



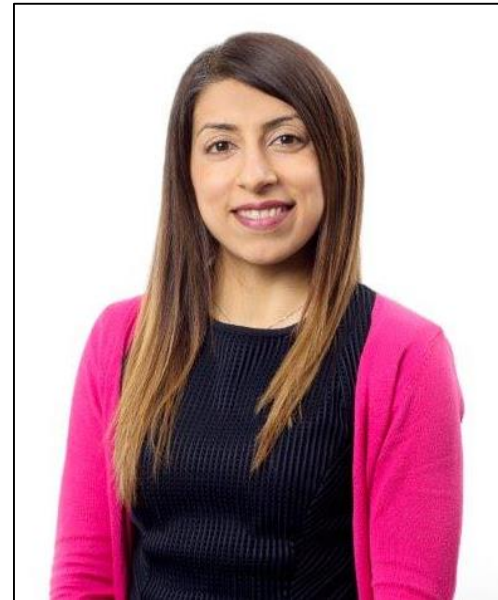
*IFRS 16 Leases and the  
COVID-19-related rent  
concessions amendment*

16 JUNE 2020

## *Today's presenters*



Olivia Cox  
Technical Strategy Department  
ICAEW



Avni Mashru  
Director  
PwC

# *Contents*

Overview and background

When the practical expedient can be applied

Disclosure requirements

# *Overview and background*

- Rent concessions are commonly being granted as a result of the COVID-19 pandemic
- Concessions include payment holidays and payment deferrals
- IFRS 16 requirements that apply to these concessions could be complex and challenging when dealing with large volumes of leases
- Amendment provides relief from these requirements in the form of a practical expedient
- Effective for annual periods beginning on or after 1 June 2020 with earlier application permitted including interim and annual financial statements not yet authorised for issue at 28 May 2020

# *When the practical expedient can be applied*

Applies only to rent concessions as a direct consequence of COVID-19 and only if all the following conditions are met:

- Revised payments under the lease are substantially the same or less than lease consideration immediately before the change;
- Reduction in lease payments affects only those due on or before 30 June 2021; and
- No substantive changes to other terms and conditions of the lease.

Lessees applying the expedient account for rent concessions as if they were not lease modifications

The expedient must be applied consistently to all leases with similar characteristics and in similar circumstances

# *Disclosure requirements*

- Disclosure of application of the expedient and to which rent concessions the expedient has been applied
- Amount recognised in profit or loss as a result of application of the expedient to rent concessions

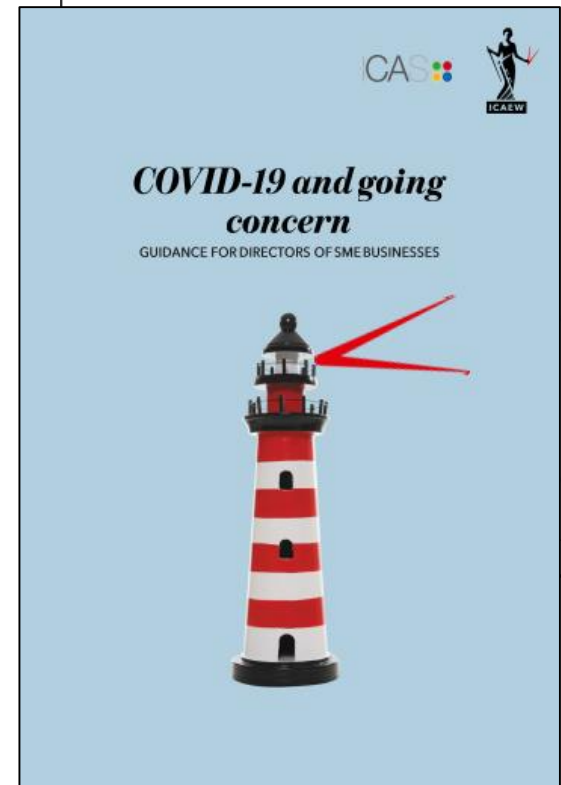
# *ICAEW resources*

**Coronavirus hub** ([icaew.com/coronavirus](https://www.icaew.com/coronavirus))

## **Financial reporting**

([icaew.com/coronavirus/financial-reporting](https://www.icaew.com/coronavirus/financial-reporting))

- Online guides
  - The financial reporting implications of coronavirus (IFRS and UK GAAP)
  - Checklist: implications of COVID-19 on the preparation of accounts (FRS 102 and FRS 105)
  - How to distinguish adjusting from non-adjusting post balance sheet events
  - Going concern considerations – a guide for preparers
  - Going concern – guidance for directors of SME Businesses
- Bitesize Briefings



## *Future events*

For details, please visit [icaew.com/frfevents](https://www.icaew.com/frfevents)



**Bitesize Briefings**



**Webinars**



**Financial Reporting Conference**



# *Thank you for listening*

Financial Reporting at your fingertips

 [icaew.com/frf](https://icaew.com/frf)

 [@ICAEW\\_FRF](https://twitter.com/ICAEW_FRF)

[icaew.com/frfcommunity](https://icaew.com/frfcommunity)



Contact the Financial Reporting Faculty

+44 (0)20 7920 8533

 [frfac@icaew.com](mailto:frfac@icaew.com)

