



Finance and Leasing Association

THE FUTURE OF FINANCIAL REPORTING IN THE UK AND REPUBLIC OF IRELAND
COMMENTS FROM THE FINANCE AND LEASING ASSOCIATION TO THE ACCOUNTING
STANDARDS BOARD

APRIL 2012

INTRODUCTION

1. The Finance and Leasing Association (FLA) represents the UK's providers of debt finance for the leasing and hire purchase of business equipment. Our members include banks, independent asset finance companies, and captive finance companies owned by equipment manufacturers. In 2011 our members provided new finance to businesses and the public sector of £21bn.

COMMENTS IN RESPONSE TO QUESTION 8: *Do you agree with the effective date? If not, what alternative date would you prefer and why?*

2. To avoid unnecessary costs and confusion, it seems important that entities currently using UK Financial Reporting Standards should face only one set of changes when moving to the proposed new UK Standards.
3. If the proposals for lease accounting in Draft FRS 102 were to take effect for periods beginning on or after 1 January 2015 this is likely to require two changes to be made to accounting for leases. The first would be to move from SSAP 21 to FRS 102 in 2015. The second would be to move from the 2015 version of FRS 102 to a revised version in 2016 or thereafter. This would happen if the planned new International Accounting Standard (IAS) for Leases was to become effective and subsequently reflected in IFRS for SMEs and in a revised FRS 102.
4. To avoid this two-stage change we suggest that the leases section of FRS 102 should replicate SSAP 21 until 2016 or later. This would allow a single set of changes to be made to how leases are accounted for. As SSAP 21 would - in effect - remain in use until that time, the leasing SORP should be retained for the same period.

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