

Press Release



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FOR IMMEDIATE RELEASE

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IASB and FASB announce membership of International Working Group on Lease Accounting

The International Accounting Standards Board (IASB) and the United States Financial Accounting Standards Board (FASB) today announced the membership of a new international working group they have established to help them in their joint project to reconsider their standards on lease accounting. The group consists of senior professionals with extensive experience in the leasing industry or with responsibility for the preparation, analysis, and audit of financial statements of entities with significant leasing transactions. The members and official observers are listed in the Appendix.

In July 2006 the IASB and the FASB, in line with requests from investors and other financial reporting constituents, agreed to add a leasing project to their technical agendas. It is a joint project by the two boards and involves reconsideration of all aspects of lease accounting. The project is expected to lead to a fundamental revision of the way that lease contracts are treated in the financial statements both of lessees and of lessors. The first due process document to be published will be a joint discussion paper that expresses the boards' preliminary views. That discussion paper is expected to be published in 2008.

The boards greatly appreciate the wide interest in the project, as shown by the large number of applications to join the working group. The boards were constrained in the selection of

group members by the need to keep the group small enough to work effectively. However, they acknowledge that the range of different aspects of the leasing industry across the world is such that, despite the extensive experience of group members, it will be necessary to seek information and advice beyond the group. They therefore encourage other interested parties to register as observers at working group meetings, which will be open to the public, and to share their thoughts and concerns throughout the consultative stages of the project.

END

NOTES TO EDITORS

About the project on lease accounting

Leasing is a major international industry and an important source of finance for a wide range of entities. The current international accounting requirements, set out in IAS 17 *Leases*, and the US standard FASB Statement No. 13, *Accounting for Leases*, were developed some 25-30 years ago and have been criticised for allowing similar transactions to be accounted for in very different ways. At the same time, while the world leasing volume amounted to US\$579 billion in 2004,¹ many leasing transactions are not reported on balance sheets. The boards have been told that investors and other users of financial statements routinely make adjustments to the financial statements for analytical purposes using incomplete footnote disclosures, raising questions about the usefulness of the current lease accounting model. The project will be conducted jointly by the IASB and the FASB, and both boards will comprehensively reconsider current lease accounting guidance. For more information about the project on lease accounting, please see the IASB and FASB Websites.

About the procedure for selecting the members of the international working group

In July 2006 the IASB and the FASB posted a notice on their Websites inviting nominations for the working group. Their members and staff prepared initial proposals on the membership of the group. Those proposals were reviewed by the Trustees of the IASC Foundation and approved by them.

About the IASB

The International Accounting Standards Board (IASB), based in London, began operations in 2001. Contributions collected by its Trustees, the IASC Foundation, from the major accounting firms, private financial institutions and industrial companies throughout the world, central and development banks, and other international and professional organisations fund the operations of the IASB.

The 14 Board members (12 of whom are full-time) are drawn from nine countries and have wide international experience and a variety of functional backgrounds. The IASB is committed to developing, in the public interest, a single set of high quality, global accounting standards that require transparent and comparable information in general purpose financial statements. In pursuit of this objective, the IASB co-operates with national accounting standard-setters to achieve convergence in accounting standards around the world.

¹ Source: World Leasing Yearbook 2006

About the FASB

Since 1973, the Financial Accounting Standards Board (FASB) has been the designated organization in the private sector in the US for establishing standards of financial accounting and reporting. Those standards govern the preparation of financial reports and are officially recognized as authoritative by the Securities and Exchange Commission and the American Institute of Certified Public Accountants. Such standards are essential to the efficient functioning of the economy because investors, creditors, auditors and others rely on credible, transparent and comparable financial information. For more information about the FASB, visit its website at www.fasb.org.

Appendix :
Membership of the International Working Group on Lease Accounting

Name	Position	Company	Country
Ann Bordelon	Vice-President of Real Estate Finance	Wal-mart Stores, Inc.	US
Bill Bosco	Consultant	Leasing 101	US
David Maxwell	Director	Classic Technology Limited	UK
David Trainer	President	New Constructs, LLC	US
George Yungmann	Senior Vice President, Financial Standards	National Association of Real Estate Investment Trusts	US
Ho Soh Khim	Chief Accounting Officer	Singapore Aircraft Leasing Enterprise	Singapore
Iain Robertson	Manager Accounting Policy and Special Projects	Canadian Pacific Railway	Canada
Jan Buisman	Senior IFRS Technical Partner	PricewaterhouseCoopers	Sweden
Jed Wrigley	Director of International Accounting and Valuation	Fidelity	UK
John Bober	Managing Director	GE Energy Financial Services	US
Kevin Davies	Manager Technical Accounting Department	Anglogold Ashanti Limited	South Africa
Mark Venus	Finance Director	BNP Paribas Lease Group	France
Neri Bukspan	Managing Director	Standard & Poor's Credit Market Services	US
Peter Kilgour	Finance Director	Swire Properties Limited	HK
Rich Jones	Partner – National Office	Ernst & Young	US
Richard Richards	Group General Manager Reporting and Tax	Qantas Airways	Australia
Thomas Gruber	Director Accounting and Financial Reporting	Daimler Chrysler Financial Services AG	Germany
Thomas Schroer	Chairman, Accounting and Taxation Committee	Leaseurope	Germany

Official observers:

European Financial Reporting Advisory Group (EFRAG)

International Organization of Securities Commissions (IOSCO)