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To: Technical Director
Financial Accounting Standards Board
401 Merritt 7, PO Box 5116, Norwalk, (CT 06856-5116)

Cc: International Accounting Standards Board
30 Cannon Street, London, EC4M 6XH

Submitted via email (director@fasb.org)

Re: File Reference No. 2013-270 Amsterdam, 12 September 2013

Dear Technical Director,

First and foremost our appreciation for the joint efforts including meeting with interested parties in the Netherlands. We are thankful for the opportunity provided to comment on the Exposure Draft "Leases" published by The Financial Accounting Standards Board ("FASB").

We, Amsterdam US CPA Solutions B.V., are a minority owned and operated financial consulting firm based in Amsterdam. We serve as accounting contractor for international companies with a Dutch presence.

Our response to certain questions presented in the Exposure Draft is included in the appendix and would like to make the following general remarks:

In General:

- Although we appreciate the efforts leading to an exposure draft well over 300 pages for the Lease standard, the lengthy guidance for a transaction which is less frequent in occurrence compared to e.g. financial instruments is in our view not warranted;
- The appearance of a rule based approach remains. In our view more emphasis should be placed on further development and improvement of the conceptual framework;
- We look forward to see the treatment for lessee's on how the new definition of a lease ('the right to use an assets') will be treated under the Probability of default, Loss given default, Exposure and Maturity approaches for capital requirement purposes: Basel III;
- It would be useful to name type A leases according to the underlying transactions represented e.g. Financing Lease and for type B: Non Financing Lease. Another option would be to refer to managerial accounting e.g. type A: fixed, with a 'sunk costs' nature observed in management accounting literature and B discretionary, with a 'variable cost' nature and consequently more susceptible to managerial decision-making;
- A sufficient period should be allowed to permit prepares to assess the impact of changes, implement new systems and choose between practical alternatives; e.g. allowing preparers additional relief upon transition including flexibility with respect to the irrevocable first time classification either as type A or B.

For further queries please do not hesitate to contact me
Sincerely

Narwin S. Doekhi CPA
Director

Appendix: Responses to certain questions presented in the Exposure Draft

1 Do you agree with the definition of a lease and the proposed requirements in paragraphs 842-10-15-2 through 15-16 for how an entity would determine whether a contract contains a lease? Why or why not? If not, how would you define a lease? Please supply specific fact patterns, if any, to which you think the proposed definition of a lease is difficult to apply or leads to a conclusion that does not reflect the economics of the transaction.

Applying the proposed requirements for separating components of a contract will provide opportunities to structure "hybrid" leases into discretionary components which will serve the accounting outcome needs of parties and increase the use of valuation estimates to substantiate the accounting for discretionary components.

2 Do you agree that the recognition, measurement, and presentation of expenses and cash flows arising from a lease should differ for different leases, depending on whether the lessee is expected to consume more than an insignificant portion of the economic benefits embedded in the underlying asset? Why or why not? If not, what alternative approach would you propose and why?

We believe in substance different transactions should be recognized, measured and presented differently in supporting financial statement users making informed decisions. The opportunities to structure lease transactions into the one favored by the lessee remains, due to a subjective nature of the proposed guidance ('insignificant'). In our view adding the likeliness of an outflow of economic resources based on past transactions as a differentiating factor might further restrict these judgmental opportunities.

3 Do you agree that a lessor should apply a different accounting approach to different leases, depending on whether the lessee is expected to consume more than an insignificant portion of the economic benefits embedded in the underlying asset? Why or why not? If not, what alternative approach would you propose and why?

We believe in substance different transactions should be accounted for differently in supporting financial statement users making informed decisions.

Question 4: Classification of Leases
Do you agree that the principle on the lessee's expected consumption of the economic benefits embedded in the underlying asset should be applied using the requirements set out in paragraphs 842-10-25-5 through 25-8, which differ depending on whether the underlying asset is property? Why or why not? If not, what alternative approach would you propose and why?

We believe the lessee's expected level of consumption of the underlying asset as basis for classification will provide users of financial statements with information on managerial decision making. A type A lease would constitute 'sunk' costs as observed in managerial accounting literature, with likely outflow of economic resources based on past transactions. Type B lease would constitute outflow of economic resources more of a discretionary nature, and hence would be subject to managerial decision making.

Question 5: Lease Term
Do you agree with the proposals on lease term, including the reassessment of the lease term if there is a change in relevant factors? Why or why not? If not, how do you propose that a lessee and a lessor should determine the lease term and why?

842-10-25-1 An entity shall determine the lease term as the noncancellable period of the lease, together with both of the following:
a. Periods covered by an option to extend the lease if the lessee has a significant economic incentive to exercise that option
b. Periods covered by an option to terminate the lease if the lessee has a significant economic incentive not to exercise that option.

We believe the proposals on lease term will increase representational faithfulness because the management assertions embodying the lease will reflect the reasonably expected period the lease will be in effect.
We note however that the determination whether significant economic incentives exists, will likely not be capable of assessment from the point of a lessor.
In addition the requirement to reassess a change of relevant factors is likely to cause diversity in application across financial statement preparers and consequently negatively impact comparability of financial statements. More specific guidance could likely reduce these negative effects caused by the differences in practice.

Question 7: Transition
Subparagraphs 842-10-65-1(b) through (h) and (k) through (y) state that a lessee and a lessor would recognize and measure leases at the beginning of the earliest period presented using either a modified retrospective approach or a full retrospective approach. Do you agree with those proposals? Why or why not? If not, what transition requirements do you propose and why?
Are there any additional transition issues the Boards should consider? If yes, what are they and why?

We agree to recognize and measure leases at the beginning of the earliest period presented using either a modified retrospective approach or a full retrospective approach at the discretion of the preparer. A sufficient period should be allowed to permit prepares to assess the impact of changes, implement new systems and choose between practical alternatives; e.g. allowing preparers additional relief upon transition including flexibility with respect to the irrevocable first time classification either as type A.

Question 9: Nonpublic Entities (FASB Only)
To strive for a reasonable balance between the costs and benefits of information, the FASB decided to provide the following specified reliefs for nonpublic entities:
1. To permit a nonpublic entity to make an accounting policy election to use a risk-free discount rate to measure the lease liability. If an entity elects to use a risk-free discount rate, that fact should be disclosed.
2. To exempt a nonpublic entity from the requirement to provide a reconciliation of the opening and closing balance of the lease liability.
Will these specified reliefs for nonpublic entities help reduce the cost of implementing the new lease accounting requirements without unduly sacrificing information necessary for users of their financial statements? If not, what changes do you propose and why?

We believe these specified reliefs for nonpublic entities will help reduce the cost of implementing the new lease accounting requirements. However we would welcome additional reliefs to significantly bring down the still extensive requirements for nonpublic entities.

Question 10: (FASB Only)
Do you agree that it is not necessary to provide different recognition and measurement requirements for related party leases (for example, to require the lease to be accounted for based on the economic substance of the lease rather than the legally enforceable terms and conditions)? If not, what different recognition and measurement requirements do you propose and why?

We believe that it is not necessary to provide different recognition and measurement requirements for related party leases, because e.g. making a distinction based on the economic substance of the lease rather than the legally enforceable terms and conditions will likely not improve the decision usefulness of the related party disclosure information. Current guidance will suffice to faithfully represent leases of a related party nature.

Question 11: (FASB Only)
Do you agree that it is not necessary to provide additional disclosures (beyond those required by Topic 850) for related party leases? If not, what additional disclosure requirements would you propose and why?

We believe the current related party disclosure guidance is sufficiently equipped, and accordingly think a requirement to provide additional disclosures beyond ASC 850 would not improve the decision usefulness of information.

Question 12: Consequential Amendments to IAS 40 (IASB Only)
The IASB is proposing amendments to other IFRSs as a result of the proposals in this revised Exposure Draft, including amendments to IAS 40, Investment Property. The amendments to IAS 40 propose that a right-of-use asset arising from a lease of property would be within the scope of IAS 40 if the leased property meets the definition of investment property. This would represent a change from the current scope of IAS 40, which permits, but does not require, property held under an operating lease to be accounted for as investment property using the fair value model in IAS 40 if it meets the definition of investment property.
Do you agree that a right-of-use asset should be within the scope of IAS 40 if the leased property meets the definition of investment property? If not, what alternative would you propose and why?

We believe that the right-of-use asset should be within the scope of IAS 40 if the leased property meets the definition of investment property. In our view an alternative could possibly create inconsistencies across standards and harm representational faithfulness of the reported. We would however need clarification on what needs to be fair valued: the right of use asset or the underlying.