Questions and Answers
Discussion Paper - Framework

Question 1
Answer: We agree with the preliminary views informed by the IASB in this topic. We understand that new emissions of standards are important because they give greater transparency, objectivity and broad overview of existing conflicts.

Question 2
Answer: For definitions presented, we have the following suggestions:
(a) For assets: It is an entity controlled by this economic resource that is capable of generating future economic benefits.
(b) For liabilities: It is an obligation derived from events occurred, the settlement of which is expected to result in outflows of the entity.

Question 3
Answer: As to item (a) agree.
As to item (b) we believe it is relevant to add examples of cases of such exceptions to the concept presented in the appendices of this Standard. The examples will help users understand the applicability of the standard.
Refering to item (c) we understand that the recognition criteria must maintain the existing reference to the cases of exception to the concept presented.

Question 4
Answer: We believe that there should be a more objective conceptual definition of what other comprehensive income is, and a better definition of what liabilities and equity are. We also suggest that for the disclosure, the notes must contain higher quality and lower content, taking into account the relevance of the subjects.

Question 5
Answer: We agree with the view of the IASB, where the obligation cannot be linked only to the legal aspect. The concept of obligation should be large, ie, the requirement should be expanded to other cases where the entity has a mandatory compliance and signed commitments.
We agree with the IASB that the concept of a constructive obligation is derived from an agreement /compromise where the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation in those other parties that it will discharge those responsibilities.

Question 6
Answer: We agree with the Vision 3, as a present obligation may be conditional or unconditional, ie, the parties may or may not have the practical ability to
prevent transfer through its future actions.

**Question 7**
**Answer:** We have no additional comments on the concept of assets and liabilities. We also point out that we made suggestions on this subject in questions 2 and 3.

**Question 8**
**Answer:** We agree with alternative A as for B we understand should contain examples for better understanding of this subject.

**Question 9**
**Answer:** For this matter we believe that derecognition should occur when an asset or liability fails to meet the recognition criteria, or in the case of a line item change of an asset or liability. For cases of line item changes of assets or liabilities (but it still is the entity with other objectives) disclosures should be made.

**Question 10**
**Answer:**
a) We agree.
b) We agree.
c) We agree. Section II should reach OCI, when it is not recycled. It could be transferred to Retained Earnings in the case that the operation that gave it origin is extinguished. OCI will always be a temporary account.
d) We agree. Need more guidance.

**Question 11**
**Answer:**
a) We agree.
b) We agree.
c) We agree.
d) We agree.
e) We agree.
f) We agree. You must make this clear in some specific rules, since they take precedence over the framework. Examples: IAS 39 and IFRS 3.

**Question 12**
**Answer:** We agree. All propositions are valid for subsequent measurement. The applicability of each depends on what type of asset one wants to measure. Although the main purpose of subsequent measurement is doing so through cash flows, each proposal takes into account the type of asset and information that are available to measure it.

**Question 13**
**Answer:** We agree. Similar to asset, the nature of the liability and how it will be settled are relevant to determining the most appropriate form of measurement.

**Question 14**
**Answer:** We agree. If end flows are not closely tied to the original cost, if there
is significant variability in the contractual cash flows or if there are disproportionate market changes on the value of the asset or liability, we believe that all these factors should be considered in the preparation of individual future cash flows.

**Question 15**  
**Answer:** You need to check for conflict with IFRS 9, in the case of Fair Value Option (accounting mismatch).

**Question 16**  
**Answer:** We agree, because we believe that additional guidance is always helpful in preparing the Financial Statements. In principle, additional guidance on the points mentioned by the IASB are sufficient.

**Question 17**  
**Answer:** We agree that the concept is clearly described in the existing framework (outlined next), however, we believe that guidelines or additional teaching materials are always useful in the practical application of the concept to avoid failures in the professional judgment when considering materiality.

**Question 18**  
**Answer:** We agree, because we believe that additional guidance is always helpful in preparing the Financial Statements. In principle, additional guidelines (outlined opposite) about the points mentioned by the IASB are sufficient.

**Question 19**  
**Answer:** We agree it will be possible to better analyze the performance indicators of the entity, separating recurring income from non-recurring income. Non-recurring income results are extraordinary and do not help in forecasting cash flows.

**Question 20**  
**Answer:** We agree that income and expense items should be recycled to the income statement. In connection with Question 10, items not recycled to the income statement, when the transaction that originated the item is extinguished, should be transferred to shareholders' equity, as the retained earnings account, since the OIC should always be considered as a temporary account.

**Question 21**  
**Answer:** We support the 2B approach.

**Question 22**  
**Answer:** We disagree with the approach of the IASB since only the concepts of neutrality, integrity and freedom from errors remain. We believe the concepts of prudence and substance over form to be important, because they are accounting principles that reinforce the conceptual framework, which is known used worldwide.

**Question 23**  
**Answer:** Yes, the IASB should use a business model, because accounts would
be more aligned. The areas where we have identified the need for a business model are: IFRS 4 - Insurance Contracts (eg transferring wallets) and IFRS 16 - Inventory.
A business model that we would define is the way the company collects the cash flow from assets/liabilities.

**Question 24**
**Answer:** If the unit of account used in the new version of the Conceptual Framework is to be considered, yes the IASB should consider the qualitative characteristics of useful financial information.

**Question 25**
**Answer:** We understand that there should be no mention in other situations on the continuity/discontinuity of the company.

**Question 26**
**Answer:** We understand that all the components of PL that are OCI should go to earnings, therefore, have to recycle. (see answer to question 20).