

30 Cannon Street, London EC4M 6XH, England
Phone: +44 (0)20 7246 6410, Fax: +44 (0)20 7246 6411
Email: iasb@iasb.org Website: <http://www.iasb.org>

**International
Accounting Standards
Committee Foundation**

This document is provided as a convenience to observers at IASCF meetings, to assist them in following the discussion.

INFORMATION FOR OBSERVERS

**IASCF Trustees Meeting
Amsterdam 7 July 2009**

Agenda Paper 6C

M E M O R A N D U M

To: The Trustees

From: The Due Process Oversight Committee

Date: 19 June 2009

Re: Due Process Complaint from Leaseurope – 24 March 2009

1. Leaseurope, a leasing association in Europe, wrote the Trustees on March 24 to express its concerns regarding the process being undertaken by the IASB for its leasing project. Leaseurope's letter follows the publication of the IASB's discussion paper on leasing in March. Their letter is attached for the Trustees' information, AP6C(i)
2. In its letter, Leaseurope highlights the following issues:
 - The IASB's decision to defer lessor accounting from the project and then its decision to include a chapter on lessor accounting in the discussion could lead to decisions regarding an important area of lease accounting without sufficient consultation.
 - At the same time, Leaseurope believes that any new standard on lease accounting should address lessor accounting.
 - In general, Leaseurope is disappointed that the IASB has not used its leasing working group effectively.
3. **Focus on lessee accounting:** The letter accurately reflects the fact that in July 2008, the IASB decided to defer lessor accounting and focus on lessee accounting only. When the

IASB agreed the 2011 milestones for the IASB-FASB Memorandum of Understanding update, the IASB needed to prioritize elements of projects to ensure completion by 2011. For leasing, that meant focusing on lessee accounting. The IASB had informed the Trustees of its decision last year.

4. **Chapter on lessor accounting:** It is also the case that as a consequence of discussions with the FASB, the IASB decided to include a chapter on lessor accounting in the discussion paper. This chapter is less developed in terms of Board thinking than the other chapters related to lessee accounting.
5. **Working group:** The IASB acknowledges that it could have used the leasing working group more effectively. Because of the short-term absence of a key staff member, this did not occur. The recent review of the working groups confirmed this fact. The IASB intends to take advantage of this group after comments on the discussion paper are received.
6. **Committee actions:** The Due Process Oversight Committee has responded to Leaseurope. The letter dated 19 June 2009 is attached for further information.

The Committee sent the attached holding letter to Leaseurope on 19 June 2009.

The Due Process Oversight Committee recommends that the Trustees should discuss the IASB's decision on lessor accounting at the July meeting in Amsterdam in public session. The Trustees should ask the IASB how it will seek to undertake sufficient consultation on lessor accounting, if it were to form a part of the final standard. Thereafter the Due Process Oversight Committee will write a follow up letter to Leaseurope.

Leaseurope
Avenue de Tervuren 267
B - 1150 Brussels
Belgium

19 June 2009

Dear Messrs van de Werve and Venus

***Re: Leases Discussion Paper
Our letter dated 24 March 2009***

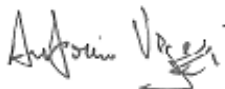
We write further to our letter of the 23 April 2009, concerning the above matter. We sincerely apologise for the delay in our response, but the points that were raised in your letter were significant and required careful consideration by the Due Process Oversight Committee.

At our meeting last week, the Due Process Oversight Committee considered your letter dated 24 March 2009. The Committee agreed to raise issues related to the leasing project, including the question of the inclusion of lessor accounting, with the other Trustees and the IASB at our upcoming meeting in July in Amsterdam, in public session. As you know, the Trustees will not involve themselves in the technical decisions, but we wish to ensure that the IASB fairly and full reflects the views of all interested parties. Once the Trustees have had an opportunity to discuss the points you have raised, they will reply to you in greater detail on the substantive matters you raise.

The Due Process Oversight Committee also notes Leaseurope's point regarding the leasing working group. As you know, we recently reviewed the effectiveness of the IASB's working groups. The IASB has acknowledged that it could have used the leasing working group more effectively. Because of the short-term absence of a key staff member, this did not occur. The IASB intends to take advantage of this group after comments on the discussion paper are received.

The Due Process Oversight Committee wishes to thank Leaseurope for raising these important matters for their consideration. The Trustees shall consider these points further and shall revert to you as soon as possible after their meeting in July 2009.

Yours sincerely



Antonio Vegezzi
Chairman of the Due Process Oversight Committee