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EFRAG
Attn. EFRAG Technical Expert
Group
35 Square de Meeûs
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Our ref : AdK
Date : Amsterdam, 9 July 2009
Re : Comment on your letter regarding the IASB/FASB Discussion Paper Leases

Dear Sirs,

The Dutch Accounting Standards Board (DASB) appreciates the opportunity to respond on your draft comment letter regarding your opinion on Discussion Paper Leases.

Your draft comment letter is an excellent summary of the main changes proposed and include comments with which we mostly concur. We therefore have decided to refer to your draft comment letter in our comment letter to the IASB. Below we have included our comments on your draft comment letter to the IASB and our answers to your specific questions.

In reaction to question 24 regarding any lessee issues not described in this discussion paper that should be addressed in this project, we would add the following:

- Further guidance on the impairment model to apply to right-of-use assets.
- As the boards do not intend to issue an updated standard on lessor accounting at the same time as lessee accounting, sublease accounting would need to be addressed in the lessee accounting standard.

Furthermore, we would like to emphasise the dividing line between leases and executory contracts. As EFRAG, our concern is that this dividing line is generally based on a very fine distinction that might not be robust enough to cope with the burden it will have to bear under the proposals in the DP. The distinction between leases and other executory contracts for goods and services will become very difficult. The discussion paper does not sufficiently explain why assets and liabilities that arise from executory contracts other than leases do not have to be recognised while assets and liabilities that arise from operating lease arrangements do. Under the new approach the determination whether a contract is a lease or a service will be the key decision. It is very likely that firms seeking to structure transactions to achieve a certain form of financial statement presentation will enter into arrangements that are designed to circumvent current guidance by designing them as service contracts. This will result in little, if any, improvement compared to the current standard.

Specific questions from EFRAG

Q5

This issue is currently still being debated in the DASB and we have therefore not reached a conclusion.

Q13

This issue is also currently still being debated in the DASB.

Q17

The DASB supports the view that a lessee should measure contingent rentals on the basis of the most likely rental payment. Use of a most likely rental payment is simpler for lessees to apply than a probability-weighted approach. Most likely rental payment is generally consistent with other aspects of the proposed lessee accounting model and would result in an estimation of cash flows that could actually occur.

Q23

Right-of-use assets are a right and for short term leases not the whole asset. Despite the characteristics of intangibles, we support the presentation in the statement of financial position based upon the nature of the leased item. The leased items would have to be presented separately from owned assets (e.g., a right-to-use a vehicle should be presented separately from, but adjacent to, owned vehicles on the statement of financial position). We believe this is most useful to users of the financial statements.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Hans de Munnik', written over a light blue horizontal line.

Hans de Munnik
Chairman Dutch Accounting Standards Board