

**The Swedish Financial Reporting Board**

RFR-rs 2014:14

EFRAG  
35 Square de Meeus  
B-1000 Brussels  
Belgium

**Re: Discussion Paper on the classification of claims**

Dear Sirs,

The Swedish Financial Reporting Board is responding to your invitation to comment on the Discussion Paper on the classification of claims.

We support that EFRAG explores the classification of claims. We especially appreciate the discussions around introducing a third category besides equity and liabilities. We think that having such a category, still having equity as a residual, could be a workable solution. Of course, having a third category is not without its own problems and much work remains to develop the approach on a detailed level. Below we present a few inputs to such a discussion.

The question that arises is whether the instruments in this additional category shall be revalued. We think that they normally should not, since in many cases the value changes would be difficult to interpret e.g. that an increase in value attributable to an equity characteristic would have a negative effect on equity or that a decrease in value attributable to a debt characteristic would have a positive effect on equity. However, revaluation should be possible and the accounting treatment should be decided by the IASB on an individual standard basis. For instruments that are revalued a decision should be made whether the change in value should be classified as part of profit & loss or as other comprehensive income.

We believe that disclosure of the conditions would enable users to make their own appraisals, which would differ depending on the purpose of their analysis. An entity would have to disclose the conditions of the instruments in the third category and the expected consequences of different scenarios. However, we do not think that information of fair value should be required. An entity would also have to disclose how the instruments are classified in the entity's own calculations of financial ratios.



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

Having a third category will presumably also reduce the need for accounting for components separately and also reduce the need for reclassifications. Finally, we believe that the purpose of holding the instruments in the third category should be long-term financing. Speculative holdings would be accounted for as liabilities.

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

Stockholm, 1 October 2014

Yours sincerely



Anders Ullberg  
Chairman