



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

Brasilia, 11 December 2023

IFRS Foundation  
Columbus Building  
7 Westferry Circus  
Canary Wharf  
London E14 4HD, UK

**REF: Ref: Exposure Draft: Annual Improvements—Volume 11**

**Dear members of the Foundation:**

The "Group of Latin American Accounting Standard Setters"<sup>1</sup> – GLASS welcomes the opportunity to comment on the **Exposure Draft: Annual Improvements—Volume 11, the ED**.

This response includes the comments obtained by the members of the different countries that comprise GLASS, pursuant to the following due process.

**Due process**

The discussions regarding the ED were held within a specified Technical Working Group (TWG) created in September 2023. All country members had the opportunity to designate at least one member to participate in this TWG. Each standard setter represented in the TWG carried out different tasks in their respective countries (for example, meetings, forums, surveys, internal working groups). All results were compiled and this summary was the basis of the TWG discussion process.

The TWG discussed the different points of view in virtual meetings and included a summary through emails exchanged between its members. The TWG produced a final document based on the agreed answers and the technical points of view of its members, which was presented to, discussed with and approved by the GLASS Board.

**Overall comments**

In general, GLASS agrees with the amendments proposed in the ED, as they clarify the wording of certain Accounting Standards or correct unintended consequences, oversights or relatively minor conflicts between existing requirements. For certain topics, however, we have provided suggestions that, in our opinion, would better achieve the intended results or otherwise propose suggestions for future research by the IASB.

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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, Requests for Information and Discussion Papers issued by the IASB and ISSB, and to generate proposals originated from the regional initiatives. Therefore, GLASS aims to have a unified regional opinion before the IASB and ISSB. GLASS is constituted by: Argentina (Board), Bolivia, Brazil (Chairman), Chile (Board), Colombia (Vice Chairman), Costa Rica (Board), Dominican Republic, Ecuador, Guatemala, Honduras, Mexico (Board), Panama, Paraguay, Peru (Board), Uruguay (Board) and Venezuela (Board).



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In that regard, we draw your attention to our responses to the proposed amendments to: (i) IFRS 7 (disclosure of deferred difference between fair value and transaction price), where we believe the example could be expanded to cover all of the requirements of said standard; and (ii) IFRS 10 (determination of a "de facto agent"), where we note that the proposed amendments do not appear to address the concern raised by the IASB that more than one investor could conclude that it controls an entity through a "de facto agent".

### **Specific comments**

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

### **Contact Us**

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 "José Luiz Ribeiro de Carvalho".

**José Luiz Ribeiro de Carvalho**  
**Chairman**

**Group of Latin American Accounting Standard Setters (GLASS)**



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**GLASS Comment Letter on the  
Exposure Draft: Annual Improvements—Volume 11**

**1. IFRS 1 First-time Adoption of International Financial Reporting Standards—Hedge accounting by a first-time adopter**

**Question:** Do you agree with the IASB's proposals to amend the IFRS Accounting Standards and accompanying guidance in the manner described in this Exposure Draft?

*If not, why not? If you disagree with these proposals, please explain what you would suggest instead and why.*

**Our response:**

We agree with the use of the term "qualification criteria" as a replacement for "conditions", considering that the IASB's proposal to replace "conditions" with "qualification criteria" seeks to align the terminology with the objective of reflecting the requirements of IFRS 9.

**2. IFRS 7 Financial Instruments: Disclosures—Gain or loss on derecognition**

**Question:** Do you agree with the IASB's proposals to amend the IFRS Accounting Standards and accompanying guidance in the manner described in this Exposure Draft?

*If not, why not? If you disagree with these proposals, please explain what you would suggest instead and why.*

**Our response:**

We agree with the proposed amendments and have no comments.

**3. Guidance on implementing IFRS 7 Financial Instruments: Disclosures—Introduction and Credit risk disclosures**

**Question:** Do you agree with the IASB's proposals to amend the IFRS Accounting Standards and accompanying guidance in the manner described in this Exposure Draft?



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*If not, why not? If you disagree with these proposals, please explain what you would suggest instead and why.*

### **Our response:**

We agree with the proposed amendments and have no comments. However, some jurisdictions have expressed the view that it would be beneficial to add an example for assets acquired with credit risk, in order to provide additional guidance and improve understanding of the practical application of the standard.

#### **4. Guidance on implementing IFRS 7 *Financial Instruments: Disclosures*—Disclosures of deferred difference between fair value and transaction price**

**Question:** *Do you agree with the IASB's proposals to amend the IFRS Accounting Standards and accompanying guidance in the manner described in this Exposure Draft?*

*If not, why not? If you disagree with these proposals, please explain what you would suggest instead and why.*

### **Our response:**

We partially agree with the proposed amendments. We believe that adjusting the wording to clarify requirements that would be additional to those provided by the example would provide better support to preparers in making their judgments in light of the needs of users of the financial statements.

IFRS 7 requires specific disclosures about financial instruments, including information on how their fair value was determined. The Implementation Guide provides examples to assist preparers in implementing these requirements. However, a specific example in the Guide on Differences between fair value and the transaction price of a financial instrument is only partial and does not cover all the IFRS reporting requirements in the standard.

While it has been clarified that the Implementation Guide does not illustrate all of the requirements of IFRS 7, they are expected to support and assist the preparer in making interpretations of certain IFRS requirements (in this case a direct reference to paragraph 28) and in making judgments of the information that would be



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necessary to provide to users of the financial statements in order to comply with the applicable reporting requirements. In that sense, preparers often expect the inclusion of an example to provide a complete and comprehensive response to those requirements rather than a partial view.

The following suggested text could be an option to achieve this:

IG14. (...) Paragraph 28 requires disclosures in these circumstances. An entity might disclose the following to comply with ~~some of~~ the requirements in subparagraphs 28(a) and 28 (b): In addition to the below, an entity must also disclose information that enables users to understand why the entity concluded that the transaction price was not the best evidence of fair value, including a description of the evidence that supports the fair value.

### 5. IFRS 9 *Financial Instruments*—Derecognition of lease liabilities

**Question:** Do you agree with the IASB's proposals to amend the IFRS Accounting Standards and accompanying guidance in the manner described in this Exposure Draft?

*If not, why not? If you disagree with these proposals, please explain what you would suggest instead and why.*

**Our response:**

We agree with the proposed amendments and have no comments.

### 6. IFRS 9 *Financial Instruments*—Transaction price

**Question:** Do you agree with the IASB's proposals to amend the IFRS Accounting Standards and accompanying guidance in the manner described in this Exposure Draft?

*If not, why not? If you disagree with these proposals, please explain what you would suggest instead and why.*

**Our response:**



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We agree with the proposed amendments and have no comments.

### 7. IFRS 10 *Consolidated Financial Statements*—Determination of a "de facto agent"

**Question:** Do you agree with the IASB's proposals to amend the IFRS Accounting Standards and accompanying guidance in the manner described in this Exposure Draft?

*If not, why not? If you disagree with these proposals, please explain what you would suggest instead and why.*

#### **Our response:**

We agree that the proposed amendment to paragraph B74 creates a closer and more consistent context with paragraph B75. However, in our view, it is unclear how the amendment would prevent unintended consequences such as the conclusion that more than one investor may conclude that he controls an investee through his de facto agent's decision-making rights and his indirect exposure, or rights, to variable returns (as expressed in Staff Paper AP12D: Determination of a 'de facto agent' (IFRS 10)—Potential annual improvement, from the February IASB meeting).

Specifically, the proposed amendment does not address situations where multiple investors each have a distinct 'de facto agent' through which they exert significant influence over the investee. In these cases, it is unclear how to determine which investor has the control and ability to consolidate the investee.

We understand that this issue is unlikely to comply with paragraphs 6.10 to 6.13 of the Due Process Manual for Annual Improvements, as this may be seen as a more than minor unintended consequence. Therefore, the Board could consider conducting an investigation to determine whether this matter has a widespread effect and, if so, undertake a maintenance project of limited scope.

### 8. IAS 7 *Statement of Cash Flows*—Cost method

**Question:** Do you agree with the IASB's proposals to amend the IFRS Accounting Standards and accompanying guidance in the manner described in this Exposure Draft?



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*If not, why not? If you disagree with these proposals, please explain what you would suggest instead and why.*

**Our response:**

We agree with the proposed amendments and have no comments.

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