

7 July 2004

Anne McGeachin
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International Accounting Standards Board
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Dear Anne

We are responding to your consultation on the Exposure Draft for amendments to IAS 19 – Employee Benefits.

The National Association of Pension Funds (NAPF) represents the interests of around 1,000 pension funds encompassing 5-6,000 employers who sponsor retirement provision for their employees, in addition to some 400 firms who either advise pension schemes or manage their funds. The funds involved amount to at least £600 billion in value, and account for around 75% of workplace pension scheme assets in the UK. This means that the Association has the interests of both the users of company accounts, ie shareholders, and those who provide pensions at heart.

We believe that given the timeframe to which changes to IAS 19 have to be made we are fully supportive of the approach taken by IASB, in particular we strongly support the alternative for gains and losses to be taken immediately through a STRGL (or equivalent) onto the balance sheet. This is both more transparent and gives a less volatile charge to the Profit and Loss Account than the approach under the existing standard.

We also strongly support the approach for an exemption for subsidiaries of a group company where it is inappropriate for defined benefit accounting to be taken down to subsidiary level. We provide more detail comments on the operation of the exemption in our response to the consultation from IFRIC on their draft interpretation of the exemption.

As you are aware from earlier correspondence NAPF does believe that in the medium term we can develop with the IASB a more robust standard, within the terms of its framework and we look forward to presenting our ideas to you in the near future.

Yours sincerely



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Vice-Chairman Investment Council

cc Allan Cook
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