

7 October 2019

International Accounting Standards Board  
SME Implementation Group  
Columbus Building  
7 Westferry Circus  
Canary Wharf  
London E14 4HD  
United Kingdom  
Email: [commentletters@ifrs.org](mailto:commentletters@ifrs.org)

Dear Sir/ Madam

**SAICA SUBMISSION ON DRAFT SMEIG Q&A 35.1 – IFRS for SMES®  
STANDARD: 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**

In response to your request for comments on Draft SMEIG Q&A 35.1 – IFRS for SMES® Standard: *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*, attached is the comment letter prepared by the South African Institute of Chartered Accountants (SAICA). This comment letter results from deliberations of SAICA’s Accounting Practices Committee (APC), which comprises members from reporting organisations, regulators, auditors, IFRS specialists, investment analysts and academics.

We thank you for the opportunity to provide comments on this draft Q&A.

Please do not hesitate to contact us should you wish to discuss any of our comments.

**Ahmed Mohammadali-Haji**  
**Chairperson: APC**

**Bongeka Nodada**  
**Project Director: Financial Reporting  
Standards**

**SAICA SUBMISSION ON DRAFT SMEIG Q&A 35.1 – IFRS for SMES® STANDARD: 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**

**SPECIFIC COMMENTS**

We agree that the draft Q&A provides useful and sufficient guidance.

However, we recommend that the Board reconsiders the use of the word ‘shall’ in the last sentence of the draft response which states “*Additional cost or effort due to the elapse of time between the date of transition and the date of preparing the first IFRS for SMEs financial statements shall not be considered.*” (emphasis added).

We understand that the aim of the Q&A is to provide non-mandatory guidance on specific accounting questions about applying the IFRS for SMEs Standard. We are of the view that the use of the word ‘shall’ may imply that the guidance in this Q&A is mandatory.

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