

PRESS RELEASE

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IASB and FASB agree on lease accounting approach

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) today agreed on an approach for accounting for lease expenses as part of a project to revise lease accounting in International Financial Reporting Standards (IFRSs) and the U.S. Generally Accepted Accounting Principles (U.S. GAAP).

The boards undertook the leases project to address the widespread concern that many lease obligations currently are not recorded on the balance sheet and that the current accounting for lease transactions does not represent the economics of all lease transaction. Decisions on the leasing project reached to date are preliminary. The boards plan to release a joint exposure draft in the fourth quarter of this year.

The boards previously agreed that leases should be recorded on the balance sheet, but have continued to discuss the classification and pattern of expenses in the income statement. In the decision reached today, the boards decided upon an approach in which some lease contracts would be accounted for using an approach similar to that proposed in the 2010 *Leases* exposure draft and some leases would be accounted for using an approach that results in a straight-line lease expense.

Hans Hoogervorst, Chairman of the IASB commented: “The boards have reached agreement on a proposed approach to put leases over one year on the balance sheet. We will publish our proposals for public comment, with a view to completing this important convergence project during 2013.”

“The boards carefully considered the diverse views of stakeholders about whether the income statement profile of all leases should be the same. On balance, we decided that leases that convey a relatively small percentage of the life or value of the leased asset should be recognised evenly over the lease term,” said FASB Chairman Leslie F. Seidman.

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Press enquiries:

Mark Byatt, Director of Communications, IFRS Foundation
Telephone: +44 (0)20 7246 6472
Email: mbyatt@ifrs.org

Chris Welsh, Communications Manager, IFRS Foundation
Telephone: +44 (0)20 7246 6495
Email: cwelsh@ifrs.org

About the IASB

The IASB was established in 2001 and is the standard-setting body of the IFRS Foundation, an independent, private sector, not-for-profit organisation. The IASB is committed to developing, in the public interest, a single set of high quality global accounting standards that provide high quality transparent and comparable information in general purpose financial statements. In pursuit of this objective the IASB conducts extensive public consultations and seeks the co-operation of international and national bodies around the world. The IASB has 15 full-time members drawn from 11 countries and a variety of professional backgrounds. In 2012 the Board may be expanded to 16 members. Board members are appointed by and accountable to the Trustees of the IFRS Foundation, who are required to select the best available combination of technical expertise and diversity of international business and market experience. In their work the Trustees are accountable to a Monitoring Board of public authorities. For more information visit www.ifrs.org