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Ref: Outreach Request - Combined service concession and lease arrangements

Dear Mr. Yamagami,

The Comitê de Pronunciamentos Contábeis - CPC (Brazilian Accounting Pronouncements Committee)¹ welcomes the opportunity to respond to this Outreach Request - Combined service concession and lease arrangements.

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

Our detailed answers to the specific questions posed in the outreach 'combined service concession and lease arrangements' are set forth in the following pages.

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

Yours sincerely,



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

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The Brazilian Accounting Pronouncements Committee (CPC) is a standard-setting body engaged in the study, development and issuance of accounting standards, interpretations and guidance 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), BMFBOVESPA (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).

1. In your jurisdiction, are these issues described commonly observed? If yes, please provide us with qualitative or quantitative information about how common they are.

The issues 2.1 to 2.3 related to the scope and the presentation of service concession arrangement that involves a lease of infrastructure are not common in the Brazilian jurisdiction. The terms of concession and the scope of lease agreements in Brazil are very restrictive.

2. If you answered 'yes' to Question 1, what is the predominant accounting treatment for these issues? In addition, could you please briefly describe the rationale for that accounting treatment? (Please provide examples of the predominant approach that you observe. Ideally this should be an example from published financial statements but examples provided on a confidential basis will also be useful.)

N/A

3. On the basis of your response to Question 2, to what extent do you observe diversity in the accounting treatment?

N/A