



EFFAS THE EUROPEAN FEDERATION OF FINANCIAL ANALYSTS SOCIETIES

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Contact: Ms. Raquel Zaragoza

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Re: EFFAS Comment Letter on EFRAG Preliminary Document Regarding the Endorsement of IFRS-16 *Leases*

Dear Sir/Madam:

EFFAS' Financial Accounting Commission (“FAC”, “the Commission”, “we”) is pleased to share with you the views of European users of financial statements regarding EFRAG’s Draft Endorsement Advice on IFRS 16 *Leases*.

As users, we welcome the proposed changes in the *leases* standard which replaces the current requirements in IAS 17 *Leases* and which we consider a significant improvement.

The new standard requirements will particularly imply for users a significant reduction of the current adjustments. Users usually make adjustment to the financial statements of the entities in order to reflect more accurately the financial leverage position of the entities. IFRS-16 will lead to a considerable improvement in terms of accuracy and transparency while reducing the need to use estimates and other “guess work”. It will also facilitate comparability.

Regarding the Endorsement Advice, EFRAG has developed an in-depth while ample review of the different aspects that the implementation of *leases* can have on the public good. Qualitative elements such as relevance, reliability, comparability and understandability that are required to support economic decisions and the assessment of stewardship are all elements of prudent accounting considered by EFRAG in its advice. Additionally, the Endorsement Advice also reflects other aspects of the standard including the identification, separation merits and potential impact on its implementation in the leasing industry.



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EFFAS, as the largest European users' organization representing more than 16,000 investment professionals has also participated in several panels, conferences and outreaches amongst others with EFRAG technical staff.

We consider the Draft Endorsement Advice well balanced and at the same time reflecting the thorough and comprehensive discussions held with stakeholders. Pros and cons of the forthcoming implementation of IFRS 16 are also analyzed.

Based on the above, we support and endorse EFRAG's Draft Endorsement Advice on IFRS 16 *Leases*.

If you would like to further discuss the views expressed in this letter please do not hesitate to contact me.

Javier de Frutos
Chairman
On behalf of EFFAS
Commission on Financial Accounting

c.c. Mr. Jesus López Zaballos, Chairman of EFFAS
Mr. Hans Buysse, Board member and Treasurer EFFAS
Mr. Serge Pattyn, Member of the Financial Accounting Commission, EFFAS representative in the EFRAG TEG
Mr. Jacques de Greling Member of the Financial Accounting Commission

EFFAS was established in 1962 as an association for nationally-based investment professionals in Europe. Headquartered in Frankfurt am Main, EFFAS comprises 27 member organizations representing more than 16,000 investment professionals. The Commission on Financial Accounting is a standing commission of EFFAS aiming at proposing and commenting on financial issues from an analyst standpoint. FAC members are Javier de Frutos (Chairman, IEAF-Spain), Jacques de Greling (Vice-Chairman- SFAF, France), Rolf Rundfelt (SFF, Sweden), Friedrich Spandl (ÖVFA, Austria), Henning Strom (NFF, Norway), Serge Pattyn (BVFA/ABAF, Belgium), Luca D' Onofrio (AIAF, Italy).