



October 3, 2019

**International Accounting Standards Board**

Columbus Building | 7 Westferry Circus | Canary Wharf  
London E14 4HD  
United Kingdom

**RE: Draft SMEIG Q&A 35.1 for the IFRS for SMEs Standard**

Dear Board Members,

The “Group of Latin American Accounting Standard Setters”<sup>1</sup> – GLASS welcomes the opportunity to comment on the document “Section 35 Transition to the IFRS for SMEs, Issue 1—Application of the undue cost or effort exemption for investment property on transition to the IFRS for SMEs Standard” (the Draft SMEIG Q&A 35.1).

**Due process**

The discussions regarding the Draft SMEIG Q&A 35.1 were held within a specified Technical Working Group (TWG) created in September 2019. All country-members had the opportunity to appoint at least one member to participate in this TWG. Each standard setter represented in the TWG has undertaken different tasks in their respective countries (e.g. surveys, internal working groups). All results were summarized, and this summary was the platform for the TWG discussion process.

The TWG discussed the different points of view included in the summary during conference calls. In those calls the TWG developed a final document on the basis of the agreed-upon responses and the technical points of view of its members. Finally, the TWG document was submitted to and approved by the GLASS Board.

**Opinion**

In opinion of the TWG members.

- There is no objection to the approval of the Draft SMEIG Q&A 35.1 by the IASB.
- Without modifying its previous opinion, It would be appropriate to include a clarification as follows:

"An SME, when assessing whether it can measure the fair value of an investment property without undue cost or effort, should consider an ongoing basis (paragraph 16.1). Therefore, an SME could conclude, on the transition date, that measuring the fair value of an investment property on an ongoing basis would imply a undue cost or effort, and therefore, will have to measure the asset using the cost model in Section 17 (paragraph 16.1). That will not prevent the SME, when preparing its opening statement of financial position, from choosing to use the exemption based

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<sup>1</sup> The overall objective of the Group of Latin American Accounting Standard Setters (GLASS) is to present technical contributions with respect to all Exposure Drafts issued by the IASB. Therefore, GLASS aims to have a single regional voice before the IASB. GLASS is constituted by: Argentina (vice chairman), Bolivia, Brazil (Chairman), Chile (board alternate), Colombia (Board), Costa Rica (Board), Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico (board), Panama, Paraguay, Peru (Board Alternate), Uruguay (Board) and Venezuela (Board).



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on the use of a fair value as a deemed cost of an investment property on the transition date, as stated in paragraph 10(c) of Section 35 of the IFRS for SMEs."

**Specific comments**

Since the IASB did not ask specific questions, there are no comments other than those expressed in the opinion.

**Contact**

If you have any questions about our comments, please contact [glenif@glenif.org](mailto:glenif@glenif.org).

Sincerely yours,

A handwritten signature in black ink, appearing to be 'Eduardo Rocha Pocetti'.

**Eduardo Rocha Pocetti**  
**Chairman**  
**Group of Latin American Accounting Standard Setters (GLASS)**