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Agenda Consultation of International Accounting Standards Board – IASB

Agenda Consultation 2011

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I'm Denise Juvenal this is pleased to have the opportunity to comment on this consultation for Agenda Consultation of the International Accounting Standards Board – IASB for EFRAG. This is my individual commentary for the EFRAG that I sent for IASB's Board.

Question to constituents

The paragraphs above summarise EFRAG's preliminary views on the first set of questions included in the Request concerning the overall balance in strategic priorities. EFRAG's final comment letter may reflect other views depending on the input received from constituents.

Do you agree with EFRAG's preliminary main messages? If not, what messages should be included in our final comment letter?

I think that some points described is adequate, but I understand that this moment the IASB in new decade have been relationship with others important facts that don't happened in the past, as for example:

- The meeting of G20 Leaders Summit in Cannes – 3-4 November 2011 that defined some important points of G20 Leaders in relation a strategy for benefit for all building our common future;

- The Discussion paper of the International Standards for Colombia convergence;
- The creation of Group of Latin-american Accounting Standards Setters - GLASS in South America;
- The protocol for the exchange of confidential information between the Public Company Accounting Oversight Board of the United States and the Israel Securities Authority;
- The great importance of training of IFRS Education for SMEs, Guide of IFRS, the involved in the universities about Conceptual Framework;
- The consultation about Derivatives elaborated for International Organization of Securities Commissions - IOSCO;
- The new discussion about financial reporting elaborated of Securities Exchange Commission - SEC;
- The final version about preparation and publication of technical guidance and methodology for valuations of private equity and venture capital investments elaborated of International Valuation Standards Council - IVSC;
- Climate Change the World Economic Forum;
- Green Paper on Auditing and Corporate Framework in the European Commission;
- Financial Crisis in the World Bank;
- The projects integrated with others regulators of the high quality and development;
- Review of some points about internal control of COSO;
- Discussion paper about Auditor Independence and Audit Firm elaborated for PCAOB;
- New studies about XBRL - eXtensible Business Reporting Language relation International Standards Systems with IASB;
- The meeting of Representatives of the International Accounting Standards Board (IASB) and the Accounting Standards Board of Japan (ASBJ); and
- The challenges in applying conventional International Accounting Standards for Islamic Finance UK report on going concern considers efficacy of IFRSs.

In relation these considerations described above this consultation has in the page 6 two considerations that are: a) the overall strategic direction and balance of our agenda – including how to balance the development of financial reporting and the maintenance of IFRSs ; and b) the financial reporting needs around the world – including considering which projects to add and their respective scope; many projects can be addressed either in the medium term by a narrow-scope project or by a longer-term comprehensive project.

So, I think that in this moment is need to reflect others consequences, difficulties and problems that can be occurred and can be impact International Standards.

Question 1

What do you think should be the IASB’s strategic priorities, and how should it balance them over the next three years?

I think that in this moment the strategic direction and balance and financial reporting depends of the increase and development that these countries will be have in the applied of international standards and principally in the maintain of the structure, responsibility and high quality in each country in your applied of Standards Setters.

The three key aspects that should be reflected in relation a strategic approach towards a future agenda: 1. A more diverse IFRS community, 2. A more complex market environment and 3. A number of changes that require implementation as described in the page 8 of this consultation.

The three structure is very important when what do you want to study in this moment about international standards? In each country will have many ideas that could be research but I observed that IASB must be observed your discussion paper about Due Process Handbook, Monitoring Board (IOSCO) and Constitution Review in relation objective of IASB and IFRS Foundation as page 9.

I comment in the Strategy Review of IFRS that “IFRS Foundation IASB for the new decade for continue success is necessary to observe the impact and to know how will be apply, what are problems and difficulties of countries”¹.

So, I think that in this moment is observed what’s the most important for IASB projects as all, not individual or specific considerations of regulators of each country principally because the IASB have Developing Financial Reporting and Maintaining existing IFRSs, but I described some points as follows.

¹ CL 13 Strategy Review – www.ifrs.org

Question 1(a)

Do you agree with the two categories we identified and the five strategic areas within them? If you disagree, how do you think the IASB should develop its agenda, and why?

Yes, I agree and think that these two categories and five strategic have relation the objective the Strategy Review and IASB's Constitution Review with aspect the work and function of the IFRS Foundation and Monitoring Board.

Question 1(b)

How would you balance the two categories and five strategic areas? If you have identified other areas for the IASB's agenda, please include these in your answer.

I understand about balance of the two categories and five strategic areas I believe Developing Financial Reporting and Maintaining existing IFRSs in this moment are the principal IASB's work as follows:

“Developing financial reporting

- Strengthening the consistency of IFRSs by completing the update of the conceptual framework, and improving the usability of financial reports through the development of a presentation and disclosure framework.
- Investing in research and addressing the strategic issues for financial reporting to aid future standard-setting and to develop further the IASB's vision of the future shape of financial reporting, including exploring the interaction of IFRSs with integrated reporting.
- Filling gaps in the IFRS literature by undertaking standards-level projects, ie developing new IFRSs or making major amendments.

Maintaining existing IFRSs

- Obtaining a better understanding of operational issues of new IFRSs and major amendments through conducting postimplementation reviews.
- Improving the consistency and quality of the application of IFRSs by responding to implementation needs arising from the revised set of IFRSs, through the use of targeted, narrow-scope improvements to IFRSs, including consideration of the completeness and consistency of integration of XBRL with IFRSs.” Pages 9-11

I think that others studies and research that occurred are in the future increase in the integrated of the results of development of standards in the high quality and

transparency of implementation, principally in relation a better understanding of standards, XBRL, consistency of conceptual framework, investing in research and gaps in the literature about IFRS.

In this moment I understand that IASB must dedicated a studies only for attended your objective, if not can in the future will be identified others relevant points that will be integrated for changed new studies and research for IASB.

Question 2:

What do you see as the most pressing financial reporting needs for standard-setting action from the IASB?

I see as the most pressing financial reporting action depends of interest of country in the application and investment, training of regulators of each country for organizations and entities, control and transparency in the review of the standards, coordinator, responsibility and high quality of implementation of these standards, control of the teach and learn in the universities.

I think that for IASB's action is very complexity, because will be considering some points that I observed will be great importance in relation:

- The relation and responsibility of each country in the application of these standards for financing these projects as cooperation of region;
- Monitoring of the Trustees's area for identify the problems and difficulties of implementation together with local regulators, and
- Monitoring of the partnership of IASB with the principal regulator in the world responsible for control, transparency, inspection of the activities of accountant procedures and audit procedures, as example: IFAC, IOSCO, IFRS, and others.

So, I agree as several suggestions that very important principal because high quality of research and discussion these subject is very interesting but I don't know if the IASB function have time for make many activities together with others regulators that don't imply in the high quality of these standards.

Question 2(a)

Considering the various constraints, to which projects should the IASB give priority, and why? Where possible, please explain whether you think that a comprehensive project is needed or whether a narrow, targeted improvement would suffice?

I observed two phases in this aspect as follow:

Priority

- I- The principal objective of IASB must integrate first the principal priorities as: insurance contract, financial instruments included hedge accounting, impairment. I observed that these projects always have review in some parts of standards or your interpretation.
- II- I think that is very important the cooperation with others regulators in the use and identification of these projects, I think that for long time will be consolidated and structured in form, don't need change many times as offsetting of financial assets and financial liabilities, revenue from contracts with customers, leases.
- III- Attending of the recommendations of G20 about IASB's projects that can be or not included yet as project in the agenda and future I don't know World Economic Forum's suggestions.

Other projects

- I- Considering the development of studies and consolidation in the form of the project I believe that the IASB will be have time for included others great points in your agenda depends your relevance, urgency and importance that will be discuss with the financial sponsors and audit firms.
- II- I think that is very important the IASB structured idea about deferred projects, the IASB isn't consult for countries about international standards.
- III- I understand that IASB don't make limit specific studies for country about aspects of the implementation or others aspects only if suggestion of G20, World Bank, Regional Development Banks, International Monetary Fund, UNCTAD².

I understand of relevance and developments of implementation of review of conceptual framework for use in teach principally, post implementation review, review SMEs, investment in research which cooperation of each region and annual improvements.

Question 2(b)

Adding new projects to the IASB's agenda will require the balancing of agenda priorities with the resources available. Which of the projects previously added to the IASB's agenda but deferred (see table page 14) would you remove from the

² CANNES SUMMIT FINAL DECLARATION "BUILDING OUR COMMON FUTURE: RENEWED COLLECTIVE ACTION FOR THE BENEFIT OF ALL" 4 NOVEMBER 2011 – G20 www.g20.org

agenda in order to make room for new projects, and why? Which of the projects previously added to the IASB's agenda but deferred do you think should be reactivated, and why? Please link your answer to your answer to question 2(a).

I described the points about projects in the page 14 as follows:

Table 1

Projects previously added to the agenda but deferred and new project suggestions:	Items added to agenda but deferred			My comments about projects	IAS IFRS IFRIC
	Projects for which significant work performed	Projects for which little or no work performed	Project suggestion		
Agriculture, particularly bearer biological assets			✓	Extremely importance because impact investments of countries for action plan of G20 item 41 of declaration ³ .	IAS 41
Business combinations between entities under common control		✓		I think that point is very complexity because the structure depends of some operations that can be impact in different activities, in this moment is need the IASB finish principally financial instruments for concluded this project.	IFRS 3
Country-by-country reporting			✓	I think that point is very complexity because the structure depends of some investment of countries can be has impact in different activities in the industry.	
Discount rate			✓	I think that this point is important for valuation, but I observed that can be Practice Statement not new standard for attend cash flow and study of valuation.	
Earnings per share	✓			This study is together offsetting balance is important to clarify for don't have doubt in your application.	IAS 33

³ CANNES SUMMIT FINAL DECLARATION "BUILDING OUR COMMON FUTURE: RENEWED COLLECTIVE ACTION FOR THE BENEFIT OF ALL" 4 NOVEMBER 2011 – G20 www.g20.org pg 9

Projects previously added to the agenda but deferred and new project suggestions:	Items added to agenda but deferred			My comments about projects	IAS IFRS IFRIC
	Projects for which significant work performed	Projects for which little or no work performed	Project suggestion		
Emissions trading schemes	✓			This study is together offsetting balance is important to clarify for don't have doubt in your application and will be attend Kyoto Protocol.	
Equity method of accounting			✓	This moment I think that isn't priority for IASB can be in future.	
Extractive activities			✓	I think that suggestion G20 for Energy Markets ⁴ is more adequate for extractive activities, but I think that is need to make more control of rules and laws about energy and extractive activities in each country for after the IASB includes as project.	
Financial instruments with characteristics of equity	✓			Extremely importance for attend the Commodity hedging instruments for agriculture for competition price and attend the suggestion of G20. ⁵	IAS 32
Financial instruments presentation – excluding consideration of other comprehensive income	✓			Extremely importance for attend the Commodity hedging instruments for agriculture for competition price and attend the suggestion of G20. ⁶	IAS 32
Foreign currency translation			✓	This moment I think that isn't priority for IASB can be in future.	IAS 21

⁴ CANNES SUMMIT FINAL DECLARATION "BUILDING OUR COMMON FUTURE: RENEWED COLLECTIVE ACTION FOR THE BENEFIT OF ALL" 4 NOVEMBER 2011 – G20 www.g20.org pg 11

⁵ CANNES SUMMIT FINAL DECLARATION "BUILDING OUR COMMON FUTURE: RENEWED COLLECTIVE ACTION FOR THE BENEFIT OF ALL" 4 NOVEMBER 2011 – G20 www.g20.org pg 15

⁶ Idem notes 5

Projects previously added to the agenda but deferred and new project suggestions:	Items added to agenda but deferred			My comments about projects	IAS IFRS IFRIC
	Projects for which significant work performed	Projects for which little or no work performed	Project suggestion		
Government grants		✓		This project can be used better in the future this operation is very specific for each country the rule is very complex.	IAS 20
Income taxes	✓			I think that is very important continuing observed the modifications, principally if considering financial instruments.	IAS 12
Inflation accounting (revisions to IAS 29)			✓	I think that in this moment isn't priority of IASB, severe hyperinflation is more important, I understand that in the future can be study and included as topic in the IAS 29.	IAS 29
Intangible assets			✓	I observed that IASB has important project, I think that intangible assets don't need change many times this IAS.	IAS 38
Interim reporting			✓	I observed that IASB has important project, I think that Interim Reporting don't need change many times this IAS.	IAS 34
Islamic (Shariah compliant) transactions and instruments			✓	In this moment I think that is specific suggestion can be used the some points in the project financial instruments, not a new standard.	

Projects previously added to the agenda but deferred and new project suggestions:	Items added to agenda but deferred			My comments about projects	IAS IFRS IFRIC
	Projects for which significant work performed	Projects for which little or no work performed	Project suggestion		
Liabilities – amendments to IAS 37	✓			I think that is very important but I observed that for long period and your structure the IASB don't need make change, for some times for period or if occurred urgent and important discussion in some project.	IAS 37
Other comprehensive income		✓		I observed that IASB has important project, I think that other comprehensive income can be used together offsetting balance I don't know.	
Post-employment benefits (including pensions)		✓		This moment I think that isn't priority for IASB can be in future.	IAS 19
Presentation and disclosure standard			✓	I think that presentation and disclosure standard always change principally when the conceptual framework be changed.	IAS 1
Rate-regulated activities			✓	This moment I think that isn't priority for IASB can be in future.	
Share-based payment			✓	This moment I think that isn't priority for IASB can be in future.	IFRS 2

Source: IASB page 14 and 20 – Agenda Consultation www.ifrs.org

Thank you for opportunity for comments this proposal, if you have questions don't hesitate contact to me, rio1042370@terra.com.br.

Yours Sincerely,

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