



IFRS Foundation

Stockholm 28 March 2025

FAR comments on the Proposed Amendments to the IFRS Foundation Due Process Handbook

FAR, the Institute for the Accountancy Profession in Sweden, is responding to your invitation to comment on the Proposed Amendments to the IFRS Foundation Due Process Handbook.

In general, FAR supports the proposed amendments of the Due Process Handbook but has some comments, please see Appendix 1.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'P. Lundqvist'.

Pernilla Lundqvist

Chairman, FAR Strategy Group Accounting



Appendix 1

FAR's responses on the Questions addressed in the Exposure Draft and some other comments

Question 1 — Reflecting the creation of the ISSB in the Handbook

Do you agree with how the DPOC proposes to reflect the creation of, and the due process for, the ISSB in the Handbook?

FAR's response

FAR agrees with the proposed creation of and the due process for ISSB to achieve an integrated and comprehensive package of due process for both IFRS® Accounting Standards and IFRS Sustainability Disclosure Standards. However, FAR believes the SASB Standards should also be subject to the due process applied for IFRS Accounting Standards.

Question 2—Enhancements and clarifications

Do you agree with the proposed enhancements and clarifications to the Handbook?

FAR's response

Post-implementation reviews (PIRs)

FAR notes the proposed changes to the timing of the PIRs from generally about 30-36 months after the effective date to a proposed principle-based approach, “A board begins a PIR only after it decides it has sufficient information to assess the new requirements and conduct the PIR.” (paragraph 6.55). FAR believes there should be an upper time limit to ensure no delays of PIRs.

The proposed revised paragraph 6.57 redefines the stakeholders in Phase 1 of the PIR process, and it appears to FAR that precedence is given to IASB and ISSB as primary stakeholders at the expense of the current list of stakeholders. FAR is concerned of this change and does not see the rationale for it as these previously defined stakeholders can identify relevant issues to be addressed in the PIRs. Also, FAR believes the list of stakeholders should be expanded to cover stakeholders within sustainability.

Minor improvements to IFRS Standards

FAR agrees with the proposal to replace Annual improvements with Minor improvements. However, FAR does not believe that using the subjective word “enough” in “narrow enough in scope” is providing a clear definition.

Re-exposure criteria

The DPOC proposes to delete the current requirement to give more weight to changes in recognition and measurement than to disclosures. Instead, changes to disclosures would have equal weight when considering whether re-exposure is necessary. FAR agrees to this change for IFRS Sustainability Disclosure Standards, but not for IFRS Accounting Standards. For IFRS Accounting Standards FAR considers the current requirement to be appropriate. Accordingly, FAR does not support removal of the current paragraph 6.28 for IFRS Accounting Standards.

Consistent application

- Agenda decisions

FAR believes there is a gap in the due process as there is no explanation of why there are no IFRIC Interpretations issued but instead agenda decisions are used. Paragraph 7.4 “A draft Interpretation is the Interpretations Committee’s main vehicle for consulting the public...”. In FAR’s view, it seems like agenda decisions are the main vehicle for the Interpretations Committee when it issues statements. FAR suggests that the due process should clarify that fact and explain why agenda decisions are used instead of IFRIC Interpretations.

Paragraph 6.36 “As a principle, the Standards should be capable of being applied without the accompanying material.” If not, this may call for improvement/amendment of the standard. FAR is concerned that the preferred solution seems to be to issue an agenda decision instead.

The issues IFRS Interpretations Committee deals with through agenda decisions are widespread and cover areas that can have a material impact for many companies. Agenda decisions issued do not always provide a solution for the issues raised. Discussions between preparers and auditors about how to interpret agenda decisions are common, which indicates that these decisions are not clear enough to be applied without ambiguity. The agenda decisions published must be implemented by preparers in a very limited time frame even in cases where the accounting consequences may be material. Minor improvements (Annual improvements) may have a similar scope as agenda decisions. The difference between improvements and agenda decisions appears to be narrowing. FAR is concerned that there may be a risk that the two types of statements begin to overlap. Agenda decisions are to be implemented immediately providing very limited time for adjustments. Improvements provide a reasonable future effective date.

Agenda decisions may cause a significant change from current practice. Agenda decisions do not represent a change of a standard and accordingly no change in accounting policies. Instead, agenda decisions represent a mandatory implementation guidance published through a fast-track due process. FAR is concerned that agenda decisions are not always subject to enough consideration and effect analysis.

FAR believes that agenda decisions should be issued with effective dates providing for an explicit transition period. Both IFRIC Interpretations and agenda decisions clarify existing standards (with some differences in mandate and scope).

- Dissenting opinions

Dissenting opinions (paragraphs 3.84-3.87) refer to the decision to publish an exposure draft or issue a standard as a whole. Accordingly, a board member cannot dissent from one part of a document but still vote to publish or issue that document (paragraph 3.85). FAR believes that the due process should require an assessment whether dissenting opinions from parts of the document should be presented as part of the basis for conclusions with a rationale for the conclusions made both in exposure drafts and issued standards. Such information may be useful in the same way as comments received from external stakeholders.

According to 7.8 draft interpretations do not include any dissenting opinion. However, the invitation to comment and the basis for conclusions will state whether any member did not agree with the draft interpretation. It should be clarified whether dissenting opinion refers to the whole draft interpretation (similar to paragraphs 3.84-3.87) or parts of it. FAR believes that any dissenting opinion presented should include the rationale for the dissenting opinion.

- Other material to support application of IFRS Standards

FAR believes the proposed changes in paragraphs 8.8-8.16 should be further clarified as to what is authoritative and non-authoritative material. The proposed paragraph 8.8 states “application” and “implementation” in relation to “Other material”, which is wording used in an IFRS Standards, i.e. authoritative material. FAR also notes that the ISSB’s development of transition plan uses the wording “educational material” and FAR emphasizes the importance of using a due process for authoritative guidance.

- Withdrawal of agenda decisions

FAR’s understanding is that IASB Staff considers withdrawal of certain agenda decisions at the effective date of IFRS 18 Presentation and Disclosure of Financial statements. FAR suggests including a process for withdrawal of agenda decisions that is consistent with the current due process for issuing an agenda decision.