

Mr Robert Garnett
Chairman
International Financial Reporting Interpretations Committee
30 Cannon Street
London
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Email: ifric@iasb.org

18 August 2008

Dear Mr Garnett,

Tentative agenda decision: IAS 17 *Leases* – Time pattern of the user’s benefits

Deloitte Touche Tohmatsu is pleased to respond to the IFRIC’s publication in the July 2008 *IFRIC Update* of the tentative decision not to take onto the IFRIC’s agenda a request for an Interpretation of IAS 17 *Leases*, in the context of operating leases, with respect to what alternatives to straight-line recognition of lease expense might be appropriate.

We support the IFRIC’s decision not to take the item on the agenda. We note that IAS 17 paragraph 33 requires lease payments on an operating lease to be recognised as an expense over the term of the lease on a straight line basis unless another systematic basis is representative of the time pattern of the user’s benefit. We principally agree with the IFRIC’s comment that any alternative to the straight-line recognition of lease expense under an operating lease “must reflect the time pattern of the use of the leased property rather than the amount of use or other factor related to economic benefits”. However, we believe that the agenda decision should articulate more clearly that an operating lease grants the right to use an asset and that consequently any method for recognition of lease expenses must reflect the passage of time. In other words, the agenda decision should state that in an operating lease the recognition of lease expenses depends on the right to use made available to the lessee rather than any actual use of the asset by the lessee.

If you have any questions concerning our comments, please contact Ken Wild in London at +44 (0)20 7007 0907.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Ken Wild", written over a horizontal line.

Ken Wild
Global IFRS Leader