1850-100 Comment Letter No. 7

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Financial Accounting Standards Board 401 Merritt 7 P.O Box 5116 Norwalk, CT 06856

RE: Proposed Accounting Standards Update - Leases

To whom it may concern:

Question 17:

I disagree with the boards' assessment of the cost/benefit considerations... I don't disagree with the factors mentioned in paragraphs BC203 and BC204... However, I believe the issues are different for small and medium sized companies than they are for large publicly-traded companies... If this proposed standard is adopted, I think a relatively greater amount of the costs would be borne by smaller companies while more of the benefits would be reaped by users of larger companies' financial statements.

Many small companies do not have an accountant on staff. Recordkeeping is done by an employee as an addition to their major responsibilities (manager, receptionist, salesman, etc.). That person usually records routine transactions in a simple accounting software package and prints checks. Under current standards, recording monthly operating lease payments is as straightforward as recording the monthly electric bill. No outside assistance is needed.

Under the proposed standard, companies would calculate the present value of future lease payments. Then monthly payments must be posted, and there would be two additional general ledger accounts (per lease) that need to be reconciled periodically. These are not difficult for accountants, but may be beyond the ability of small companies' record-keepers whose priorities are elsewhere. In order to maintain GAAP compliance, these companies would need more assistance from an outside accountant.

While I support the goal of eliminating off balance sheet financing for large publicly-traded companies, I don't support bringing leases onto the balance sheets of small businesses. I do not think the benefits outweigh the costs for small and medium sized companies

I suggest that the Board add a provision permitting small and medium sized companies to make an accounting policy to retain current lease accounting.

Very truly yours.

Carol J Uhl, CPA

