



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)

Western India Regional Council

WIRC/ICAI/9117 /2022

31st December 2022

CA. Parminder Kaur

The Secretary,
Accounting Standards Board,
The Institute of Chartered Accountants of India,
ICAI Bhawan, Post Box No. 7100,
Indraprastha Marg, New Delhi 110 002

Madam,

Sub.: Comments on Exposure Draft of the third edition of the IFRS for SMEs

Please find attached comments on **Exposure Draft of the third edition of the IFRS for SMEs – Leases**, for your doing the needful.

Kindly acknowledge the receipt of the same.

Thanking You,

Yours truly,

CA. Murtuza Kachwala
Chairman - WIRC of ICAI



Suggestions/ comments on exposure draft on IFRS for SMEs for leases

Presently, IFRS 16 leases has been implemented globally by Companies across the World. There have been so many challenges which has been faced by Companies for implementation. For SMEs, this exercise will lead to additional cost and effort from compliance perspective for measurement and disclosure of Right of Use (RoU) and Lease Liability. Considering the need for improved financial reporting into consideration, the following suggestions can be considered from lease accounting perspective:

Suggestion

I. Existing disclosure requirements for operating leases can be improved by incorporating some of the requirements of IFRS 16 instead of considering the impact on the Financial Statements.

II. In case the committee still considers introducing requirements of IFRS 16 for SMEs as well, it shall consider developing sample lease calculator in Excel which will help majority of SMEs having plain vanilla leases without much complexity. This will reduce overall cost of implementation considered by the subject matter Experts. This suggestion may change the perspective of SMEs towards the requirements of IFRS 16.