



Programa Multiinstitucional e Inter-Regional de
Pós-Graduação em Ciências Contábeis

Doutorado em Ciências Contábeis

15 December, 2010.

To:

Sir David Tweedie, Chairman
International Accounting Standards Board
30 Cannon Street
London, EC4M 6XH
United Kingdom

Mr. Robert Herz, Chairman
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Comments - Exposure Draft ED/2010/9 – Leases

Thank you for the opportunity to comment on the exposure draft for lease. University of Brasilia, University of Paraiba and University of Rio Grande do Norte are a consortium of Federal Public Institutions from Brazil that maintains a doctorate program in accounting.

Question 2: Lessors

- (a) Do you agree that a lessor should apply (i) the performance obligation approach if the lessor retains exposure to significant risks or benefits associated with the underlying asset during or after the expected lease term, and (ii) the derecognition approach otherwise? Why or why not? If not, what alternative approach would you propose and why?
- (b) Do you agree with the boards' proposals for the recognition of assets, liabilities, income and expenses for the performance obligation and derecognition approaches to lessor accounting? Why or why not? If not, what alternative model would you propose and why?



Programa Multiinstitucional e Inter-Regional de
Pós-Graduação em Ciências Contábeis

Doutorado em Ciências Contábeis

We do not agree because two accounting approaches for lessor will reduce the comparability of the financial statements depending on its risks and benefits associated with the underlying asset. The lessor would have to analyze and decide which approach is better according to his business model. However, this decision could be subjective and complex because of the judgment process and could result in similar transactions accounted differently. Therefore, we prefer a “derecognition approach”, but it is necessary much more disclosure about the relevance of the “residual asset” for accounting users.

Question 4 – Definition of lease

(a) Do you agree that a lease is defined appropriately? Why or why not? If not, what alternative definition would you propose and why?

(b) Do you agree with the criteria in paragraphs B9 and B10 for distinguishing a lease from a contract that represents a purchase or sale? Why or why not? If not, what alternative criteria would you propose and why?

(c) Do you think that the guidance in paragraphs B1-B4 for distinguishing leases from service contracts is sufficient? Why or why not? If not, what additional guidance do you think is necessary and why?

We agree with the definition of lease. However, when the lessee makes the anticipated payment of the residual value guarantee (at the inception or during the lease term), it could be classified, in essence, as a purchase and sale and not like a lease. It is understandable that there is no ownership transfer, but it is almost sure that the purchase option will be exercised at the end of the lease term.

If you have any questions regarding this comments, please do not hesitate to contact either Jorge K.Niyama, PhD (jkatsumi@unb.br) or Edilson Paulo, PhD, (epaulo@ccsa.ufpb.br) and the students Orleans Martins (orleansmartins@yahoo.com.br) and Edzana Roberta (edzana@hotmail.com).