

December 1, 2017.

commentletters@ifrs.org

IFRS Foundation
30 Cannon Street
London EC4M 6XH
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Reference: Definition of Material

The Comitê de Pronunciamentos Contábeis - CPC (Brazilian Accounting Pronouncements Committee)¹ welcomes the opportunity to respond to the Proposed Amendments to IAS 1 and IAS 8 – Definition of Material.

We are a standard-setting body engaged in the study, development and issuance of accounting standards, interpretations and guidance for Brazilian companies.

We agree with the proposed amendments and welcome the changes the IASB is making, aiming to improve the application of materiality.

If you have any questions about our comments, please do not hesitate to contact me at operacoes@cpc.org.br.

Yours sincerely,



Silvio Takahashi
Chair of International Affairs
Comitê de Pronunciamentos Contábeis (CPC)

¹The Brazilian Accounting Pronouncements Committee (CPC) is a standard-setting body engaged in the study, development and issuance of accounting standards, interpretations and guidances for Brazilian companies. Our members are nominated by the following entities: ABRASCA (Brazilian Listed Companies Association), APIMEC (National Association of Capital Market Investment Professionals and Analysts), B3 (Brazilian Stock Exchange and Mercantile & Future Exchange), CFC (Federal Accounting Council), FIPECAFI (Financial and Accounting Research Institute Foundation) and IBRACON (Brazilian Institute of Independent Auditors).

QUESTIONS ON DEFINITION OF MATERIAL

The Board invites comments on the proposals in this Exposure Draft, particularly on the questions set out below. Comments are most helpful if they:

- (a) respond to the questions as stated;
- (b) indicate the specific paragraph or paragraphs to which they relate;
- (c) contain a clear rationale; and
- (d) include any alternative(s) the Board could consider, if applicable.

The Board is not requesting comments on matters that are not addressed in this Exposure Draft.

Comments should be submitted in writing no later than **15 January 2018**.

Questions for respondents

Question 1

The Board proposes amendments to IAS 1 and IAS 8 to align the definition of material between IFRS Standards and the *Conceptual Framework*, and to include in the definition some of the existing requirements in IAS 1. The Board also proposes to clarify the explanation accompanying the definition using existing guidance in IAS 1 and the *Conceptual Framework*.

- (a) Do you agree that the definition of material and the accompanying explanation should be clarified as proposed in this Exposure Draft? If you do not agree, what changes do you suggest and why?
- (b) Would any wording or terminology introduced in the proposed amendments be difficult to understand or to translate?

Answer to the question:

(a) Yes we agree. We particularly agree with the rationale that the term “could”, on a stand-alone basis, is open to be interpreted as ‘almost anything could’ as described in paragraph BC5(a). We also think that these changes are a substantial improvement of the intended objective of the definition of materiality, also improving the effectiveness of the Materiality Practice Statement.

(b) No.

Question 2

The Board issued the Materiality Practice Statement in September 2017 and expects to issue a revised *Conceptual Framework* in the second half of 2017. If any changes are made to IFRS Standards as a result of the proposals in this Exposure Draft, the Board will

make amendments to these two documents.

The Board believes that the guidance in both the Materiality Practice Statement and the forthcoming revised *Conceptual Framework* will not be affected by the proposed amendments in this Exposure Draft, other than to update the definition of material (see paragraphs BC22–BC24). Do you have any comments on the proposed amendments to the Materiality Practice Statement or to the forthcoming revised *Conceptual Framework*?

Answer to the question:

We agree with such amendments.

Question 3

Do you have any other comments about the proposals in this Exposure Draft?

Answer to question:

Regarding the ED in general, we would like to recommend the staff for providing great clarity in the Basis for Conclusions, which addressed several potential questions and comments that we would have made.

In addition, it seems to us that this project is somewhat similar to the Standards-Level Review Project, that was (or is) part of the Disclosure Initiative. We would like to place ourselves available to support the process to address other issues that are repetitive or inconsistent throughout the Standards, that could impair the application of materiality, such as extensive use of ‘should disclose’ or other prescriptive-like wording.