



# EFFAS THE EUROPEAN FEDERATION OF FINANCIAL ANALYSTS SOCIETIES

**Mr. Gauzès, EFRAG Chairman**

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By email

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**Contact: Ms. Raquel Zaragoza**

23 February 2021

**Re:** Comments on ED/2021 *Amendment to IFRS-16, Covid-19-Related Rent Concessions*

Dear Sir/Madam:

EFFAS' Commission on Financial Reporting ("Commission", "we") would like to share with you its views on the ED, Amendment to IFRS-16 related to *Covid-19 Rent Concessions* published by the IASB on 11 February 2021.

In light of the still uncertain economic environment, EFFAS CFR acknowledges IASB's prompt action to reduce uncertainty for companies and investors related to the reporting of lease modifications. As a matter of fact, interested parties are already discussing ways to provide continuity implementing the practical expedient. We would like to emphasize that disclosures should continue to be provided to permit a clear understanding of the impact of the Amendment in entities' financial statements.

### ***Question 1 – Practical expedient***

As noted in the revised standard, we agree with the changes made in paragraph 46B, (a) and (b). Moreover, since applying the practical expedient is optional, we think that the added paragraph to IFRS-16 regarding disclosures and as noted in BC1 should be maintained.

We would like to underline that extending the application of the Amendment to 30 June 2022 is practical as a timeline. However, the Commission considers that extending the Amendment to 31



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December 2022 without changes in the requirements will be more adequate. Entities still might have difficulties to generate adequate cash-flows to return to pre-Covid-19 rents levels in mid-2022.

## **Question 2.- Effective date and transition**

We agree with the effective date and transition paragraphs related to the Amendments. We would like to reiterate that any change by eligible entities to the financial statements not previously applied and reported in the implementation of the practical expedient should be provided.

If you would like to further discuss the views expressed in this letter, please contact us.

Kind regards,

Javier de Frutos, Chairman  
On behalf of EFFAS Commission on Financial Reporting

*EFFAS was established in 1962 as an association for nationally based investment professionals in Europe. Headquartered in Frankfurt am Main, EFFAS comprises 15-member organizations representing more than 16,000 investment professionals. The Commission on Financial Reporting is a standing commission of EFFAS aiming at proposing and commenting on financial issues from an analyst standpoint. CFR members are Javier de Frutos (Chairman, IEAF-Spain), Jacques de Greling (Vice-Chairman- SFAF, France), Friedrich Spandl (ÖVFA, Austria), Henning Strom (NFF, Norway), Serge Pattyn (BVFA/ABAF, Belgium) Luca D'Onofrio (AIAF, Italy), Dr. Carsten Zielke (DVFA, Germany) and Andreas Schenone (SFAA, Switzerland).*