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Post-Implementation Review of IFRS 16

Cover Note

Objective

- 1 The objective of the session is to discuss the content and the timing of the proposed EFRAG survey to users to collect preliminary feedback on the effects of IFRS 16.

Background of the EFRAG discussions

- 2 At its [January](#) meeting, EFRAG FR TEG was provided with an overview of the EFRAG Secretariat envisaged workplan for the project. One of the first steps would be to launch on-line surveys for different type of stakeholders in preparation for the IASB's Request for Information.
- 3 Members generally agreed with the proposed workplan and highlighted the importance of the users feedback for the project (e.g., analysts). They appreciated to being able to discuss the project in a joint meeting directly with the users.
- 4 In addition, they mainly agreed with the list of the most impacted industries resulting from a study commissioned by EFRAG in 2017 as an input to its Endorsement Advice on IFRS 16 Leases ([here](#)). In particular, the most impacted industries were: Airlines, Retail and Travel & Leisure, Health Care, Personal & Household Goods, Real Estate and Industrial Goods & Services.
- 5 Furthermore, members provided their input about the structure and the content of the questionnaire to preparers and its auditors. Among others, they provided the following general comments:
 - (a) Members suggested to add a question in the beginning of the questionnaire to identify the respondents as lessees, lessors or both;
 - (b) Few members expressed that the survey should follow the same structure for both preparers and users in a form of one survey and questioned the intention to address questions based on respondent's background in a form of two surveys;
 - (c) Some members considered that by providing to respondents a list of options to choose from (e.g., relating to application issues, interactions with other IFRS Accounting

- Standards and disclosure requirements), it would not provide sufficient information and preferred to include open-ended questions instead;
- (d) Some members highlighted the need to ask respondents to rank issues to support Phase 2 of EFRAG's work plan on the prioritisation of issues; and
 - (e) Some members considered that it is more useful to ask preparers about the overall effect on IFRS 16 on financial reporting, rather than focusing on Alternative Performance Measures only.
- 6 The EFRAG Secretariat clarified that its intention is to publish the on-line survey to preparers and its auditors, NSS and regulators by mid-February and shortly after the on-line survey to users. Both surveys should be opened for comments until mid-April allowing to summarise the results for a preliminary discussion of the results at the Joint EFRAG FR TEG-CFSS meeting in May (14 May 2024).

EFRAG on-line survey to users

- 7 In order to complement the information that will be gathered through the on-line survey addressed to preparers, auditors, national standard setters and regulators, the EFRAG Secretariat is also planning to launch an on-line survey to be addressed to users of financial statements by the end of February, whose results will be further investigated during the outreaches expected in Q2 and Q3 2024.
- 8 This survey (please refer to paragraphs 18-40 of the **agenda paper 07-02** for further details) aims to collect preliminary information about:
- (a) Overall assessment of and experience with IFRS 16, with a specific focus on the objectives the IASB aimed to achieved in drafting IFRS 16, and how IFRS 16 balances have impacted their analysis (see Section 1 of the survey in 07-02);
 - (b) Overall assessment of the benefits arising from applying current disclosure requirements in IFRS 16 and whether the IASB should reconsider some of them ensuring a better cost-benefit balance (see Section 2 of the survey in 07-02);
 - (c) Overall assessment relating the recognition, measurement and presentation requirements in IFRS 16 and, in particular, whether they result in a more faithful representation of lease transactions in the statement of financial position, of profit or loss and of cash flows (see Section 3 of the survey in 07-02);
 - (d) Any impact on the usefulness and comparability of information arising from interaction between IFRS 16 and other IFRS Accounting Standards and Interpretations (see Section 4 of the survey in 07-02); and
 - (e) Users' experience with the two transition methods as define in IFRS 16 (see Section 5 of the survey in 07-02).
- 9 Furthermore, the introductory section of the survey (please refer to paragraphs 3-17 of the agenda paper 07-02) provides some useful information for respondents as follows:
- (a) Background information on IFRS 16 and subsequent amendments to date;
 - (b) Information about the IASB project and clarifications about the objectives of a PIR;
 - (c) Information about EFRAG preparatory work to respond to the IASB; and

- (d) Information about the purpose and the structure of the survey.

Questions for EFRAG FR TEG

- 10 Do EFRAG FR TEG members have any comments, additional suggestions or recommendations about the content and structure of the EFRAG on-line survey for users contained in the agenda paper 07-02?

Next steps

- 11 The EFRAG Secretariat will start the research and literature review activity, launch the on-line survey on the effects of the application of IFRS 16 and begin conducting the proposed outreaches.

Agenda Papers

- 12 In addition to this cover note, agenda paper 07-02 – *EFRAG On-line survey to users on the effects of IFRS 16* – has been provided for the session.
- 13 For Background purposes the *On-line survey to preparers and its auditors, NSS and regulators on the effects of IFRS 16* will be uploaded as soon as it is finalised (paper 07-03 – late paper).