

News item from EFRAG website

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EFRAG and the National Standard Setters ANC, ASCG, FRC and OIC invite companies to participate in an additional public consultation on lessee accounting

30 June 2014

On 16 May 2013, the IASB issued the revised Exposure Draft Leases (the ED). After the comment period ended in September 2013, the IASB and the FASB (the Boards) started the re-deliberation process. In March 2014, the two Boards tentatively decided to support two different approaches for lessees. The IASB proposed a single model based on Type-A lease accounting. The FASB proposed a model that, based on IAS 17 criteria, distinguishes leases that are in effect purchases and other leases; these are accounted for using a straight line cost recognition pattern.

EFRAG and the National Standard Setters are performing this additional public consultation to acquire constituents' views on the two alternative approaches for lessees. EFRAG and the National Standard Setters are also interested in examples of contracts or transactions that would qualify as leases under the proposals, but in constituents' view are in substance services.

What is the objective of this additional public consultation?

The objective of this additional public consultation is twofold. Firstly, it is meant to help to identify transactions that would qualify as leases under the proposals but constituents view as in-substance service transactions that should not be recognised by a lessee. Secondly, we seek constituents' views and their preference of the two alternative approaches proposed by the Boards.

When and how will this field-test be conducted?

This additional public consultation will start on 30 June 2014.

The participants are requested to answer the developed consultation questions on the scope of the proposals and alternative approaches. Participants should submit their replies not later than on Friday, 22 August 2014.

Additionally, follow-up interviews may be conducted by EFRAG and the National Standard Setters. The information provided to EFRAG and the National Standard Setters will remain confidential. Information used in any reports will be presented in such a way that no individual company or person can be identified. However, the list of participants in this additional public consultation will be made public, unless participants explicitly request anonymity. The output of this additional public consultation will be shared between EFRAG, the National Standard Setters.

Would you like to participate?

EFRAG and the National Standard Setters encourage all entities that believe they are significantly impacted by the lease proposals to participate in this additional public consultation.

If you would like to participate, please contact your designated point of contact as described hereafter. Participants are encouraged to contact their respective National Standard Setter (as per the table below) where possible. Otherwise participants should contact EFRAG.

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