

PRESS RELEASE

New Proposals to Change to IFRS Lease Accounting May Hinder Much-Needed EU Economic Growth

Brussels, 16 May, 2013 - After several years of re-considering proposals to change the international accounting standard for leases and rental transactions, the IASB and FASB have today released a revised draft standard for public comment.

Although the Boards have chosen to retain a “right of use approach” to lease accounting, the proposals have been substantially modified since they were last exposed for comment in 2010. Amongst the most important changes are a revised definition of a lease and a differentiation in treatment between equipment and real estate contracts.

The details of the new proposals will need to be carefully assessed. Nevertheless, the preliminary view of Leaseurope, the trade body representing the European leasing industry, is that both the conceptual soundness and the operability of the proposals are highly questionable. As a result, Leaseurope considers that they will not bring about a sufficient improvement in financial reporting to warrant the cost and complexity of changing the existing approach to IFRS lease accounting.

Speaking at a meeting of the heads of European leasing associations gathering in Brussels today to discuss the draft, Leaseurope Director General, Tanguy van de Werve commented, “in an environment where European policymakers are looking to promote businesses’ access to productive assets in an attempt to boost growth, tampering with the current principles-based, conceptually coherent accounting model for leasing is a big risk for the European economy. This is because today’s accounting clearly portrays the economic value of the various forms of lease arrangements out there. These range all the way from financing the use of an asset to providing a service solution where the client is effectively outsourcing all its asset-related needs to a provider.

Leaseurope calls on European policymakers, as well as on the many European businesses that use leases and rentals to obtain access to the equipment needed to run their business, to use the opportunity of this consultation to convey this message to the standard setters.”

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Notes to the Editors

Further background on Leaseurope’s views on the proposed changes to IFRS lease accounting, as well as information on the European leasing market, can be found in [Leaseurope’s Open Letter to the IASB](#) (Oct 2012).

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About Leaseurope

As a Federation, Leaseurope brings together 44 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 92% of the European leasing market.

For more information, please visit our website at www.leaseurope.org.