

The Swedish Financial Reporting Board

RFR-rs 2015:11

EFRAG
35 Square de Meeus
B-1000 Brussels
Belgium

Dear Board Members,

Re: EFRAG's 2015 Proactive Agenda Consultation

The Swedish Financial Reporting Board is responding to your invitation to comment on the EFRAG Agenda Consultation.

What is your opinion on the effectiveness of the proactive work EFRAG is undertaking?

What type of EFRAG projects and output have been more useful:

- (a) Discussion Papers
- (b) Short Discussion Series Papers
- (c) Bulletins

Do you support the current mix of output?

We believe that the proactive contribution from EFRAG to the work of the IASB with the objective that European concerns and practice are properly taken into account is very important. Participation in the early phases of debate allows EFRAG to influence the IASB's standard setting process.

Occasionally, we believe the scope of EFRAG's pro-active activities have been too wide. Greater success has been reached when the objectives of EFRAG's research have been more constrained. There should be a well-defined purpose of each research project that EFRAG takes on. In addition, considering EFRAG's limited resources, we encourage the cooperation between EFRAG and National Standard Setters.

Shorter projects and output are more likely to receive useful feedback from stakeholders. Therefore we prefer Bulletins and the Short Discussion Series Papers.

How do you make the decision to comment or not to comment on an EFRAG proactive project?

We have focused our resources on projects on the active standard setting agenda, as we believe it's important to react on proposals that have an immediate effect on the financial reporting area for stakeholders in Sweden.

Rådet **för** finansiell rapportering

We have not spent as much resources on research projects, unless the topic is of high priority for Swedish stakeholders. We do not have a policy to respond to all papers issued by EFRAG. Instead, we decide on a case by case basis whether a paper published by EFRAG should be responded to. Our decisions are based upon the urgency of the matter and whether we believe that we can contribute in an effective and efficient way.

How do you see the possible coordination of proactive work between EFRAG and the IASB? Do you think that it is important that EFRAG remains an independent contributor?

The independence from the IASB is essential for EFRAG's credibility. Therefore, we agree with the conclusion that EFRAG should not undertake projects under the direction of IASB. IASB's agenda is an important guidance for the agenda of EFRAG, but does not have to be an unnecessary restriction to the pro-active activities that EFRAG undertakes.

Do you agree that the new EFRAG proactive projects are relevant for Europe and should be undertaken? How would you see their priority?

EFRAG mentions three alternative projects based on a short argumentation for each project. We believe that the consultation would have been more fruitful if the projects had been chosen from a larger list of alternative projects. This would have helped constituents when answering the questions in paragraphs 23 to 25.

EFRAG's objectives for taking on the ongoing research as well as the tentative future projects presented in the consultation are not obvious to us. We believe that the general principles for when EFRAG takes on a new project should be more clear. Otherwise the reasons for EFRAG's pro-active activities may be misinterpreted. For example, the tentative project regarding Transactions with Governments could mistakenly be understood as a way of taking on issues that relates to Country-by-Country reporting and the new information requirements for the extractive industry.

Regarding the new projects discussed in paragraph 21 and 22, we believe that the consequences of IFRIC 21 are unfortunate in some circumstances. As most levies are annual fees, regardless of the structure of the obligation to pay, the information value of the interim reporting may be impaired by this interpretation. Therefore, it can be of interest to further explore the accounting for transactions that share the characteristics of being transactions that the entity does not enter into voluntarily and/or being non-exchange transactions.

We believe the potential project on an Impairment model for equity instruments is relevant, as it would make it possible to recycle profits or losses arising on investments in equity instruments measured at fair value through other comprehensive income.

With regard to the new project on remeasurement of liabilities it is difficult for us to assess the relevance of such a new project. We are aware of that the IASB is currently working on this issue and has been doing that for quite some time.

Rådet **för** **finansiell rapportering**

With regard to the project on Conceptual Framework, we believe that the IASB should focus on finalising the framework in its current scope. We believe that the areas of the Framework that could be further developed generally are very difficult and it is better that EFRAG spend the resources on individual standards.

In the table of the Appendix to this consultation, the proactive work that EFRAG has carried out or is carrying out at present is listed. There are also topics on which EFRAG has not carried out work. Do you think that EFRAG should undertake work on any of these projects?

We believe it would be worthwhile to carry out proactive work on the area of post-employment benefits including pensions. This matter is both important and urgent for many jurisdictions that have pension plans with hybrid characteristics. These plans may not have existed when IAS 19 was originally developed, but are becoming more widely spread. It is disappointing that the IASB have not been able to come up with a reasonable accounting solution to this problem, even though the staff has worked on the issue since 2004 when IFRIC D-9 was issued and later withdrawn. In addition, the guidance on how to determine the discount rate may need to be reconsidered.

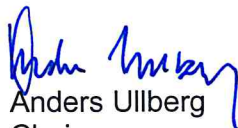
Do you see other projects than those listed in the IASB Agenda Consultation or above that EFRAG should undertake?

No.

If you have any questions concerning our comments please address our Executive member Claes Janzon by e-mail to: claes.janzon@radetforfinansiellrapportering.se.

Stockholm, 3 December 2015

Yours sincerely,


Anders Ullberg
Chairman