

International Accounting Standards Board
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Exposure Draft ED/2017/6
Definition of material

Representing preparers' point of view, the Swedish Enterprise Accounting Group (SEAG) welcomes the opportunity to comment on the Discussion Paper (DP).

We attest to the difficulties regarding materiality judgements as described in BC2. The institutional circumstances surrounding the production of IFRS financial statements generally create an overload of information and a mechanical application of the disclosure requirements. In addition to auditors, regulators and preparers – all mentioned in the basis for conclusions – some of the actions and statements from national and European supervisory authorities have reinforced the development in this direction. Therefore, we believe that it is important to strengthen and clarify the definition of material within the standards and to align it with the Conceptual Framework. However, as we have previously expressed when commenting upon the discussion paper on disclosures earlier this fall, to overcome the problem with disclosure overload we believe that a thorough review of the requirements in each standard is also necessary. Further comments on the specific questions addressed in the DP are enclosed in the appendix.

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

1. Amendments to IAS 1 and IAS 8

We agree with the proposed amendments. We welcome that it is clarified within both IAS 1 and IAS 8 that material information may be obscured by immaterial information. We also believe that there are good reasons to describe the primary users of financial statements as proposed.

We have considered the concept of “obscuring” and discussed whether this may lead to interpretation issues. When translating IFRS into different languages there will always be a risk that some words and concepts lack an apparent equivalent. Skilled translators can find ways to overcome this, but the time and resources for professional translations are unfortunately not always available. Nevertheless, when choosing between high quality standards, and wordings that are easy to translate, we prefer high quality standards.

Having said this it should be noted that most Swedish accounting professionals have access to the English version of the standards. Generally, when drafting IFRS, we believe the Board should bear in mind that a large part of the users of the standards are not native English speakers. Unpretentious but precise language is always preferable.

2. Amendments to the Materiality Practice Statement and the revised Conceptual Framework

We agree that the Practice Statement as well as the Conceptual Framework should be changed to match the amendments of IAS 1 and IAS 8.