



*FAR is the institute for the accountancy profession in Sweden*

International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH  
UNITED KINGDOM

2 April 2002

Dear Sirs,

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

In response to your request for comments FAR has the following comments on the above mentioned draft standard.

We support the amendment as a short-term measure to address the unintended effects of applying the asset ceiling. We recommend, however, a more thorough review of the rules in IAS 19 on applying the corridor approach.

FAR has the following comments on your detailed questions.

**Q1 - Is the issue identified of sufficient importance to warrant a limited amendment to IAS 19?**

Yes.

**Q2 - 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?**

Yes. Although the issue is addressed in an acceptable way, the wording is very complex and seems to complicate the understanding of both the corridor approach and the asset ceiling test. We suggest that the IASB consider rewriting the rules for the corridor approach and the asset ceiling (and its interrelation), as the present writing requires the whole of Appendix C to be read to understand the rules.

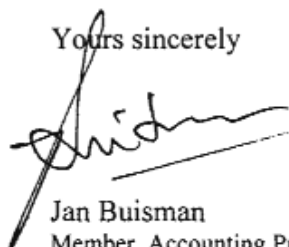
**Q3 - Should the limited changes become effective for accounting periods ending on or after 31 March 2002, with earlier application encouraged (paragraph 159A)?**

Yes.

**Q4 - 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.

Yours sincerely



Jan Buisman  
Member, Accounting Practices Committee