

FOR IMMEDIATE RELEASE

Leaseurope welcomes IASB/FASB announcement to re-expose leases standard

BRUSSELS, 22 July 2011 - Leaseurope, the trade body representing the European leasing and rental industry, welcomes yesterday's announcement from the International Accounting Standards Board (IASB) and the US Financial Accounting Standards Board (FASB) that the standard setters will re-expose their revised proposals for a common leasing standard.

The announcement follows a more than 6 month period during which the Boards have been re-deliberating the original lease proposals they exposed for public comment last year. The proposals, which set out a model for capitalising all lease and rental contracts, were criticised in around 800 comment letters for being unnecessarily complex and failing to be conceptually consistent.

According to Mark Venus (BNP Paribas), Chairman of Leaseurope's Accounting Committee, "The decision to re-expose is the right one. We've seen many positive changes during the course of the Boards' re-deliberations on this project. These include moves to simplify some of the most complex and burdensome aspects of the proposed accounting for lessees. Just this week, we've also seen some significant improvements with the lessor accounting model, which is now conceptually consistent with the proposed right of use model for lessees. Nevertheless, it would have been premature to issue a final standard without first seeking feedback from preparers, users and auditors of accounts on the revised standard."

Mark adds, "Most importantly, re-exposure will provide the Boards with the opportunity to clarify what lease and rental contracts are and why they think they should go onto lessee balance sheets, without forgetting the implications for the income statement. Apart from raising the profile of these questions, this is something that the re-deliberation process has not shed any real light on. Yet these are obviously among the key issues in a leasing standard and must be addressed as a matter of priority."

Tanguy van de Werve, Leaseurope's Director General stresses that, "Almost every business leases or rents an asset at some point in time. In Europe alone, leasing accounts for around 20% of all equipment investment. European constituents, including ourselves, various other business representative organisations as well as the European Financial Reporting Advisory Group (EFRAG), have been calling for months for the Boards to re-expose their thinking on this important standard because of its pervasive nature. When it comes to standard setting, the devil is in the details and constituents need to have the opportunity to analyse comprehensive proposals to ensure they are being consistently understood and will not have any unintended consequences on European businesses and investment levels. We have high expectations of this re-exposure process and look forward to working closely with the Boards and our European interlocutors on this over the coming months."

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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. More information on Leaseurope and its members can be found at www.leaseurope.org.