Please note that the comments expressed herein are solely my personal views

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04 August 2011

- File Reference No. EITF-100E
- Property, Plant, and Equipment (Topic 360)
- Derecognition of in Substance Real Estate – a Scope Clarification

Dear Sir.

Thank you for giving us the opportunity to comment on your Exposure Draft: Property, Plant, and Equipment (Topic 360); Derecognition of in Substance Real Estate – a Scope Clarification.

Thank you for clarifying that the guidance in ASC Subtopic 360-20 would apply to a parent that ceases to have a controlling financial interest (as described in Subtopic 810-10) in a subsidiary that is in substance real estate as a result of default on the subsidiary’s nonrecourse debt. This is reasonable, and will provide more consistency in accounting practice going forward. I agree with you that “the accounting for such transactions is based on their substance rather than their form”.

Answers to other specific questions raised by the FASB

Question 1:
Yes, but I would ask for clarity going forwards on whether the guidance in Subtopic 360-20 would apply to other situations when a parent ceases to have a controlling financial interest in a subsidiary that is in substance real estate. I would recommend so.

Question 2:
Yes.
Please note that the comments expressed herein are solely my personal views.

**Question 3:**
No, this is not necessary. The proposed guidance is sufficient.

**Question 4:**
Yes, the amendments in the proposed update should be applied prospectively. This is reasonable and proportionate.

**Question 5:**
Yes, given the current diversity in practice.

Yours faithfully

Chris Barnard