

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

28 July 2004

Dear Anne,

ED of Proposed Amendments to IAS 19 Employee Benefits

I am writing on behalf of the Society to comment on the proposed amendments to IAS 19.

Question 1 - Initial recognition of actuarial gains and losses

We agree with the proposal to allow entities to recognise actuarial gains and losses immediately in equity (par 93A).

We have some concerns, however, over the proposed description of the equity statement as a “Statement of recognised income and expense (par 93B and IAS 1 par 96). We believe that this is potentially confusing to users, particularly for Building Societies where the income statement itself is called the “Income and Expenditure Account”.

Furthermore, (c.f. BC 12) we do not believe that certain of the items shown in the illustrative example on page 28 of the ED are really recognised income and expense items, for example gains and losses on the revaluations of property and on AFS instruments.

Question 3 – Subsequent recognition of actuarial gains and losses

We agree with the proposal that there should be no recycling. We do not see how this could be done in any meaningful way.

Question 5 – Treatment of defined benefit plans for a group

We agree with the proposal in 5(a) to extend the provisions relating to multi-employer plans to consolidated entities.

We do not agree with the proposed par 34(b) which prohibits the extension to entities with listed debt. In our own case, the extension would apply to subsidiary companies but not to the individual accounts of the Society. In effect, this would still require us to arbitrarily allocate our Group scheme between the Society and its subsidiaries and require the subsidiaries to account on a defined benefit basis. Because this allocation is arbitrary, we do not consider it to be meaningful to users and we also believe it to be unnecessarily burdensome to the preparers of accounts.

Consequently, we would like to see paragraph 34(b) removed from the proposed amendments.

Question 6 – Disclosures

We believe that the disclosure requirements of par. 120(o) (value of scheme assets and liabilities and the experience adjustments) should be restricted to 2 years' information (rather than 5 years) for first time adopters in the first year of adoption. In the following year, the requirement would be 3 years' information and so on.

Question 7 – Additional disclosures

We are concerned about the amount of disclosures already required and do not believe that the additional disclosures proposed are meaningful. In particular, disclosing the benefits expected to be paid over the next 10 years (item b) does not appear to be particularly helpful.

We hope that the above comments are useful. Please let us know if you would like to discuss them in more detail.

Yours Sincerely

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