

Rådet för finansiell rapportering

The Swedish Financial Reporting Board

RFR-rs 2014:12

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

Dear Sirs,

Re: ED/2014/2 Investment Entities: Applying the Consolidation Exception

The Swedish Financial Reporting Board is responding to your invitation to comment on the Exposure Draft Investment Entities: Applying the Consolidation Exception.

We agree with the proposed amendments to IFRS 10 Business Combinations.

We do not agree with the proposed amendments to IAS 28 Investments in Associates and Joint Ventures to have different requirements when a non-investment entity parent applies the equity method for associates or joint ventures that are investments entities. We prefer to allow using the fair value measurement for both associates and joint ventures. The main reason is that we think that fair value measurement of an investment entity's subsidiary provides the most useful information and should therefore be retained by a non-investment entity investor when applying the equity method. Our view is consistent with our comment letter on ED/2011/4 Investment Entities. In that comment letter we were not supporting the requirement that the parent of an investment entity that is not itself an investment entity should be required to consolidate entities that it holds through subsidiaries that are investment entities. In our view, we would expect fair value information to be relevant even in the financial statements of the ultimate parent. In addition, we are not convinced that the degree of practical difficulty is different depending on whether the investee is an associate or a joint venture. Therefore, we do not understand the rationale to have different accounting requirements for joint ventures compared to associates.

We would like to take the opportunity to point out to the Board that care must be taken so that IFRS does not interfere with European law since new and amended IFRS standards become law in all EU countries when endorsed. One recent example is the addition of paragraph 8A in IAS 27 that states that investment entities shall present separate financial statements as their only financial statements. Unfortunately this is in violation with both the Fourth and the Seventh EU Company Law Directives (as well as the EU Accounting Directive of 2013) and thereby Swedish law.



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

Stockholm, 5 September 2014

Yours sincerely



Anders Ullberg
Chairman