















**Question 17**

*Paragraphs BC 200- BC 205 set out the boards' assessment of the costs and benefits of the proposed requirements. Do you agree with the boards' assessment that the benefits of the proposal would outweigh the costs? Why or why not?*

We do not agree with the Board's conclusion.

There are many areas in these proposals which require significant judgement and continual monitoring and re-measurement. This has a considerable time and cost impact which we do not believe will result in more consistent and comparable information. The fact that such information is neither readily available nor already used by those responsible for assessing performance and making decisions on the allocation of resources confirms that this is not key to our commercial operations.

We are also concerned that users will continue to make their own adjustments to information in respect of leases, but will now be starting from a non-comparative basis due to the differing judgements made by preparers.

**Question 18**

*Do you have any other comments on the proposal?*

We support the objective of the proposed standard. However, in its current form we believe that the many areas requiring significant judgement will result in a wide spectrum of valuations resulting in less comparability than is currently available. We believe that users will continue to make adjustments to presented figures in respect of leases, but these will now be based on inconsistently determined valuations.

Considering our comments regarding renewal options and contingent rentals, we cannot agree with the IASB's conclusion on the cost-benefit consideration. With a large number of leased retail properties, the requirement to forecast rentals by individual property for periods well beyond normal budgeting cycles will be extremely onerous. In addition, such forecasts can never be reliable and will therefore require constant re-measurement resulting in higher costs, financial position volatility and ultimately confusion for users.

We note that the Board has yet to address the topic of lease incentives offered by the lessor. This is of interest to retailing organisations and we would urge the Board to address the issue as part of this project.

Compagnie Financière Richemont SA  
30 November 2010