

Rådet för finansiell rapportering

The Swedish Financial Reporting Board

RFR-rs 2011:03

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

Dear Sirs,

Re: Request for Views on Effective Dates and Transition Methods

The Swedish Financial Reporting Board is responding to your invitation to comment on Request for Views on Effective Dates and Transition Methods.

In summary we have the following views:

- Several of the standards mentioned needs to be implemented at the same time, preferably 1 January 2015 at the earliest.
- To enhance comparability adoption at a single point in time is preferable for the five standards mentioned below.
- A sequential approach is not preferable as it would mean changes in accounting polices over a number of years that would be difficult to explain to users.
- Regarding transition rules a standard should always be possible to apply retrospectively.
- IASB should review the transition methodology for several of the standards as there maybe interaction between the different standards.
- Simplified transition rules should apply in certain cases, but only as an option to full retrospective application.
- IASB should consider accounting mismatches when figures for previous years are restated.

In our view the large number of standards which the IASB is going to publish in the coming year will probably have a larger impact, from an implementation perspective, than the transition to IFRS which European listed companies made in 2005. As this is the case we believe that five of the mentioned standards in the document, i.e. Leasing, Revenue recognition, Insurance Contracts, Financial instruments and Fair value measurement should have the same implementation date to enhance comparability between companies. Furthermore, several of the standards may change the definitions of contracts or instruments, which may scope in or scope out certain transactions from one standard to another, which further increases the need for coordinating the implementation dates.



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To give companies sufficient time the IASB should push the mandatory implementation date some years into the future, preferably to 2015 at the earliest. For the standards mentioned above, we believe an early adoption would distort comparability.

An implementation date at a single point in time is preferable also for other reasons, as it will be easier to explain for users the changes in accounting policies for users. Furthermore, training and adjustments of IT systems would be more cost efficient and practical.

Regarding transition we believe that there should always be a possibility to full retrospective application, assuming that it can be done reliably. We don't understand on what grounds the IASB historically has prohibited full retrospective application, as this in many cases gives the best information for users. For example the proposed transition methods in both the ED Leasing and the ED Insurance Contracts can give companies undesirable consequences compared to full retrospective application. We would also like the IASB to consider the interaction between the different standards when the transition rules are developed.

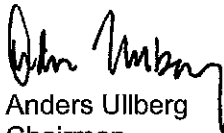
In our view there should be simplified transition rules. However, they should be presented as an option to full retrospective application. Furthermore, in a number of cases it is hard to understand how the simplified transition rules should be applied. Therefore, we urge the IASB, in those cases where there will be simplified transition rules, to be clear on how they should be interpreted.

Finally, we urge the IASB to consider possible accounting mismatches that may occur retrospectively when previous years' figures are adjusted to the amended standards. One example is fixed income instruments in insurance companies measured at amortized cost, which economically hedge insurance liabilities. Once the insurance standard is implemented the liabilities will be measured using a current discount rate. Without a possibility to retrospectively reclassify those instruments from the amortized cost category to the fair value option, or preferably to retrospectively document a hedging relationship for the interest rate risk excluding the credit spread, which the ED does not provide for, there will be an accounting mismatch. Some of the solutions in IFRS 1 may be useful to consider, e.g. the transition rules for IAS 39.

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

Stockholm, 1 February 2011

Yours sincerely



Anders Ullberg
Chairman