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To: Anne McGeachin
Project Manager
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH, United Kingdom

From: The Accounting Principles and Auditing Standards Committee
The Florida Institute of Certified Public Accountants

Subject: Exposure Draft of Proposed Amendments to IAS 19 Employee Benefits *Actuarial Gains and Losses, Group Plans and Disclosures*

MS McGeachin:

The Accounting Principles and Auditing Standards Committee of the Florida Institute of Certified Public Accountants (the Committee) respectfully submits the following responses to the Exposure Draft of Proposed Amendments to IAS 19.

Question 1. – Initial recognition of actuarial gains and losses
Should entities be allowed a third option of recognizing actuarial gains and losses as they occur in a statement of recognized income and expense as "Net income (loss) recognized directly in equity" and not in profit and loss (operating income)?

We disagree with this option of allowing a third alternative method of accounting for actuarial gains and losses. Financial statement users may not readily understand items included in "Net income recognized directly in equity" especially when they are immediately closed to retained earnings. The method proposed in the exposure draft with the immediate recognition in retained earnings will result in little substantive difference from the current recognition method. Allowing this option will not improve comparability or promote convergence. We believe the two options currently available under IAS 19 when incorporated with the proposed disclosure requirements in this exposure draft will provide adequate transparency to the statement users.

Question 2. – Initial recognition of the limit on the amount of surplus that can be recognized as an asset.
As noted in question 1, we disagree with the third option. However, if the proposed alternative is adopted, recognizing the effect of an asset ceiling in the statement of recognized income and expense is a consistent treatment.

Question 3. - Subsequent recognition of actuarial gains and losses.
As noted in question 1, we disagree with the proposed option. However, if the alternative is adopted, we disagree with the proposed prohibition against recognition in profit and loss in a later period the actuarial gains and losses recognized in equity from an earlier period (recycling). We believe that the items that are taken directly to equity should be isolated from retained earnings until the economic consequences of the prior recognition are *realized* and then reflected in current profit and loss and removed from the equity account.

Question 4. - Recognition within retained earnings.
As noted in question 1, we disagree with the proposed option. However, if the proposed alternative is permitted, the immediate recognition in retained earnings of the actuarial gains and losses will result in a method that differs from the current recognition method by a one time classification in the Statement of Recognized Income and Expense.

The balance in retained earnings has importance in many countries. Dividend payments and treasury stock purchases are dependent upon a sufficient balance. With the proposed alternative, as well as the current recognition method, it is possible that a large actuarial loss or gain closed to retained earnings could adversely affect management's decisions on these matters.

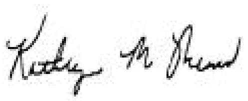
Question 5. - Treatment of defined benefit plans for a group in the separate or individual financial statements of the entities in the group.
No opinion.

Question 6. - Disclosures
We concur with the additional disclosure requirement. It will contribute to the deferral method's transparency.

Question 7. - Further disclosures.
We concur with the additional disclosure requirement.

The Committee appreciates this opportunity to share our views and concerns. Members of the Committee are available to discuss any questions you may have regarding this communication.

Respectfully,



Kathryn M. Means, CPA
Chair

Committee members coordinating this response:
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