System Consolidation and Data Cleansing Efforts:** The Department is currently investing massive resources into eliminating redundant legacy IT systems and executing enterprise-wide data cleansing initiatives. Forcing immediate, granular compliance for SFFAS 54 lease exemptions would actively divert critical financial management personnel and funding away from these higher-priority modernization efforts, ultimately hindering our broader path to financial auditability. This will help the Department capture clean, reliable lease data once the systems-integration efforts are complete.

Benefit Comparison: Private Sector vs. Federal Government

Justification Category	Private Sector (FASB ASC 842 Baseline)	DoW Operational Reality	Strategic Argument to FASAB (Why SFFAS 54 is Not Applicable)
Primary User of Financial Info	Creditors & Investors: Need to evaluate the company's total debt obligations, off-balance-sheet leverage, and corporate liquidity.	Congress, POTUS, and public: Focus strictly on appropriations, cash outlays, and budgetary scoring under OMB Circular A-11.	Proprietary right-to-use lease assets and liabilities do not support the Budgetary Integrity reporting objective under SFFAC 1, Paragraph 112, which dictates that federal financial reporting should assist users in assessing budget status and compliance. Because DoW stakeholders manage operations strictly via budgetary resources under OMB Circular A-11, recording these proprietary liabilities fails to provide decision-useful information, violating the cost-benefit qualitative characteristic of SFFAC 1, Paragraphs 151–155.
System & ERP Audit Readiness	Standardized ERPs: Commercial entities utilize standard, readily adaptable cloud-based accounting systems to capture lease data.	Decentralized, Classified ERPs: The DoW operates across highly secure, legacy, and classified accounting networks.	Capturing the data required by SFFAS 54, Paragraph 40 (which lists 8 separate components to measure lease liabilities, including variable payments, residual value guarantees, and purchase options) and the extensive disclosures mandated under SFFAS 54, Paragraph 54 (as amended by SFFAS 60, Paragraph 22) requires tracking over 100 unique data elements. Implementing these complex tracking and disclosure systems across secure, decentralized military ERP networks diverts critical IT resources from the Congressionally mandated goal of general audit readiness.
Materiality & Cost-Benefit	Low Compliance Cost: Costs to implement ASC 842 are minor relative to total revenues, and directly benefit the cost of capital.	Extreme Implementation Cost: Tracking and auditing military lease inventories in a war zone requires immense resources with zero operational return.	The reporting burden directly contradicts FASAB's conceptual core; specifically, SFFAC 5, Paragraph 7 establishes that an item meeting basic recognition criteria should still not be recognized if precluded by "materiality or cost-benefit considerations." Grounded in SFFAC 1, Paragraph 151, which mandates that the benefits of financial reporting must exceed the combined preparer and user costs, capitalization under SFFAS 54 lacks the tangible cost-of-capital benefits of commercial ASC 842 compliance, rendering the exhaustive tracking of these operational leases economically unjustified.

What if Analysis

Facts (in $M)

2025 Right-to-Use Lease Assets: $ 2,227

Total General and Right to Use PP&E:$ 2,013,061

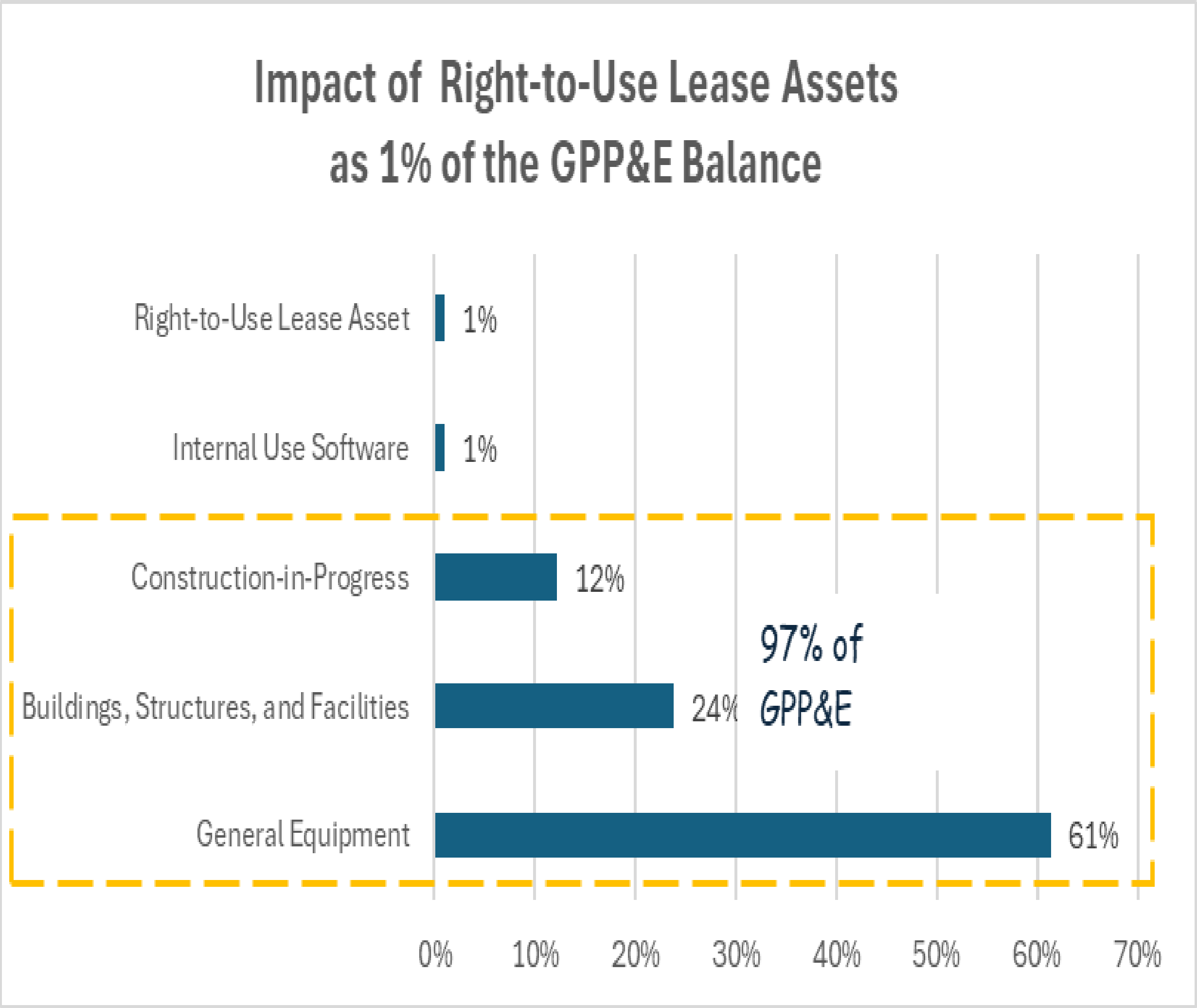
Assumption (in $M) (10x Increase in RTU)

2025 Right-to-Use Lease Assets: $ 20,130*

Total General and Right to Use PP&E: $ 2,030,964

Result

With a 10X increase in DoW Right to Use PP&E would still result in being > 1% of to PP&E



*Footnote: 2,013,061 x .01= $20,130

SFFAS 5: Accounting for Liabilities of the Federal Government and SFFAS 6: Accounting for Property, Plant, and Equipment – Clean up Costs

- **FASAB Requirements**
  - SFFAS 5 requires DoW entities to develop an estimate for asset-driven environmental and disposal liabilities at the time an asset is placed into service.

- **Implementation Challenges**
  - Estimates calculated at the beginning of an asset's life are significantly affected by inflation and other adjustments over many decades. Changes in technology and regulatory requirements can significantly impact future cleanup activities, further reducing accuracy of long-term projections. While these estimates undergo incremental changes, the disclosures do not accurately reflect the probable timing of the resource outflow.
  - The current liability estimates do not effectively inform the DoW's budgeting or risk management decisions. An estimate made decades before an actual expenditure provides little practical value for current operational planning.
  - Providing an estimate closer to when the resource outflow will actually occur would offer more useful and relevant information to both DoW decision-makers and financial statement readers. The current practice of adjusting estimates for decades fails to help users assess the government's present or future financial condition accurately.

- **Proposed Adjustment**
  - Requests an amendment to require the development of an estimate for asset driven environmental liabilities once an asset has been deemed or otherwise determined to be decommissioned. This amendment would provide an estimate closer to when the resource outflow will occur and align with mission execution.

Initial Cleanup Estimates Do Not Reflect Imminent Budgetary Needs

Early environmental liability estimates are fiscally irrelevant due to long, unpredictable asset service lives and uncertain final disposal methods.

- **Exceptionally Long Service Lives Delay Disposal**: Military assets are designed for extreme longevity, and their service lives are often extended for decades beyond their original engineering designs.
  - Strategic Aircraft: 30 to 70+ years
  - Nuclear-Powered Ships: 33 to 50+ years
  - Heavy Armor: 40+ years
- **Decommissioning is a Multi-Decade Process:** The timeline from an asset's deactivation to its final disposal is a lengthy, multi-phase process that can last over 15 years.
  - **Case Study: USS Enterprise (Nuclear Carrier):** Following a 51-year service life, the decommissioning and disposal process is projected to take 18 years (from 2012 to 2030). This includes a decade of defueling and storage before final dismantling could even be contracted.
  - **Case Study: USS Hawes (Conventional Ship): After a 26-year service life, the disposal process took 11 years. The ship sat in storage for nine of those years, primarily for parts harvesting, before being scrapped.**
- **Final Environmental Liability is Highly Uncertain:** The ultimate disposal method and its associated costs are inherently unpredictable at the time an asset is capitalized.

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  - **Foreign Military Sales (FMS):** Assets like ground vehicles, fighter jets, and naval vessels are frequently sold to allied nations, which transfers the environmental liability completely off the DoD's balance sheet.
  - **Alternative Dispositions:** Assets are often repurposed as artificial reefs or destroyed as targets in live-fire exercises (SINKEX), which fundamentally changes or eliminates the originally anticipated cleanup requirements.
  - **Combat Losses**: Assets may be destroyed in combat, which also eliminates any standard environmental clean-up scenario.
  - **Long-Term Storage for Parts Cannibalization:** A primary driver for the extended decommissioning timeline is the practice of keeping assets in long-term storage for years or decades (e.g., at the AMARG "Boneyard"). During this time, parts are harvested to sustain the active fleet, delaying the need for final disposal and its associated environmental cleanup costs.

Joint-Force Asset Lifecycle Overview

Decades-Away Cleanup Costs Lack Immediate Budgetary Value

Asset Class & Branch	Typical Service Life	Decommissioning Timeline	Primary Disposal Drivers
Strategic Aircraft (USAF Bombers/Transports)	30–70+ years	5–15+ years	Long-term AMARG storage, parts cannibalization, fluid draining, heavy metal abatement.
Nuclear-Powered Ships (Navy Carriers/Subs)	33–50+ years	10–15+ years	Reactor defueling, containment disposal, radioactive/HAZMAT abatement.
Conventional Surface Fleet (Navy)	35–40 years	3–7 years	Asbestos/PCB removal, hull dismantling, dry-dock soil remediation.
Heavy Armor (Army/USMC Tanks, IFVs)	40+ years (w/ SLEP)	2–5 years	Depleted uranium mitigation, heavy metal remediation, POL soil contamination.
Rotary-Wing Aircraft (Army/USMC)	30–40 years	3–7 years	Composite material disposal, fluid draining, civilian transfer (LESO).
Satellites & Orbital Tech (Space Force)	5–15+ years	Variable	Hydrazine fuel mitigation, total atmospheric incineration, graveyard orbits.

Real World Disposition Case Study –
The Nuclear Supercarrier: USS Enterprise (CVN-65)

- **Active Service Years:** 50 Years, 11 Months (Commissioned Nov 1961 – Inactivated Dec 2012)
- **Total Decommissioning & Disposal Process:** 18 Years (Ongoing: 2012 to Projected 2030)
- Because it has eight nuclear reactors (modern carriers only have two), it represents the most complex decommissioning challenge in maritime history.
- **December 1, 2012:** The ship completes her 25th and final deployment and is formally inactivated.
- **June 2013 – December 2016 (4 Years):** Huntington Ingalls Industries systematically defuels the ship's eight nuclear reactors at Newport News. This involves safely extracting highly radioactive fuel rods and transferring them to Idaho.
- **February 3, 2017:** The ship is officially decommissioned and stricken from the Naval Vessel Register.
- **2018 – 2024 (6 Years):** The ship sits in storage at Hampton Roads, Virginia, while the Navy, EPA, and GAO dispute how to safely dismantle her. Standard “SINKEX” target exercises are legally prohibited due to nuclear contamination risks.
- **2025 – 2030 (Projected 5 Years):** The Navy awards contract to NorthStar Maritime Dismantlement Services to tow the massive hull to Mobile, Alabama, to be entirely cut apart and recycled.
- **Actual Timeline:** 18 years to go from an active ship to completely recycled metal.

Real World Disposition Case Study –
The Close-Air Support Jet: Fairchild Republic A-10 Thunderbolt II (Warthog)

- **Active Service Years:** 53 Years (First Delivery 1976 – Projected Fleet Retirement 2029)
- **Total Decommissioning Process per Aircraft:** ~1 to 2 Years (Fleet divestment spans 7 years: 2022 to 2029)
- Unlike the rapid destruction of the F-14 Tomcat, the Air Force is executing a gradual, phased decommissioning of the A-10 fleet to transition pilots to F-35s.
- **FY 2023:** Congress finally lifts a decade-long block, permitting the Air Force to begin retiring the fleet.
- **March 2024:** The first active squadrons start transferring operational aircraft directly to the 309th Aerospace Maintenance and Regeneration Group (AMARG) "Boneyard" in Arizona.
- **March – September 2025:** The Maryland Air National Guard divests its entire local fleet of A-10Cs, flying them one-by-one to Arizona to be mothballed.
- **1 to 2 Years in Storage:** Once at AMARG, the planes undergo "Type 1000" preservation. They sit in the desert for 12 to 24 months as Logistical Support Assets so technicians can strip off their wings and avionics to repair the few A-10s still flying combat missions overseas.
- **Actual Timeline:** For a single aircraft, the journey from active runway to being stripped, crushed, and recycled takes roughly 2 years

DoW Presenter Biographies

Dr. Eddie Jo

Dr. Eddie Jo is a senior financial management leader with extensive experience leading audit remediation, financial policy, internal controls, and enterprise reporting across major defense organizations. He currently serves as the Division Chief of Policy & Standards within the Office of the Secretary of War, Office of the Under Secretary of War (Comptroller)/Chief Financial Officer, where he has driven enterprise modernization efforts, including overhauling the Department's 7,300-page Financial Management Regulation and establishing audit-enabling policies. His federal career includes senior leadership roles at the United States Secret Service, United States Military Academy at West Point, Army Forces Command, and prior Marine Corps service, where he consistently strengthened fiscal stewardship, improved internal controls, and delivered measurable audit readiness outcomes.

Mr. Pankaj "Pete" Prabhakar

Mr. Pankaj "Pete" Prabhakar is a seasoned financial leader and government auditor with over 15 years of federal and public sector experience. He currently serves as a Staff Accountant at the DoW Comptroller DCFO. Previously, Mr. Prabhakar served as the Deputy Assistant Inspector General for Audits at the DC Office of Inspector General, leading critical GAGAS-compliant audits and internal control reviews. His extensive federal career also includes serving as the Human Capital Director at the Defense Innovation Unit (DIU), Supervisory Executive Officer at the VA Office of Inspector General, Staff Accountant at the VA Office of Finance, and Senior Auditor at the Defense Contract Audit Agency (DCAA). Throughout his career, he has focused on audit readiness, internal controls, and the application of federal accounting and auditing standards. Mr. Prabhakar is also a U.S. Army veteran.

Leases project history

2011	Pre-issuance project on leases and related due process begins.[1]
Jan 2017	After extensive research, outreach, and preliminary deliberations, including coordination with the GASB where appropriate, FASAB proposes a comprehensive set of lease accounting standards, including lessee recognition of right-to-use (RTU) lease liabilities and lease assets (except for intragovernmental and short-term leases) in an exposure draft (ED).
Apr 2018	**SFFAS 54**, *Leases*, is issued to replace outdated and limited guidance under SFFAS 5 and 6. Previously, federal practitioners relied on legacy FASB guidance in effect at the time SFFAS 5 and SFFAS 6 were issued. This created inconsistencies in practice. SFFAS 54 provided a comprehensive set of accounting principles for federal entities to apply.
Early 2019	FASAB initiates the post-issuance phase of the leases project.
2019	AAPC leases task force begins meetings to discuss issues and support the development of implementation guidance.[2]
Oct 2019	FASAB hears from a panel of task force members.
Jun 2020	FASAB issues **SFFAS 58**, which deferred the effective date of SFFAS 54 for three years.[3]
Nov 2020	FASAB proposes leases implementation guidance and omnibus amendments under a joint ED.
Nov 2021	FASAB issues **SFFAS 60**, *Omnibus Amendments 2021: Leases-Related Topics*, and **TR 20**, *Implementation Guidance for Leases*.
Mar 2023	FASAB issues **TB 2023-1**, *Intragovernmental Leasehold Reimbursable Work Agreements.*
Apr 2023	FASAB issues **SFFAS 61**, *Omnibus Amendments 2023: Leases-Related Topics II*.
Oct 2023	FASAB issues **TR 22**, *Leases Implementation Guidance Updates*.
Feb 2023 Apr 2023	FASAB discusses research on implementation challenges and hears from experts during a clarification discussion.
Nov 2023	FASAB issues **SFFAS 62**, *Transitional Amendment to SFFAS 54*, which provided a three-year transitional accommodation for embedded leases.
Feb 2025	FASAB discusses an interim research report on FY 2024 reporting and audit results. The report included information on adoption of SFFAS 62.
May 2026	FASAB releases a proposed SFFAS ED titled *Embedded Leases Practical Expedient*.
Jul 2026	Staff publishes a final, non-authoritative research report on leases implementation.

[1] For a detailed history on the leases project, see the leases project page.

[2] The task force, which supported Board and AAPC (now ASIC) projects, met nine times between Sep. 2019 and Mar. 2021. Members remained engaged into FY 2022-2026 in support of research, monitoring, and PIR efforts. For a detailed history on implementation guidance efforts, see the ASIC leases implementation project page.

[3] **Table 1** below summarizes design elements in SFFAS 54, as amended by pronouncements reflected in this timeline, that improved scalability, reduced costs, and facilitated consistent application. Organized by topic area, the table also summarizes implementation guidance Q&As provided under TR 20, as amended by TR 22.

Table 1 – Summary of design elements addressing cost, scalability, and consistency

SFFAS 54 topic	Design elements (SFFAS 54 par.)
Scope	• "Underlying asset" (within the definition of a lease) was limited to PP&E following the exposure period. FASAB originally proposed "underlying nonfinancial asset" (par. 2, 6). • **SFFAS 54** excluded assets under construction and internal use software (par. 5). • **SFFAS 60** clarified the treatment of assets under construction and the related scope exclusion (par. 5.a). Guidance: TR 20, par. 4-19
Definitions	• **SFFAS 60** clarified the definitions of short-term leases and lease concessions to facilitate consistent application (par. 7, 10, 22, 70). • **SFFAS 60** provided conforming amendments to SFFAS 6 to facilitate consistent application (SFFAS 6, par. 18-19A and 26A).
Lease term	• **SFFAS 54** required assessments of counterparty options to extend or terminate be based on significant evidence (par. 15, 17). • **SFFAS 54** provided factors to consider when assessing the likelihood of options (par. 20). • **SFFAS 54** excluded cancelable periods and addressed other specific issues, including cancellation clauses, and specific provisions that should not be considered as options to terminate to facility consistent application and scalability (par. 19). • **SFFAS 61** clarified two specific provisions of the lease term guidance to facilitate consistent application (par. 19). • **SFFAS 54** limited the conditions in which lessees and lessors should reassess their lease terms to specific events to facilitate consistent application and scalability (par. 21). • **SFFAS 60** clarified two specific provisions of the lease term guidance to facilitate consistent application (par. 20-21). Guidance: TR 20, par. 20-31
Short-term leases	• **SFFAS 54** excluded short-term leases from RTU reporting and disclosure requirements for both lessees and lessors (par. 22-24, 39, 55). • **SFFAS 60** removed requirements to straight-line rent increases, rent decreases, and lease incentives/concessions) and clarified requirements for advances/prepayments of rent to facilitate consistent application (par. 22-24). Guidance: TR 20, par. 32-36
Ownership transfers	• **SFFAS 61** clarified scope and applicability of transfers of ownership reporting requirements to facilitate consistent application (par. 25; SFFAS 5, par. 43A). Guidance: TR 20, par. 37-40
Intragov. leases	• **SFFAS 54** excluded intragovernmental leases from RTU reporting requirements for both lessees and lessors (par. 39, 55). • **SFFAS 60** clarified the treatment of intragovernmental rental increases/decrease and removed requirements to straight-lining intragovernmental lease incentives/concessions (par. 29-33). • **SFFAS 54** removed legacy requirements for disclosing outyear future payments for intragovernmental lessees, by major class of asset, for the next 5 fiscal years and in 5-year increments thereafter (par. 37, 94). Guidance: TR 20, par. 41-43 • **SFFAS 60** removed a requirement for intragovernmental lessors to disclose a breakdown of the number of leases with federally owned assets and privately owned assets (par. 38).

SFFAS 54 Topic	Design elements (SFFAS 54 par.)
RTU leases: lessees	• **SFFAS 54** excluded variable payments and non-lease components from RTU recognition, measurement, and remeasurement requirements, while also providing guidance on allocating consideration to facilitate consistent application (par. 40-41, 72-77). • **SFFAS 61** simplified discounting requirements for lessees, including allowing for use of the risk-free rate and addressing discounting for leases with terms exceeding 30 years, to facilitate consistent application (par. 42-42C). • **SFFAS 54** limited the circumstances in which lessees should remeasure the lease liability and provided guidance for remeasuring the lease liability (par. 44-48). • **SFFAS 60** clarified that, when an option to purchase the underlying asset is probable of being exercised, lease asset amortization requirements are applicable only when the underlying asset is capitalizable and depreciable (par. 51). • **SFFAS 60** removed requirements for lessees to disclose the existence, terms, and conditions of residual value guarantees (par. 54). Guidance: TR 20, par. 44-63
RTU leases: lessors	• **SFFAS 54** excluded variable payments and non-lease components from RTU recognition, measurement, and remeasurement requirements, while also providing guidance on allocating consideration to facilitate consistent application (par. 56-57, 72-77). • **SFFAS 61** simplified discounting requirements for lessors, including allowing for use of the risk-free rate and addressing discounting requirements for leases with terms exceeding 30 years, to facilitate consistent application (par. 59-59C). • **SFFAS 60** clarified lease revenue recognition requirements (par. 65). Guidance: TR 20, par. 64-73
Lease incentives	• **SFFAS 60** clarified the scope and applicability of certain lease incentives and lease concessions requirements to RTU leases to facilitate consistent application (par. 71). Guidance: TR 20, par. 74-75A
Multiple component contracts	• **Proposed SFFAS XX** would permanently extend the transitional relief for embedded leases provided under SFFAS 62 (proposed par. 77A-77E). Guidance: TR 20, par. 76-81
Contract combos	Guidance: TR 20, par. 82-83
Mods and terminations	Guidance: TR 20, par. 84-89
Subleases	Guidance: TR 20, par. 90-91
Sale-lsbks Lease-lsbks	Guidance: TR 20, par. 92-96
Amendments	• **SFFAS 54** centralized guidance on leases and rescinded the limited guidance provided by SFFAS 5, par. 40-43, and SFFAS 6, par. 20 and 29. SFFAS 5 and 6 guidance required use of FASB guidance, which underwent numerous revisions following the issuance of SFFAS 5 and 6 and later under ASU 2016-02 and did not address certain factors unique to the federal environment.
Transition guidance	• **SFFAS 54** required prospective implementation in a manner consistent with SFFAS 21, par. 13, and it required that FY 2023 comparatives be presented as previously reported (par. 96, 97). • **SFFAS 62** provided a three-year transitional accommodation for embedded leases, allowing reporting entities to not assess whether certain contracts or agreements (or groups thereof) meeting certain eligibility criteria contain lease components to facilitate scalability and reduce upfront implementation costs (par. 96A-96E). • **SFFAS 58** extended the effective date by three years until fiscal year 2024 (par. 98). Guidance: TR 20, par. 97-99