International Accounting Standards Board
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Our ref	:	AdK
Direct dial	:	Tel.: (+31) 20 301 0391 / Fax: (+31) 20 301 0279
Date	:	Amsterdam, 8 July 2004
Re	:	Exposure Draft of Proposed amendments to IAS 19 Employee Benefits *Actuarial Gains and Losses, Group Plans and Disclosures*

Dear Sirs.

The Netherlands Council for Annual Reporting (CAR) appreciates the opportunity to respond to the *Exposure Draft of Proposed amendments to IAS 19 Employee Benefits Actuarial Gains and Losses, Group Plans and Disclosures.*

We disapprove of this Exposure Draft and we would recommend not to issue a final amendment to IAS 19. In particular, we are favour of a stable platform and we do not see any compelling reasons to amend IAS 19 at this stage. We object to introducing a new alternative, especially because we do not see the conceptual merit of excluding gains and losses from the income statement when a fundamental discussion on a Statement of Recognized Income and Expenses (SORIE) has not yet taken place. We believe a discussion on the nature and function of the SORIE should precede ad hoc applications.

For this reasons, we have not given specific answers to questions 1 to 4. We have responded to the specific questions 5 to 7.

Yours sincerely,

Prof. dr. Martin Hoogendoorn RA
(Chairman CAR)

Question 1 - Initial recognition of actuarial gains and losses
IAS 19 requires actuarial gains and losses to be recognised in profit or loss, either in the period in which they occur or on a deferred basis. The Exposure Draft proposes that entities should also be allowed to recognise actuarial gains and losses as they occur, outside profit or loss, in a statement of recognized income and expense.

Do you agree with the addition of this option? If not, why not?

We do not agree with this option and support those that disapprove of it. See our general comment.

Question 2 - Initial recognition of the effect of the limit on the amount of a surplus that can be recognised as an asset
Paragraph 58(b) of IAS 19 limits the amount of a surplus that can be recognized as an asset to the present value of any economic benefits available to an entity in the form of refunds from the plan or reductions in future contributions to the plan (the asset ceiling). *
The Exposure Draft proposes that entities that choose to recognise actuarial gains and losses as they occur, outside profit or loss in a statement of recognised income and expense, should also recognise the effect of the asset ceiling outside profit or loss in the same way, i.e. in a statement of recognised income and expense.

Do you agree with the proposal? If not, why not?

See our general comment.

Question 3 - Subsequent recognition of actuarial gains and losses
The Exposure Draft proposes that, when actuarial gains and losses are recognised outside profit or loss in a statement of recognised income and expense, they should not be recognised in profit or loss in a later period (.i.e they should not be recycled).

See our general comment.

Question 4 - Recognition within retained earnings
The Exposure Draft also proposes that, when actuarial gains and losses are recognised outside profit or loss in a statement of recognised income and expense, they should be recognised immediately in retained earnings, rather than recognised in a separate component of equity and transferred to retained earnings in a later period.

Do you agree with this proposal? If not, why not?

See our general comment.

Question 5 - Treatment of defined benefit plans for a group in the separate or individual financial statements of the entities in the group
(a) The Exposure Draft proposes an extension of the provisions in IAS 19 relating to multi-employer plans for use in the separate or individual financial statements of entities

within a consolidated group that meet specified criteria. Do you agree with this proposal? If not, why not?
(b) The Exposure Draft sets out the criteria to be used to determine which entities within a consolidated group are entitled to use those provisions.
Do you agree with the criteria? If not, why not?

We found it very difficult to understand the intended change in IAS 19. Although at first sight the amendment seems to introduce a relaxation for the individual financial statements of the entities in a group, we do not see that this will in fact be the case. Within a group it seems to us hardly possible to justify that sufficient information is not available to use defined benefit accounting for a multi-employer plan.

We further challenge the need for a subsidiary to be wholly owned. The relevant issue is that the subsidiary's financial statements are included in consolidated financial statements that comply with IFRS.

Question 6 - Disclosures
The Exposure Draft proposes additional disclosures that (a) provide information about trends in the assets and liabilities in the defined benefit plan and the assumptions underlying the components of the defined benefit cost and (b) bring the disclosures in IAS 19 closer to those required by the US standard SFAS 132 Employers' Disclosures about Pensions and Other Postretirement Benefits.
Do you agree with the additional disclosures? If not, why not?

The CAR believes in more principles based requirements and recommends that reference be made in IAS 19 to IAS 1 (paragraph 116, Key Sources of Estimation Uncertainty). Medical cost trend rates must be given as an example, instead of the specific requirement on medical cost trend rates as currently proposed in paragraph 120 (n).

Question 7 - Further disclosures
Do you believe that any other disclosures should be required, for example the following disclosures required by SFAS 132? If so, why?
(a) a narrative description of investment policies and strategies;
(b) the benefits expected to be paid in each of the next five fiscal years and in aggregate for the following five fiscal years; and
(c) an explanation of any significant change in plan liabilities or plan assets not otherwise apparent from other disclosures.
SFAS 132 also encourages disclosure of additional asset categories if that information is expected to be useful in understanding the risks associated with each asset category.

Your general comment
We do not feel the need to prescribe the additional disclosures as shown above, nor any others beyond those proposed in the exposure draft and discussed above.

Furthermore we would like to suggest to harmonize the use of "shall" and "entity" consistently in the statement.