

PIR of IFRS 16 *Leases*

SUMMARY OF THE PRELIMINARY ISSUES

EFRAG FR TEG-CFSS meeting on 12 September 2024



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STRUCTURE OF THIS PAPER

- The structure of this paper can be summarised as follows:
 - Overview of EFRAG's preparatory work (*slide 4*)
 - Preliminary overview of the key general messages received so far through various outreach activities conducted in addition to the surveys in relation to:
 - Overall assessment of IFRS 16 (*slide 5*)
 - Disclosure requirements (*slide 6*)
 - Recognition, measurement and presentation requirements, including application issues arising from the application of them (*slide 7-12*); and
 - Application issues arising from the interaction with other IFRS Accounting Standards (*slide 13-15*).
 - Appendix A - Summary of the applications issues addressed by the IFRS IC
 - Appendix B - Summary of the application issues noted by ESMA

OVERVIEW OF EFRAG'S PREPARATORY WORK

EFRAG's preparatory work started in February 2024 and is expected to continue until the issuance of the IASB RFI (H1 2025) and it mainly consists of three different activities:

- The review of existing literature, including the review of IFRS 16 issues raised to the IFRS Interpretation Committee (IFRS IC), those included in the enforcement decisions on financial statements issued by ESMA and a selection of academic papers. Please refer to the Appendices A and B for further details.
- Two online surveys conducted with about 40 responses from preparers, users, national standard setters and regulator as detailed in the agenda papers 07-04 (Preparers, NSS and regulators) and 07-05 (Users).
- Outreach to different constituents (preparers, users, auditors, national standard setters, and academics) to get their overall assessment of how IFRS 16 has worked and to preliminary identify issues for the PIR. The complete list of the meetings held so far is provided in the Appendix 1 contained in the agenda paper 07-01.

EFRAG preparatory work aims at developing a preliminary list of application challenges and proposed recommendations that will be further discussed, categorised and prioritised by EFRAG FR TEG and EFRAG FRB in preparation of EFRAG comment letter in response to the IASB RFI.

WHAT WE LEARNT SO FAR?

OVERALL ASSESSMENT OF IFRS 16

Preparers

- Mixed views mainly based on the industry and the amount of lease contracts;
- In some industries, too costly and complex implementation (e.g., data collection, IT tools and staff training, acquisition-integration); on-going costs are still relevant.
- Limited benefits and mainly related to the internal control system;
- High level of judgments may impair comparability among entities (e.g., discount rates, lease term);
- Increased deviation between internal and external reporting;
- As practice has been developed, in general limited appetite for change.

Users

- Overall, it is working well, it improves information comparability, it provides useful information and a more faithful presentation of lease transactions in the financial statements;
- However, some users (e.g., valuation specialists) still prefer using pre-IFRS 16 figures for their analysis;
- Differences between IFRS and US GAAP still remain. However, enhanced disclosures could help users in dealing with the lack of comparability;
- Structuring opportunities still remain, albeit limited.

Auditors and NSS

- Overall, it is working well, and some application issues could go beyond the scope of this PIR;
- More faithful representation of lease transactions in the FS, improved transparency and comparability;
- Implementation phase required a lot of effort from the entities to develop new internal procedures to collect data and to understand the requirements. However, to date practice developed;
- High level of judgments required in some areas might lead to some diversity in practice (e.g., scoping, lease term and discount rate).

WHAT WE LEARNT SO FAR?

DISCLOSURE REQUIREMENTS

Preparers

- Some disclosures reduce the cost relief arising from the recognition exemptions (e.g., expenses about leases of low-value assets, short term leases and variable lease payments);
- Difficult to provide disclosure about variable lease payments (e.g., distinction between lease and non-lease component is difficult);
- Current IT systems should support entities in providing information required.

Users

- They welcome improvements resulting from IFRS 16. However, for some entities room for improvements still remain;
- Call for more disclosures about the discount rate, the average lease term (and related key assumptions), the depreciation schedule and variable lease payments (e.g., key variability drivers and expenses classification).

Auditors and NSS

- No major application issues identified, not even in terms of information auditability.

WHAT WE LEARNT SO FAR?

RECOGNITION, MEASUREMENT AND PRESENTATION REQUIREMENTS

Preparers

- Application issues mainly refer to more judgmental areas, such as assessing whether a lease exists, the lease term and the discount rate;
- Retail industry expressed concerns about current presentation of leases in the FS as it is distorted by significant variable payments still off-balance sheet. Others did not express concerns or even appreciated not to have the obligation to estimate variable lease payments;
- Some suggestions to align IFRS 16 to US GAAP as the latter would allow more simplifications.

Users

- Suggestion for a clearer distinction in the P&L and in the CF of the expenses/cash flows related to leases;
- If significant variable payments exist, having a clear picture of the total lease expenses is still difficult and the amounts reflected in the BS may be underestimated;
- A few users would have preferred retaining the distinction between operating and financial lease for lessee. However, the majority of users (including valuation specialists) agreed with the current accounting treatment.

Auditors and NSS

- Application issues mainly refer to more judgmental areas, such as assessing whether a lease exists, the lease term and the discount rate;
- After the implementation phase, entities developed their own-practice and internal accounting policies to address the main issues;
- No need for fundamental changes;
- Additional and more detailed guidance for lessors might be useful (mirroring lessee approach).

MAIN APPLICATION ISSUES ARISING FROM THE APPLICATION OF IFRS 16 (1/5)

High level of judgment leads to diversity in practice

- **Determining lease term**, especially when an extension option or a tacit annual renewal option exist. Furthermore, lease contracts with similar economic substance but with different contractual terms might be accounted for considering different lease terms (e.g., contracts with indefinite lease term vs contracts with definite lease term without renewal option when the underlying asset is expected to be used for the same period of time)
- **Determining the discount rate** – current requirements are too theoretical, judgmental and obtaining data might be costly for preparers. Diversity in practice exists and it could impair comparability between similar contracts.
- **Identification of a lease** - difficulties in applying current requirement to:
 - Assess whether the lessee directs the use of the asset, including principal vs agent consideration and the assessment of the “substantially all economic benefits” concept;
 - Assess whether the lessor has substantive substitution rights;
 - Distinguish between lease and service contract (“embedded leases”).
- **Separating lease and non-lease components** - In practice, the distinction between lease and a non-lease component may be difficult, especially in the renewable energy supply contracts (e.g., PPA) and in multi-components contract (e.g., provision of an asset plus ancillary services).

MAIN APPLICATION ISSUES ARISING FROM THE APPLICATION OF IFRS 16 (2/5)

Too complex and burdensome accounting requirements

- **Contract modification** - The accounting is too complex and burdensome, especially in those industries where modifications occurred frequently (e.g., retail industry).
- **Low-value asset lease exemption** – the accounting may be burdensome (e.g., on aggregate basis these contracts might not be material) and the application of the threshold of 5,000\$ (IFRS 16.BC100) would not be consistent with the material assessment in IAS 1.

Lack or limited guidance in IFRS 16 (1/3)

- In **sale and leaseback transactions** might be difficult to assess:
 - the transaction unit of account (e.g., when the seller-lessee leases back only part of the asset sold);
 - whether the initial transfer of the underlying asset from the seller-lessee to the buyer-lessor is a sale (e.g., when a sale contract includes a call option or when the leaseback including the extension options covers substantially all the remaining useful life of an asset)

MAIN APPLICATION ISSUES ARISING FROM THE APPLICATION OF IFRS 16 (3/5)

Lack or limited guidance in IFRS 16 (2/3)

➤ Determining the **lease payments**

- Lack of clarity on current guidance to distinguish variable and in-substance fixed payments;
- Accounting for some rent concession would not reflect the economic substance of the transaction (e.g., rent concessions vs lessor incentive for leasehold improvements made by the lessee);
- Accounting for variable lease payment linked to an index when the updated index is not promptly available but has to be applied retrospectively. Lack of clarity on how to account for such adjustments to previous payments.
- Accounting for variable lease payments in IFRS 16 is not consistent across IFRS Accounting Standards (e.g., IFRS 9 and IFRS 15) and between lease contracts and leaseback transactions with only variable payments (please refer to the IFRS 16 amendments issued in 2022 relating lease liability in a sale and leaseback [here](#)).

- **Non-monetary consideration** – IFRS 16 is silent on how to measure such a consideration that is part of the lease payment. Therefore, diversity in practice may exist (e.g., measurement at fair value as per IFRS 15 or at the discounted value as per IFRS 16 for cash consideration?)

MAIN APPLICATION ISSUES ARISING FROM THE APPLICATION OF IFRS 16 (4/5)

Lack or limited guidance in IFRS 16 (3/3)

- **Distinction between lease and in-substance purchase of assets** - When drafting IFRS 16 the IASB decided to not include specific guidance (BC138-140); however, it was noted that this issue might still raise for a lease contract whose term covered the entirety of the useful life of the asset (IFASS - ANC). Determining when a transaction is a lease or a in-substance purchase of asset may impact the entity's performance indicators.
- **Accounting for expenditures incurred before the leased assets became operational** – IFRS 16 is silent on how to account for costs other than ‘initial direct costs’ (e.g., costs incurred to bring the underlying asset to the lessee’s location). A suggestion to align guidance and requirements with those included in IAS 16 was made.
- **Accounting for leases with non-consecutive lease periods** - when the lessee has the right to use an identified asset for some non-consecutive shorter periods within a longer contract period there is lack of clarity on the determination of the lease term, the depreciation period of the ROU asset and the period over which the interest expenses on lease liability should be recognised. Applying the longer contract period rather than the accumulated period of non-consecutive use may not faithfully represent the real period for which the lessee has the right to use the leased asset.

OTHER APPLICATION ISSUES ARISING FROM THE APPLICATION OF IFRS 16 (5/5)

Substance of the transaction not properly reflected in the FS

- **Determining the appropriate ROU asset depreciation period** for those leases that combine fixed and variable lease payments not included in the RoU/LL calculation, but the RoU is depreciated on a straight-line basis over the whole lease term (i.e., including the period on which lease payments are only variable). In these situations, the effects of IFRS 16 would not reflect the economic substance of these lease contracts and would distort entities' P&L. Based on the outreaches held so far, these scenarios that combine variable and fixed payments seem to be increasing over the last and next years especially in the retail industry.
- **Presentation in the cash flows statement of leases:** some users reiterated their concerns about current practice in presenting cash flows related to lease contracts by applying IAS 7 *Statement of Cash Flows*. In particular, users would prefer to have cash flows arising from leases fully comparable with those arising from the purchasing of assets that are financed by debt. However, they also acknowledged that the IASB decided to add a specific project to its research pipeline to explore the need to reconsider current requirement in IAS 7.

MAIN APPLICATION ISSUES ARISING THE INTERACTION WITH OTHER IFRS ACCOUNTING STANDARDS (1/3)

IFRS 9 - *Financial Instruments*

- Distinction between a **lease modification** (IFRS 16) and **extinguishment** of a lease liability (IFRS 9) arising from a rent concession
- Application of the ECLs model under IFRS 9 to lease liabilities from the lessor's perspective (e.g., call for additional clarification about the cash shortfalls used to measure ECLs)

IFRS 15 - *Revenue from Contracts with Customers*

- **Sale and leaseback transaction** – difficulties in assessing if the initial transfer of the underlying asset from the seller-lessee to the buyer-lessor is a sale.
- **Identifying components in lease contracts and scope** – challenges when splitting the operating income due to leasing under IFRS 16 and arrangement of operating services under IFRS 15

IAS 16 - *Property, Plant and Equipment*

- The distinction between **lease and in-substance purchase contract** is not clear under IFRS 16.
- Different level of certainty in **assessing optional periods** ('reasonably certain to exercise an extension option' applying IFRS 16) and in determining the useful life ('expected to be available for use by an entity' applying IAS 16.6)
- The **definition of initial direct costs** in IFRS 16 is not consistent with those costs directly attributable to an asset as defined in IAS 16.17.

MAIN APPLICATION ISSUES ARISING THE INTERACTION WITH OTHER IFRS ACCOUNTING STANDARDS (2/3)

IAS 36 - *Impairment of Assets*

- The **impairment test requirements** under IAS 36 may be difficult to apply in conjunction with IFRS 16, especially when IFRS 16 causes a reduction in headroom. Indeed, while RoU assets are included in a CGU when testing the value in use ('VIU') and/or the fair value less costs of disposal ('FVLCD') is not always clear whether the related lease liabilities should be excluded.

IFRS 3 - *Business Combinations*

- Remeasurement of the RoU and lease liability at present value of the remaining lease payments at the date of acquisition as if the acquired lease was a new lease at acquisition date leads to different outcome compared to the measurement at inception of the lease contract. The treatment is different compared to owned PPE under IAS 16, measured at fair value in a business combination.

IFRS 10 - *Consolidated Financial Statements*

- **Sale and leaseback of a single asset entity through corporate wrapper** - Analysing how the loss of control requirements in IFRS 10 interact with the sale and leaseback requirements in IFRS 16 in the context of a corporate wrapper may require further analysis. However, based on the discussion held at the IFRS IC in February 2021, the Committee recommended that the Board undertake narrow-scope standard-setting to address the submitted fact pattern and similar transactions. To date, we highlight that such a project is in the IASB pipeline project (here).

MAIN APPLICATION ISSUES ARISING THE INTERACTION WITH OTHER IFRS ACCOUNTING STANDARDS (3/3)

IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets*

- Lack of clarity about which standard has to first apply in case of **onerous lease contracts**.

IFRS 11 - Joint Arrangements

- Neither IFRS 11 nor IFRS 16 provide specific guidance on accounting for **leases in context of joint operations**. It may affect presenting information by operators on leased field assets in extractive industries (e.g., oilfields). A recent discussion at IFRS IC in March 2019 only dealt with the liability and not with the asset side of the lease and, therefore, there were issues on the way to portray some activities.

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THANK YOU



APPENDIX A: SUMMARY OF THE IFRS IC AGENDA DECISIONS

IFRS 16 ISSUES ADDRESSED BY IFRS IC - SUMMARY

- The IFRS Interpretation Committee has received several submissions to clarify IFRS 16 issues. These requests, which are further detailed in the following slides, sought clarification on:
 - Identification of a lease - how to assess whether the customer has the right to direct the use of a subsurface, how to assess the right to obtain all the economic benefits from the use of a windfarm and how to assess whether the supplier's substitution rights are substantial;
 - Determining the lease term – how to determine the lease term in the context of a tacit renewable contract; and
 - Determining the discount rate - The submitter asked whether a lessee's incremental borrowing rate must reflect the interest rate in a loan with both a similar maturity to the lease and a similar payment profile to the lease payments.
 - Accounting for contract modification – The submitter asked clarification about the lessee's accounting for rent concessions (lessor's forgiveness of lease payment). The committee concluded that two possible approaches would be allowed by current IFRS requirements. Thus, **further clarification about the interaction between IFRS 9 and IFRS 16 in the accounting for contract modifications are needed.**
 - Accounting for sale and leaseback transactions (“SLB”) - The submitter asked how the seller-lessee has to measure the right-of-use asset arising from the leaseback with variable payments, and thus how to determine the amount of any gain or loss to be recognised at the date of such a transaction.

REVIEW OF IFRS IC AGENDA DECISIONS (1/4)

Since the issuance of IFRS 16, the IFRS Interpretation Committee has received several submissions seeking clarification of various issues, which can be summarised as follows:

#	Completion date	IFRS IC topic	Topic category	Topic description	IFRS IC conclusion
1	21-Jun-19	Subsurface Rights (IFRS 16)	Identification of a lease	Request about a particular contract for subsurface rights . Based on the contract terms and conditions, a pipeline operator obtains the right to place a pipeline underneath agricultural land for 20 years in exchange for payments to the land owner.	The contract described in the request contains a lease as defined in IFRS 16. The customer would therefore apply IFRS 16 in accounting for that lease. No action needed
2	26-Sep-19	Lessee's Incremental Borrowing Rate (IFRS 16 Leases)	Determining the discount rate	Request about the definition of a lessee's incremental borrowing rate in IFRS 16 Leases. The request asked whether a lessee's incremental borrowing rate must reflect the interest rate in a loan with both a similar maturity to the lease and a similar payment profile to the lease payments.	IFRS 16 does not explicitly require a lessee to determine its incremental borrowing rate to reflect the interest rate in a loan with a similar payment profile to the lease payments. No action needed
3	24-Jan-20	Definition of a Lease— Shipping Contract (IFRS 16 Leases)	Identification of a lease	Request about whether the customer has the right to direct the use of a ship throughout the five-year term of a contract.	In the fact pattern described in the request, the customer has the right to direct the use of the ship throughout the period of use. Consequently, the contract contains a lease. No action needed
4	29-Jan-20	Lease Term and Useful Life of Leasehold Improvements (IFRS 16 Leases and IAS 16 Property, Plant and Equipment)	Determining the lease term	Request about cancellable or renewable leases (e.g., tacit renewable contract , such a contract that does not specify a particular contractual term but continues indefinitely until either party to the contract gives notice to terminate) and the related impact on the determination of the useful life of leasehold improvements made on the RoU.	Principles and requirements in IFRS 16 provide an adequate basis for an entity to determine the lease term of cancellable and renewable leases. The Committee also concluded that the principles and requirements in IAS 16 and IFRS 16 provide an adequate basis for an entity to determine the useful life of any non-removable leasehold improvements relating to such a lease. No action needed

REVIEW OF IFRS IC AGENDA DECISIONS (2/4)

Completion date	IFRS IC topic	Topic category	Topic description	IFRS IC conclusion
5 25-Jun-20	Sale and Leaseback with Variable Payments (IFRS 16)	Accounting for sale and leaseback transactions	Request about a sale and leaseback transaction with variable payments . The request asked how, in the transaction described, the seller-lessee measures the right-of-use asset arising from the leaseback, and thus determines the amount of any gain or loss recognised at the date of the transaction.	IFRS 16 does not prescribe a method for determining that proportion of the asset transferred to the buyer-lessor that relates to the right of use retained that has to be calculated to determine the gain or loss to be accounted for in the P&L. The IFRS IC concluded that IFRS 16 requirements were clear. However, in September 2022 the IASB issued an amendment to IFRS 16 to add subsequent measurement requirements for the leaseback liability (to reduce the existing diversity in practice due to the absence of specific requirements).
6 30-Oct-21	Non-refundable Value Added Tax on Lease Payments (IFRS 16)	Separating lease and non-lease components	Request about how a lessee accounts for any non-refundable value added tax (VAT) charged on lease payments . The request asked whether, in applying IFRS 16, the lessee includes non-refundable VAT as part of the lease payments for a lease.	The Committee has not received evidence that the matter has widespread effect and has, or is expected to have, a material effect on those affected. Consequently, the Committee decided not to add a standard-setting project to the work plan
7 17-Dec-21	Economic Benefits from Use of a Windfarm (IFRS 16)	Identification of a lease	The Committee received a request about whether, applying paragraph B9(a) of IFRS 16, an electricity retailer (customer) has the right to obtain substantially all the economic benefits from use of a windfarm throughout the term of an agreement with a windfarm generator (supplier). That agreement, however, conveys neither the right nor the use of the windfarm because it has no right to obtain any of the obligation for the retailer to obtain any of the electricity the windfarm produces and supplies to the grid.	Although the retailer has the right to obtain the renewable energy credits (which represent a portion of the economic benefits from use of the windfarm), the retailer does not have the right to obtain substantially all the economic benefits from use of the windfarm because it has no right to obtain any of the electricity the windfarm produces throughout the period of the agreement.

REVIEW OF IFRS IC AGENDA DECISIONS (3/4)

Completion date	IFRS IC topic	Topic category	Topic description	IFRS IC conclusion
8 21-Oct-22	Lessor Forgiveness of Lease Payments (IFRS 9 and IFRS 16)	Accounting for contract modifications	Request about a lessor's application of IFRS 9 and IFRS 16 in accounting for a particular rent concession . The rent concession is one for which the only change to the lease contract is the lessor's forgiveness of lease payments due from the lessee under that contract.	<p><u>Lessor accounting</u> - No further actions needed.</p> <p><u>Lessee accounting</u> - In the submitted fact pattern, the Committee concluded that two accounting treatments would be permitted:</p> <ul style="list-style-type: none"> Accounting for the partial liability extinguishment applying paragraphs 3.3.1 and 3.3.3 of IFRS 9 and, afterwards for the lease modification applying paragraphs 45-46 of IFRS 16. Such an approach would result in the lessee recognising the effect of the forgiveness of lease payments in profit or loss at the date on which the rent concession is granted; Accounting for the forgiveness of lease payments by applying the lease modification requirements in IFRS 16. Such an approach would result in the lessee recognising the effect of the forgiveness of lease payments as a decrease in the carrying amount of the right-of-use asset. <p>In 2023 the IASB issued the ED AIP Volume 11, which includes some proposed amendments to IFRS 9 but without introducing new requirements to support the distinction between lease modification and lease extinguishment for lessees.</p> <p>This issue has not yet been addressed by the IASB.</p>

REVIEW OF IFRS IC AGENDA DECISIONS (4/4)

Completion date	IFRS IC topic	Topic category	Topic description	IFRS IC conclusion
28-Apr-23	Definition of a Lease—Substitution Rights (IFRS 16)	Identification of a lease	<p>Request about how to assess whether a contract contains a lease.</p> <p>The request asked about:</p> <ul style="list-style-type: none"> the level at which to evaluate whether a contract contains a lease; and how to assess whether a contract contains a lease applying IFRS 16 when the supplier has particular substitution rights. (a customer enters into a 10-year contract with a supplier for the use of 100 similar new assets—batteries used in electric buses. Furthermore, the supplier is not expected to benefit economically from exercising its right to substitute a battery for at least the first three years of the contract). 	<p>In the fact pattern described in the request:</p> <ul style="list-style-type: none"> applying paragraph B12 of IFRS 16, the customer assesses whether the contract contains a lease—including evaluating whether the supplier’s substitution right is substantive—for each potential separate lease component, ie for each battery. the supplier does not have the substantive right to substitute a battery throughout the period of use (no economic benefit for at least the first three years of contract).



APPENDIX B: SUMMARY OF ESMA ENFORCEMENT REPORTS

IFRS 16 APPLICATION ISSUES NOTED BY ESMA - SUMMARY

- As detailed in the following slide the main application issues noted by ESMA to date are:
 - Adequacy of provided disclosures on leases (e.g., level of aggregation of required disclosures);
 - Identification of lease and non-lease component in a lease contract of a building (lessors' perspective - interaction with IFRS 15);
 - Lessee's assessment of the right to obtain all the economic benefit of a portion of an identified asset (e.g., lease of the plots of land where the wind farms are located); and
 - Determining the depreciation period of the dismantling costs of telecommunication equipment capitalised as part of the right of use of a land rather than of the related asset under IAS 16.

REVIEW OF ESMA ENFORCEMENT REPORTS

The main application issues noted by ESMA to date can be summarised as follows:

#	Completion date	ESMA decision ref	Topic category	Topic description and ESMA's view
1	May 2018- Oct 2019	EECS/0120-08	Interaction with IFRS 15 (Lessor accounting)	Identification of lease and non-lease component in a lease contract of a building (interaction with IFRS 15)
2	Nov 2019- Jul 2020	EECS/0121-02	Identification of a lease	Identification of a lease of the plots of land where the wind farm are located (right to obtain economic benefit of a portion of an identified asset)
3	Nov 2019- Jul 2020	EECS/0121-03	Depreciation period of the RoU	How to determine the depreciation period of the dismantling costs of telco equipment capitalised as part of the RoU of a land rather than of the related PPE under IAS 16: depreciation over the telecommunications licenses' useful life (issuer's view) vs depreciation over the lease term of its RoU (ESMA's view)
4	Mar 2020- Nov 2021	EECS/0122-07	Interaction with IAS 36	<u>Performing CGU impairment test</u> : if the carrying amount of the lease liabilities is deducted from the carrying amount of the CGU, the same amount should be deducted from the recoverable amount of the CGU <u>Determining the discount rate to be used</u> : when estimating the WACC to obtain the discount rate, the issuer should take into account the lease liabilities in its capital structure and its related average interest rate
5	Dec 2020 – Jan 2023	EECS/0123-01	Interaction with IFRS 10	Accounting for a sale and leaseback of a single asset's entity. The issuer considered more appropriate applying IFRS 10 rather than IFRS 16, also in light of the fact the discussion at IFRS IC still open. However, ESMA highlighted the need to improve the disclosure of the applied accounting policy to relevant transactions in accordance with IAS 1.
6	Dec 2020 – Jan 2023	EECS/0123-05	Providing required disclosures	ESMA highlighted the need to improve disclosure requirements for an issuer operating in the retail sector in accordance with the full package of requirements in IFRS 16 (the issuer only disclosed the amount of variable payments, short term and low value leases on aggregate basis).
7	Jun 2022 – Jul 2023	EECS/0124-07	Identification of a lease	ESMA agreed with the issuer accounting treatment about PPA using the own-use exemption in IFRS 9.
8	Jun 2022 – Jul 2023	EECS/0124-09	Providing required disclosures	ESMA highlighted the need to improve disclosures about the additions to RoU and total cash outflow for the lease agreement, especially when these amounts are relevant.