

EQUIPMENT LEASING AND FINANCING ASSOCIATION- NEWS

[:: HOME](#) | [:: NEWS](#) :: [PRESS](#)

ELFA PRESS RELEASE

Posted: 08/18/10

ELFA STATEMENT ON FASB/IASB EXPOSURE DRAFT ON LEASE ACCOUNTING

Washington, D.C., Aug. 18, 2010 – William G. Sutton, CAE, President of the Equipment Leasing and Finance Association, today released the following statement regarding the exposure draft published by the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) that would dramatically revise the current lease accounting standard:

“The ELFA supports the FASB and IASB as they seek to establish a sound, workable accounting standard that applies to the assets and liabilities arising from lease transactions. The association also supports worldwide convergence of IFRS and US GAAP. We find, however, that the lease accounting model as proposed in the long-awaited exposure draft is unduly complex and will impose a compliance burden on lessees that will not result in a significant improvement in the quality or reliability of financial information.

“Lease financing is a critical means of capital formation for U.S. businesses through the acquisition and investment in capital plant and equipment and real estate. The ELFA’s overriding concern is that any standard that replaces the SFAS13 should improve the clarity in financial reporting of these transactions without undue burden on businesses from an accounting or a financial standpoint.

“The ELFA will submit a comment letter to the IASB and FASB detailing the association’s specific concerns before the Dec. 15, 2010, comment deadline. The association will ask the national and international accounting standards-setting bodies to address a number of concerns about the proposal, including issues related to lessor accounting.

“The \$518 billion equipment finance sector is an engine for U.S. economic growth. Despite the challenges presented by some of the concepts embodied in the exposure draft, the proposed lease accounting rules do not diminish the myriad of benefits enjoyed by companies who choose to acquire the productive assets they need through equipment leasing and financing. We consider this issue so critical that we have maintained throughout the process thus far an industry and association team, coordinated by ELFA’s Chief Operating Officer, Ralph Petta. This group will continue to monitor, analyze and communicate the potential impact of these changes to the boards, the lessor community and other stakeholders.”

Background

As part of the global effort to establish uniform corporate financial accounting standards, the FASB and IASB are working jointly to develop a new model for the recognition of assets and liabilities arising under lease contracts. The scope of the Project is the same as FAS 13 covering commercial leases (those related to plant, property and equipment). The proposed new standard is expected to impact the balance sheets of all companies subject to U.S. GAAP who use leasing to acquire assets or as part of their asset management strategy. More information about the lease accounting proposal is available on the ELFA website at <http://www.elfaonline.org/ind/topics/Acctg/>

Upcoming ELFA Events on the proposed lease accounting changes include:

- [Lease and Finance Accountants Conference \(Sept. 13-15, 2010\)](#)
- [Annual Convention \(Oct. 24-26, 2010\)](#)

About the ELFA

The Equipment Leasing and Finance Association (ELFA) is the trade association that represents companies in the \$518 billion equipment finance sector, which includes financial services companies and manufacturers engaged in financing capital goods. ELFA members are the driving

force behind the growth in the commercial equipment finance market and contribute to capital formation in the U.S. and abroad. Its over 600 members include independent and captive leasing and finance companies, banks, financial services corporations, broker/packagegers and investment banks, as well as manufacturers and service providers. For more information, please visit www.elfaonline.org

###

Contact Name: Amy Vogt, Vice President, Communications and Marketing, ELFA

Phone Number: 202-238-3438

E-mail: avogt@elfaonline.org

© 1996-2016, Equipment Leasing and Finance Association, All rights reserved. [Privacy Policy](#) | [Disclaimer](#) | [Contact Us](#)

Equipment Leasing and Finance Association 1825 K Street NW, Suite 900 Washington, DC 20006 | Phone: 202.238.3400 | Fax: 202.238.3401