

Rådet för finansiell rapportering

The scope should be delimited to the financial statements

We agree with a limited approach that rests on IFRS delimitation to the financial statements and doesn't include issues like e.g. integrated reporting. The question is if and how specific areas such as risk and stewardship should be included. According to EFRAG's paper these areas are not included other than to a limited degree, without any clear justification. Although this is consistent with the definition in 2.8, the result is more of a "position paper" than a "discussion paper". We would have appreciated an extended discussion since EFRAG's proposal e.g. does not include a disclosure of the risks taken to generate the return. If one sees financial reports and notes as a whole, which will be a base for the decisions of capital providers, regardless of other legal requirements in individual countries, it will follow that risk information in the notes would have to be complete and thus more extensive. Furthermore, if risk information in a wider sense is seen to be outside the notes, the justification of some recent standards, such as IFRS 7 and IFRS 12 might be questioned.

The analysis of what is relevant information should start from information currently provided

Regarding the issues of what additional areas, if any, should be covered by the disclosure requirements, and what information within these areas, we suggest an approach that rests on an identification of what information (mandatory and voluntary) that is currently provided in the annual report, rather than trying to derive from scratch what is relevant information.

The definition of a purpose of the notes cannot be made independently from other definitions in the framework

We think that there is a need to define a purpose of the notes, but since we believe that the disclosure framework should be a part of the overall framework, the definition of a purpose cannot be made independently from other definitions in the framework. If, e.g. information about a right or a claim is relevant, the right/claim should be recognized as an asset/liability. If there is not sufficient reason for recognition, then the information presumably is not relevant. Inadequate measurement could never be balanced by increased disclosure. Measurement must have a robustness that requires only a reasonable volume of disclosure.

We believe that requirements in the interim reports should be addressed separately

We don't believe that the requirements should be the same for the interim reports. We think that the disclosures in the interim reports should be aligned to the way these reports are used by capital providers (predictions), which is different to the way annual reports are used (more for confirmation and extended analysis).

The primary purpose of a conceptual framework is to guide and discipline standard-setters and to do this adequately it must provide practical guidance

A conceptual framework for disclosure should primarily guide and discipline standard-setters. To do this adequately, the framework should provide practical guidance. General statements that do not give practical guidance should be avoided to the extent possible. This includes "principles" which are too vague and/or truisms. It is difficult to imagine somebody arguing that disclosing supplementary information should be a "compliance exercise" or that information in the notes should be used to compensate for deficiencies related to other requirements. Instead the aim should be to develop disclosure objectives related to specific areas, such as accounting methods, key



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measurement inputs, alternative measurements etc., that will facilitate the formulation of well-defined and sufficiently precise requirements.

We believe that in the absence of well-defined and sufficiently precise requirements, companies, perhaps with the exception of the largest ones, will ask for additional guidance, resulting in a failure to improve on the situation today. Another advantage of having well-defined and sufficiently precise requirements is that it will be possible to make a reasonable assessment that the requirements indeed have been satisfied, minimizing the need for companies to second-guess what, with the benefit of hindsight, might be challenged sometime in the future.

The disclosure framework should not include guidance for the application of materiality
Standard setters design standards for many different kinds of operations and transactions. It is in the nature of this that all requirements will not apply to an individual entity. It is the entity, which has to consider materiality. This fundamental principle should be established once and for all and then not be repeated, since that might lead to uncertainties about what is required in countless other cases, when materiality is not explicitly mentioned. A Disclosure Framework should neither reinforce the application of materiality, for instance with a statement that states that immaterial information could reduce the understandability and relevance of disclosure. It would also be difficult to define immaterial disclosures. For example, if an entity has had a certain kind of transactions/positions for a number of periods, but this is not the case anymore, it is not obvious that this information is immaterial.

Necessary for standard-setter to work directly with current requirements in parallel to achieve "quick wins"

The work on a conceptual basis for the notes will take substantial time. The problem is urgent, however, and it is necessary to have a dual approach and try to adjust current requirements in the short term in parallel to the long term work with the conceptual basis. This work could also serve as an input to the long term work. In addition, the standard-setter should always check any new requirements against existing requirements in other standards, to be able to remove requirements that are no longer relevant.

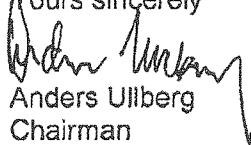


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If you have any questions concerning our comments please address our Executive member Claes Janzon by e-mail to: claes.janzon@radetforfinansiellrapportering.se.

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Yours sincerely



Anders Ullberg
Chairman

