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**EXPOSURE DRAFT 88,  
ARRANGEMENTS CONVEYING RIGHTS OVER ASSETS**

*Program and Technical Director  
International Public Sector Accounting Standards Board (IPSASB)  
International Federation of Accountants  
277 Wellington Street West, 6<sup>th</sup> floor  
Toronto, Ontario M5V 3H2 CANADA*

Brasília, Brazil  
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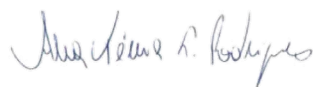
Dear Mr. Ross Smith,

The *Conselho Federal de Contabilidade* (CFC) of Brazil welcomes the opportunity to collaborate with the consultation on IPSASB, *Exposure Draft (ED) 88, 88, Arrangements Conveying Rights Over Assets*. CFC, alongside with its regional arms - *Conselhos Regionais de Contabilidade* (CRCs), is the Professional Accountancy Organization that carries out regulatory activities for overseeing the accountancy profession throughout the country.

Our points of view and comments can be found on the Appendix of this document that was prepared by the Permanent Committee for Public Sector Accounting Standards linked to Conselho Federal de Contabilidade (CP CASP – acronym in Portuguese).

Should you have any questions or require clarification of any matters in this submission, please contact: [tecnica@cfc.org.br](mailto:tecnica@cfc.org.br).

Best regards,



Ana Tércia Lopes Rodrigues  
*Technical Vice-President*  
Conselho Federal de Contabilidade

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## CONTEXT AND GENERAL COMMENTS

The Brazilian Federation is composed by 26 states, the Federal District and 5,569 municipalities governments. These levels of governments are responsible for formulating, implementing, and evaluating public policies in cooperative and/or competitive arrangements.

## APPENDIX

### Specific Matter for Comment 1

The IPSASB decided to carry over the proposals in ED 84 in IPSAS 23, Revenue from Non-Exchange Transactions (Taxes and Transfers) related to the concession in concessionary leases to IPSAS 47 (see paragraphs IPSAS 47. BC141–BC145). Do you agree with the proposed amendments to IPSAS 47? If not, please explain your reasons. If you agree, please provide any additional reasons not already discussed in the Basis for Conclusions

### Answer:

CP CASP/CFC does not agree with the proposed amendments.

The analysis of ED 88 should be carried out together with the decisions about ED 84 responses related to concessionary leases. CP CASP/CFC presented some disagreements with the principles proposed in ED 84, and IPSASB did not present the IPSAS Draft derived from ED 84, including the basis for conclusions, which is essential for the analysis of proposals in ED 88. This issue becomes more relevant since IPSAS 23 and IPSAS 47 have different principles about revenue. The IPSASB should consider re-exposing the IPSAS draft regarding concessionary leases and right-of-use assets in kind.

One issue that the IPSASB has not appropriately addressed is related to IPSAS 46 (Measurement). According to paragraph 10 of this standard, deemed cost is used to measure the initial value of an asset or a liability when a transaction is not undertaken in an orderly market. The standard allows for the use of a current measurement basis (fair value or current operational value). However, the IPSASB does not clearly explain why the initial measurement requirement in ED 84 was retained in this project stage and how it aligns with the initial measurement in IPSAS 47. This question becomes more critical when there is a binding arrangement and the need to allocate the transaction consideration to each compliance obligation.

Also, ED 84 and ED 88 are silent about the change in the feasibility of determining the lease payment at market term after the initial recognition of concessionary leases based on contractual lease payment or right-of-use in kind that was not recognized because it was not possible to determine the lease payment at market term. The requirements for changes in accounting policies and accounting estimates should be considered. In addition, how to conciliate with the principles in IPSAS 47 where revenue is provided from a binding arrangement.

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**Specific Matter for Comment 2**

The IPSASB decided to propose non-authoritative guidance for arrangements conveying rights over assets in IPSAS 47 (see paragraphs IPSAS 47.BC146–BC150). Do you agree with the proposed non-authoritative amendments to IPSAS 47? If not, please explain your reasons. If you agree, please provide any additional reasons not already discussed in the Basis for Conclusions.

**Answer:**

CP CASP/CFC partially agrees with the proposal on non-authoritative guidance.

In addition to the proposal, an example of the initial measurement principles application should be very helpful, specifically for understanding the meaning of “market rates” and “current use of the underlying assets” since the ED 84 does not use Fair Value or Current Operational Value to determine the deemed cost. The examples in ED 88 do not explain or demonstrate how the lease payments are determined based on “market rates”, and “the current use of the underlying asset”.

**Specific Matter for Comment 3**

The IPSASB decided to propose non-authoritative guidance for arrangements conveying rights over assets without consideration in IPSAS 48 (see paragraphs IPSAS 48. BC41–BC44). Do you agree with the proposed non-authoritative amendments to IPSAS 48? If not, please explain your reasons. If you agree, please provide any additional reasons not already discussed in the Basis for Conclusions.

**Answer:**

CP CASP/CFC agrees with the proposal prepared by IPSASB regarding BC41 – BC44, amending IPSAS 48.