



Sir David Tweedie
Chairman
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

12 May 2011

Dear Sir David,

Re: Leasing and Revenue Recognition

We refer to the Board's recent decision to extend the period for preparing the revisions regarding leasing and revenue recognition. We would very much like to commend the Board for taking this decision. We are absolutely convinced that it is the right one.

We were increasingly concerned that the revision discussions were in too fluid a state to result in standards of a sufficiently high quality to satisfy the needs of the capital markets. Also, many preparers were questioning, with the many changes since the Exposure Draft stage - often eliminating unwelcome new proposals and coming back closer to current practice - whether the new proposals offered sufficient improvement on the current standards to warrant their introduction. Resolving shortcomings in US GAAP in our view is not enough inducement for incurring large implementation costs in Europe.

Further, while preparers appreciate and support that the Board has in many cases decided to take a practical, solution driven approach to concerns raised in the comment letters, we wonder how these solutions fit into the overarching theoretical frameworks on which the projects are still based. We are also concerned that there might be a tension between theoretical ideas and practical approaches in the projects when the new standards need to be implemented in practice.

There has obviously not yet been enough time to carry out the absolutely essential field-testing to try to ensure that the proposals would work in practice. The extension will give the opportunity to correct this.



The Board apparently intends to consider whether re-exposure is necessary. In doing so, we strongly recommend taking into account the following points:

- The Board deserves to be supported for its much expanded (targeted) outreach activities. However, while they can play an important role in making the Board aware of practical issues and possible solutions, targeted outreach activities cannot replace proper consultation with all constituents, particularly when it is unclear who has been spoken to and why and what has been said in that outreach. It should therefore not be used to short-cut the Board's own laid-down due process.
- We also perceive that the principles have undergone such substantial change from the Exposure Drafts that a re-exposure is in our view imperative, also for demonstrating that due process has been properly followed so as to legitimate the standards.

The extra time made available will now enable the Board to carry out - possibly in parallel - these vital field-tests and re-exposures.

We remain at your disposal should you wish this subject further.

Yours sincerely,

Philippe de Buck