

14 May 2019

Sue Lloyd
Chair
IFRS Interpretations Committee
Columbus Building
7 Westferry Circus
Canary Wharf
London
United Kingdom
E14 4HD

Dear Ms Lloyd

Tentative agenda decision – IFRS 16 Leases: Subsurface rights

Deloitte Touche Tohmatsu Limited is pleased to respond to the IFRS Interpretations Committee's publication in the March 2019 IFRIC Update of the tentative decision not to take onto the Committee's agenda the request for clarification on the Standard applicable (IFRS 16, IAS 38 or another Standard) in accounting for a contract for subsurface rights.

We agree with the IFRS Interpretations Committee's decision not to add this item onto its agenda for the reasons set out in the tentative agenda decision.

We note that contracts with respect to subsurface rights often include compensation to the supplier for elements other than the subsurface rights, for example compensation for inconvenience to the landowner if the customer needs to access the subsurface to perform repairs and maintenance work. Accordingly, we suggest that the agenda decision specifies that the analysis relates only to the lease component included in contracts for subsurface rights. This may be achieved by the following editorial change (blacklined) to the penultimate paragraph:

"...provide an adequate basis for an entity to determine whether the contract in the request contains a lease component."

If you have any questions concerning our comments, please contact Veronica Poole in London at +44 (0) 20 7007 0884.

Yours sincerely



Veronica Poole
Global IFRS Leader