

LeaseQ Urges Businesses To Prepare For The Proposed FASB/IASB Lease Accounting Changes

LeaseQ announces that the final adoption of FASB (Financial Accounting Standards Board) and IASB (International Accounting Standards Board) lease proposal accounting may make a huge difference for many companies.

Boston, MA ([PRWEB](http://prweb.com)) June 06, 2014 -- Possible implications of the proposed FASB (Financial Accounting Standards Board) and IASB (International Accounting Standards Board) rules include significant changes to financial statements and a bigger compliance burden. This has the potential of impacting debt agreements, modifying financial ratios and inclusion of billions of dollars on balance sheets.

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The current lease accounting proposal draft suggests that all types of leases will not only be acknowledged as a Right-of-Use Asset but they will also be included in the balance sheet. Capital and operating leases will be classified as Type A or Type B leases but this will depend on how much of the asset was consumed during the entire lease period.

LeaseQ asserts that classification of the leases will be used to determine the manner in which lease revenue and expense will be acknowledged. For lessees, a number of factors such as recognition of lease related liabilities and assets in the proposed lease accounting changes could have serious business implications.

During their meeting on March 2014, IASB and FASB did not reach an agreement regarding the method of accounting that would be most appropriate for lessees. FASB supported the outline in the March 2013 Exposure draft which proposed a dual recognition approach.

Under the Dual Approach, most capital leases would be recognized as Type A leases while operating leases will be acknowledged as Type B leases. The IASB on the other hand supported the single approach. This means that all leases would be recorded as purchase of Right-of-Use assets on a financed basis. The two boards will have another meeting on May 22nd, 2014 to discuss initial direct costs, separation of non-lease components from lease components and definition of a lease. They will also hold another meeting in June but the final standards will be released in 2014. It is, however, highly unlikely that the new rules will take effect before 2017.

LeaseQ's Suggestions To Help Businesses Prepare For Changes

LeaseQ urges all business owners to review their lease terms and discuss with their financial advisors how they might be affected. The proposed lease accounting standards will apply to both current and future leases.

For small business owners who are already in a lease agreement, they need to find out if their leases will be affected and how they are currently categorized. It's also vital that they know when the official lease period started and which option has a better economic incentive; to terminate or extend the lease?

For businesses that plan to enter lease agreements, LeaseQ advises them to understand the lease term and identify which category their lease falls into. They should also keep track of changes that might happen

between now and the date their lease period will begin.

While reviewing all lease agreements, it is very important that companies do so with the help of a trusted and credited financial advisor.

About LeaseQ

LeaseQ is an online source for instant leasing quotes from hundreds of leading finance companies. Their One Touch online platform provides a fast and safe way to lease equipment from any company. Based in Woburn, MA, [LeaseQ](#) offers real finance rates from real equipment lenders.

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