

Rådet **för** finansiell rapportering

The Swedish Financial Reporting Board

RFR-rs 2013:06

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

Dear Sirs,

Re: IASB Exposure Draft ED/2012/5 Clarification of Acceptable Methods of Depreciation and Amortisation

The Swedish Financial Reporting Board is responding to your invitation to comment on the Exposure Draft ED/2012/5 Clarification of Acceptable Methods of Depreciation and Amortisation.

We believe that the current wording in IAS 16 and IAS 38 is adequate and there is no need to make an amendment to the existing standards. We also want to point to some inconsistencies in the proposed amendment, as follows:

- Our view is that the paragraphs 62A and 62B are *inconsistent*. The former paragraph prohibits revenue based depreciation and amortisation while the latter opens up for revenue based amortisation and depreciation. According to paragraph 62A a revenue based method should not be used to calculate depreciation or amortization, while indicating an acceptance of an exception in relation to acquired rights to broadcast a film, see BC 4 -5 as well as more general in paragraph 62B. A similar pattern of economic benefits could exist for other types of consumer products like mobile phones as for rights to broadcast a film, demonstrating a potentially larger impact of the exception than indicated in the BC 5 that refers to rare situations.
- The last sentence of paragraph 62A states that "Paragraph 60 establishes consumption of the benefits that were *inherent* in the asset *when* it was *acquired* as the principle for depreciation". That sentence is *inconsistent* with paragraphs 61 and 62, and should therefore be deleted. The present requirement of IAS 16/38 to review a depreciation/ amortization model based on a potential change of future pattern of economic benefit is an essential principle for entities with long-lived assets where usage of such assets sometimes changes, with no or a limited change of the construction of the asset, even on a component level.

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We recommend the Board to not further develop the proposed amendment. If the Board continues the development we strongly recommend a thorough field analysis, including "heavy industries" for which depreciation models are of significant importance.

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

Stockholm, April 3 2013

Yours sincerely



Anders Ullberg
Chairman