



OBSERVATOIRE REGIONAL DE L'IMMOBILIER
D'ENTREPRISE EN ILE-DE-FRANCE

IASB

30 Cannon Street

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Paris, December 13, 2010

Re: Exposure Draft *Leases*

The Paris region real estate observatory (ORIE) provides thoughts and cooperation between public and private real estate industry actors. Through its studies, ORIE takes a major part in Paris region real estate market with 50€ billions of real estate leases¹.

The ORIE would like to thank the IASB for giving the opportunity to comment on ED Leases.

While the ORIE understands and supports the IASB in providing reliability, openness and comparability, it appears that these points will not be achieved by this project.

The ORIE is fully aware that ED Leases deals with all leasing transactions (specified and non-specified assets). However, regarding the ORIE's skills, our comments letter is focusing on real estate market effects (on lessors and lessees financial statements).

The proposed requirements of a right-of-use model added to the scope and definition of leases do not provide a faithful representation of leasing transactions. Moreover, the initial aims of reliability, openness and comparability are not achieved. Consequently, the ORIE does not agree with ED Leases.

¹ Belong to an estimation from Jones Lang Lasalle, Meeting "IFRS applied to real estate leases" KPMG/FIDAL/JLL – October 14th, 2010.

The ORIE's views on ED Leases consist in:

SCOPE AND DEFINITION OF LEASES

***Through the proposed requirements of ED Leases, leaseback transactions are considered as a purchase or a sale,** nevertheless it does not reflect the real nature of the contract. Choosing leaseback for a user is completely different from being an owner. By opting for leaseback transactions, lessees decide to increase their financial resources, while lessors secure the entrance of an asset in their investment portfolio. The IASB puts forward one model for two economic systems. Consequently, companies will not enable to invest in their core business, which will impact their performance and their competitiveness.

***The IASB proposes that fair value assets (IAS 40) would be excluded from ED Leases.** By excluding these assets, it would create a dissymmetrical situation between lessors on the cost's model and lessors on fair value's model. It would also provide complexity and a lack of comparability between companies' financial statements:

- one model for assets at fair value : IAS 40 (It needs to develop an equivalent by FASB to provide comparability.)
- two models for assets at cost model : performance obligation approach and derecognition approach.

***ED Leases includes a lot of different assets: specified and non specified assets.** Contracting a lease on mobile phones or printers is completely different from a real estate leasing. Considering real estate investment properties as common assets (especially for lessors on cost's model) does not make sense. The IASB recognises indeed investment property as business through IAS 40. By mixing all different assets, companies' performance would not be in evidence.

The proposed requirements on scope and definition such as giving by ED Leases do not achieved the initial aims of reliability, openness and comparability. It would involve complexity on leasing contracts by mixing or adding more models and it would not reflect the real nature of leasing transactions, particularly for real estate's industry.

LESSEE ACCOUNTING, RIGHT-OF-USE ASSET MODEL

***The ED Leases proposes that lessees should recognise a right-of-use asset and a liability to make lease payments.** This proposal would enhance financial statement and creates distortion on the company results. With this system, we are not able to evaluate if a company rent or own an asset. This new accounting system would promote purchasing, which would have negative impacts on firms' performance and growth.

***The IASB proposes that a lessee should measure assets and liabilities on a basis that:**

- **assumes the "longest possible term that is more likely than not to occur".** This supposes that companies and experts obtain the same level of information. But, as we are concerned, it seems complicated. In fact, it would introduce complexity and subjectivity that could have negative impacts for accounting comparability.

- **supposes a "basis lease" clearly defined.** The proposed requirements do not identify clearly what is considered as lease components or service components. For instance, what about tax property ? Moreover, including contingent rentals involves volatility which is negative for reliability of accounting informations. And what about the index of lease increasing? IASB has to define a common index in order to provide comparability and openness in statements.

Regarding benefits from ED Leases, the establishment system costs appear too significant to be taken in account reasonably.

The proposed requirements of a right-of use asset and a liability to make lease payments introduce a static view of economics which would be negative for business model and flexibility needs of companies. ED Leases proposals has for consequences on lessees and lessors financial statements:

- stronger discussions on leasing contracts which would impact lease term and lease amounts. Consequently, IASB proposals would affect firms accountings through a lack of flexibility and investments capacity;
- a decreased value of real estate. Lease term is indeed one of the most component o value asset;
- a decreased income for lessors which would affect credit access.

***The proposed requirements of IASB involve the recognition of leases in financial results.** Lessees statements are also impacted by the transfer/relocation of operating leases in financial results. It would contribute to financiarize and misrepresent comprehensive income.

The proposed requirements of a right-of-use asset and a liability to make lease payments would create distorsion in companies financial statements which would be negative for competitiveness and performance. Moreover, the measurement of lease payments needs to be clearer defined to achieve the initial aims of reliability and openness.

The lack of simplicity and the high level of subjectivity of the IASB's proposals cannot be approved by the ORIE.



LESSOR ACCOUNTING, PLURALITY OF MODEL ACCOUNTING

***The ED Leases proposes that lessors would apply either a performance obligation approach or a derecognition approach to account for the assets and liabilities arising from a lease depending on whether the lessor retains exposure to significant risks or benefits associated with the underlying asset.** These proposals create a dissymmetrical situation between companies which have the same core business. It does not provide comparability.

***The models of performance obligation and derecognition such as giving by IASB would deny operating leases.** As we already explained, real estate investment properties would not be considered as common assets. IAS 40 recognises them as real business. So, the proposed requirements would create distortion between lessors which would not provide comparability and comprehension of firms financial statements.

***As in lessees' case, the recognition of a right to receive lease payments does not achieve the initial aims of the project.** For lessors, determining the "longest possible term that is more likely that not to occur" supposes that owners would assess the probability of lessees' renewal intentions. It does not reflect the real nature of transactions. Moreover, the amount of the "right to receive lease payments" is based on a definition of leases which needs to be clearly determined.

The proposed requirements of ED Leases involve complexity of assets recognition which would be negative for openness and comparability of companies financial statements.

Consequently, the ORIE cannot approve the IASB's proposals.

The ORIE is agree with the IASB in providing reliability and openness of companies statements. But, it appears that the proposals are not enable to achieve these points. The proposed requirements involve complexity and do not provide a faithful representation of economic transactions. Because of business models would rely on accountings decisions, firms performance and competitiveness would be impacted.

The proposed requirements of the IASB would have for consequences on real estate, investment and asset management markets:


- a significant growth of asset amounts which would affect the reliability of market informations;
- a significant increasing of financial statement and a financiarisation of comprehensive income. Investments would be transferred in purchase at the expense of business core, which would impact companies growth and performance;

- a slowing down effect on real estate industry markets through a huge report of capital investments in purchasing. Consequently, real estate industry (asset management, property management, facility management) would be disturbed. Moreover, capital investments in new buildings would fall down because of the lack of reliability in this sector.

*The proposed requirements needs the establishment of new accountings systems, information systems...which have significant cost impact on companies statements. Regarding the benefits, the ORIE does not believe that would outweigh the involved costs.

Consequently, the ORIE cannot approve this project of IAS 17 "Leases" reform. The ORIE hopes that the IASB would think again about new proposals which enable to achieve the initial aims of reliability, openness and comparability.

Yours faithfully



Michel Grossi
Chairman

APPENDIX

The accounting model

The exposure draft proposes a new accounting model for leases in which:

- (a) a lessee would recognise an asset (the right-of-use asset) representing its right to use an underlying asset during the lease term, and a liability to make lease payments (paragraphs 10 and BC5–BC12). The lessee would amortise the right-of-use asset over the expected lease term or the useful life of the underlying asset if shorter. The lessee would incur interest expense on the liability to make lease payments.*
- (b) a lessor would apply either a performance obligation approach or a derecognition approach to account for the assets and liabilities arising from a lease, depending on whether the lessor retains exposure to significant risks or benefits associated with the underlying asset during or after the expected term of the lease (paragraphs 28, 29 and BC23–BC27).*

Question 1: Lessees

- (a) Do you agree that a lessee should recognise a right-of-use asset and a liability to make lease payments? Why or why not? If not, what alternative model would you propose and why?*
- (b) Do you agree that a lessee should recognise amortisation of the right-of-use asset and interest on the liability to make lease payments? Why or why not? If not, what alternative model would you propose and why?*

As explained in our comment letter, the ORIE does not agree with the IASB on the fact that a lessee should recognize a right-of-use asset and a liability to make lease payments because:

***it would enhance financial statement and create distortion on the company results.** With this system, we are not able to evaluate if a company rent or own an asset. This new accounting system would promote purchasing, which would have negative impacts on firms' performance and growth.

***the measurement of assets and liabilities is based on subjective informations** which would impact the reliability and comparability of firms statements. Evaluate the "longest possible term that is more likely than not to occur" supposes that companies and experts obtain the same level of information, which seems to be complicated, as we are concerned. Moreover, the IASB would have to clearly defined what is involved in "lease" (case of lease components, service components, contingent rentals...) and how could be the index to evaluate increasing lease.

***The proposed requirements of IASB involve the recognition of leases in financial results.** Lessees statements are also impacted by the transfer of operating leases in financial results. It would contribute to financiarize and misrepresent comprehensive income.

Question 2: Lessors

- (a) *Do you agree that a lessor should apply (i) the performance obligation approach if the lessor retains exposure to significant risks or benefits associated with the underlying asset during or after the expected lease term and (ii) the derecognition approach otherwise? Why or why not? If not, what alternative approach would you propose and why?*
- (b) *Do you agree with the boards' proposals for the recognition of assets, liabilities, income and expenses for the performance obligation and derecognition approaches to lessor accounting? Why or why not? If not, what alternative model would you propose and why?*
- (c) *Do you agree that there should be no separate approach for lessors with leveraged leases, as is currently provided for under US GAAP (paragraph BC15)? If not, why not? What approach should be applied to those leases and why?*

As explained in our comment letter, the ORIE does not agree with the IASB's proposals of two models of leases recognition because:

***the proposed requirements of two models by the lessor and one model by the lessee create a dissymmetrical situation** between companies which have the same core business. It does not provide comparability.

***the models of performance obligation and derecognition such as giving by IASB would deny operating leases.** As we already explained, real estate investment properties would not be considered as common assets. IAS 40 recognises them as real business. So, the proposed requirements would create distortion between lessors which would not provide comparability and comprehension of firms statements.

***as in lessees' case, the recognition of a right to receive lease payments does not achieve the initial aims of the project.** For lessors, determinating the "longest possible term that is more likely that not to occur" supposes that owners would assess the probability of lessees' renewal intentions. It does not reflect the real nature of transactions. Moreover, the amount of the "right to receive lease payments" is based on a definition of leases which needs to be clearly determined.



Question 3: Short-term leases

This exposure draft proposes that a lessee or a lessor may apply the following simplified requirements to short term leases, defined in Appendix A as leases for which the maximum possible lease term, including options to renew or extend, is twelve months or less.

- a) At the date of inception of a lease, a lessee that has a short-term lease may elect on a lease-by-lease basis to measure, both at initial measurement and subsequently, (i) the liability to make lease payments at the undiscounted amount of the lease payments and (ii) the right-of-use asset at the undiscounted amount of lease payments plus initial direct costs. Such lessees would recognise lease payments in profit or loss over the lease term (paragraph 64).*
- b) At the date of inception of a lease, a lessor that has a short-term lease may elect on a lease-by-lease basis not to recognise assets and liabilities arising from a short-term lease in the statement of financial position, nor derecognise any portion of the underlying asset. Such lessors would continue to recognise the underlying asset in accordance with other IFRSs and would recognise lease payments in profit or loss over the lease term (paragraph 65).*

(See also paragraphs BC41-BC46)

Do you agree that a lessee or a lessor should account for short-term leases in this way? Why or why not? If not, what alternative approach would you propose and why?

Short term leases in the industry of real estate are relatively un-common. That's why (the) ORIE has no comments towards this subject.

Definition of a lease

This exposure draft proposes to define a lease as a contract in which the right to use a specified asset or assets is conveyed, for a period of time, in exchange for consideration (Appendix A, paragraphs B1-B4 and BC29-BC32). This exposure draft also proposes guidance on distinguishing between a lease and a contract that represents a purchase or sale (paragraphs 8, B9, B10 and BC59-BC62) and on distinguishing a lease from a service contract (paragraphs B1-B4 and BC29-BC32).

Question 4

(a) Do you agree that a lease is defined appropriately? Why or why not? If not, what alternative definition would you propose and why?

(b) Do you agree with the criteria in paragraphs B9 and B10 for distinguishing a lease from a contract that represents a purchase or sale? Why or why not? If not, what alternative criteria would you propose and why?

(c) Do you think that the guidance in paragraphs B1-B4 for distinguishing leases from service contracts is sufficient? Why or why not? If not, what additional guidance do you think is necessary and why?

As explained on our comment letter, (the) ORIE does not agree with the definition of a lease because:

***the fact that ED Leases includes all assets does not make sense.** Contracting a lease on mobile phones or printers is completely different from a real estate leasing. Considering real estate investment properties as common assets (especially for lessors on cost's model) does not make

sense. IASB recognises indeed investment property as business through IAS 40. By mixing all different assets, companies' performance would not be in evidence.

***Through the proposed requirements of ED Leases, leaseback transactions are considered as a purchase or a sale,** nevertheless it does not reflect the real nature of the contract. Choosing leaseback for a user is completely different from being an owner. By opting for leaseback transactions, lessees decide to increase their financial resources, while lessors secure the entrance of an asset in their investment portfolio. IASB puts forward one model for two economic systems. Consequently, companies will not enable to invest in their core business, which will impact their performance and their competitiveness.

***lease components and service components are not clearly defined.** Consequently, it would have impact on the evaluation of lease payments and on the recognition of some taxes (property tax for instance).

Question 5

This exposure draft proposes that a lessee or a lessor should apply the proposed IFRS to all leases, including leases of right-of-use assets in a sublease except leases of intangible assets, leases of biological assets and leases to explore for or use minerals, oil, natural gas and similar non-regenerative resources (paragraphs 5 and BC33-BC46).

Do you agree with the proposed scope of the proposed IFRS? Why or why not? If not, what alternative scope would you propose and why?

As explained in our comment letter, the ORIE does not agree with the scope of leases because:

***Through the proposed requirements of ED Leases, leaseback transactions are considered as a purchase or a sale,** nevertheless it does not reflect the real nature of the contract. Choosing leaseback for a user is completely different from being an owner. By opting for leaseback transactions, lessees decide to increase their financial resources, while lessors secure the entrance of an asset in their investment portfolio. IASB puts forward one model for two economic systems. Consequently, companies will not enable to invest in their core business, which will impact their performance and their competitiveness.

***The IASB proposes that fair value assets (IAS 40) would be excluded from ED Leases.** By excluding these assets, it would create a dissymmetrical situation between lessors on the cost's model and lessors on fair value's model. It would also provide complexity and a lack of comparability between companies' statements (one model for assets at fair value: two models for assets at cost model).

Question 6

The exposure draft proposes that lessees and lessors should apply the proposals in Revenue from Contracts with Customers to a distinct service component of a contract that contains service components and lease components (paragraphs 6, B5–B8 and BC47–BC54). If the service component in a contract that contains service components and lease components is not distinct:

(a) the FASB proposes the lessee and lessor should apply the lease accounting requirements to the combined contract.

(b) the IASB proposes that:

(i) a lessee should apply the lease accounting requirements to the combined contract.

(ii) a lessor that applies the performance obligation approach should apply the lease accounting requirements to the combined contract.

(iii) a lessor that applies the derecognition approach should account for the lease component in accordance with the lease requirements, and the service component in accordance with the proposals in Revenue from Contracts with Customers.

Do you agree with either approach to accounting for leases that contain service and lease components? Why or why not? If not, how would you account for contracts that contain both service and lease components and why?

The proposed requirements about lease definition do not appear to us clear and simple. Consequently, (the) ORIE cannot comment this proposal.

The ORIE asks the IASB to precise more clearly what is considered as lease components or service components in order to think about their recognition.

Nevertheless, regarding the proposed requirements, it appears that owners and lessees would not recognise some charges on the same model. For instance, in the case of tax property: an owner would recognise a charge while lessee would affect this tax on amortization and interest charge. The ORIE does not understand why the statement should be different for owner and lessee. It would provide a different form of financial statements for the same situation.

Question 7

This exposure draft proposes that a lease contract should be considered terminated when an option to purchase the underlying asset is exercised. Thus, a contract would be accounted for as a purchase (by the lessee) and a sale (by the lessor) when the purchase option is exercised (paragraphs 8, BC63 and BC64).

Do you agree that a lessee or a lessor should account for purchase options only when they are exercised? Why or why not? If not, how do you think that a lessee or a lessor should account for purchase options and why?

The ORIE is agree with the IASB to account for a contract as a purchase or a sale when the purchase option is exercised.

Measurement

This exposure draft proposes that a lessee or a lessor should measure assets and liabilities arising from a lease on a basis that:

- (a) assumes the longest possible term that is more likely than not to occur, taking into account the effect of any options to extend or terminate the lease (paragraphs 13, 34, 51, B16–B20 and BC114–BC120).*
- (b) includes in the lease payments contingent rentals and expected payments under term option penalties and residual value guarantees specified by the lease by using an expected outcome technique (paragraphs 14, 35, 36, 52, 53, B21 and BC121–BC131). Lessors should only include those contingent rentals and expected payments under term option penalties and residual value guarantees that can be measured reliably.*
- (c) is updated when changes in facts or circumstances indicate that there is a significant change in the liability to make lease payments or in the right to receive lease payments arising from changes in the lease term or contingent payments, including expected payments under term option penalties and residual value guarantees, since the previous reporting period (paragraphs 17, 39, 56 and BC132–BC135).*

Question 8: Lease term

Do you agree that a lessee or a lessor should determine the lease term as the longest possible term that is more likely than not to occur taking into account the effect of any options to extend or terminate the lease? Why or why not? If not, how do you propose that a lessee or a lessor should determine the lease term and why?

As explained in the comment letter, the ORIE does not agree with the IASB to determine the lease term as the longest possible term that is more likely that not to occur because it would be too complex to establish. It would involve the need to obtain the same level of informations by companies and experts, which does not make sense in the reality. Consequently, it would create distorsion which would impact the comparability of firms performance.

Question 9: Lease payments

Do you agree that contingent rentals and expected payments under term option penalties and residual value guarantees that are specified in the lease should be included in the measurement of assets and liabilities arising from a lease using an expected outcome technique? Why or why not? If not, how do you propose that a lessee or a lessor should account for contingent rentals and expected payments under term option penalties and residual value guarantees and why?

Do you agree that lessors should only include contingent rentals and expected payments under term option penalties and residual value guarantees in the measurement of the right to receive lease payments if they can be measured reliably? Why or why not?

The ORIE does not agree with the IASB to include in the lease contingent rentals and expected payments under term option penalties and residual value guarantees because it is based on judgements, which do not enable reliability of informations.

In the real estate industry, contingent rentals are commonly indexed on company turnover. The ED Leases proposes the recognition in the financial statement of leases which are indexed on future results. This evaluation is based on volatile criteria. As we already explained, it depends on level of informations, economics context... What could be considered at a moment, would have change 5

minutes later. The recognition of contingent rentals provides volatility and subjectivity which would affect reliability of firms statements. Moreover, it reflects neither the real nature of economics transactions nor flexibility needs.

Question 10

Do you agree that lessees and lessors should remeasure assets and liabilities arising under a lease when changes in facts or circumstances indicate that there is a significant change in the liability to make lease payments or in the right to receive lease payments arising from changes in the lease term or contingent payments (including expected payments under term option penalties and residual value guarantees) since the previous reporting period? Why or why not? If not, what other basis would you propose for reassessment and why?

The ORIE does not agree with the IASB's proposals to reevaluate the assets and liabilities arising under a lease when changes in facts or circumstances indicate that there is a significant change in the liability to male lease payments or in the right to receive lease payments arising from changes in the lease terme or contingent payments.

The ORIE tells about :

- the model of evaluation the lease term does not appear reliable;
- the inclusion of contingent rentals does not make sense;
- the index of lease reevaluation are not clearly defined. Moreover, index have to be common for providing accountings comparability. This reevaluation needs also the establishment of complex and costly systems for uncertain benefits;
- the volatility involved by this model of reevaluation do not provide reliability on firms performance.

Sale and leaseback

This exposure draft proposes that a transaction should be treated as a sale and leaseback transaction only if the transfer meets the conditions for a sale of the underlying asset and proposes to use the same criteria for a sale as those used to distinguish between purchases or sales and leases. If the contract represents a sale of the underlying asset, the leaseback also would meet the definition of a lease, rather than a repurchase of the underlying asset by the lessee (paragraphs 66-67, B31 and BC160-BC167).

Question 11

Do you agree with the criteria for classification as a sale and leaseback transaction? Why or why not? If not, what alternative criteria would you propose and why?

In the real estate industry, the ORIE would like to focus on the necessary distinction between leaseback and sale&leaseback transactions. Mixing them does not reflect the real nature of the contracts.

The ORIE asks the IASB to think about a more precise definition in order to be able to make comments.

Question 12: Statement of financial position

- (a) *Do you agree that a lessee should present liabilities to make lease payments separately from other financial liabilities and should present right-of-use assets as if they were tangible assets within property, plant and equipment, or investment property as appropriate, but separately from assets that the lessee does not lease (paragraphs 25 and BC143–BC145)? Why or why not? If not, do you think that a lessee should disclose this information in the notes instead? What alternative presentation do you propose and why?*
- (b) *Do you agree that a lessor applying the performance obligation approach should present underlying assets, rights to receive lease payments and lease liabilities gross in the statement of financial position, totalling to a net lease asset or lease liability (paragraphs 42, BC148 and BC149)? Why or why not? If not, do you think that a lessor should disclose this information in the notes instead? What alternative presentation do you propose and why?*
- (c) *Do you agree that a lessor applying the derecognition approach should present rights to receive lease payments separately from other financial assets and should present residual assets separately within property, plant and equipment (paragraphs 60, BC154 and BC155)? Why or why not? Do you think that a lessor should disclose this information in the notes instead? What alternative presentation do you propose and why?*
- (d) *Do you agree that lessors should distinguish assets and liabilities that arise under a sublease in the statement of financial position (paragraphs 43, 60, BC150 and BC156)? Why or why not? If not, do you think that an intermediate lessor should disclose this information in the notes instead?*

As explained in the comment letter, the ORIE would like to remind the fact that we do not approve the proposed requirements. Consequently, the ORIE does not approve these proposals.

Nevertheless, the recognition of a right-of-use asset would occur in intangible assets.

Question 13: Income statement

Do you think that lessees and lessors should present lease income and lease expense separately from other income and expense in profit or loss (paragraphs 26, 44, 61, 62, BC146, BC151, BC152, BC157 and BC158)? Why or why not? If not, do you think that a lessee should disclose that information in the notes instead? Why or why not?

The ORIE does not agree with the IASB. As explained in our comment letter, the fact that the “basis lease” would be shared in amortisation and financial charges provides complexity and contributes to comprehensive income distortions.

Question 14: Statement of cash flows

Do you think that cash flows arising from leases should be presented in the statement of cash flows separately from other cash flows (paragraphs 27, 45, 63, BC147, BC153 and BC159)? Why or why not? If not, do you think that a lessee or a lessor should disclose this information in the notes instead? Why or why not?

The ORIE does not agree with the IASB's proposals. By presenting cash flows arising from leases separately, statement of cash flows would be unreadable and more complex.

Disclosure

Question 15

Do you agree that lessees and lessors should disclose quantitative and qualitative information that:

(a) identifies and explains the amounts recognised in the financial statements arising from leases; and

(b) describes how leases may affect the amount, timing and uncertainty of the entity's future cash flows?

(paragraphs 70–86 and BC168–BC183)? Why or why not? If not, how would you amend the objectives and why?

The ORIE supports the IASB in providing openness in companies financial statements. Nevertheless, the proposed requirements do not reflect the real nature of real estate market. Disclosing quantitative and qualitative information would affect the confidentiality needed by real estate industry actors. Moreover, it would need the establishment of complex and costly systems of informations which could not be reliable.

Transition

Question 16

(a) This exposure draft proposes that lessees and lessors should recognise and measure all outstanding leases as of the date of initial application using a simplified retrospective approach (paragraphs 88–96 and BC186–BC199). Are these proposals appropriate? Why or why not? If not, what transitional requirements do you propose and why?

(b) Do you think full retrospective application of lease accounting requirements should be permitted? Why or why not?

(c) Are there any additional transitional issues the boards need to consider? If yes, which ones and why?

The application of a simplified retrospective approach seems to be inappropriate because companies results would be affected a lot in the first years after the period of transition. Consequently, the ORIE proposes to permit a full retrospective approach by option in order to reduce the impacts on forms performance.



Benefits and Costs

Question 17

Paragraphs BC200-BC205 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 proposals would outweigh the costs? Why or why not?

The ORIE does not agree with the boards' assessment that the benefits of the proposals would outweigh the costs. Regarding the uncertain benefits, investments in the establishment of information systems, of accounting systems do not make sense.

Other Comments

Question 18

Do you have any other comments on the proposals?

None.

