



Association pour la participation des
entreprises françaises à l'harmonisation
comptable internationale



Dr Andreas Barckow, Chairman,
International Accounting Standards Board,
30 Columbus Building,
7 Westferry Circus, Canary Wharf,
London E14 4HD-United Kingdom

8 October 2025

Dear Dr Barckow,

Post-implementation Review of IFRS 16 Leases

We welcome the opportunity offered by the IASB to comment on its Request for Information published on 17 June 2025 on the Post-implementation Review of IFRS 16 Leases.

When the IASB initially worked on this standard, we were quite strongly opposed to some of its aspects, considering in particular, beyond the complexity (and costs) of implementation, that many leases were elements of operational flexibility and that recognizing an asset and a liability was not a true representation of the objectives and economic mechanisms pursued by companies. We were also concerned about the creation of differences from US standards on such widely-used contracts with the resulting major consequences in terms of performance reporting.

That being said, we are now in 2025 and entities have invested many resources in implementing this standard, and it would not be wise to question its fundamentals at this stage.

We also acknowledge that the Board has included numerous elements in this standard for which we reiterate our support once again in our response to this request:

- Accounting for variable payments
- Reliefs for short-term payments and for leases of low-value assets.

Some aspects are still challenging, but companies have developed internal procedures to manage them and apply their judgment in the most complex cases. We therefore believe it is unnecessary for the Board to supplement the standard on the following topics:

- Lease term, including renewal option
- Lease components
- Identification of a lease (especially substantive rights)

We therefore believe that the IASB should focus its efforts on two specific aspects of the standard: the first relating to the relevance of the standard's outcomes, and the second more to a path for simplifying its implementation, that is:

- The classification of lease payments in the statement of cash flows
- The estimation of discount rate

Classification in the statement of cash-flows

We share the observations reported by our national standard-setter regarding the significant use of non-GAAP indicators to reintegrate some of lease-related cash flows into operating activities. We think that the IASB should therefore pay attention to this fact and question whether the obligation to report all cash flows associated with lease liabilities as “financing” transactions is relevant and useful. Indeed, even though we do not wish to revise the uniform treatment of all contracts in the balance sheet at this stage, we agree with the ANC that this extensive use of (and request for) alternative indicators highlights the fact that companies and users consider that there is a fundamental economic difference between the various types of contracts : those entered into to acquire an asset on credit, i.e., in-substance purchases, and those for the flexible use of the productive capacity of an asset. Even though in both cases, the company's commitment to settle within a fixed period may justify the recognition of a debt, we believe that the nature of this debt differs according to the type of the contract, just as a debt to a differs from a loan.

Discount rate

The determination of discount rate is often reported as a costly and complex mechanism by many of our members, requiring the use of external databases and frequent updates. We seriously question the cost benefit / balance of the strict methodology required by the standard and believe that some proxy, like using a single weighted-average discount rate for all contracts would be less costly without reducing the usefulness and relevance of information provided and should therefore also be allowed.

In the same vein, the IASB could revise the requirements related to contingent payments related to an index, allowing entities to measure the liability and right-of-use asset initially using forward rates or indices.

If you require any further information about our comments on the ED, please do not hesitate to contact us.

Yours sincerely,

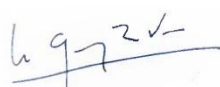
ACTEO

Lise CHORQUES

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AFEP

Lé Quang TRAN VAN

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MEDEF

Karine MERLE

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