

The Swedish Financial Reporting Board

RFR-rs 2014:09

Wayne Upton
Chairman
IFRS Interpretations Committee
30 Cannon Street
London EC4M 6 XH
United Kingdom

Dear Sir,

Re: Request for information from the IFRS Interpretations Committee

The Swedish Financial Reporting Board would like to share its thoughts regarding questions posted to the IFRS Interpretations Committee with requests for interpretational guidance. IFRS are principle based standards and it is therefore important that interpretations should not lead to a rule based system. We believe that gathering information from national standard setters (NSSs) is in principle a good first step in the process of making decisions about requests received. We are convinced, however, that the procedure can be improved, in order to mitigate some of the problems we have experienced when addressing the questions raised by the Interpretations Committee.

A letter from the staff of the Interpretations Committee will raise questions e.g. about if the issue is relevant in a jurisdiction and/or if any difficulties in accounting or divergence in practice have been observed. Other more specific questions might also be raised by the staff.

In our opinion, it would be very helpful if the request for information could be accompanied by a memo from the staff with some initial reflections to the request for guidance and we also believe that questions have to be addressed in different ways depending on the issue in the request. We have e.g. noted that in some cases questions have been raised about accounting issues relating to new IFRSs that have not been applied by any or just a few entities because the mandatory effective date of the standard is in the future. We suggest that in such cases questions to NSSs are formulated in a different way, because it might not be very meaningful to ask for observations regarding difficulties in the application of a standard or about divergence in practice.

We have also encountered questions where the information provided in the request for guidance is insufficient or incomplete, making it difficult to answer the questions raised by the staff.



Rådet *för* **finansiell rapportering**

This is the case especially in some complex areas of financial reporting, e.g. share-based payments and financial instruments. It might be difficult to answer questions in such areas because a (small) change of a contract clause might have a significant impact on how to account for the instrument. This might lead to a situation where an answer from a NSS might be that it has not seen any instruments with the attributes described in the request. However, similar but not identical instruments might be present in the jurisdiction. We therefore believe that the Interpretations Committee should refrain from sending out questions in situations where this scenario might be possible.

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

Stockholm, 19 June 2014

Yours sincerely


Anders Ullberg
Chairman