

International Accounting Standards Board. Preliminary Views on Amendments to IAS 19 Employee Benefits. Comments to be submitted by 26 Sep 2008
26 Sep 2008/Hannu Schädewitz

Question 1

Given the objective of the IASB project to address specific issues in a limited time frame, are there additional issues which you think should be addressed by the Board as part of this project? If so, why do you regard these issues as a matter of priority?

=> Because of the given reasons the size of the project is fine now. Adding more themes would risk the project and would decrease its quality.

Question 3

(a) Which approach to the presentation of changes in defined benefit costs provides the most useful information to users of financial statements? Why?

=> More and more firms are applying IFRS. I believe that consistency with IFRS as largely as possible is highly important. Inconsistencies with IFRS regarding approaches 2 and 3 could feed harmful misunderstandings. One way would be to apply approach one and support that approach with relevant footnotes having aspects from approaches 2 and 3.

(b) In assessing the usefulness of information to users, what importance do you attach to each of the following factors, and why:

(i) presentation of some components of defined benefit cost in other comprehensive income; and

=> at least in the footnote there should be a statement that combines all the potentially spreaded items together.

(ii) disaggregation of information about fair value?

=> defining fair values is highly challenging. Therefore I support disaggregation of information.

Question 9

(a) Are there alternative measurement approaches that better meet the measurement objectives described in this paper? Please describe the approaches and explain how they better meet the measurement objectives.

=> I believe that the current approaches cover well the alternatives.

(b) To what extent should the effect of risk be included as a component of the measurement approach at this stage of the Board's post-employment benefit promises project? How should this be done?

=> Risk is highly important element to be taken into account. Besides some, mainly conventional risk measures, an insightful qualitative characterization about risks and their potential effect should be included.

Question 10

(a) Do you agree that the liability for benefits in the payout and deferment phases should be measured in the same way as they are in the accumulation phase? If not, why?

=> I agree, otherwise it would cause additional difficulties.

Question 11

(a) What level of disaggregation of information about changes in the liability for contribution-based promises is useful to users of financial statements? Why?

=> It depends on the sophistication level of financial statement users. The more there is sophistication the more the disaggregated figures are useful. However, as pointed out by the Board (ITC13), disaggregation should not be performed too far.

(b) Do you agree that it is difficult to disaggregate changes in the contribution-based promise liability into components similar to those required for defined benefit promises? If not, why not?

=> I do agree.

Question 12

Should changes in the liability for contribution-based promises:

(a) be presented in profit or loss, along with all changes in the value of any plan assets; or

(b) mirror the presentation of changes in the liability for defined benefit promises (see Chapter 3)?

Why?

=> I think it is highly important that all changes that are possible to present in profit or loss would be presented there. This is in order to maintain income statement as informative as possible.

Question 14

What disclosures should the Board consider as part of that review?

=> I think the Board is in right track with its suggestions in ITC16. the suggested disclosures, such as mortality rates, should facilitate better improved understanding of the material in its contents.

Sincerely,

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