

7th November 2008

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

Dear Boards' members,

Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera (CINIF) the accounting standards setter body in Mexico, welcomes the opportunity to submit our comments on the ***Exposure Draft of Proposed Improvements to IFRS's***. Set forth below you will find our comments to the specific questions that are included in the Exposure Draft.

General questions (applicable to all proposed amendments)

Question 1

Do you agree with the Board's proposal to amend the IFRS as described in the exposure draft? If not, why and what alternative do you propose?

The CINIF agrees with the Board's proposal to amend the IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, IAS 7 *Statement of Cash Flows*, IFRS 8 *Operating Segments* (Basis for Conclusions), IAS 36 *Impairment of Assets*, IAS 38 *Intangible Assets*, IFRS's as described in the exposure draft. However, we do have the following comments on certain specific issues:

IFRS 2 *Share-based Payment*

We believe that the objective of the scope paragraph is to indicate that all acquisitions of net assets through business combinations, including also a combination of entities under common control or the contribution of a business in a formation of a joint venture, are out of the scope of IFRS 2. We believe the paragraph would be clearer if it would indicate: "...net assets acquired **i) in** a business combination... **...ii) in** a combination of entities or businesses under common control... **...or iii) in** the contribution of a business on the formation..." This would more clearly indicate the three circumstances where IFRS 2 is not applicable.

We were confused at the beginning, since we thought the scope exclusion referred only to the last two circumstances. Users in countries where English is not the native language may have the same confusion.

IFRS 39 *Financial Instruments: Recognition and Measurement* Embedded derivatives

The proposed change will specify "financial instrument" instead of "contract". Therefore, we believe that paragraph 11A (a) has to be also modified, since it indicates "contracts" and there is no modification proposed to change that word for "financial instrument".

Question 2

Do you agree with the proposed transition provisions and effective date for the issue as described in the exposure draft? If not, why and what alternative do you propose?

The CINIF agrees with the effective date and the transitional provisions proposed by the Board.

Specific question**Question 3**

The Board proposes to include in the Appendix of IAS 18 *Revenue* guidance on determining whether an entity is acting as a principal or as an agent. What indicators, if any, other than those considered by the Board should be included in the guidance proposed?

The CINIF considers that the amendments made to the guidance are very useful when assessing if the entity is acting as a principal or as an agent. Nonetheless, we believe that some other indicators (besides the ones already included in the guidance) from the criteria established in the EITF 99-19 *Reporting Revenue Gross as a Principal versus Net as an Agent* from the USGAAP would be helpful in order to provide more elements of judgment:

Principal

- The entity has the capability to change the product or performed part of the service and is involved in the product or service specifications.
- The entity is able to choose its suppliers.
- The entity has physical loss inventory risk.

Agent

- The supplier (not the entity) is the main responsible in the arrangement.
- The supplier (not the entity) is the one taking on the credit risk.

Should you require additional information on our comments listed above, please contact me at 00-52-55-5596 5633/26/34 or by e-mail at fperezcervantes@cinif.org.mx

Sincerely,

C.P.C. Felipe Perez Cervantes
President of the Mexican Accounting Standards Board
Consejo Mexicano para la Investigación y Desarrollo
de Normas de Información Financiera (CINIF)