

PRESS RELEASE

FOR IMMEDIATE RELEASE

European leasing industry welcomes Monitoring Board's call for IASB/FASB to use G-20 timeline for convergence projects

On Friday 1 April, the IFRS Foundation Trustees (the governing body of the IASB), held a public meeting with the Foundation's Monitoring Board. The agenda included a review of progress made towards convergence between IFRS and US GAAP standards. During these discussions, the Monitoring Board urged the IFRS Foundation Trustees to ensure that the quality of accounting standards being developed as part of the IASB and FASB's convergence project is not compromised by unnecessary time pressure.

Monitoring Board member, EU Commissioner Michel Barnier, insisted in particular on the necessity for the IASB to achieve a high quality outcome for the key, very complex projects it is currently undertaking. These include accounting for financial instruments, revenue recognition and *leases*. The IASB has said it intends to finalise these projects by June 2011. However, Commissioner Barnier made it clear that the IASB should instead make use of the deadline for convergence projects set by the G-20, which is the end of 2011. The additional time would allow the IASB to fully take into account concerns of stakeholders and conduct field-testing of its proposals when needed.

Leaseurope, the trade federation representing the European leasing industry, welcomes the Monitoring Board's focus on high quality standards. The Federation considers that the G-20 timeline will give the IASB sufficient time to conduct much needed consultation on revised proposals for accounting for leases before issuing a final leases standard.

Mark Venus (BNP Paribas), Chairman of Leaseurope's Accounting Committee, explains "it is crucial for the IASB to consult on their revised proposals for a new leasing accounting standard. As accounting for leases affects such a wide spectrum of businesses, it is not unsurprising the Board received near to 800 comment letters on their original proposals. The vast majority of these letters expressed significant concerns on the relative costs and benefits of the new accounting model. The Board is now in the process of making changes to the original model but has to ensure that its constituents are given enough time to consider the implications of what could be fundamental changes to the initial approach. Without additional consultation, there is a significant risk the IASB issues a new standard that is not well constructed and could give rise to unforeseen consequences. Should this occur, further changes to lease accounting would have to be made in the short term. This would definitely represent a missed opportunity for the IASB, particularly as accounting for leases is undoubtedly one of their most important, long term projects."

Leaseurope's Director General, Tanguy van de Werve adds, "The European leasing industry has repeatedly called for the IASB to conduct an effects analysis of its proposals for a new lease accounting standard. Commissioner Barnier's message is crystal clear: if the IASB needs more time to carry out such work, it must take it. Together with additional consultation, this is the only way to achieve the high quality accounting for leases the EU, and other jurisdictions world-wide, expect."

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About Leaseurope

As a Federation, Leaseurope brings together 45 associations throughout Europe representing either the leasing, long term and/or short term automotive rental industries. The scope of products covered by Leaseurope's members ranges from hire purchase and finance leases to operating leases of all asset types (automotive, equipment and real estate) and also includes the rental of cars, vans and trucks. It is estimated that Leaseurope represents approximately 93% of the European leasing market.