Grupo Latinoamericano
de Emisores de Normas
de Información Financiera

Group of Latin American
Accounting Standard Setters

February 17, 2016

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

RE: Exposure Draft ED/2015/10 – Annual Improvements to IFRSs 2014–2016 Cycle

Dear Board Members:

The "Group of Latin American Accounting Standard Setters"[1] – GLASS welcomes the opportunity to comment on the Exposure Draft ED/2015/10 – Annual Improvements to IFRSs 2014–2016 Cycle (the "ED").

Due process

The discussions regarding the ED were held within a specified Technical Working Group (TWG) created in December 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

In general, we support the amendments proposed in the ED and we agree with the effective date proposed for each IFRS (IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investments in Associates and Joint Ventures*).

Specific comments

Attached are our specific answers to the questions contained in ED.

Contact

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

Sincerely yours,

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

[1] 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).

Attachment

GLASS' Comment Letter on the
Exposure Draft ED/2015/10 – Annual Improvements to IFRSs 2014–2016 Cycle

Question 1—Proposed amendment
Do you agree with the IASB's proposal to amend the Standards as described in the Exposure Draft? If not, why and what alternative do you propose?

Standards	**Answers to Question 1**
IFRS 1 *First-time Adoption of International Financial Reporting Standards*	We support the proposal to delete the short-term exemptions for first-time adopters as they have served their intended purpose, since the relief provided in those paragraphs is no longer available, because it was relevant for reporting periods that have now passed. We also agree with the consequential amendments to other standards. Notwithstanding this, we see that the standard setting process currently includes the creation and subsequent deletion of short-term exemptions for IFRS 1. The subsequent deletion is through an annual improvement process which means that the full due process requirements must be observed. We suggest that the Board consider drafting any necessary short term exemptions with a specific due date, as this would have the benefit of clarity and efficiency.
IFRS 12 *Disclosure of Interests in Other Entities*	We agree with the clarification of the scope of IFRS 12 by specifying that the disclosure requirements are relevant to interests in other entities regardless of whether or not they are classified as held for sale, as held for distribution to owners or as discontinued operations.
IAS 28 *Investments in Associates and Joint Ventures*	We support the proposal. Although paragraph BC250 in the Basis for Conclusions to IFRS 10 states that fair value information is the most relevant for an investment entity's investments, the difficulty of obtaining measurements of level 1 (market approach) for all investments in associates and interests in joint ventures justifies the proposed amendment to IAS 28, thereby allowing the measurement of investees at fair value through profit or loss on an investment-by-investment basis. This is especially the case in countries where an important part of these investments are not publicly traded on the stock market, such that the estimated fair value may be subject to a high level of uncertainty, thus affecting its reliability. However, we understand this amendment will create an inconsistency with IAS 39, because if an entity may manage and evaluate the performance of a group of financial assets, financial liabilities or both in such a way that measuring that group at fair value through profit or loss results in more relevant information (IAS 39.AG4H), and accordingly IAS39.AG4J, an entity that designates financial instruments as at fair value through profit or loss on the basis of this condition shall so designate all eligible financial instruments that are managed and evaluated together. We understand that the option for managing a set of financial instruments as specified in IAS 39.AG4H will require an entity to measure all investments at fair value through profit or loss, upon initial recognition. As a result, we suggest that the Board also amend the guidance in IAS 39.AG4J in order to clarify this issue. Additionally, we believe that the fair value election should not be available to an investment entity (as a reporting entity), because all investments in subsidiaries, associates and joint ventures of an investment entity should be measured at fair value. We suggest that this be clearly specified in IAS 28. Such is the case that IFRS 10 *Consolidated Financial Statements*, establishes that an investment entity shall not consolidate its subsidiaries but instead shall measure all investments in subsidiaries at fair value through profit or loss. Additionally, aforementioned paragraph BC250 of IFRS 10 states "The Board does not think that an entity

	that fails to elect the fair value measurement options available in IAS 28 *Investments in Associates and Joint Ventures* or IAS 40, or that accounts for more than an insignificant amount of its financial assets at amortised cost under IFRS 9 or IAS 39, should qualify as an investment entity.”

Question 2—Transition provisions
Do you agree with the proposed transition provisions as described in the Exposure Draft? If not, why and what alternative do you propose?

Standards	**Answers to Question 2**
IFRS 1 *First-time Adoption of International Financial Reporting Standards*	We agree that those amendments should be applied prospectively.
IFRS 12 *Disclosure of Interests in Other Entities*	We agree that those amendments should be applied prospectively.
IAS 28 *Investments in Associates and Joint Ventures*	We agree that those amendments should be applied prospectively or retrospectively. Additionally, it should be noted that the section heading preceding proposed paragraph 45E should be entitled “Effective date and transition” and not just “Effective date” as in the Exposure Draft.