



SAS Quadra 05. Bloco J. CFC  
Brasília, Distrito Federal – Brazil  
[www.cpc.org.br](http://www.cpc.org.br)

March 4, 2013

Ipiombino@ifrs.org,  
International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

**RE: IFRS 10 and IAS 32 - How should puttable instruments that are non-controlling interests (NCI) be classified in consolidated financial statements?**

Dear Board Members,

The Comitê de Pronunciamentos Contábeis - CPC (Brazilian Accounting Pronouncements Committee)<sup>1</sup> welcomes the opportunity to respond the NSS Outreach request - IFRS 10 and IAS 32 - How should puttable instruments that are NCI be classified in consolidated financial statements?

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

Overall, we agree with the proposals included in the Exposure Draft, which we believe will achieve the Board intention to clarify certain matters. Thus, our responses to the specific questions are:

**Question 1**

In your jurisdiction, how common is this issue? If it is common, could you provide us with information that the Committee could use to assess how widespread the issue is?

This issue is not common in our jurisdiction.

**Question 2**

In your view, is there diversity in practice in classifying puttable instruments that are NCI in consolidated financial statements? Please describe the predominant approach that you observe in your jurisdiction.

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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).



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We are not aware of diversity in practice in classifying puttable instruments that are NCI in Brazil. These instruments are rare in our jurisdiction, but, when they exist, we believe the respective NCI are classified, as prescribed by IAS 32, as follows:

- in shareholders' consolidated equity - if the puttable instrument denominated on a fixed amount of local currency is convertible into a fixed amount of shares, given certain conditions. (fixed to fixed concept)
- as a financial liability - if the fixed or non-fixed puttable instrument is convertible into a variable amount of shares, or convertible into cash or by delivery of other financial assets (fixed to non-fixed or non-fixed to non-fixed instruments).

This classification should be made in both consolidated and separate or individual financial statements. The arguments valid for the classification in the consolidated are valid exactly the same for the separate and individual financial statements in our judgment.

So IAS 32 definitions should be used in all financial statements.

If you have any questions about our comments, please contact us at ([operacoes@cpc.org.br](mailto:operacoes@cpc.org.br)).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Idésio da Silva Coelho Júnior'.

Mr. Idésio da Silva Coelho Júnior  
Deputy Chair of International Affairs  
Comitê de Pronunciamentos Contábeis (CPC)