

Post-Implementation Review of IFRS 16

EFRAG online survey of users on the effects of IFRS 16

Background of IFRS 16 and the IASB's PIR project

- 1 The previous accounting model for leases failed to meet the needs of users of financial statements, because most leases were off-balance sheet as operating leases, thereby failing to reflect lessees' obligation to make future minimum lease payments, and there was lack of disclosure.
- 2 IFRS 16 *Leases* was issued in 2016 and had a mandatory effective date of 1 January 2019. It requires lessees to recognise a liability for its obligation to make future minimum lease payments with the corresponding right of use asset and enhances lessors' disclosure about their risk exposure.
- 3 The [objective](#) of a PIR is to gather feedback from different stakeholders in order to assess whether the new standard is working as intended. A PIR is not a standard-setting project and does not automatically lead to standard-setting. Nor is it intended to address every application question.

Purpose and content of this survey

Survey objective

- 4 The objective of this survey is to determine whether IFRS 16 works overall as intended. This feedback will be useful to complement preparers' views of the costs associated with the implementation of IFRS 16.
- 5 This survey is aimed at **users** of financial statements. To access the survey aimed at **preparers, auditors, national standard setters** and **regulators**, please click [here](#).

Deadline and relevant information

- 6 Please submit your answers **by 15 April 2024** by clicking on the "**Submit**" button at the end of the survey.
- 7 Please note that you can save the questionnaire and return to it later by clicking "**Save and continue later**" in the right top corner of the page. EFRAG will only consider submitted surveys.
- 8 The collected information will remain confidential and, when used in any reports, it will be presented in such a way that no individual company or person can be identified.
- 9 The survey consists of 20 questions sorted in five sections.

User questionnaire

Section 0 – General information

Guidance for respondents

Please consider the financial statements you usually use in making your analyses and the main industries you focus on.

Where not specifically indicated, questions refer to both lessees' and lessors' accounting. However, if different perspectives would lead to different conclusions, please provide any relevant information in the open-text box section.

Comments are most helpful when they:

- (a) answer questions as stated;
- (b) state the paragraph(s) of IFRS 16 to which they relate;
- (c) identify the cause of the described issue;
- (d) describe practical example(s) relevant to the questions and explain
 - (i) how the IFRS 16 requirements are applied;
 - (ii) the effects of applying the requirements, focusing on the usefulness of information provided by the entity to users; and
 - (iii) how pervasive it is for your analyses; and
 - (iv) how widespread it is.

Please note you can save the draft questionnaire and return to it at a later time. EFRAG will only consider submitted surveys.

Question 1 – Respondent's profile

- (a) Name
- (b) Email address
- (c) Respondent type
 - (i) Credit analyst
 - (ii) Equity analyst
 - (iii) Retail investor
 - (iv) Credit rating agency
 - (v) Other (Please specify)
- (d) Respondent organisation – Name (if applicable)
- (e) Respondent organisation – Country (location of headquarters)
- (f) Industry (or industries) that you focus on

Section 1 - Overall assessment of and experience with IFRS 16

IFRS 16 sets out the principles for the scoping, recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

Question 2 - What is your overall assessment of IFRS 16?

- (a) IFRS 16 is working as intended
- (b) IFRS 16 is generally working well but there is room for improvement. (Please explain)
- (c) IFRS 16 is not working as intended. (Please explain)
- (d) Unsure. (Please explain)

Question 3 – Based on your experience, to what extent has the implementation of IFRS 16 decreased or increased the relevance of the information provided about lease transactions in the following industries?

		1	2	3	4	5
	Unsure	Significantly decreased	Decreased	No changes	Increased	Significantly increased
Airlines	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Automotive	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Chemicals	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Construction	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Extractive companies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Health care and pharmaceuticals	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Industrial goods & services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Personal and household goods	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Real estate	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Retail	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Software	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Telecommunications	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Transport and infrastructure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

		1	2	3	4	5
	Unsure	Significantly decreased	Decreased	No changes	Increased	Significantly increased
Travel and leisure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Utilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (please specify)						
[...]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please provide reasons supporting your assessment above.

Question 4 – Thinking of the IFRS 16 effects on the financial statements and how you use accounting information, to what extent has the implementation of IFRS 16 decreased or increased the following aspects:

	1	2	3	4	5
	Significantly decreased	Decreased	No changes	Increased	Significantly increased
Users' ability to estimate future cash flows	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information transparency	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Better information about the entity's liquidity risk	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Better information on the entity's profitability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Better information on the entity's leverage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cost of obtaining required information for users' analysis	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (please explain)					
[...]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please provide reasons supporting your assessment above

Question 5 – IFRS 16 aimed to improve information comparability between transactions that were economically similar. In your view, to what extent has the implementation of IFRS 16 decreased or increased the following aspects:

	1	2	3	4	5
	Significantly decreased	Decreased	No changes	Increased	Significantly increased
Information comparability between entities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information comparability between leases and debt financed purchase of asset	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information comparability between similar contracts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please provide reasons supporting your assessment above

Question 6 – Has the adoption of IFRS 16 impacted how you use entity’s financial statements to obtain useful information for your analysis (e.g., increased need to restate the information on leases reported by an entity)?

- (a) Yes, it has **decreased** users’ costs for obtaining useful information. (Please explain why)

- (b) Yes, it has **increased** users’ costs for obtaining useful information. (Please explain why)

- (c) No, it has not. (Please explain why)

Question 7 – We have been informed that some preparers increased the use of alternative performance measures to neutralise IFRS 16 impact in their financial statements. Have you experienced this situation?

- (a) Yes, I have experienced increased use of adjusted alternative performance measures.

- (i) Do these adjusted measures provide users with more useful information? And if so, which are the most useful in your view?

- (b) No, I have not experienced increased use of adjusted alternative performance measures.

End of section 1

Section 2 – Overall assessment of the disclosure requirements in IFRS 16

Question 8 – In your view, do the disclosure requirements in IFRS 16 result in entities providing useful information to users of financial statements?

Lessee accounting

- (a) Yes, they do.
- (b) Yes, they do but there are some disclosure requirements in IFRS 16 that could be reconsidered by the IASB. **Go to question 9**
- (c) No, they do not.

Please explain why and how the IASB should address your concerns.

Lessor accounting

- (d) Yes, they do.
- (e) Yes, they do but there are some disclosure requirements in IFRS 16 that could be reconsidered by the IASB. **Go to question 9**
- (f) No, they do not.

Please explain why and how the IASB should address your concerns.

Question 9 – For all that apply please explain why and how the IASB should enhance/improve or reduce/limit the following disclosure requirements in IFRS 16.

	No changes needed	To be enhanced/improved	To be reduced/limited
Disclosure about right-of-use assets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Interest expense on lease liabilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Expenses related to short-term leases accounted for applying IFRS 16.6.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Expenses related to leases of low-value assets accounted for applying IFRS 16.6.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Expenses related to variable lease payments not included in measurement of lease liabilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Income from subleasing right-of-use assets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Total cash outflow for leases	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gains or losses arising from sale and leaseback transactions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Maturity analysis of lease liabilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Additional qualitative and quantitative information about lessee's leasing activities as required by IFRS 16.59 (e.g., future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lessors' disclosure for finance leases	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lessors' disclosure for operating leases	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Additional qualitative and quantitative information about the lessors' leasing activity as required by IFRS 16.92 (i.e., the nature of the lessor's leasing activities and, how the lessor manages the risk associated with any rights it retains in underlying assets)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (please specify)			
[...]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please, for each disclosure requirement that apply, explain why and how the IASB should **reduce/limit** current requirement(s)

Please, for each disclosure requirement that apply, explain why and how the IASB should **enhance/improve** current requirement(s)

Question 10 – Please indicate to what degree the following disclosure requirements result in entities providing useful information to users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity and explain why.

	1 Not useful	2 Slightly useful	3 Moderately useful	4 Useful	5 Very useful
Disclosure about right-of-use assets (additions, the carrying amount at the end and depreciation charge by class of underlying asset)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Interest expense on lease liabilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Expenses related to short-term leases accounted for applying IFRS 16.6.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Expenses related to leases of low-value assets accounted for applying IFRS 16.6.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Expenses related to variable lease payments not included in measurement of lease liabilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Income from subleasing right-of-use assets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Total cash outflow for leases	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gains or losses arising from sale and leaseback transactions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Maturity analysis of lease liabilities applying paragraphs 39 and B11 of IFRS 7 <i>Financial Instruments: Disclosures</i> separately from the maturity analyses of other financial liabilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Additional qualitative and quantitative information about lessees' leasing activities as required by IFRS 16.59 (e.g., future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lessors' disclosure for finance leases	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lessors' disclosure for operating leases	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Additional qualitative and quantitative information about the lessors' leasing activity as required by IFRS 16.92 (i.e., the nature of the lessor's leasing activities and, how the lessor manages the risk associated with any rights it retains in underlying assets)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (please specify)					
[...]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please provide further details supporting your assessment above

End of section 2

Section 3 – Overall assessment of recognition, measurement and presentation requirements in IFRS 16

Question 11 - In your view, do the recognition, measurement and presentation requirements in IFRS 16 result in a more faithful representation of lease transactions in the **statement of financial position**?

- (a) Yes, they do.
- (b) Yes, they do but there is room for improvement. Please explain why and how the IASB should improve it.

- (c) No, they do not. Please explain why and how the IASB should reconsider current requirements.

Question 12 - In your view, do the recognition, measurement and presentation requirements in IFRS 16 result in a more faithful representation of lease transactions in the **statement of profit or loss**?

- (a) Yes, they do.
- (b) Yes, they do but there is room for improvement. Please explain why and how the IASB should improve it.

- (c) No, they do not. Please explain why and how the IASB should reconsider current requirements.

Question 13 - In your view, do the recognition, measurement and presentation requirements in IFRS 16 result in a more faithful representation of lease transactions in the **statement of cash flows**?

- (a) Yes, they do.
- (b) Yes, they do but there is room for improvement. Please explain why and how the IASB should improve it.

- (c) No, they do not. Please explain why and how the IASB should reconsider current requirements.

Question 14 – Variable lease payments are excluded from the lease liability and right of use calculation. In some industries (e.g., retail industry) they may represent a relevant portion of total lease payments made throughout the lease term. In your view, do current accounting requirements for variable lease payments provide a faithful representation in the financial statements that is useful for users of financial information?

- (a) Yes, they do.
- (b) No, they do not.
 - (i) Please explain why and provide details about any changes that have been observed since the implementation of IFRS 16 that would suggest the need to reconsider current accounting requirements.

Question 15 – In your view, do current accounting requirements for sale and leaseback transactions provide a faithful representation in the financial statements that is useful for users of financial information?

- (a) Yes, they do.
- (b) No, they do not.
 - (i) Please explain why and provide details about any changes that have been observed since the implementation of IFRS 16 that would suggest the need to reconsider current accounting requirements.

End of section 3

Section 4 – Impacts from interaction between IFRS 16 and other IFRS Accounting Standards and Interpretations

Question 16 – In your experience, are there any interactions between IFRS 16 and other IFRS Accounting Standards and Interpretations that reduce the usefulness and comparability of resulting information (e.g., diversity in practice)?

- (a) Yes, there are.
- (i) Please describe the issue(s) and provide practical example(s) where it is unclear how to apply IFRS 16 with the requirements of other IFRS Accounting Standards (and Interpretations) and explain why.
-
- (ii) For any prevalent application issue that you have detailed above, please indicate how the IASB should address it.
-
- (b) No, there are not.

End of section 4

Section 5 – Other information

Question 17 – The IASB introduced, beside the full retrospective method, practical expedients and an option to use the modified retrospective method – which does not require the restatement of comparative period at transition – to reduce the cost and burden of transition for preparers of financial statements. At the same time, by requiring additional disclosures, the IASB sought to ensure users of financial statements received useful information for their trend analyses.

Did you experience any related issue in terms of usefulness of the information provided by the entities when initially applying IFRS 16? If so, why?

- (a) Yes, I did. (Please explain)
-
- (b) No, I did not.

Do you have any suggestions for lessons learned from the implementation of IFRS 16 that the IASB could consider in improving the understandability and accessibility of its future Standards?

- (a) Yes, I have. (Please explain)
-
- (b) No, I have not.

Question 18 - Do you have any additional input about the impact of IFRS 16 and/or any new evidence not yet considered by the IASB when drafting IFRS 16 (e.g., new market conditions or new business models) that EFRAG should raise to the IASB during the PIR?

- (a) No, I have not.
- (b) Yes, I have. (Please explain)

Question 19 – Do you have any suggestion for relevant studies/papers that should be analysed by EFRAG as part of this PIR?

- (a) No, I have not.
- (b) Yes, I have. (Please explain)

Question 20 - Would you be available for a follow-up discussion with the EFRAG project team (if needed)?

- (a) Yes.
- (b) No.

End of section 5. End of Survey

[SUBMIT SURVEY]