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Curt Johansson	

Comments on ED 56 The Applicability of IPSASs

The Swedish National Financial Management Authority (ESV) appreciates the opportunity to comment on the ED 56 The Applicability of IPSASs.

The Swedish National Financial Management Authority is the government agency responsible for financial management and development of GAAP in the Swedish central government. Full accrual accounting was introduced in 1993 and we hope that our experience will be a contribution in your work with various accounting issues.

Overall Opinion

We agree to delete the definition of Government Business Enterprises in IPSASs.

We do not agree with amendments to IPSAS 35 that commercial public sector entities should be consolidated line by line. In our opinion it should be sufficient to account some commercial public sector entities using the equity method. In that way the relevant parts of the peripheral entities should be included in the group accounts in a way relevant to the constituents.

In Sweden the recipient of the annual report of central Government is the Parliament, according to the Budget act. The main purpose is to determine the stewardship of assets and resources etc., i.e. if the operations have been accomplished according to legislation. The accounts should also be used to support management and reporting by result. Consolidation of the wealth of the controlling entity or the fair value of specific assets and liabilities are considered to have a subordinate role in Sweden, because assets are normally used in operations to give service potential.

In Sweden the state's owned companies are followed up in a special report each year. We also consider that full consolidations of these entities could obstruct the evaluation of financial management within the government sector and also is of limited use.

Concluding Remarks

We hope the comments given will be useful in your continuing work with accounting standards. We would like to take this opportunity to express our support for the development of International Public Sector Accounting Standards.

Curt Johansson has prepared the comments given in this report.

Yours sincerely,



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