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Brasília, Distrito Federal - Brazil

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March 12, 2012

**International Accounting Standards Board**

30 Cannon Street

London EC4M 6XH

United Kingdom

**RE: Exposure Draft (ED/2011/7) on Proposed amendments on IFRS 10**

Dear Sir/Madam,

The Comitê de Pronunciamentos Contábeis - CPC (Brazilian Accounting Pronouncements Committee)<sup>1</sup> welcomes the opportunity to comment on the Transition Guidance - Proposed amendments to IFRS 10.

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

If you have any questions about our comments, please contact Mr. Idésio da Silva Coelho Júnior (operacoes@cpc.org.br), vice coordinator of international affairs and coordinator of a working group constituted to study any proposal issued by the IASB.

Yours sincerely,

**Edison Arisa Pereira**

Technical Coordinator

Brazilian Accounting Standards Board (CPC)

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<sup>1</sup> The 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), 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).

## **EXPOSURE DRAFT ED/2011/7 TRANSITION GUIDANCE - PROPOSED AMENDMENTS TO IFRS 10**

### **Question 1:**

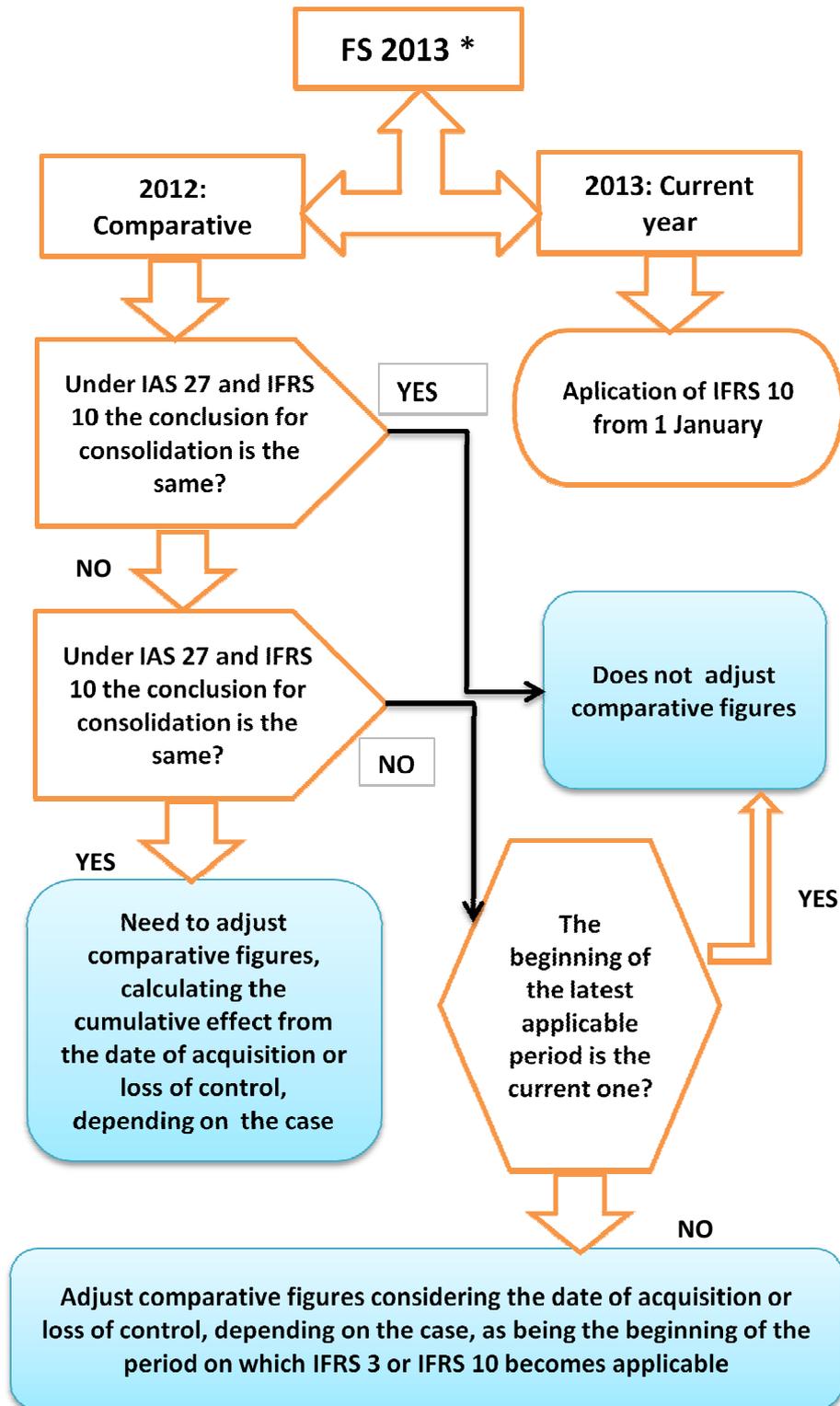
The Board proposes to clarify the 'date of initial application' in IFRS 10. The date of initial application for IFRS 10 would be 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. The Board also proposes to make editorial amendments to paragraphs C4 and C5 of IFRS 10 to clarify how an investor shall adjust comparative period(s) retrospectively if the consolidation conclusion reached at the date of initial application is different under IAS 27/SIC-12 and IFRS 10.

Do you agree with the amendments proposed? Why or why not? If not, what alternative do you propose?

### **Answer to Question 1:**

We agree with the amendments proposed because in this way, the doubts were clarified and the consistency of financial information was improved.

Despite that, we suggest to include in the transition guidance a diagram to summarise the conditions in which the investor should adjust comparative period(s) retrospectively (if the consolidation conclusion is different) and shouldn't adjust (if the consolidation conclusion is the same).



\*Assuming no early adoption.

Question 2:

The Board proposes to amend paragraph C3 of IFRS 10 to clarify that an entity is not required to make adjustments to the previous accounting for its involvement with entities if the consolidation conclusion reached at the date of initial application is the same under IAS 27/SIC-12 and IFRS 10. As a result, the Board confirms that relief from retrospective application of IFRS 10 would apply to an investor's interests in investees that were disposed of during a comparative period such that consolidation would not occur under either IAS 27/SIC-12 or IFRS 10 at the date of initial application.

Do you agree with the amendments proposed? Why or why not? If not, what alternative do you propose?

**Answer to Question 2:**

We agree with the amendments proposed. When the consolidation conclusion would be the same under IAS 27/SIC-12 and IFRS 10 at the date of initial application for IFRS 10, so, the transition relief is appropriate because the incremental benefit to users wouldn't exceed the costs of applying IFRS 10 retrospectively, mainly when an investor's interests in investees were disposed of during a comparative period as such that consolidation would not occur under either IAS 27/SIC-12 or IFRS 10 at the date of initial application.