



Australian Government  
Australian Accounting Standards Board

## Memorandum

<b>To:</b>	<b>AASB members</b>	<b>Date:</b>	10 July 2014
<b>From:</b>	<b>Sue Lightfoot &amp; Angus Thomson</b>	<b>Agenda Item:</b>	5.3 (M139)
<b>Subject:</b>	<b>EFRAG due process on leases</b>	<b>File:</b>	--

### Action

For your information – please note the announcement by the European Financial Reporting Advisory Group (EFRAG) and the French, German, Italian and UK National Standard Setters (NSS) to invite companies to participate in an additional public consultation on lessee accounting.

The focus of this agenda item is on due process, not on the specific topic of lease accounting.

### Attachments

30 June 2014 News item: *EFRAG and the National Standard Setters ANC, ASCG, FRC and OIC invite companies to participate in an additional public consultation on lessee accounting*

### Background

The joint IASB-FASB project on leases began with a project proposal in July 2006. The following due process documents have so far been issued in relation to the project:

- \* DP/2009/1 *Leases – Preliminary Views*
- \* ED/2010/9 *Leases*
- \* ED/2013/6 *Leases*.

The IASB's work program shows 're-deliberations' taking place in Q2 2014, without showing an estimated completion time. The thinking of the IASB and the FASB has diverged, as noted in the attached News item.

In framing the questions relating to the EFRAG's 'additional public consultation on lessee accounting', IASB staff and FASB were consulted to help ensure that there is no misunderstanding about the IASB's and FASB's tentative decisions on lease accounting. However, the additional consultation is not sponsored by the IASB or the FASB, and the focus of the consultation is issues on which both boards consider they have already conducted appropriate due process.

EFRAG has apparently flagged that its additional consultation is necessary for it to fulfil its IFRS endorsement processes.

AASB staff understand that EFRAG is likely to present on its additional consultation at the September 2014 Accounting Standards Advisory Forum (ASAF) meeting.

### Staff comment

AASB staff appreciate that, from time-to-time, one or more NSS or a regional body might want to undertake due process on IFRS proposals in the absence of IASB due process. Nevertheless, we think we should closely monitor EFRAG's progress on its leases consultation and, if necessary, comment on that process at the September ASAF meeting.