COMCAST

February 2, 2018

Ms. Susan M. Cosper
Technical Director
File Reference No. 2018-200
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Re: File Reference No. 2018-200, Proposed Accounting Standards Update, *Leases (Topic 842) – Targeted Improvements*

Dear Ms. Cosper:

Comcast appreciates the opportunity to comment on the Financial Accounting Standards Board's (the "Board") proposed Accounting Standards Update ("ASU" or "Update"), *Leases (Topic 842) – Targeted Improvements*. Comcast is a global media and technology company with two primary businesses, Comcast Cable and NBCUniversal.

We support the Board's effort to provide transition relief and targeted improvements on separating components of a contract. We believe this effort will result in meaningful relief for financial statement preparers without the loss of material information for our financial statement users. Specifically, we believe the proposed ASU will reduce the cost and complexity of transitioning to the new guidance.

Although the proposed transition alternative would not provide the presentation of lease assets and lease liabilities in comparable years for those who elect to use it, we believe users of financial statements are able to obtain sufficient information to understand the expenses and cash flows related to leases for the years prior to adoption. While we believe the balance sheet presentation of leases under Topic 842 is preferable, we agree with the Board that for many the cost of restating prior years does not outweigh the benefits, especially since the transition's effect to the financial statements is temporary.

While the proposed ASU alleviates the separation of components issue for certain companies, we understand the issue to be more of a disclosure concern. We recommend the Board explore an approach that provides lessors with the opportunity to aggregate or disaggregate lease and nonlease components under the same objective as found in Topic 606's disclosure requirements. We believe revenues, whether from lease or nonlease income, should be allowed to be categorized in a way that is meaningful for a company's business, as long as it meets the objective to depict how the nature, amount, timing, and uncertainty of revenues and cash flows are affected by economic factors.

Additionally, the Board acknowledged the proposed ASU provides the possibility for a contract with a sizable portion of the consideration coming from a nonlease component to be categorized as entirely a lease. To avoid this possibility and enhance Topic 842, we recommend simplifying the guidance for lessors by conforming the income disclosure requirements with the revenue disaggregation objective in Topic 606.

We appreciate the opportunity to express our views on this proposed ASU and we have addressed the Board's specific questions in the Appendix to this letter.

* * * * *

If you have any questions about our comments, I would be happy to discuss.

Sincerely,

Leonard Gatti
Vice President,
Financial Accounting

Appendix – Responses to the Board's Questions

Transition—Comparative Reporting at Adoption

Question 1: Would the proposed optional transition method to apply the new lease requirements through a cumulative-effect adjustment in the period of adoption reduce the costs and complexity associated with implementing Topic 842? If not, please explain why.

Response: Yes, we believe the proposed ASU will reduce the costs and complexities of implementing the new guidance. As we expect the Board has heard from preparers, a majority of the cost to implement Topic 842 resides in the effort to extract lease information that was not previously captured in a system or to extract information from lease administration systems that were not previously used for financial reporting purposes. In addition, many of the software solutions developed to facilitate compliance with the new standard are in various states of readiness. The proposed ASU will reduce the number of leases and the amount of information needed to be extracted. We believe this relief will allow companies to focus on setting up new processes and controls, configuring system solutions, and developing reporting earlier in their implementation project. Hopefully, this will allow companies to be able to communicate expected impacts sooner than they would have otherwise.

Question 2: Is the proposed transition method, as written in this proposed Update, operable? If not, please explain why.

Response: Yes, we believe the proposed method is operable. We support the Board's efforts to quickly and judiciously address feedback from constituents. Given the rapidly approaching adoption date for many preparers, minimizing variables to implementation would be appreciated, such as the possibility of continued standard setting. This hope is especially pertinent for those who are setting up a systematic solution for compliance due to the complications already involved.

Separating Components of a Contract

Question 3: Would the practical expedient in this proposed Update for lessors to not separate nonlease components from the related lease components and, instead, to account for those components as a single lease component reduce the costs and complexity associated with applying Topic 842 by lessors? If not, please explain why.

Response: While the practical expedient will reduce the cost and complexity associated with applying Topic 842 by lessors, we believe the proposed ASU does not address the broader issue with Subtopic 842-30's disclosure requirements. See our response below.

Question 4: Is the proposed practical expedient, as written in this proposed Update, operable? If not, please explain why.

Response: As we understand the issue, the objective in updating Topic 842 is meant to address concerns involving the disclosure of amounts between lease and nonlease components. Specifically, that the disclosure guidance in Topic 842 would require companies to perform allocations between a contract's components that are not necessary for its accounting, since the timing and pattern of revenue recognition is the same for each component. We believe the proposed Update assists in alleviating this concern. However, as the concern is around the disclosure requirements rather than an issue with the scope of Topic 842, we recommend the Board consider an approach that simply amends the disclosure requirements.

We understand the proposed ASU was meant to mirror the lessee's practical expedient in ASC 842-10-15-37. However, we are unsure whether symmetry between lessee and lessor accounting is the only way for making a targeted improvement in this area. Instead, we believe symmetry with the guidance on disaggregation of revenue in Topic 606 is appropriate and is an enhancement to Topic 842, as this guidance produces the most useful information to readers of the financial statements. Topic 606's approach to revenue disclosure is flexible in allowing the entity to determine the most meaningful level of aggregation or disaggregation for a company's business, including disaggregation by various entity- or industry-specific categories. As with other circumstances where the Board decided to incorporate concepts from Topic 606 into lessor guidance, the Board may want to consider the optionality in the disaggregation of revenue approach in its updates to Topic 842.

Under this approach, the Board could amend paragraph 842-30-50-5 with language similar to the proposed ASU. This would allow companies to not separate contracts partially in the scope of Subtopic 842-30, as they contain nonlease components, into its components for the lease income disclosure. The optional disclosure exemption could be restricted to ensure relief is only available if the timing and pattern of revenue recognition for the lease component and nonlease components are the same. The following is an example of one way to draft the approach:

> 842-30-50-5A For contracts that are partially in scope of Subtopic 842-30, as they contain nonlease components, an entity need not to separate the contract into its components to disclose the information in paragraph 842-30-50-5 for lease income if the timing and pattern of revenue recognition for the lease component and nonlease components associated with that lease component are the same.
>
> 842-30-50-5B The optional exemption in paragraph 842-30-50A shall be applied by class of underlying asset. An entity shall include the income from the combined lease and nonlease components into disclosure categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors [or a reference to Topic 606 revenue disaggregation guidance].

This approach would be helpful in situations in which the nonlease components are clearly not significant and, therefore, including such amounts in a single revenue disaggregation would result in simplicity for the preparer and users of the financial statements.

We also believe this approach would be helpful in situations where a service contract accounted for under Topic 606 contains a lease component that is not significant. In the case of a contract with a small lease component, we do not believe an entity should be precluded from accounting for and disclosing the combined contract's revenue as a single service disaggregation, if the timing and pattern of revenue recognition for the service component and lease component are the same. The Board acknowledged the proposed ASU provides a possibility for a contract with a sizable portion of the consideration coming from a nonlease component to be categorized as entirely a lease. Although the Board is willing to accept this possibility, as it was felt a solution would have to introduce a threshold based on the magnitude of the nonlease component, we believe a principle-based approach using the revenue disaggregation objective in Topic 606 would avoid this concern.

The Board may want to consider our recommendation as we believe it is an enhancement to Topic 842 and would simplify disclosure requirements for businesses whether they earn revenue from sales of goods, services, or leases.

Question 5: Would the information in the financial statements, including disclosures, provided by lessors electing the practical expedient in this proposed Update be decision useful? If not, please explain why.

Response: As previously stated, the proposed approach to update Topic 842's scope is not the only way to address the issues raised. An alternative approach that allows optional exemptions to the disclosure requirements would not affect the usefulness of financial information, as it would align the concepts in Topic 606's revenue disclosures with lessor income disclosures in Topic 842.