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October 16, 2017

Via email to [director@fasb.org](mailto:director@fasb.org)

Susan M. Cospers  
Technical Director  
Financial Accounting Standards Board  
401 Merritt 7  
PO Box 5116  
Norwalk, CT 06856-5116

Re: Land Easement Practical Expedient for Transition to Topic 842 (File Reference No. 2017-290)

Dear Ms. Cospers:

We are pleased to provide comments to the Board's proposal to provide a practical expedient upon adoption of Topic 842 for those entities that historically have not evaluated their land easements as potential leases pursuant to the guidance in Topic 840.

We agree with the proposed changes to Example 10 in Subtopic 350-30 and the proposed additional transition practical expedient in Topic 842. While we acknowledge that the proposed Update will not resolve the diversity in current practice, we agree that it is a practical and reasonable approach to reduce some of the cost and complexity of adopting Topic 842, at least for those entities that have historically not assessed whether land easements are leases under Topic 840, while conforming practice prospectively.

We would be pleased to discuss our comments with the FASB staff. Please direct questions to Adam Brown at (214) 665-0673 or Angela Newell at (214) 689-5669.

Very truly yours,

A handwritten signature in black ink that reads "BDO USA, LLP". The letters are written in a cursive, slightly slanted style.

BDO USA, LLP

## Appendix

*Question 1: Would the land easement practical expedient in this proposed Update reduce the cost and complexity to implement Topic 842? If not, please explain why.*

We agree that the proposed land easement practical expedient would significantly reduce the cost and complexity to implement Topic 842 for those entities which have historically not assessed whether land easements and economically similar arrangements are leases pursuant to the guidance in Topic 840. While the practical expedient does not reduce the cost or complexity for those entities that have historically accounted for these types of arrangements under Topic 840, we note that they can choose to elect the practical expedients in ASC 842-10-65-1(f), in particular the ability to not reassess whether any expired or existing contracts are or contain leases provided by subparagraph 65-1(f)(1).

*Question 2: Would the proposed amendments require transition provisions or an effective date that is different from those for Topic 842? If yes, please explain what transition requirements and/or effective date you would recommend and why.*

We agree that the effective date of the proposed amendments should coincide with the effective date of Topic 842 and do not believe that different transition provisions are required. Although we acknowledge the concerns articulated in paragraph BC15, we do not believe that entities will attempt to change their policy related to land easements and economically similar arrangements given the requirements in Topic 250 related to changes in accounting policies.

### *Additional Comments:*

We recommend the following wording changes to clarify the intended meaning of the proposed changes:

842-10-65-1(g): "This practical expedient may be elected separately or in conjunction with either the package of practical expedients in (f), or the practical expedient in (gg), or both.

842-10-65-1(gg): "This practical expedient may be elected separately or in conjunction with either the package of practical expedients in (f), or the practical expedient in (g), or both.