



**International
Accounting Standards
Board**

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This document is provided as a convenience to observers at Employee Benefits Working Group meetings, to assist them in following the discussion. It does not represent an official position of the IASB. Board positions are set out in Standards.

Note: These notes are based on the staff paper prepared for the Employee Benefits Working Group Meetings. Paragraph numbers correspond to paragraph numbers used in the Employee Benefits paper. However, because these notes are less detailed, some paragraph numbers are not used.

INFORMATION FOR OBSERVERS

IASB Meeting: Employee Benefits Working Group
Paper: Agenda Paper 3A – Recognition and Presentation:
Overview of Board’s tentative decisions

1. This paper summarises the Board’s tentative decision on recognition and presentation.
2. The Board has discussed the recognition and presentation of the components of defined benefit pension plans between November 2006 and April 2007. The Board’s tentative decisions so far are:
 - a. that the discussion paper should set out presentation proposals in the context of IAS 1 *Presentation of Financial Statements*.
 - b. that all changes in the post-employment defined benefit obligation and in the value of plan assets should be recognised in comprehensive income in the period in which they are incurred. This includes recognition of:
 - i. all actuarial gains and losses, subject to finding an acceptable approach to presentation; and
 - ii. unvested past service cost.

- c. that the discussion paper would not include a preliminary view on presentation. Instead, the following alternative approaches to presentation would be discussed in a neutral manner:
 - i. Approach 1: all changes presented in profit or loss
 - ii. Approach 2: financing costs presented outside profit or loss
 - iii. Approach 3: remeasurement changes presented outside profit or loss
 - d. that gains or losses on curtailment or settlement should be presented according to the nature of the costs in accordance with each of the three approaches. Accordingly:
 - i. the gain or loss on a curtailment would be presented in profit or loss for all three approaches;
 - ii. the gain or loss on settlement would be recognised in profit or loss in approach 1, and outside profit or loss in approaches 2 and 3.
3. Paper 3B describes the considerations of the Board in coming to its preliminary view on recognition. Paper 3C sets out the three approaches to the presentation of changes in components of defined benefit cost for discussion by the working group.
4. We will present the views of working group members on these topics to the Board at the July 2007 meeting.