Grupo Latinoamericano
de Emisores de Normas
de Información Financiera

Group of Latin-american
Accounting Standard Setters

July 23, 2014

International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

RE: Exposure Draft (ED/2014/1) on Disclosure Initiative - Proposed amendments to IAS 1

Dear Board Members,

The "Group of Latin American Accounting Standard Setters" – GLASS[1] welcomes the opportunity to comment on the Exposure Draft (ED/2014/1) on Disclosure Initiative - Proposed amendments to IAS 1 (the "ED").

This response summarizes the views of our country-members, in accordance with the following due process.

Due-process

The discussions about the ED were held within a specified Technical Working Group (TWG). All country-members had the opportunity to designate at least one member to constitute this TWG.

The representative of each country makes a series of activities to get the opinion of many stakeholders. Based on these activities prepares the opinion in his country and leads it to TWG.

The respective TWG member summarized individual responses from each country. At a second stage, the answers presented in each country's summaries were compared and discussed before preparing a consensus response.

[1] The general objective of the Group of Latin American Accounting Standard Setters (GLASS) is to present technical contributions in respect to all documents issued by the IASB. Therefore, GLASS aims to have a single regional voice before the IASB. GLASS is constituted by: Argentina (Chairman), Bolivia, Brazil (Board), Chile, Colombia (Board), Ecuador, El Salvador, Guatemala (Board), Mexico (Vice Chairman), Panama, Paraguay, Peru, Dominican Republic, Uruguay (Board) and Venezuela (Board). Observers: Costa Rica and Honduras.

Overall comments

Almost all countries in Latin America have recently adopted or are in the process of full adoption of IFRS. Therefore, practical experience in the application of IAS 1 is limited, in most cases, to transactions after the transition to IFRS in such countries.

Nevertheless, in preparing this response, the TWG members based their opinions in experience gained in the past with entities applying IFRS for group reporting, and in the different standards applicable in each country prior to adopting IFRS.

However, for preparing our global response, we prioritized comments and opinions received from preparers, users and other parties directly involved or affected by the application of IAS 1.

If you have any questions about our comments, please contact glenif@glenif.org

Yours sincerely,

Jorge Gil
Chairman
Group of Latin American Accounting Standard Setters (GLASS)

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GLASS' Comment letter on Exposure Draft (ED/2014/1) on Disclosure Initiative - Proposed amendments to IAS 1

Question 1 – Disclosure Initiative Amendments

The amendments to IAS 1 arising from the Disclosure Initiative aim to make narrow-focus amendments that will clarify some of its presentation and disclosure requirements to ensure entities are able to use judgment when applying that Standard. The amendments respond to concerns that the wording of some of the requirements in IAS 1 may have prevented the use of such judgment.

The proposed amendments relate to:

(a) Materiality and aggregation (see paragraphs 29-31 and BC1-8 of this Exposure Draft);

(b) Statement of financial position and statement of profit or loss and other comprehensive income (see paragraphs 54, 55A, 82, 85A and 85B and BC9-BC15 of this Exposure Draft);

(c) Notes structure (see paragraphs 113-117 and BC16-BC19 of this Exposure Draft); and

(d) Disclosure of accounting policies (see paragraphs 120 and BC20-BC22 of this Exposure Draft).

Do you agree with each of the amendment? Do you have any concerns about, or alternative suggestions for, any of the proposed amendments?

Response 1— Disclosure Initiative Amendments

We agree with the proposals consulted in subparagraphs a), b) and c).

Regarding the structure of the notes consulted in item c), a minority position proposes to change the order of paragraphs 113.a and 114, so it appears in first place, the system that facilitates comparability between different periods and companies.

d) At this point there was no majority position, as some GTT29 participants, expressed be agree with the changes proposed, while others felt that the initial part of paragraph 120 is not redundant and would be enough to replace examples for cases typifying what is intended to be represented.

Those who agreed to delete paragraph 120, justified it as described in paragraph 121, considering that there is overlap between both. Those who did not agree totally eliminate it, justified it because in addition to relevance and pertinence, the nature of each entity, warranted the inclusion degree of disclosure in the Notes and paragraph 121 is complementary, not redundant.

Question 2 – Presentation of items of other comprehensive income arising from equity-accounted investments

Do you agree with the IASB's proposal to amend IAS 1 for the presentation of items of other comprehensive income arising from equity-accounted investments amendments (see paragraphs 82A, BC1-BC6 and the Guidance on implementing IAS 1)?
If not, why and what alternative do you propose?

Response 2— Presentation of items of other comprehensive income arising from equity-accounted investments

We agree with respondents approaches.

Question 3 – Transition provisions and effective date

Do you agree with the proposed transition provision for the amendments to IAS1 as described in this Exposure Draft (see paragraphs 139N and BC23-BC25)?
If not, why and what alternative do you propose?

Response 3 – Transition provisions and effective date

We agree with respondents approaches, but we should require retrospective application of the proposed amendments.

Other comments or suggestions

It is suggested to the IASB:

1) To include guides on how institutions should define and document their relative importance; and

2) To deepen the analysis of the Conceptual Framework, the study of the term "relative importance".

Appreciation is manifested by the IASB project reports (FC8) to be undertaken in the short term to evaluate the existing guidelines on materiality.

Although it is not discussed in the document of Disclosure Initiative, we want to mention our concern about the size of the note disclosures in the financial statements has been growing significantly. We understand the need to take measures to reduce them. In that way they would be more useful to readers of Financial Statements. In our opinion, to achieve a real reduction is necessary to review the disclosures required by specific International Financial Reporting Standards.

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