

FROM: Domingo Marchese (Argentina) & Felipe Pérez Cervantes (Mexico)
TO: Emerging Economies Group (EEG)
PROJECT: Accounting for inflation
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ATTENTION: Wayne Upton

Dear Wayne:

At the EEG meeting held in Mexico City in May 2015, the issue of the recognition of the effects of inflation in financial statements was addressed, and Argentina and Mexico were assigned the task of preparing a proposal for the disclosures that should be made to deal with this important issue.

On the other hand, at the meeting of the IASB Board last April the Senior Director of Technical Activities of the IASB, Alan Teixeira, presented a discussion paper on the recommendations of GLASS. The more significant conclusions reached by the Board were as follows:

- Eliminate the topic of inflation accounting from the agenda of the IFRSIC, who was in charge of the initiative.
- Consider that it may be more convenient and practical for entities not to recognize the effects of inflation, but rather to disclose such effects in the notes to the financial statements, as a result of which Argentina and Mexico were requested to analyze this alternative.

The purpose of this communication is to express the point of view of Argentina and Mexico regarding the decisions reached by the IASB on the topic of inflation accounting. The document includes:

1. Inflation disclosure project. An analysis of the implications of disclosing the effects of inflation in the notes to the financial statements, without recognizing such effects in the basic financial statements themselves;
2. High inflation accounting proposed disclosure. Proposed wording for the standard; and
3. Comments on Agenda Paper 14, *Inflation Project*. The point of view of Argentina and Mexico on the conclusions of the IASB Board on the topic of inflation accounting.

Finally, as we mention in our comments on Agenda Paper 14, Argentina and Mexico strongly recommend that the IASB open a space in its agenda to study the topic of Inflation Accounting with the depth and time required; we believe that the decision whether

this topic should be retained or dropped from the IASB agenda should be made based on sustained and solid technical arguments.

Please let us know if you have any questions or comments.

Sincerely,

Domingo Marchese
Argentine Federation of
Professional Boards of Economic
Science

Felipe Pérez Cervantes
President of the Mexican Financial
Reporting Standards Board