Federation of European Accountants
Fédération des Experts comptables Européens

30 July 2009

Sir David Tweedie
Chairman
International Accounting Standards Board
Cannon Street
GB – LONDON EC4M 6XH

E-mail: commentletters@iasb.org

Ref.: ACC/HvD/SS/LF/ID

Dear Sir David,

Re.: FEE Comments on IASB Discussion Paper Leases *Preliminary Views*

(1) FEE (the Federation of European Accountants) is pleased to provide you below with its comments on the IASB Discussion Paper Leases *Preliminary Views* (the "DP").

(2) As a founding organisation of EFRAG we have also contributed to the EFRAG consultation process by submitting on 14 July the FEE comments on EFRAG's Draft Comment Letter of 8 June 2009. EFRAG has issued its final comment letter on 28 July 2009. We have considered the EFRAG Final Comment Letter in our response and made reference to the EFRAG comments where relevant.

(3) In summary:

- We are concerned that fundamental decisions about the direction and key principles underlying the new lease accounting model have been taken solely from the lessee's perspective and share in this respect the views of EFRAG. We agree with EFRAG that it would be appropriate for the IASB to reconsider the issues raised in the DP after having considered thoroughly lessor accounting.

- We are also concerned if the requirements for lessor accounting were to be directly introduced at the stage of the Exposure Draft on Leases.

- We have recommended at earlier stages that the IASB should sort out first its Conceptual Framework Project before progressing with individual standards, in particular where they address fundamental issues, in order to avoid inconsistencies. For example the IASB's Conceptual Framework Project puts great emphasis on the definitions of assets and liabilities without having a reasoned analysis for the purpose of a balance sheet (statement of financial position). The consistency of the future standard on leases with the future standards on recognition, derecognition and the revised IAS 39 is also of concern to us.

- Like EFRAG, we are inclined towards supporting the right-of-use model proposed in the DP where the same accounting treatment would apply regardless of the type of asset involved and the terms of the lease arrangements. We agree with EFRAG that the implications of such an approach for lessors need to be carefully considered before taking a final decision on the model. However, we agree with EFRAG's comment that materiality should be a consideration for deciding whether to apply or not the proposed model to short-term arrangements.

- While we acknowledge the arguments for a components approach to lease contracts (as detailed in paragraph 24 of the EFRAG final comment letter), we support the proposal in the DP to adopt the proposed single unit approach, mainly because the latter approach appears to be less complex.

- Like EFRAG, we do not support some of the proposals relating to the reassessment of the obligation to pay rentals. In particular, we agree with the view expressed by EFRAG that the lessee should not be required to revise its obligation to pay rentals to reflect changes in its incremental borrowing rate.

- Notwithstanding our support for a model that results in the recognition of an asset and a liability, we believe the Board should in the near term perform field testing with preparers to assess whether the proposed model can be readily applied in practice. The boards should reach out to various constituency groups, including users, to ensure that the benefits of the proposed model exceed its costs, particularly in relation to system changes and procedures that will need to be put in place to ensure that all leases are accounted for properly.

Our responses to the questions in the Invitation to comment of the DP are included as an Appendix to this letter.

For further information on this letter, please contact Ms. Saskia Slomp, FEE Technical Director.

Yours sincerely,

Hans van Damme
President

CHAPTER 2: SCOPE OF LEASE ACCOUNTING STANDARD

Question 1

The boards tentatively decided to base the scope of the proposed new lease accounting standard on the scope of the existing lease accounting standards. Do you agree with this proposed approach?
If you disagree with the proposed approach, please describe how you would define the scope of the proposed new standard.

(4) We are concerned about the tentative decision to base the scope of the proposed new lease accounting standard on the scope of the existing lease accounting standards. Our concerns revolve around the disadvantages of such an approach as detailed in paragraph 2.6 of the DP. In particular, we are concerned that this approach may result in similar contracts with similar characteristics not being accounted for consistently.

(5) In addition, we agree with EFRAG's view that one would expect that, as part of a major project such as the accounting of leases, a review of the scope of the existing accounting standard would take place. However, there appears to be no real attempt to challenge the existing scope limitations as part of this project. Like EFRAG, we are not aware of any conceptual reason for the scope limitations currently included in IAS 17 and we would support a fundamental reconsideration of what constitutes a lease.

(6) Having said this, we accept the preliminary view taken that the scope should be based on the scope of existing standards, on the basis that there is not enough time for a more comprehensive review and the major concerns with the existing standards do not appear to be primarily linked to scope issues. However, we agree with EFRAG that there is a need for further analysis of the scope exemptions in the existing standards. If the existing scope limitations were to be maintained, additional commentary on this matter is needed in the next step of the project in order to provide a clearer understanding of the reasons for such a decision.

(7) In particular, we note, in paragraph 2.13 of the DP, that the IASB intends to evaluate the appropriateness of maintaining the exclusion related to leases "to explore for or use natural resources" before publishing an exposure draft. In our view this evaluation should be extended to the leases of intangible assets that are currently excluded from the scope of IAS 17 without an explanation of the reasons for this exclusion. This is particularly important since, as indicated in paragraph B7 of the DP, this does not mean that all leases of intangible assets are excluded from the lease standard. Accordingly, some leases of intangible assets must be accounted for as leases and others not. In order to ensure consistent application of the lease standard to similar arrangements, it would be useful for the boards to explain the conceptual reasons why certain leases of intangible assets are excluded from the scope of the standard. We agree with EFRAG's observations in this respect.

(8) We agree with EFRAG's view that the existing uncertainty about how and where the boundary should be drawn between service arrangements and lease arrangements may become even more important as a result of the proposed recognition and measurement of leases. Like EFRAG, we believe that it would not be appropriate to replace what is considered as a problematic distinction between "operating" and "finance" leases with a similar difficulty in distinguishing between "services" and "leasing" arrangements. This would not result in a clear improvement in the accounting for leases.

(9) Furthermore, we are concerned that the lack of clear principles to distinguish between service and lease arrangements may result in intentional structuring of arrangements to qualify for accounting as service arrangements rather than leasing arrangements. This unintended consequence may be less likely to occur if the boards were to provide further guidance to determine clearly whether payments are for services or for a right-of-use of an asset.

(10) Similarly, in our view there is a need to provide clarification on what distinguishes a lease from an executory contract. Without such clarification, we are concerned that the model proposed in the DP for lease accounting by the lessee may eventually impact the accounting for executory contracts.

Question 2

Should the proposed new standard exclude non-core asset leases or short-term leases? Please explain why. Please explain how you would define those leases to be excluded from the scope of the proposed new standard.

(11) We doubt the appropriateness of excluding non-core assets and we agree with the arguments raised in paragraph 2.17 of the DP against such an exclusion. In particular, we agree that defining non-core assets might be difficult and that different entities may interpret the meaning of non-core assets differently thereby, reducing comparability between entities.

(12) In addition, we agree with EFRAG's view that there does not appear to be a conceptually convincing reason for excluding short-term leases. Like EFRAG, we would be in favour of applying the right-of-use model proposed in the DP regardless of the type of asset involved and the term of the lease arrangements. The current two-model approach should not be replaced by another two-model approach. The cost /benefit aspect of requiring application of the right-of-use model to short-term leases should however be taken into account.

(13) However, like EFRAG, we believe that it ought to be acceptable not to apply the rights-of-use approach to some relatively short-term leases, on grounds of immateriality.

APPROACH TO LESSEE ACCOUNTING

Question 3

Do you agree with the boards' analysis of the rights and obligations, and assets and liabilities arising in a simple lease contract? If you disagree, please explain why.

(14) Like EFRAG, we are inclined towards supporting the right-of-use model proposed in the DP and we agree with the boards' analysis of the rights and obligations, and assets and liabilities, arising in a simple lease contract.

(15) We share the concerns raised by EFRAG in paragraph 11 of its final comment letter. In particular, we are concerned that there does not appear to have been reconsideration about whether the analysis performed for a simple lease would also apply more widely to more complex leases. It would be helpful to address this in the next step of the project.

Question 4

The boards tentatively decided to adopt an approach to lessee accounting that would require the lessee to recognise:

(a) an asset representing its right to use the leased item for the lease term (the right-of-use asset)
(b) a liability for its obligation to pay rentals.

Appendix C describes some possible accounting approaches that were rejected by the boards.

Do you support the proposed approach?
If you support an alternative approach, please describe the approach and explain why you support it.

<u>The existing approach</u>

(16) We agree with the detailed comments on the existing approach that EFRAG provides in paragraphs 12 - 14 of its final comment letter. We agree with the boards' decision not to base the new lease accounting standard on the existing, much criticised, approach.

<u>A variation on the existing approach</u>

(17) We agree with the detailed comments on a variation on the existing approach that EFRAG provides in paragraphs 15 - 17 of its final comment letter. We agree with the boards' decision not to base the new standard on this approach.

<u>The whole asset approach</u>

(18) We agree with the detailed comments on the whole asset approach that EFRAG provides in paragraphs 18 - 21 of its final comment letter. We agree with the boards' decision not to base the new standard on this approach.

<u>Right-of-use approach</u>

(18) Like EFRAG, we are inclined towards supporting the right-of-use approach as proposed in the DP.

Question 5

The boards tentatively decided not to adopt a components approach to lease contracts. Instead, the boards tentatively decided to adopt an approach whereby the lessee recognises:

(a) a single right-of-use asset that includes rights acquired under options
(b) a single obligation to pay rentals that includes obligations arising under contingent rental arrangements and residual value guarantees.

Do you support this proposed approach? If not, why?

(19) While we acknowledge the arguments for a components approach to lease contracts (as detailed in paragraph 24 of the EFRAG final comment letter), on balance we support the proposal in the DP not to adopt a components approach. The single right-of-use approach appears to be the most practical approach given the problems identified with the components approach in paragraph 3.32 of the DP.

(20) In our view, a components approach would be appropriate only if all components of the lease could be reliably measured at fair value.

INITIAL MEASUREMENT

Question 6

Do you agree with the boards' tentative decision to measure the lessee's obligation to pay rentals at the present value of the lease payments discounted using the lessee's incremental borrowing rate?

If you disagree, please explain why and describe how you would initially measure the lessee's obligation to pay rentals.

(21) We agree with EFRAG's view, and the boards' tentative decision, to measure the lessee's obligation to pay rentals at the present value of the lease payments discounted using the lessee's incremental borrowing rate, in particular as this would appear to be the most practical approach. However, we note that the determination of the incremental borrowing rate may not always be a simple exercise because of the many variables that can go into the calculation of the rate. Accordingly, we suggest that the boards should provide guidance on the determination of this rate.

Question 7

Do you agree with the boards' tentative decision to initially measure the lessee's right-of-use asset at cost?

If you disagree, please explain why and describe how you would initially measure the lessee's right-of-use asset.

(22) Like EFRAG, we support the boards' tentative decision to initially measure the lessee's right-of-use asset at cost. We believe that this treatment correctly reflects the relationship that exists between the right-of-use asset and the liability in the context of a lease agreement (linked approach).

(23) In addition, we agree that there is no need to have an impairment test at the inception of the contract.

(24) Considering the hybrid nature of the right-of-use asset and liability, it would be useful for the boards to clarify the accounting treatment of any initial costs related to the assets or incurred to obtain the lease contract.

SUBSEQUENT MEASUREMENT

Question 8

The boards tentatively decided to adopt an amortised cost-based approach to subsequent measurement of both the obligation to pay rentals and the right-of-use asset. Do you agree with this proposed approach?

If you disagree with the boards' proposed approach, please describe the approach to subsequent measurement you would favour and why.

(25) Like EFRAG, we support the boards' tentative decision to adopt an amortised cost-based approach to subsequent measurement of both the obligation to pay rentals and the right-of-use asset.

Question 9

Should a new lease accounting standard permit a lessee to elect to measure its obligation to pay rentals at fair value? Please explain your reasons.

(26) We support EFRAG and do not believe that there should be an option to measure a lease obligation to pay rentals at fair value.

Question 10

Should the lessee be required to revise its obligation to pay rentals to reflect changes in its incremental borrowing rate? Please explain your reasons.

If the boards decide to require the obligation to pay rentals to be revised for changes in the incremental borrowing rate, should revision be made at each reporting date or only when there is a change in the estimated cash flows? Please explain your reasons.

(27) Like EFRAG, we do not support the IASB's tentative decision that the lessee is required to revise its obligation to pay rentals to reflect changes in its incremental borrowing rate.

(28) Like EFRAG, we believe that revising the obligation to reflect changes in its incremental borrowing costs would result in increased complexity and would be costly for preparers.

(29) Moreover, while the liability recognised under the DP may not represent a financial liability because of the manner in which it incorporates certain options, the substance of the obligation is nonetheless most akin to the financing of the acquisition of an asset. Accordingly, we do not favour an approach that would be inconsistent with the subsequent measurement requirements of non-derivative financial liabilities measured at amortised cost.

(30) In addition, we agree with the detailed comments in paragraph 34 of the EFRAG final comment letter that, if the IASB decides to require revisions to the incremental borrowing rate, such revisions should be made only when there is a change in estimated cashflows.

Question 11

In developing their preliminary views the boards decided to specify the required accounting for the obligation to pay rentals. An alternative approach would have been for the boards to require lessees to account for the obligation to pay rentals in accordance with existing guidance for financial liabilities.

Do you agree with the proposed approach taken by the boards?

If you disagree, please explain why.

(31) As we noted previously, the liability that results from recognition of the obligation to pay rentals under the right-of-use model is a specific kind of liability that does not fit entirely with any existing standard (such as IAS 37 or IAS 39). Accordingly, like EFRAG, we support the boards' tentative decision to specify separately the required accounting for the obligation to pay rentals and not to regard them as falling within IAS 37 or IAS 39.

Question 12

Some board members think that for some leases the decrease in value of the right-of-use asset should be described as rental expense rather than amortisation or depreciation in the income statement. Would you support this approach? If so, for which leases? Please explain your reasons.

(32) Like EFRAG, we think that the decrease in carrying value of the right-of-use asset should be described as amortisation or depreciation in the income statement rather than as rental expense because this treatment is more consistent with the subsequent measurement of the right-of-use asset at amortised cost.

CHAPTER 6: LEASES WITH OPTIONS

Question 13

The boards tentatively decided that the lessee should recognise an obligation to pay rentals for a specified lease term, i.e. in a 10-year lease with an option to extend for five years, the lessee must decide whether its liability is an obligation to pay 10 or 15 years of rentals. The boards tentatively decided that the lease term should be the most likely lease term.

Do you support the proposed approach?

If you disagree with the proposed approach, please describe what alternative approach you would support and why. Background notes for EFRAG constituents

(33) Firstly and consistent with our response to Question 5 we consider that it would be appropriate to take into account the renewal terms at the inception of the liability.

(34) We would support the boards' tentative decision that the lease term should be the most likely lease term.

(35) However, we would emphasise like EFRAG the possible unintended consequences in using such a binary approach as proposed in the DP. As pointed out by EFRAG in paragraph 40 of its final comment letter, there may be circumstances where focussing on the most likely lease term might not reflect fully the underlying economic position, for example in the case of contracts with a significant number of renewal options over a short period of time.

(36) While we support the boards' view that renewal options should be considered in determining the lease term, we believe that using the most likely term may not yield the appropriate results where there are consecutive renewal options. For example, paragraph 6.35 includes an illustration of a lease with a contractual term of 5 years and 4 consecutive 5-year renewal periods. The illustration concludes that the lease term should be 10 years because this represents the outcome with the highest likelihood. We believe that field tests are needed on the application and estimate of the lease term to be used in order to investigate whether a more appropriate outcome would be to recognise a lease period of 15 years since this represents the longest potential lease term that is more-likely-than not to occur or since this represents the scenario closest to the probability-weighted average. The first method appears more consistent with the more-likely-than-not methodology used in IAS 37. However, it raises the issue of the definition of a liability. If the IASB wishes to measure the liability based on more than the legal obligation caused by a past event (i.e. an expected obligation) this risks creating a conflict with the present definition of a liability, The alternative method would avoid this, and is more consistent with the DP proposals for recognition of contingent rentals.

Question 14

The boards tentatively decided to require reassessment of the lease term at each reporting date on the basis of any new facts or circumstances. Changes in the obligation to pay rentals arising from a reassessment of the lease term should be recognised as an adjustment to the carrying amount of the right-of-use asset.

Do you support the proposed approach?

If you disagree with the proposed approach, please describe what alternative approach you would support and why.

Would requiring reassessment of the lease term provide users of financial statements with more relevant information? Please explain why.

(37) We support EFRAG's position and agree with the proposed approach.

(38) Like EFRAG, we support the proposal to require reassessment of the lease term at each reporting date on the basis of any new facts or circumstances because in our view this would provide more relevant information. This is also consistent with the general requirement to revise periodically significant accounting estimates.

(39) We support recognising changes in the obligation to pay rentals arising from a reassessment of the lease term to be recognised as an adjustment to the carrying amount of the right-of-use asset because this approach is consistent with IFRIC 1.

Question 15

The boards tentatively concluded that purchase options should be accounted for in the same way as options to extend or terminate the lease.

Do you agree with the proposed approach?

If you disagree with the proposed approach, please describe what alternative approach you would support and why.

(40) We support EFRAG's position and agree with the boards' tentative conclusion that purchase options should be accounted for in the same way as options to extend or terminate the lease because a purchase option is in-substance similar to a renewal option for the remainder of the asset's life.

(41) However, we note that certain agreements may incorporate renewal rights and a purchase option. It would be useful to provide guidance on how to estimate the lease term in such circumstances.

CONTINGENT RENTALS AND RESIDUAL VALUE GUARANTEES

Question 16

The boards propose that the lessee's obligation to pay rentals should include amounts payable under contingent rental arrangements.
Do you support the proposed approach?

If you disagree with the proposed approach, what alternative approach would you recommend and why?

(42) We support EFRAG's position and agree with the boards that the lessee's obligation to pay rentals should include amounts payable under contingent rental arrangements, since this would be consistent with the boards' preliminary views on the recognition of options to extend or terminate the lease.

Avenue d'Auderghem 22-28 • B-1040 Brussels • Tel: +32 (0)2 285 40 85 • Fax: +32 (0)2 231 11 12 • secretariat@fee.be • www.fee.be
Association International reconnue par Arrêté Royal en date du 30 décembre 1986

Question 17

The IASB tentatively decided that the measurement of the lessee's obligation to pay rentals should include a probability-weighted estimate of contingent rentals payable. The FASB tentatively decided that a lessee should measure contingent rentals on the basis of the most likely rental payment. A lessee would determine the most likely amount by considering the range of possible outcomes. However, this measure would not necessarily equal the probability-weighted sum of the possible outcomes.
Which of these approaches to measuring the lessee's obligation to pay rentals do you support? Please explain your reasons.

(43) We believe that the measurement of the lessee's obligation to pay rentals should generally be consistent with the approach for determining the lease term. In our response to Question 13, we do not fully support an approach that reflects the most likely lease term. We have indicated that field tests are needed on the application and estimate of the lease term investigating both a more-likely-than not methodology and a probability-weighted methodology.

Question 18

The FASB tentatively decided that, if lease rentals are contingent on changes in an index or rate, such as the consumer price index or the prime interest rate, the lessee should measure the obligation to pay rentals using the index or rate existing at the inception of the lease.

Do you support the proposed approach? Please explain your reasons.

(44) We support EFRAG and agree with the FASB's tentative decision that the lessee should measure the obligation to pay rentals using the index or rate existing at the inception of the lease.

(45) In addition, we support EFRAG's suggestion in paragraph 53 of its final comment letter that the initial measurement could be based on an existing forward curve if that provides better information than a spot index rate, but in our view this should apply only if it is possible to prove that this is the case.

Question 19

The boards tentatively decided to require remeasurement of the lessee's obligation to pay rentals for changes in estimated contingent rental payments.

Do you support the proposed approach? If not, please explain why.

(46) We support EFRAG and agree with the boards' tentative decision to require remeasurement of the lessee's obligation to pay rentals for changes in estimated contingent rental payments.

Avenue d'Auderghem 22-28 • B-1040 Brussels • Tel: +32 (0)2 285 40 85 • Fax: +32 (0)2 231 11 12 • secretariat@fee.be • www.fee.be
Association International reconnue par Arrêté Royal en date du 30 décembre 1986

Question 20

The boards discussed two possible approaches to recognising all changes in the lessee's obligation to pay rentals arising from changes in estimated contingent rental payments:

(a) recognise any change in the liability in profit or loss, or
(b) recognise any change in the liability as an adjustment to the carrying amount of the right-of-use asset.

Which of these two approaches do you support?

Please explain your reasons. If you support neither approach, please describe any alternative approach you would prefer and why.

(47) We support the approach that recognises any change in the liability as an adjustment to the carrying amount of the right-of-use asset.

(48) Unlike EFRAG, from a theoretical point-of-view we do not believe that it would be preferable to develop a model that distinguishes between those changes in the liability that affect the right-of-use asset and those that do not, and to account for the former by adjusting the amount of the asset and the latter by debiting or crediting profit or loss. We believe that changes in the obligation to pay rentals in effect reflect a revised estimate of the value of the underlying leased asset. Therefore, such changes are better reflected as an adjustment to the carrying amount of the right-of-use asset, similarly as described by EFRAG as a pragmatic approach in paragraph 57 of its final comment letter.

(49) However, as discussed in our cover letter, we believe that the boards should perform field tests with preparers to assess whether the proposed model can be readily applied in practice. The boards should involve various constituency groups including users to ensure that the benefits of the proposed model exceed its costs.

Question 21

The boards tentatively decided that the recognition and measurement requirements for contingent rentals and residual value guarantees should be the same. In particular, the boards tentatively decided not to require residual value guarantees to be separated from the lease contract and accounted for as derivatives.

Do you agree with the proposed approach? If not, what alternative approach would you recommend and why?

(50) We support EFRAG's position and agree with the boards' tentative decision that the recognition and measurement requirements for contingent rentals and residual value guarantees should be the same. Furthermore, we do not believe that residual value guarantees should be separated from the lease contract and accounted for as derivatives.

PRESENTATION

Question 22

Should the lessee's obligation to pay rentals be presented separately in the statement of financial position? Please explain your reasons.
What additional information would separate presentation provide?

(51) In our opinion IAS 1 on the presentation of financial statements should be applied and no separate requirements are needed for the presentation of the lessee's obligation to pay rentals. According to IAS 1.55 an entity shall present additional line items, headings and subtotals in the statement of financial position when such presentation is relevant to an understanding of the entity's financial position.

Question 23

This chapter describes three approaches to presentation of the right-of-use asset in the statement of financial position.

How should the right-of-use asset be presented in the statement of financial position? Please explain your reasons.

What additional disclosures (if any) do you think are necessary under each of the approaches?

(52) Like in our response to Question 22 we are of the opinion that IAS 1 should be applied for the presentation of the right-of-use asset in the statement of financial position and that no separate requirements are needed. This means that separate presentation is needed where relevant to an understanding of the entity's financial position.

(53) We can see an argument against EFRAG's and the boards' tentative decision to present the right-of-use asset according to the nature of the underlying leased item. It is possible to argue that the right-of-use-asset should be presented as intangible since it concerns the right to use the underlying asset rather than the underlying asset itself.

CHAPTER 9: OTHER LESSEE ISSUES

Question 24

Are there any lessee issues not described in this discussion paper that should be addressed in this project? Please describe those issues.

Service arrangements and leases

(54) We support EFRAG's detailed comments on service arrangements and leases as detailed in paragraph 65 of its final comment letter and agree that the practical difficulties in distinguishing service arrangements from leases need to be addressed.

<u>Leases and executory contracts generally</u>

(55) We support EFRAG's detailed comments on the dividing line between leases and executory contracts generally as detailed in paragraphs 66 - 68 of its final comment letter.

CHAPTER 10: LESSOR ACCOUNTING

Question 25

Do you think that a lessor's right to receive rentals under a lease meets the definition of an asset? Please explain your reasons.

Question 26

This chapter describes two possible approaches to lessor accounting under a right-of-use model: (a) derecognition of the leased item by the lessor or (b) recognition of a performance obligation by the lessor.

Which of these two approaches do you support? Please explain your reasons.

Question 27

Should the boards explore when it would be appropriate for a lessor to recognise income at the inception of the lease? Please explain your reasons

Question 28

Should accounting for investment properties be included within the scope of any proposed new standard on lessor accounting? Please explain your reasons.

Question 29

Are there any lessor accounting issues not described in this discussion paper that the boards should consider? Please describe those issues.

(56) Although we understand the time constraints and the decision of the boards to give lessee accounting priority, we share EFRAG's concerns that the boards are proposing to take fundamental decisions about the future direction of lease accounting having considered only the lessee perspective. It would be appropriate to reconsider the issues raised in the DP after the lessor perspective has been more thoroughly examined.

(57) We are also concerned if the requirements for lessor accounting were to be directly introduced at the stage of the Exposure Draft on Leases.

(58) We agree with EFRAG's comment on paragraph 72 of its draft comment letter that it is not appropriate to comment on the issues raised in Questions 25-29 without a thorough analysis of the issues involved. Accordingly, we have not included any responses to these questions.