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**International
Accounting Standards
Board**

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

These notes are based on the staff papers prepared for the IASB. Paragraph numbers correspond to paragraph numbers used in the IASB papers. However, because these notes are less detailed, some paragraph numbers are not used.

INFORMATION FOR OBSERVERS

Board Meeting: February 2008, London

**Project: IAS 19 *Employee Benefits*
Question on Scope of Phase I (Agenda paper 5B)**

Introduction

1. The Board expects to publish a Discussion Paper on phase 1 of the post-employment benefits project in March or April. Phase 1 covers two groups of issues:
 - (a) the recognition and presentation of defined benefit promises and
 - (b) the measurement of contribution-based promises.
2. In January, the EFRAG published a Discussion Paper *The Financial Reporting of Pensions*. The development of the paper was led by the UK ASB which has also published it. The objective of this discussion paper is to take a fresh look at- and stimulate discussion on - the principles that might be reflected in future accounting standards on pension benefits that are related to employment. As such, its scope is broader than the scope of the Board's Discussion Paper.
3. It has been suggested that the IASB may be criticised for not addressing some of the issues raised in the EFRAG/ASB paper. The media coverage of the EFRAG/ASB paper implies that we will be looking at the issues sooner rather than later. The staff proposes adding a question in the Board's Discussion Paper on the scope of phase 1 as follows:

Scope of phase 1 of the project

ITCX Phase 1 of the post-employment benefits project has a limited scope.

Chapter 1 describes how the scope of phase 1 was determined and notes further issues that might be considered in phase 2. The European Financial Reporting Advisory Group has recently issued a Discussion Paper *The Financial Reporting of Pensions* which considers these further issues.

Question 1

Are there additional issues which you think should be addressed by the Board in phase 1? If so, why do you regard these issues as a matter of priority?

4. The staff also proposes adding a reference to the EFRAG paper in the introductory chapter, as follows:

- 2 The Board has been urged to review the accounting for post-employment benefits. In its *Report and Recommendations Pursuant to Section 401(c) of the Sarbanes-Oxley Act of 2003 on Arrangements with Off-Balance Sheet Implications, Special Purpose Entities, and Transparency of Filings by Issuers*, the SEC staff recommended that the IASB and the FASB should jointly address defined benefit pension plan accounting. Similarly, in comment letters responding to the Board's previous projects to improve IAS 19, many respondents argued that a comprehensive review of the accounting for post-employment benefits is necessary to improve the quality and transparency of financial statements. Accordingly, in July 2006 the Board added to its agenda a project on the accounting for post-employment benefits. The need for such a project has been further supported by the European Financial Reporting Advisory Group, which in January 2008 issued a Discussion Paper *The Financial Reporting of Pensions*, the objective of which is to take a fresh look at- and stimulate discussion on - the principles that might be reflected in future accounting standards on pension benefits that are related to employment.

[The rest of the chapter explains why the Board decided to put some issues into a first phase of the project.]

5. Does the Board agree with these proposed changes?