

PRESS RELEASE

FOR IMMEDIATE RELEASE

Leaseurope Submits Analysis on the Effects of IFRS 16 on the European Public Good to the European Commission

Brussels, 28 March 2017 – Leaseurope has today submitted a paper on possible effects of the new international accounting standard for leasing, IFRS 16, on the European public good to the European Commission.

The Leaseurope paper is intended to supplement the IFRS 16 Endorsement Advice that has recently been issued by the European Financial Reporting Advisory Group (EFRAG) to the Commission. It covers a range of factors that were not analysed by EFRAG or where Leaseurope believes additional analysis is required.

Leaseurope argues that further analysis of the costs and benefits of IFRS 16 on Europe's small and medium-sized enterprises (SMEs) is required. International accounting standards are used by fewer than 1 per cent of European enterprises, but many national accounting standards in Europe are designed to be consistent with the international rules. Leaseurope is calling on the Commission to make clear that the Standards is not suitable for use by SMEs at the time of endorsement.

Other recommendations include allowing European companies that use international standards up to an additional year to implement the new rules, and requiring the International Accounting Standards Board to clarify how the Standard should be applied when being used to report vehicle and equipment leases in Europe.

Leon Dhaene, Leaseurope's Director General, said: "Existing users of international accounting standards are already preparing to implement IFRS 16, but it is important now that it is made clear the new rules would be an unnecessary and costly burden for the other 99% of companies that follow accounting rules that are written here in Europe".

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Note to the editor

1. The Leaseurope Paper is available here: <http://www.leaseurope.org/uploads/documents/press-releases/IFRS%2016%20Leaseurope%20Effects%20Analysis%20March%202017.pdf>

2. This year the European Union will decide whether to endorse the new lease accounting standard, IFRS 16, for use in Europe by listed companies and other public interest entities that follow international standards. Under Regulation 1606/2002, it must be proven before IFRS 16 can be adopted that it is “conducive to the European public good”. Factors used to consider this test include whether IFRS 16 would endanger financial stability, whether it would hinder EU economic development, the impact of the new standard on the competitiveness of European undertakings, and whether it has ‘added value’ for the European Union.

3. The Commission requested endorsement advice from the European Financial Reporting Advisory Group (EFRAG) and EFRAG has carried out an effects analysis. EFRAG’s advice on whether IFRS 16 is conducive to the European public good supplements its assessment of IFRS 16 against the technical endorsement criteria in the IAS Regulation.

About Leaseurope

As a Federation, Leaseurope brings together 46 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.