

International Accounting Standards Board
30 Cannon Street
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UNITED KINGDOM

2 April 2002

Dear Sir

Exposure Draft of a Proposed Amendment to IAS 19, Employee Benefits: The Asset Ceiling

Thank you for offering the actuarial profession the opportunity to respond to your proposed amendment to IAS 19, Employee Benefits: The Asset Ceiling and my apologies for the late submission.

Whilst the proposed amendment may be appropriate as a short-term measure to address the practical issues identified in the Exposure Draft (although we also note that other, possibly simpler, amendments could be introduced instead) we are not confident it addresses other issues that exist within IAS19.

Question 1

Is the issue identified of sufficient importance to warrant a limited amendment to IAS 19?

Possibly, although the recent fall in equity values will reduce the likelihood of further effects in the near future.

Question 2

If so, does the proposed amendment to IAS 19 (paragraph 58A) appropriately address the issue? Does it create any anomalies? If the proposed amendment is inappropriate, can you suggest an alternative?

The solution proposed is very complex and may not be easily understood by practitioners. Provided no information is lost to the users of accounts other more practical solutions are available.

Please reply to Staple Inn:

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Question 3

Should the limited changes become effective for accounting periods ending on or after 31 March 2002, with earlier application encouraged (paragraph 159A)?

Yes.

Question 4

Do you agree that there should be no specific transitional provisions for the limited changes proposed in this exposure draft? Consequently, IAS 8 'Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies' will apply to any changes in accounting policies that are made to comply with IAS 19 if amended as proposed (paragraph 160).

Yes.

Please do not hesitate to contact me should you wish to discuss any of the points raised.

Yours sincerely,

pp Veronica Branton

David Cule
Chairman, Current Issues Committee of the Pensions Board