

EXPOSURE DRAFT 69

PUBLIC SECTOR SPECIFIC FINANCIAL INSTRUMENTS, AMENDMENTS TO IPSAS 41, FINANCIAL INSTRUMENTS

The Technical Director

International Public Sector Accounting Standards Board (IPSASB)

International Federation of Accountants

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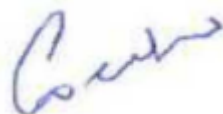
Dear Mr. John Stanford,

The Conselho Federal de Contabilidade (CFC) of Brazil welcomes the opportunity to collaborate with the Exposure Draft 69: Public Sector Specific Financial Instruments, Amendments to IPSAS 41, Financial Instruments. CFC, along with its regional arms - Regional Accounting Councils or Conselhos Regionais da Contabilidade (CRCs), is the Professional Accountancy Organization that carries out regulatory activities including the issuance standards of ethics, education for accountants, auditing and accounting for the private and public sectors and the overseeing of the accountancy profession throughout the country.

Our points of view and comments are included in the Appendix to this letter and was prepared by the Advisory Group for Public Sector Accounting Standards (GA/NBC TSP) of the CFC.

If you have any questions or require clarification of any matters in this submission, please contact: tecnica@cfc.org.br.

Regards,



Idésio S. Coelho
Technical Vice-President
Conselho Federal de Contabilidade

APPENDIX

1. Context and General Comments

The Brazilian Federation is composed by central, 26 states, the Federal District and more than 5,500 municipalities. These levels of governments are responsible for formulating, implementing and evaluating public policies in cooperative and/or competitive arrangements.

In this document, we present the contributions for the exposure draft based on a practical approach applicable to our jurisdiction.

We agreed with the proposed amendments to IPSAS 41, *Financial Instruments*. In addition, we agree that it is necessary to develop another Public Sector Specific Financial Instruments project to address the remaining issues, since the amendments do not approach the particularities of public sector specific financial instruments, such as currency in circulation without obligation.

In the next section, we present our answer and comment on the specific matter for comment of the exposure draft.

2. Response to the Specific Matter for Comment

Specific Matter for Comment 1

Do you agree with the proposed amendments to IPSAS 41, *Financial Instruments*? If not, what changes would you make to the proposals?

GA/CFC agree with the proposed amendments to IPSAS 41. The amendments consider the features of specific public sector financial instruments that are similar to financial instruments not specific to public sector.

However, we believe that the issue related to accounting treatment for the specific public sector financial instruments will be partially solved, since the amendments do not address the particularities of public sector specific financial instruments, such as currency in circulation without obligation. Consequently, we agree that it is necessary to develop another Public Sector Specific Financial Instruments project to address the remaining issues.