

The Swedish Financial Reporting Board

RFR-rs 2022:04

International Accounting Standards Board
Columbus Building,
7 Westferry Circus
Canary Wharf
London E14 4HD
United Kingdom

Dear Board members,

Re: ED/2021/9 Non-current Liabilities with Covenants - Proposed amendments to IAS 1

The Swedish Financial Reporting Board is responding to your invitation to comment on the Exposure Draft ED/2021/9 Non-current Liabilities with Covenants – Proposed amendments to IAS 1.

We share the concerns of respondents to IFRS IC's tentative agenda decision on non-current liabilities, that the outcomes of applying the current requirements in some circumstances fail to faithfully represent an entity's financial position at the reporting date. We therefore welcome the IASB's work to amend the treatment of non-current liabilities in IAS 1.

We agree with IASB's position in the exposure draft, that conditions with which an entity must comply within twelve months after the reporting period shall not affect classification of a liability as current or non-current.

The classification of liabilities into non-current and current respectively, is on its own not sufficient to tell when a liability ultimately will be repayable. IASB proposes that relevant information to users instead shall be provided by a classification of liabilities with certain conditions in a sub-category on the face of the statement of financial position and by disclosures related to these liabilities.

We have concerns about both these proposals since they are not compatible with principle-based standards and many financial liabilities have conditions of this kind. We disagree with having a sub-category on the face of the statement of financial position and think that the disclosures should focus on liabilities where there is significant doubt about premature payments within the next twelve months, for example because a condition applicable within the next twelve months is not fulfilled at the reporting date.

Rådet *för* **finansiell rapportering**

We also think that some requirements of the standard are not sufficiently clear and that the Board should reconsider the wording of 72C(b) and 76ZA(b), preferably from a more principle-based approach. Then the application of the materiality principle would be sufficient to ensure that relevant entity-specific disclosures tailored to the conditions of an individual entity's liabilities are disclosed.

If you have any questions concerning our comments, please address our Executive member Carina Edlund by e-mail to: Carina.Edlund@radetforfinansiellrapportering.se.

Stockholm, 3 March 2022

Yours sincerely


Anders Ullberg
Chairman