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Anne-Marie Ögren	

Comments on Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities: Measurement of Assets and Liabilities in Financial Statements

The Swedish National Financial Management Authority (ESV) appreciates the opportunity to comment on the proposals in Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities: Measurement of Assets and Liabilities and Financial Statements (Exposure Draft 3).

ESV is the government agency responsible for financial management and development of GAAP in the Swedish central government.

Specific Matter for Comment 1

Do you agree that the selection of a measurement basis should be based on the extent to which a particular measurement basis meets the objectives of financial reporting? If you think that there should be a measurement objective please indicate what this measurement objective should be and give your reasons.

Comments:

We agree to that basis for selection. There are however many objectives involved in financial reporting and all cannot on the same time be achieved on the face of the statement and be based on one and only one measurement basis. That means that there can be a need for complementary information in note disclosures that shows another measurement basis. As emphasis on objectives and ways of budget management differs over the world and between types of entities, it may be necessary to differ in selection between entities.

In Sweden we use historical cost for the largest part of assets and liabilities in the entities and in the Central Government annual report. We consider that historical cost in combination with depreciations provides information on the actual cost of services in the reporting period. We also want to mention that the use of replacement cost is not relevant for Central Government entities because they are not responsible for securing capital for future investments. It is the government that is responsible to decide whether assets should be replaced and, if so, to allocate capital. Information of replacement cost is however relevant and could be submitted as disclosure notes.

We also believe that it is not a primary objective of financial reporting in the public sector to create a direct comparability between nations. This is rather one of the objectives of the national accounts. The large differences in organizational structure, tasks, budget policies and constitutions between countries are therefore as far as possible handled in the national accounts.

Specific Matter for Comment 2

Do you agree with the current value measurement bases for assets that have been identified in Section 3? If not, please indicate which additional measurement bases should be included or which measurement bases should not be included in the Framework.

Comments:

We agree with the current value measurement bases.

Specific Matter for Comment 3

Do you agree with the approaches proposed in Section 4 for application of the fair value measurement model and the deprival value model?

Comments:

We agree on both points.

Specific Matter for Comment 4

Do you agree with the proposed measurement bases for liabilities in Section 5?

Comments:

We agree.

Concluding remarks

We hope the comments given will be useful in your continuing work. We would like to take this opportunity to express our support for the development of International Public Sector Accounting Standards and a framework for financial reporting.

Senior Advisors Anne-Marie Ögren, Curt Johansson, Ingemar Härneskog and Maria Olsson have prepared the comments given in this report.

Yours sincerely,

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