

jdossani@ifrs.org

IFRS Foundation
30 Cannon Street
London EC4M 6XH
United Kingdom

Ref: Outreach Request - Treating a refundable cash advance as a government grant or a forgivable loan

Dear Mr. Dossani,

The Comitê de Pronunciamentos Contábeis - CPC (Brazilian Accounting Pronouncements Committee)¹ welcomes the opportunity to respond to this Outreach Request - Treating a refundable cash advance as a government grant or a forgivable loan.

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 'treating a refundable cash advance as a government grant or a forgivable loan' 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. How common are recoverable cash advances made by the government (with these or other similar characteristics) in your jurisdiction?

Recoverable cash advances (RCA) made by the government to a company that is developing a product are not common in our jurisdiction.

2. If possible, please provide examples of such transactions that you have observed in practice. Ideally, these would be examples from published financial statements, but examples provided on a confidential basis will also be useful

N/A

3. If the transaction is common in your jurisdiction, please identify:
a. what is the predominant approach you observe in practice for accounting for previously held interests in these transactions; and
b. Have you observed any diversity in practice in accounting for such cash advances?

N/A

If you have any other information that you think would be useful in analyzing this issue, or any general comments to make on this topic, please include them in your response.

We have discussed in our jurisdiction, and even though it is not common, we believe that the standard (IFRS) is clear in the treatment to this issue. We are in favour of proponents of **view A** with some liabilities measurement improves, in accordance to the distribution of projects profit development to the government. We believe that the company stated in the issue has a present obligation in the contract assignment, and therefore should maintain the recognition of a liability.