

IFRS APPLICATION AROUND THE WORLD

JURISDICTIONAL PROFILE: **Sweden**



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This Profile provides information about the application of IFRS Standards in Sweden. IFRS Standards are developed and issued in the public interest by the International Accounting Standards Board (the Board). The Board is the standard-setting body of the IFRS® Foundation, an independent, private sector, not-for-profit organisation.

This Profile has been prepared by the IFRS Foundation based on information from various sources. The starting point was the answers provided by standard-setting and other relevant bodies in response to surveys that the Foundation conducted on the application of IFRS Standards around the world. The Foundation drafted the profile and invited the respondents to the survey and others (including regulators and international audit firms) to review the drafts, and their comments are reflected.

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RELEVANT JURISDICTIONAL AUTHORITY

Organisations	<p>Bokföringsnämnden (BFN) (The Swedish Accounting Standards Board)</p> <p>Rådet för finansiell rapportering (RFR) [Swedish Financial Reporting Board]</p>
Role of the organisations	<p>BFN (The Swedish Accounting Standards Board) is a governmental body that has statutory authority to develop generally accepted accounting principles in Sweden. The BFN has authority to issue accounting standards and other guidance for companies other than financial companies. Finansinspektionen (The Swedish Financial Supervisory Authority) is responsible for issuing standards required for financial companies.</p> <p>The BFN has delegated to the RFR (a private sector body) the authority to:</p> <ul style="list-style-type: none"> • Develop standards for the separate financial statements of a company (parent or subsidiary) that is included in consolidated financial statements prepared in accordance with IFRS Standards as adopted by the EU. • Develop interpretations of IFRS Standards for consolidated financial statements for issues that are very specific to the Swedish environment. This includes additional disclosures that must be included in consolidated financial statements based on Swedish law. Such interpretations are mandatory for Swedish companies applying IFRS Standards as adopted by the EU.

Since companies applying IFRS Standards as adopted by the EU are mainly those whose securities are traded in a regulated market, in effect the focus of the RFR is on companies whose securities are traded in a regulated market, and the focus of the BFN is private companies.

Websites

<http://www.bfn.se/sv/english>

<http://www.radetforfinansieillrapportering.se>

Email contacts

gunvor.pautsch@bfn.se

claes.janzon@radetforfinansieillrapportering.se

COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards?

Yes.

Refer to the [IAS Regulation adopted by the European Union in 2002](#).

Has the jurisdiction made a public commitment towards IFRS Standards as that single set of high quality global accounting standards?

Yes.

Refer to the [IAS Regulation adopted by the European Union in 2002](#).

What is the jurisdiction's status of adoption?

Sweden has already adopted IFRS Standards for the consolidated financial statements of all companies whose securities trade in a regulated market.

Additional comments provided on the adoption status?

As a member state of the European Union, Sweden is subject to the [IAS Regulation adopted by the European Union in 2002](#).

The EU IAS Regulation requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market starting in 2005. The EU IAS Regulation gives member states the option to require or permit IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade on a regulated securities market. See the Profile for the European Union for more detailed information about the EU IAS Regulation.

There are three regulated securities markets in Sweden:

- NASDAQ Stockholm AB.
- Nordic Growth Market NGM AB.

Companies listed on those markets are required by the IAS Regulation to use IFRS Standards as adopted by the EU.

There is one major unregulated small cap market (First North, which has approximately 60 listed companies) and several minor unregulated markets and broker lists. Companies whose securities trade in those markets are not required to use IFRS Standards as adopted by the EU, though they are permitted to use IFRS Standards as adopted by the EU and some do.

Sweden used the option under the IAS Regulation to permit optional application of IFRS Standards as adopted by the EU for the consolidated financial statements of companies that do not trade in a regulated market.

Rules issued by Finansinspektionen, the Swedish Financial Supervisory Authority, also require IFRS Standards as adopted by the EU for the consolidated financial statements of credit institutions, investment firms, and insurance companies that do not trade in a regulated market

The BFN (The Swedish Accounting Standards Board) has established four tiers of financial reporting in Sweden (known as K1, K2, K3, and K4) based on the size and other characteristics of the company:

- **K4 -- companies that prepare consolidated financial statements in conformity with IFRS Standards as adopted by the EU.** In addition to complying with IFRS Standards as adopted by the EU, a standard issued by the BFN (BFNAR 2012-3) requires these companies to follow the standards developed by the RFR for the separate financial statements of a parent company that prepares consolidated financial statements in accordance with IFRS Standards as adopted by the EU. BFNAR 2012-3 also requires these companies to follow the RFR's interpretations of IFRS for consolidated financial statements for issues that are very specific to the Swedish environment. This includes additional disclosures that must be included in consolidated financial statements based on Swedish law. To date the RFR has issued two standards (RFR 1 dealing with consolidated IFRS financial statements and RFR 2 dealing with separate financial statements) and nine Interpretations (UFR 1 to 9) three of which have since been withdrawn.
- **K3 – large companies whose securities are not traded in a regulated market.** These companies must follow a standard (BFNAR 2012-1) developed by BFN based on the *IFRS for SMEs* Standard but with many amendments and exceptions due to Swedish law and 'Swedish practice' as well as to reflect Swedish tax law. A company is large if it meets two of the following criteria in two successive years:
 - SEK 40 million (approximately € 5 million) total assets
 - SEK 80 million (approximately € 10 million) revenue
 - Average number of employees 50
 Small companies must follow this standard if they don't follow the K2-standard.
- **K2 – small companies whose securities are not traded in a regulated market.** The BFN has issued the following special accounting standards for K2 companies:
 - BFNAR 2008-1
 - BFNAR 2009-1
 Small companies that choose not to follow this standard must follow the K3-standard.
- **K1 – companies with revenue below SEK 3 million (approximately € 350,000).** These companies must present simplified annual financial statements. The BFN has issued the following special accounting standards for K1 companies:
 - BFNAR 2006-1
 - BFNAR 2010-1

If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Standards in the jurisdiction.

Not applicable.

EXTENT OF IFRS APPLICATION

For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS Standards in their consolidated financial statements?	All domestic companies that are listed on any of the three regulated securities markets in Sweden are required to use IFRS Standards as adopted by the EU in their consolidated financial statements. Domestic companies listed on unregulated securities markets in Sweden are not required to use IFRS Standards as adopted by the EU in their consolidated financial statements, but they are permitted to do so.
If YES, are IFRS Standards REQUIRED or PERMITTED?	See above.
Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?	All.
Are IFRS Standards also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?	Yes.
For instance, are IFRS Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?	No. Swedish standards are required in the separate financial statements of all companies, publicly traded and private.
For instance, are IFRS Standards required or permitted for companies whose securities do not trade in a public market?	IFRS Standards as adopted by the EU are required for the consolidated financial statements of credit institutions, investment firms, and insurance companies by rules issued by Finansinspektionen, the Swedish Financial Supervisory Authority. IFRS Standards as adopted by the EU are permitted in the consolidated financial statements of all companies whose securities do not trade in a regulated market.
If the jurisdiction currently does NOT require or permit the use of IFRS Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS Standards for such companies in the future?	Not applicable.

For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS Standards in their consolidated financial statements?	Yes.
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If YES, are IFRS Standards REQUIRED or PERMITTED in such cases?

Required for some and permitted for others. Foreign companies whose securities trade in a regulated market in Sweden (and generally in the EU) are required to report under IFRS Standards as adopted by the EU for their consolidated financial statements unless the European Commission has deemed their local accounting standards to be equivalent to IFRS Standards, in which case they may use their local standards.

This is laid out on the '[Financial Reporting](#)' page of the European Commission's website

Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?

All.

IFRS ENDORSEMENT

Which IFRS Standards are required or permitted for domestic companies?

IFRS Standards as adopted by the European Union, which are IFRS Standards as issued by the Board with some limited modifications such as the temporary 'carve-out' from IAS 39. However, the resulting financial statements of the majority of companies can still be in full compliance with IFRS Standards.

The auditor's report and/or the basis of presentation footnotes states that financial statements have been prepared in conformity with:

IFRS Standards as adopted by the European Union.

Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Standards and the jurisdiction's GAAP)?

Companies may state compliance with IFRS Standards as issued by the IASB Board, in addition to IFRS Standards as adopted by the EU, if that is the case.

Are IFRS Standards incorporated into law or regulations?

Yes.

If yes, how does that process work?

The process is described in the Profile of the European Union.

If no, how do IFRS Standards become a requirement in the jurisdiction?

Not applicable.

Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Standards (including Interpretations) in place?

Yes.

If yes, what is the process?

The process is described in the Profile of the European Union.

If no, how do new or amended IFRS Standards become a requirement in the jurisdiction?

Not applicable.

Has the jurisdiction eliminated any accounting policy options permitted by IFRS Standards and/or made any modifications to any IFRS Standards?

Yes.

If yes, what are the changes?

Details are in the Profile of the European Union.

Other comments regarding the use of IFRS Standards in the jurisdiction? None.

TRANSLATION OF IFRS STANDARDS

Are IFRS Standards translated into the local language?

Yes.

The European Union has 24 official and working languages. They are: Bulgarian, Croatian, Czech, Danish, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Irish, Italian, Latvian, Lithuanian, Maltese, Polish, Portuguese, Romanian, Slovak, Slovene, Spanish and Swedish. Before they are published in the *Official Journal of the European Union*, and therefore become binding under EU law, individual IFRS Standards must be translated into all of those languages (other than English and Irish).

If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Standards?

Pursuant to a copyright waiver agreement with the Directorate-General for Translation of the European Commission, the Commission takes care of the translation into the official languages according to their own translation process. The translation only covers the standards and mandatory guidance, which is then published in the *Official Journal of the European Union*.

In addition, some countries (usually the standard setter or institute) have a translation contract with the IFRS Foundation to produce an 'official translation' for publication of a bound volume of IFRS Standards (usually the 'Red Book') and publication, in some cases, of individual standards and exposure drafts.

APPLICATION OF THE IFRS FOR SMEs STANDARD

Has the jurisdiction adopted the *IFRS for SMEs* Standard for at least some SMEs?

No. However, Sweden has developed a national accounting standard (known as BFNAR 2012-1) for large companies whose securities are not publicly traded that is based on the *IFRS for SMEs* Standard but with many amendments and exceptions due to Swedish law and 'Swedish practice' as well as to reflect Swedish tax law.

If no, is the adoption of the *IFRS for SMEs* Standard under consideration?

No.

Did the jurisdiction make any modifications to the *IFRS for SMEs* Standard?

Not applicable.

If the jurisdiction has made any modifications, what are those modifications?

Not applicable.

Which SMEs use the *IFRS for SMEs* Standard in the jurisdiction, and are they required or permitted to do so?

Not applicable.

For those SMEs that are not required to use the *IFRS for SMEs* Standard, what other accounting framework do they use?

Sweden has adopted three levels of standards for companies whose securities are not publicly traded and that are not credit institutions, investment firms, or insurance companies:

K3 – large companies whose securities are not traded in a regulated market.

These companies must follow a standard (BFNAR 2012-1) developed by BFN based on the *IFRS for SMEs* Standard but with many amendments and exceptions due to Swedish law and ‘Swedish practice’ as well as to reflect Swedish tax law. A company is large if it meets two of the following criteria in two successive years:

- SEK 40 million (approximately € 5 million) total assets
- SEK 80 million (approximately € 10 million) revenue
- Average number of employees 50

Small companies must follow this standard if they don’t follow the K2-standard.

K2 – small companies whose securities are not traded in a regulated market.

The BFN has issued the following special accounting standards for K2 companies:

- BFNAR 2008-1
- BFNAR 2009-1

Small companies that choose not to follow this standard must follow the K3-standard.

K1 – companies with revenue below SEK 3 million (approximately € 350,000).

These companies must present simplified annual financial statements. The BFN has issued the following special accounting standards for K1 companies:

- BFNAR 2006-1
- BFNAR 2010-1

Other comments regarding use of the *IFRS for SMEs* Standard?

None.
