



SAS Quadra 05. Bloco J. CFC
Brasília, Distrito Federal – Brazil
www.cpc.org.br

November 9, 2012

International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

**RE: Request for Information Post-Implementation Review: IFRS 8
*Operating Segments***

Dear Board Members,

The Comitê de Pronunciamentos Contábeis - CPC (Brazilian Accounting Pronouncements Committee)¹ welcomes the opportunity to comment on the Request for Information regarding of its post-implementation review of IFRS 8 *Operating Segments*.

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

Brazil has adopted IFRS mandatorily since 2010 and 2012, respectively. Therefore, Brazilian entities have little experience preparing segment information in accordance with IAS 14. Some companies in Brazil used to report Operating Segments pursuant to USGAAP in accordance with SFAS 131 (in effect since 1998), a standard that is very similar to IFRS 8. However, such information was generally not required by local GAAP.

Considering that your Request for Information (RFI) focuses on the experience and challenges of transitioning from IAS 14 to IFRS 8, the answers that we have obtained are very limited.

¹ 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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If you have any questions about our comments, please let me know at operacoes@cpc.org.br.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Idésio da Silva Coelho Júnior', is written over the typed name.

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



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Comment letter on the Post-implementation Review: IFRS 8 Operating Segments

Question 1

Are you comparing IFRS 8 with IAS 14 or with a different, earlier segment-reporting Standard that is specific to your jurisdiction?

In providing this information, please tell us:

- (a) what your current job title is;***
- (b) what your principal jurisdiction is; and***
- (c) whether your jurisdiction or company is a recent adopter of IFRSs.***

As commented before in the Overall Comments section, we are comparing IFRS 8 with SFAS 131. The discussions in regard to the RFI were held within a specified Technical Working Group (TWG) that submitted your questions to groups of preparers.

Question 2

What is your experience of the effect of the IASB's decision to identify and report segments using the management perspective?

Depending on management structure of each entity, it can be complex to identify the CODM as well the reportable segments, mainly when a company has a matrix model to manage its business. Additionally, the criteria for aggregation established by paragraph 12 of the IFRS 8 bring additional complexity into the reporting of operating segment information.

Question 3

How has the use of non-IFRS measurements affected the reporting of operating segments?

Those companies from which we have received answers informed us that they do not use non-IFRS measurements in their reporting of operating segments.

Question 4

How has the requirement to use internally-reported line items affected financial reporting?

Some companies used to report in accordance with SFAS 131, in which case there was limited impact.



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Question 5

How have the disclosures required by IFRS 8 affected you in your role?

From the preparer's perspective, the disclosures required by IFRS 8 create competitive disadvantages for entities that report such information mainly due to strategic information shared with their competitors that are not always subject to the same disclosure requirements.

Clearly the disclosure of available internal reporting information is neither burdensome nor costly. We did not find any companies that disclosed more than the required information.

Question 6

How were you affected by the implementation of IFRS 8?

Preparers were not significantly affected.