

Rådet **för** **finansiell rapportering**

The Swedish Financial Reporting Board

RFR-rs 2014:05

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

Re: IASB Materiality Standard-setter Help Request

Dear Sirs,

The Swedish Financial Reporting Board is responding to your invitation to provide information from Sweden to help the IASB with its research project that is looking at the application of materiality.

There is not much guidance on the application of materiality to find in company law or fiscal law.

The regulator in Sweden has not issued any specific guidance on materiality. However, the Swedish regulator has for many years issued annual reports that covers its enforcement activities for that year. Three years ago it was clearly stated in the regulator's report (annual report 2010) that the general approach from the regulator was that all disclosure requirements in a specific standard should be met if the item was material. The report stated that 9 companies was criticised with regard to their accounting for goodwill. The amount of goodwill for these companies varied between 30 and 200 % of their shareholders' equity, and accordingly all disclosure requirements under IAS 36 and IAS 1 need to be fulfilled in order to avoid criticism. This indicated that if one or several disclosures that are required is not provided with regard to a material item you can expect criticism from the regulator. Accordingly, there was no room for considering the materiality for each disclosure requirement in a specific standard, and this was criticised by preparers and auditors.

There is a revision to the annual accounts act in Sweden underway and according to the proposals published in April 2014 the law will include rules that the presentation, measurement and disclosures requirements is not required to be applied if the effect of that is immaterial. The proposed law clarifies that information should be deemed immaterial if omitting it or misstating it not is considered to influence decisions that users make on the basis of financial information. It is specifically mentioned in the comments to the proposals that it was deemed appropriate to develop a definition of immaterial misstatement in a way that is in line with what is stated in IAS 1 and IAS 8.



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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.

Stockholm, 3 June 2014

Yours sincerely


Anders Ullberg
Chairman