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**International
Accounting Standards
Board**

This observer note is provided as a convenience to observers at IFRIC meetings, to assist them in following the IFRIC's discussion. Views expressed in this document are identified by the staff as a basis for the discussion at the IFRIC meeting. This document does not represent an official position of the IFRIC. Decisions of the IFRIC are determined only after extensive deliberation and due process. IFRIC positions are set out in Interpretations.

Note: The observer note is based on the staff paper prepared for the IFRIC. Paragraph numbers correspond to paragraph numbers used in the IFRIC paper. However, because the observer note is less detailed, some paragraph numbers are not used.

INFORMATION FOR OBSERVERS

IFRIC meeting: **May 2007, London**

Project: **Review of tentative agenda decision published in March
2007 IFRIC Update
IAS 19 *Employee Benefits* – Curtailments and negative past
service costs (Agenda Paper 10(iv))**

Tentative agenda decision published in March 2007 IFRIC Update

The IFRIC received a submission on whether plan amendments that reduce benefits should be accounted for as curtailments or as negative past service costs. The submission noted that materially divergent practice could result because of the different recognition requirements for curtailments and negative past service cost.

The IFRIC noted that the Basis for Conclusions on IAS 19 indicates that IASC was aware of the ambiguity in distinguishing between negative past service costs and curtailments, but decided that the issue arose too rarely to justify the complexity that a more detailed requirement would produce. However, since the issue was becoming more prevalent and divergent practices were developing, the IFRIC believed that the issue should be addressed.

The IFRIC observed that there would be limited benefit in taking this issue onto its own agenda because the Board was currently engaged in a post-employment benefits

project. The IFRIC therefore [decided] not to take the issue onto its agenda, but to refer it to the Board for consideration.