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Cc: EFRAG

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Exposure Draft

Proposed amendments to the IFRS Foundation Due Process Handbook

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

We consider that the proposed amendments regarding IFRS Interpretations Committee agenda decisions are contradictory and add more confusion regarding the status of such decisions. Our view is that IFRIC agenda decisions should be abolished and we strongly oppose the introduction of IASB Board agenda decisions. We support the other proposed amendments of the Handbook. Our detailed comments to the questions in the ED are disclosed in the Appendix to this letter.

Yours sincerely,

CONFEDERATION OF SWEDISH ENTERPRISE

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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.

Appendix

Question 1—Effect analysis

The DPOC proposes to amend the section 'Effect analysis' to:

- embed explicitly the process of analysing the effects throughout the standard-setting process;
- explain the scope of the analysis;
- explain how the Board reports the effects throughout the process; and
- differentiate the effect analysis process from the final effect analysis report.

Do you agree with these proposed amendments?

The proposed amendments are intended to reflect the IASBs' work with effect analysis in later years on new standards, e.g. IFRS 16 and IFRS 17.

We support the proposed amendments. However, we believe that the IASB can make further progress on how to perform an effect analysis during the standard-setting process and not only when the standard is finalized.

Question 2—Agenda decisions

The DPOC has proposed the following amendments relating to agenda decisions:

- to provide the Board with the ability to publish agenda decisions;
- to better explain the objective and nature of explanatory material in an agenda decision; and
- to reflect in the *Handbook* that an entity should be entitled to sufficient time both to determine whether to make an accounting policy change as a result of an agenda decision, and to implement such change.

Do you agree with these proposed amendments?

Some parts of proposed clarifications regarding IFRS Interpretations Committee agenda decisions are similar to what was proposed in ED/2018/1 Accounting Policy Changes - Proposed amendments to IAS 8. The IASB decided not to make any amendments of IAS 8 related to agenda decisions. Instead the issues were referred to the DPOC to handle.

The nature and objective of agenda decisions

We believe that the explanations of the nature and objective are contradictory, similar to what was proposed in the amendments to IAS 8. It is stated in the ED regarding the Due Process Handbook that agenda decisions are non-authoritative – yet there is a need for clarify the timing of an accounting change following such a decision.

The non-authoritative nature of agenda decisions is contradicted by expressions like “the material described in this section does not have the status of IFRS Standards and cannot add or change requirements in the Standards. However, the objective of the material is to improve the consistency of application of the Standards” (proposed paragraph 8.1). Further, it is stated in the proposed paragraph 8.5:

The process for publishing an agenda decision might often result in explanatory material *that provides new information that was not otherwise available and could not otherwise reasonably have been expected to be obtained* (our emphasis). Because of this, an entity might determine that it needs to change an accounting policy as a result of an agenda decision. It is expected that an

entity would be entitled to sufficient time to make that determination and implement any change (for example, an entity may need to obtain new information or adapt its systems to implement a change).

We do not support the proposed amendments of the Due Process Handbook regarding agenda decisions since they add even more confusion than before regarding the nature of such decisions. In principle, we believe that agenda decisions should be abolished. If there is a need to make a statement to clarify how to interpret or fill out a gap in a standard, it should be in the form of an amendment of an IFRS or the issuing of an IFRIC.

Sufficient time

What is sufficient time is not explained in the ED regarding the Due Process Handbook. We note, however, that the IASB Vice-Chair has commented on this in a feature on the IASB webpage (20 March 2019) saying among other things “months rather than years”. We wonder what is the status of such statements by an IASB Board member? Also, if this is new information as described in paragraph 8.5 we find it unreasonable that preparers should be forced to amend their accounting policies within a couple of months.

We consider that the proposed guidance on sufficient time in the Handbook is insufficient. The fact that a statement by an IASB Board member seems to be the “authoritative interpretation” clearly indicates that use of agenda decisions should be abolished.

Agenda decisions by the IASB

It is stated that Board agenda decisions are not expected to be frequent. But there is no proposal to limit their use in the ED.

Introducing Board agenda decisions would create another type of material with unclear status. We strongly oppose the introduction of Board agenda decisions, based on the same arguments we have presented regarding the IFRS Interpretations Committee agenda decisions.

Question 3—other matters

The DPOC has proposed to amend the *Handbook* on other matters including:

- the type of review required for different types of educational material;
- consultation in connection with adding projects to the Board’s work plan;
- clarifications of the IFRS Taxonomy due process and Taxonomy updates and the role of the DPOC in overseeing Taxonomy due process.

Do you agree with these proposed amendments?

Educational material

We support updating the list of educational materials to reflect current working practices.

Consultation on the work plan

We support the proposed amendments.

IFRS Taxonomy due process

We support the proposed amendments.

Additional amendments

We support the proposed amendments.

Question 4—Consequential amendments to the IFRS Foundation *Constitution*

The Trustees of the IFRS Foundation have proposed to amend the IFRS Foundation *Constitution* as a result of the proposed amendments to the *Handbook* relating to the role of the IFRS Advisory Council.

Do you agree with these proposed consequential amendments?

We support the proposed amendments.