



Grupo Latinoamericano  
de Emisores de Normas  
de Información Financiera  
Group of Latin American  
Accounting Standard Setters

January 19, 2016

**International Accounting Standards Board**

30 Cannon Street  
London EC4M 6XH  
United Kingdom

**RE: Draft IFRIC Interpretation DI/2015/2 – Foreign Currency Transactions and Advance Consideration**

Dear Board Members:

The “Group of Latin American Accounting Standard Setters”<sup>1</sup> – GLASS welcomes the opportunity to comment on the Draft IFRIC Interpretation DI/2015/2 – Foreign Currency Transactions and Advance Consideration (the “DI”).

**Due process**

The discussions regarding the DI were held within a specified Technical Working Group (TWG) created in November 2015. 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 several 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.

**Overall comments**

We agree with the scope proposed in the DI. We agree with the initiative that shows how to determine the date of the transaction in accordance with paragraphs 21–22 of IAS 21, *The Effects of Changes in Foreign Exchange Rates*, and thus the exchange rate to use to translate the asset, expense or income on initial recognition, in circumstances in which a non-monetary prepaid asset or a non-monetary deferred income liability is recognized in advance of the related asset, income or expense.

**Specific comments**

Attached please find our specific responses to the questions presented in the DI.

**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 read 'Felipe Pérez Cervantes'.

Felipe Pérez Cervantes  
Chairman  
Group of Latin American Accounting Standard Setters (GLASS)

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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 (Board), Bolivia, Brazil (Vice Chairman), Chile, Colombia (Board), Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico (Chairman), Panama, Paraguay, Peru (Board), Uruguay (Board) and Venezuela (Board).



**GLASS' Comment Letter on the  
Draft IFRIC Interpretation DI/2015/2 – Foreign Currency Transactions and Advance Consideration**

**Question 1—Scope**

The DI addresses how to determine the date of the transaction for the purpose of determining the spot exchange rate used to translate foreign currency transactions on initial recognition in accordance with paragraphs 21–22 of IAS 21. Foreign currency transactions that are within the scope of the draft Interpretation are described in paragraphs 4–6 of the draft Interpretation.

Do you agree with the scope proposed in the draft Interpretation? If not, what do you propose and why?

We agree with the scope proposed in the DI.

**Question 2—Consensus**

The consensus in the DI provides guidance on how to determine the date of the transaction for the purpose of determining the spot exchange rate used to translate the asset, expense or income (or part of it) on initial recognition that relates to, and is recognised on the derecognition of, a non-monetary prepayment asset or a non-monetary deferred income liability (see paragraphs 8–11). The basis for the consensus is explained in paragraphs BC22–BC33. This includes the Interpretations Committee's consideration of the interaction of the DI and the presentation in profit or loss of exchange differences arising on monetary items in accordance with paragraphs 28–29 of IAS 21 (see paragraphs BC32–BC33).

Do you agree with the consensus proposed in the DI? If not, why and what alternative do you propose?

We are in agreement with the 'one-transaction' approach and believe that it is already stated in IAS 21 for the measurement of an advance consideration that becomes a non-monetary item.

**Question 3—Transition**

On initial application, entities would apply DI either:

- (a) retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*; or
- (b) prospectively to all foreign currency assets, expenses and income in the scope of the DI initially recognised on or after:
  - (i) the beginning of the reporting period in which an entity first applies the DI; or
  - (ii) the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which an entity first applies the DI.

Do you agree with the proposed transition requirements? If not, what do you propose and why?

We agree with the proposed transition requirements.