

Mr. Robert Garnett
Chairman
International Financial Reporting Interpretation
Committee (IFRIC)
30 Cannon Street
London
United Kingdom
EC4M 6XH

17 March 2010

Dear Mr. Garnett,

Tentative agenda decision: IAS 26 *Accounting and Reporting by Retirement Benefit Plans– Valuation of plan assets*

I am pleased to respond to the tentative agenda decision, published in March 2010 IFRIC update, over a request for clarification of interaction between IAS 26 and IAS 39- *Financial Instruments: Recognition and Measurement* relating to the accounting for retirement benefit plan investments (plan assets), in the financial statements of retirement benefit plans prepared in accordance with IAS 26.

The request specifically asked for clarification whether the classification requirements of IAS 39 should / should not be followed for retirement benefit plan investments (plan assets) reported in the financial statements of retirement benefit plans prepared in accordance with IAS 26.

The original staff recommendation was to amend the scope paragraph of IAS 32, IAS 39 and IFRS 7 to provide explicit scope exclusion to retirement benefit plan investments (plan assets) as IAS 26 provides complete guidance on the recognition, measurement, presentation and disclosure of the plan assets in the financial statements of retirement benefit plans.

IFRIC believe that the requirements of IAS 26 is clear that plan assets shall be carried at fair value and all changes there in should be presented and disclosed in statement of changes in net assets available for benefit as required by paragraph 35 of IAS 26 and decided not to take it on to its agenda to provide any clarification or to recommend the Board for amendments in the respective standards as originally recommended by the staff.

I do not agree with the IFRIC's decision not to take this issue on to its agenda as I believe diversity exist in practice regarding the application of IAS 39 and IFRS 7 for retirement benefit plan investments (plan assets) reported in the financial statements of retirement benefit plans prepared in accordance with IAS 26. I urge IFRIC to reconsider the original staff suggestion to recommend Board to make an amendment to scope paragraph of IAS 39, IAS 32 and IFRS 7 to exclude plan assets that are in the scope of IAS 26. However, if IFRIC believes that it would be inappropriate and not agree with original staff recommendation then I believe some clarification can be provided by IFRIC as follows:

1. To what extent the requirements of IAS 39 would be applicable to plan assets within the scope of IAS 26.
2. Whether plan assets can be classified into categories (other than 'available for sale') in accordance with the paragraph 45 of IAS 39. As paragraph 33 of IAS 26 allows certain investments to be carried at amortized cost if it intends to hold that investments till maturity. So categories like FVTPL, L&R and HTM is still relevant, should IFRIC decide not to exclude plan assets from the scope of IAS 39.
3. Answering the remaining question that was identified in original staff paper as to whether the disclosure requirements of IFRS 7 is applicable to financial statements of retirement benefit plans prepared in accordance with IAS 26.

If you have any questions concerning my comments, please don't hesitate to contact me.

Yours sincerely,

Mark Robert