



EFFAS THE EUROPEAN FEDERATION OF FINANCIAL ANALYSTS SOCIETIES

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Comments: EFRAG's Draft Endorsement
Advice re. ED/2020/2 *Covid-19-Related Rent
Concessions*

Contact: Ms. Raquel Zaragoza

May 20, 2020

Dear Sir/Madam:

EFFAS' Commission on Financial Reporting ("CFR", "Commission", "we") has reviewed EFRAG's Draft Endorsement Advice (the "DEA", the "Endorsement") and we are pleased to support EFRAG's conclusions.

Additionally, we would like to note a couple of points:

- a). -In light of the current circumstances and given that IFRS-16 is relatively a new standard, it is relevant to issue this prompt Amendment. For many entities leases are a major component of their financing and, we believe, the issuance of the Amendment should -as a practical expedient- provide the necessary relief for preparers.
- b). - The effective date - annual reporting periods beginning 1 June 2020 with earlier application permitted - is reasonable. As noted in the Endorsement, the Amendment is limited to rental payments due in 2020. However, given the current evolution of the pandemic, we believe that the Amendment, as also mentioned by EFRAG, should envisage a broader approach and include the rent concessions granted at least through March 31, 2021.
- c). - Regarding disclosure, we refer to paragraph 60A of the ED, we think that further elaboration will be needed. Stating the changes, including the impact on the amounts in profit and loss and the balance sheet, also in the interim statements, would be appreciated by users.

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

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 20-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) and Dr. Carsten Zielke (DVFA, Germany)