

## **IFRS Foundation**

Dear Sir/Madam

I would like to thank you for giving me the opportunity to comment on the Comprehensive Review of the IFRS for SMEs Standard.

I would like to comment on two issues.

### *Aligning Section 20 Leases of the IFRS for SMEs Standard with IFRS 16 Leases*

I suggest not eliminate the classification by lessees of leases as either operating leases or finance leases.

For financial leasing, the basic model of IFRS 16 must be maintained.

It seems to me that the most effective is the simplified model of operating leasing adopted in the US-GAAP (ASU No. 2016-02 - (Topic 842 of ASC):

For operating leases, a lessee is required to do the following:

1. Recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in the statement of financial position
2. Recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term on a generally straight-line basis

Classify all cash payments within operating activities in the statement of cash flows.

### *Features of the SME definition given in the IFRS for SMEs Standard*

The definition of SME defined in the *IFRS for SMEs* differs significantly from the classification given in the EU directives. It seems to me that the name should be changed so that it reflects the real features of the subject.

Perhaps the name “private entity” or “non-public entity” would be more appropriate.

Yours Sincerely,

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