

June 10, 2015

International Accounting Standards Board

30 Cannon Street
London EC4M 6XH
United Kingdom

Classification of Liabilities | Proposed amendments to IAS 1

Dear Board Members

The “Group of Latin American Accounting Standard Setters”¹ – GLASS welcomes the opportunity to comment on **Classification of Liabilities | Proposed amendments to IAS 1. (ED)**

Due-process

The discussions in regard to the ED were held within a specified Technical Working Group (TWG) created in **February of 2015**. All country-members had the opportunity to appoint at least one member to form this TWG. Each standard setter represented in the TWG has undertaken different tasks in their respective countries (e.g. surveys, internal working groups). All the results of the work stated 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 point of view of its members. Finally, the TWG document was submitted to the GLASS Board for its approval.

Overall Comments

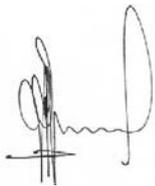
We support the proposals in the ED, although we believe there should be a definition of what is meant by the word “right”.

Our detailed responses to the questions in the invitation to comment are included in the Appendix to this letter.

We have included in "Other Considerations" an issue that emerged in the discussion of ED.

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

Yours sincerely,



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

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

GLASS' Comment Letter on the IASB Exposure Draft on Classification of Liabilities (Proposed amendments to IAS 1)

Set forth below you will find our comments on the specific questions posed in the ED.

Question 1—Classification based on the entity's rights at the end of the reporting period

The IASB proposes clarifying that the classification of liabilities as either current or non-current should be based on the entity's rights at the end of the reporting period. To make that clear, the IASB proposes:

- (a) replacing 'discretion' in paragraph 73 of the Standard with 'right' to align it with the requirements of paragraph 69(d) of the Standard;
- (b) making it explicit in paragraphs 69(d) and 73 of the Standard that only rights in place at the reporting date should affect this classification of a liability; and
- (c) deleting 'unconditional' from paragraph 69(d) of the Standard so that 'an unconditional right' is replaced by 'a right'.

Do you agree with the proposed amendments? Why or why not?

Answer to question 1

We agree with the amendments proposed as a), b) and c), although we believe there should be a clear definition of what is meant by the word "right". The inclusion of such definition will help the preparer to understand the different legal contexts in which the rule will be applied.

Question 2—Linking settlement with the outflow of resources

The IASB proposes making clear the link between the settlement of the liability and the outflow of resources from the entity by adding 'by the transfer to the counterparty of cash, equity instruments, other assets or services' to paragraph 69 of the Standard. Do you agree with that proposal? Why or why not?

Answer to question 2

Yes. We agree with the proposal to modify paragraph 69 of IAS 1. The inclusion of this definition will help to prevent possible inconsistencies in practice.



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Question 3—Transition arrangements

The IASB proposes that the proposed amendments should be applied retrospectively. Do you agree with that proposal? Why or why not?

Answer to question 3

Yes, we agree with retrospective application of the proposed amendments.

We believe that the application of the amendments will enhance the information to companies' stakeholders, and its application should be easy and not onerous.

Other Considerations

A minority position considers that it is preferable to maintain the classification of debt as noncurrent if a waiver is obtained after the end of the reporting period but before the financial statements are issued; therefore, it is suggested that the IASB consider possible changes to paragraphs 72, 74 and 76 of IAS 1. It is noteworthy that the proposed change here is consistent with US GAAP in ASC 470-10-45-14.

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