

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

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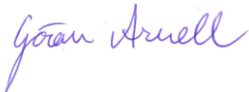
Exposure Draft ED/2012/3 Equity Method: Share of Other Net Asset Changes

FAR, the Institute for the Accountancy Profession in Sweden, is responding to your invitation to comment on the exposure draft *ED/2012/3 Equity Method: Share of Other Net Asset Change*.

FAR does not agree with the proposed amendments and instead agrees with the alternative view presented by Mr Ochi.

Please refer to appendix 1 of this comment letter for detailed comments to the questions raised in the exposure draft.

FAR

A handwritten signature in purple ink, reading 'Göran Arnell'.

Göran Arnell
Chairman FAR's Accounting policy group

Appendix

Questions to respondents

Question 1

The IASB proposes to amend IAS 28 so that an investor should recognise in the investor's equity its share of the changes in the net assets of the investee that are not recognised in profit or loss or OCI of the investee, and that are not distributions received. Do you agree? Why or why not?

FAR does not agree with the proposed amendment. FAR believes that transactions recognised in equity should only be transactions with owners in their capacity as owners, such as dividend paid, share issue and NCI transactions. However, to recognise the transactions proposed in the ED is inconsistent with concepts and principles in the existing IFRSs. FAR believes that the outcome of a transaction like the one described in connection with paragraph 10 d represents a performance and should therefore be presented in profit or loss.

However, if the IASB comes to the conclusion that these categories of transactions should not be recognised in profit or loss, FAR believes that the transactions should be recognised in Other Comprehensive Income (OCI), even if FAR strongly prefers recognition in profit or loss. As mentioned above, FAR believes that recognition of this type of transactions in equity is inconsistent with concepts and principles of the existing IFRSs.

Question 2

The IASB also proposes that an investor shall reclassify to profit or loss the cumulative amount of equity that the investor had previously recognised when the investor discontinues the use of the equity method. Do you agree? Why or why not?

As mentioned above, FAR believes that this type of transactions should be recognised in profit or loss initially. However, if the proposed amendments are to be approved, FAR believes that no reclassification should be made. Recycling from equity to profit or loss will result in treating equity like OCI which may introduce additional complexity.

Question 3

Do you have any other comments on the proposals?

No.