

**BC – Significant accounting policies****Financing revenues**

Financing revenues are comprised of the following:

*a) Interest income*

Interest income related to finance receivables is recognized on an accrual basis, computed on the average daily finance receivables outstanding balance.

*b) Finance lease income*

Lease income related to finance leases is recognized over the terms of the applicable leases in a manner that produces a constant rate of return on the lease investment.

*c) Operating lease income*

Operating lease income is recognized over the term of the lease on a straight-line basis.

**Lease receivables**

Assets leased under terms that transfer substantially all of the benefits and risks of ownership to customers are accounted for as direct financing leases and included in finance receivables.

**Deferred origination costs**

BC defers the direct origination costs of finance receivables. These costs are amortized on a yield basis over the expected term of the finance receivables.