

Ms Anne McGeachin
Project Manager
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH

30 July 2004

Dear Anne

Consultation on amendments to IAS 19 actuarial gains and losses, group plans and disclosures

I am writing in response to your consultation proposals.

The key proposal is the proposed option to allow companies to give immediate balance sheet recognition to all actuarial gains and losses on the balance sheet in accordance with the UK accounting standard FRS 17.

As you know, most CBI members have opposed FRS 17 as causing undue and unacceptable volatility in reporting on final salary pension schemes, and not reflecting the long term nature of pension fund investment and funding and the management of liabilities.

Nevertheless the CBI also recognises that some UK companies already report in accordance with FRS 17, and prefer to have the benefit of the proposed option so as to maintain the FRS 17 approach, pending the outcome of the IASB review of pensions accounting.

The proposed option may therefore be regarded as a pragmatic solution to avoid a series of rapid changes in accounting treatment, although some have questioned whether the option is consistent with the IASB policy of reducing options in accounting treatment.

If the option is implemented it will be very important that the FRS 17 approach does not pre-judge the outcome of the IASB review. We agree a fundamental review needs to take place in order to determine the appropriate accounting treatment covering the range of circumstances and situations that need to be addressed in connection with final salary schemes.



INVESTOR IN PEOPLE

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We understand that the IASB review of pensions accounting will take a period of years to complete, and will also cross – over with the IASB project considering issues relating to reporting financial performance and comprehensive income, which may also impact on the future recommendations for pensions accounting.

It will be most important that any reform proposals should receive the strong overall support of business and preparers of accounts, with the proposals field tested for practicality and cost effectiveness, including their financial and economic impact and impact on the financial markets.

The CBI and its member companies look forward to participating in these reviews, and providing any assistance we can.

A final comment regarding Question 5. We broadly support the proposals regarding multi-employer schemes, but there appears to be some conflict with those set out in IFRIC D6. We strongly prefer the approach in your consultation.

Yours sincerely

A handwritten signature in black ink that reads "Clive Edrupt". The signature is written in a cursive, flowing style.

CLIVE EDRUPT
CBI Company Affairs