

# Rådet för finansiell rapportering

The Swedish Financial Reporting Board

RFR-rs 2011:01

IFRS Foundation  
Trustees' Due Process Oversight Committee  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

Dear Sirs,

## Re: IFRS Interpretations Committee Review

The Swedish Financial Reporting Board is responding to your invitation to comment on the IFRS Interpretations Committee Review. In this letter we refer to the Interpretations Committee as the Committee, also when speaking about it under the old name of IFRIC.

Since we have found many of the questions in the questionnaire difficult to answer using the requested format and scale, we will instead share some observations about the Committee through this letter.

Our general concern is that the Committee might be saying too much, both in IFRICs and in agenda rejections.

We believe that the Committee has made some interpretations that would have been better suited for reviews in IFRS projects. Three examples are IFRIC 4, IFRIC 13 and IFRIC 15. It is clear that the IFRIC interpretations mentioned here have been more or less incorporated into the EDs published on Revenue from Contracts with Customers and Leases. While we do not contest that there might have been a need for interpretational guidance on the questions addressed in those IFRICs, we believe that IFRS could have been interpreted in different ways. In those situations mentioned here the Committee in reality focused on conceptual development rather than on interpretation of current standards.

Adding to what we have said above, our impression is that some interpretations are made in such a way that convergence with US GAAP will be facilitated. We strongly believe that this is not a task for the interpretational body but for the standard-setter within a principle based system for financial reporting.

Few IFRICs have been published, while the number of agenda rejections has been high. Our understanding is that the restrictive mood of the Committee is a reflection of a principle based approach and a determination not to create rule-based interpretations. We support this approach. On the other hand a problem with agenda rejections is that the Committee might be saying too much when motivating why an issue should not be put on the agenda. While this might be viewed as good from a

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transparency standpoint, it very easily leads to a situation where rejections in reality are used as practical guidance. One clear indication that this is the case is that the IASB has included references to rejections in its publications of standards and interpretations. We urge the Trustees' Due Process Oversight Board to address this question and try to find a way to limit the impact of this "de facto guidance".

We also would like to point out that the time period given for comments on agenda rejections is very short. The time period shall not be less than 30 days according to the Handbook, but in reality the time period is often set to only 30 days. This in reality leads to a situation where very few constituents are able to comment in due time. According to our view, comment periods for rejections should therefore be prolonged.

Another question we want to address is the interpretation of IFRICs. Many of the questions in IFRICs refer to very specific situations. IFRIC 15 is an example of this. IFRICs based on very specific descriptions of circumstances lead to the question how to interpret the interpretation. When can e.g. analogies be made? This is, in our view, not in line with a principle based system. We prefer interpretations that give more general guidance.

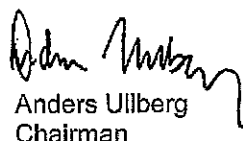
We note that a high number of members come from jurisdictions not currently applying IFRS. We are not sure what the rationale is behind this. All in all, we are quite unsure how this impacts the role of the Committee and the decisions taken.

Lastly, we want to bring attention to the question of effective dates of IFRICs. Those apply to periods beginning on or after a specified effective date, normally three months from the date of issue from the IASB. The period is significantly shorter than for IFRSs. A problem is that the endorsement process of e.g. the EU is the same for IFRSs and IFRICs. A consequence of this is that many IFRICs are adopted by the EU after the effective date set by the IASB, which leads to unnecessary complications for preparers and users. We therefore urge the IASB to enter into a dialogue with EU and other jurisdictions, in order to create a better system for issuing/adopting IFRICs.

If you have any questions concerning our comments please address our Executive member Carl-Eric Bohlin by e-mail to: [carl-eric.bohlin@radetforfinansiellrapportering.se](mailto:carl-eric.bohlin@radetforfinansiellrapportering.se)

Stockholm, 31 January 2011

Yours sincerely

  
Anders Ullberg  
Chairman