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Cc: EFRAG

Stockholm October 26, 2016

ED/2016/1 Definition of a Business and Accounting for Previously Held Interests

Representing preparers' point of view, the Swedish Enterprise Accounting Group (SEAG) welcomes the opportunity to comment on the Exposure Draft ED/2016/1 (ED).

We are in general very positive to the ED and welcome that the Board has decided to review and improve the definition of a business, a part of IFRS 3 that we believe has been rather vague and that has led to problems in practice. Lack of convergence between IFRS and US GAAP creates problems for Swedish groups, even when the differences between the two are minor. We find the intended clarifications of the accounting for acquisitions of interests in joint operations logical and correct, but suggest that the Board review the proposed wording. Finally we agree to the transition requirements in the ED.

Our comments to the specific questions posed in the ED are provided in the Appendix below.

Yours sincerely,

CONFEDERATION OF SWEDISH ENTERPRISE



Sofia Bildstein-Hagberg

Secretary of the Swedish Enterprise Accounting Group

The Swedish Enterprise Accounting Group (SEAG) represents more than 40 international industrial and commercial groups, most of them listed. The largest SEAG companies are active through sales or production in more than 100 countries.

Question 2—Difference between the proposals of the IASB and the FASB

Since the member companies of SEAG generally have major international activities, lack of convergence between IFRS and US GAAP creates problems. This is also true for minor differences, which may lead to the conclusion that a different accounting treatment is required even in cases where no real GAAP-difference is intended.

Question 3— Add paragraph 42A to IFRS 3 and amend paragraph B33C of IFRS 11 regarding acquisitions of interests in businesses that are joint operations

We find the intended clarifications of the accounting for acquisitions of interests in joint operations logical and correct but find the suggested wording of paragraph B33C complicated and ask the Board to review it.

Question 4—Prospective application with early application permitted

SEAG agrees to the proposed transition requirements. Retrospective application could create huge amounts of work and we appreciate the practical solution suggested by the Board.