STAFF PAPER

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IFRS® Interpretations Committee Meeting

Project	**Exposure Draft of proposed amendments to IAS 19 and IFRIC 14**
Paper topic	Analysis of feedback on proposed amendments to IAS 19

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Purpose

1. This paper analyses the feedback on the proposed amendments to IAS 19 *Employee Benefits* included in the Exposure Draft *Remeasurement on a Plan Amendment, Curtailment or Settlement/ Availability of a Refund from a Defined Benefit Plan* (the ED).

2. In particular, this paper analyses the feedback on the following aspects of the proposed amendments to IAS 19:

   (a) the accounting when a plan amendment, curtailment or settlement occurs (Question 4 of the ED (Q4)); and

   (b) the interaction between the asset ceiling and past service cost or gain or loss on settlement (Question 3 of the ED (Q3)).

Structure of the paper

3. This paper is structured as follows:

   (a) summary of staff recommendations;

(b) summary of the proposed amendments to IAS 19;

(c) the main issues identified by respondents; and

(d) Appendix A—analysis of other issues.

Summary of staff recommendations

4. We recommend that the Interpretations Committee recommend to the Board that the Board finalises the proposed amendments to IAS 19 subject to:

   (a) amending the scope of the proposed amendments so that a plan event that does not affect a significant proportion of employees covered by the plan would not result in the subsequent remeasurement of the current service cost and net interest; and

   (b) drafting changes.

Summary of the proposed amendments to IAS 19

Q4—Accounting when a plan amendment, curtailment or settlement occurs

Summary of the proposed amendments

5. The proposed amendments to IAS 19 address how an entity accounts for defined benefit plans when a plan amendment, curtailment or settlement (plan event) occurs during a reporting period. The proposed amendments specify that:

   (a) when an entity remeasures the net defined benefit liability (asset) applying paragraph 99 of IAS 19 (ie when a plan event occurs), the entity would determine:

      (i) the current service cost and the net interest for the remaining portion of the annual reporting period using the assumptions used for the remeasurement; and

      (ii) the net interest for the remaining portion of the annual reporting period on the basis of the remeasured net defined benefit liability (asset).

(b) the current service cost and the net interest in the current reporting period before a plan event would not be affected by, or included in, the past service cost or a gain or loss on settlement.

6. Appendix B of Agenda Paper 3E includes the proposed amendments to IAS 19 together with the Basis for Conclusions, which summarises the rationale for these proposed amendments.

Q3—Interaction between the asset ceiling and past service cost or gain or loss on settlement

Summary of the proposed amendments

7. The accounting for a plan event may reduce or eliminate a surplus, which may mean that the effect of the asset ceiling also changes. Consequently, the Board decided to clarify that, when a plan event occurs, an entity would:

(a) recognise and measure the past service cost or a gain or loss on settlement in profit or loss as required by paragraphs 99–112 of IAS 19, before recognising the changes in the effect of the asset ceiling; and

(b) recognise changes in the effect of the asset ceiling in other comprehensive income as required in paragraph 57(d)(iii) of IAS 19.

8. The proposed amendment confirms that an entity recognises the past service cost or a gain or loss on settlement separately from its assessment of the asset ceiling.

The main issues identified by respondents

Q4—Accounting when a plan amendment, curtailment or settlement occurs

9. As outlined in Agenda Paper 3E of this meeting, 71 respondents commented on Q4. Almost half of these respondents agree with the principles underlying the proposed amendments to IAS 19. The remaining respondents either disagree with the proposed amendments or express concerns about specific aspects of the proposed amendments.

10. Respondents who agree with the principles underlying the proposed amendments say the proposed amendments would:

(a) result in more useful information for users;

(b) help reduce diversity in practice; but

(c) result in no significant additional costs for preparers.

11. The main issues identified by respondents are:

(a) consequences of a 'minor' plan event (Issue I); and

(b) inconsistency with the requirements in IAS 34 *Interim Financial Reporting* (Issue II).

Issue I—Consequences of a 'minor' plan event [1]

Overview of feedback

12. Some respondents express concerns about the consequences of the proposed amendments for a partial plan event (ie a plan event that affects only a portion of a plan). In particular, these respondents identify the following issues:

(a) *the interaction of the proposed amendments with the concept of materiality (Issue I–1)*—some respondents say that it is not clear how an entity would apply the general materiality requirements in the context of the proposed amendments to IAS 19. These respondents say that the proposed amendments could lead to more frequent remeasurements of the net defined benefit liability, which they do not think is an intended consequence of the proposed amendments. Because of the proposed amendments, a plan event would not only affect the recognition of a past service cost or a gain or loss on settlement but would also affect current service cost and net interest for the period after the plan event. For example, an entity might make an amendment to a plan that affects only a small portion of plan members. The effect of the amendment on the past service cost is considered immaterial. However, if there has been a significant change in financial conditions since the start of the year (eg significant changes in the discount

[1] A 'minor' plan event is a plan event for which the past service cost or gain or loss on settlement as calculated applying the requirements of paragraphs 99-112 of IAS 19 would not be material.

rate), then the effect of the plan event on the current service cost and net interest for the post-event period could be material.

(b) *the unit of account and lack of comparability (Issue I–2)*—some respondents say that the proposed amendments may reduce the comparability of financial statements between entities with similar plans in situations in which one entity has a minor plan event during a reporting period and another entity, with a similar plan, does not.

(c) *additional costs resulting from the proposed amendments (Issue I–3)*—some respondents say that, for minor plan events, entities often adopt computational short-cut methods to calculate the past service cost or gain or loss on settlement of a plan as permitted by paragraph 60 of IAS 19. These respondents think that the effect of a remeasurement under the proposed amendments would be significant. Accordingly, as a result of the amendments, an entity may no longer be able to use these short-cut methods and would be required to undertake a more detailed, expensive and onerous approach.

(d) *the potential to make changes to achieve a particular accounting treatment (Issue I–4)*—some respondents say that, in response to changes in market conditions during the year, an entity could make minor plan amendments solely to achieve a particular accounting treatment.

13. See paragraphs 20–33 of Agenda Paper 3E for further detail on the feedback on Issue I-1–Issue I-4.

Staff analysis

14. Paragraph BC19 of the ED states:

> Consequently, the amendments do not change the requirements in IAS 19 on whether and when an entity should remeasure the net defined benefit liability (asset); the existing guidance in paragraph 99 requires an entity to remeasure the net defined benefit liability (asset) when a plan amendment, curtailment or settlement occurs. The intention of the amendments is to confirm that an entity should determine the

> current service cost and net interest for the remaining portion of the period by using the updated assumptions used in the more recent measurement required by paragraph 99.

15. Further, paragraph BC 17 of the ED states (emphasis added):

> …the IASB concluded that the expected benefits would outweigh any additional costs from the amendments, because paragraph 99 of IAS 19 *already requires* the net defined benefit liability (asset) to be remeasured.

16. It is clear that the Board's intention was not to change whether and when an entity remeasures the net defined benefit liability (asset) applying paragraph 99 of IAS 19. However, we agree with the concern raised by some respondents that these proposed amendments could lead to an entity remeasuring the net defined benefit liability (asset) more frequently than previously, particularly when a minor plan event occurs.

17. Because the Board did not intend that an entity would apply the proposed amendments to minor plan events for which the effect of applying paragraphs 99–112 of IAS 19 would previously not have been material, we recommend amending the scope of the proposals to exclude minor plan events.

18. In our view, this objective can be achieved by adding a criterion specifying that an entity applies the proposed amendments only if the plan event affects a significant proportion of employees covered by the plan in order for an entity to apply these proposed amendments. In other words, an entity would use updated assumptions to measure current service cost and net interest after a plan event if:

    (a) the net defined benefit liability (asset) is remeasured as required by paragraph 99 of IAS 19; and

    (b) <u>the plan event affects a significant proportion of employees covered by the plan.</u>

19. We acknowledge that the criterion of 'a significant proportion of employees' introduces an additional element of judgement for entities. However, the criterion we have proposed is not a new concept in IAS 19 because it is already used to identify when a curtailment occurs. Paragraph 105 of IAS 19 states:

A curtailment occurs when an entity significantly reduces the number of employees covered by a plan…

20. We understand that this criterion is well understood in practice, and are not aware of any significant implementation issues in applying this criterion.

21. The following matrix shows the effect of including the additional criterion on:

(a) the requirement in paragraph 99 of IAS 19 to remeasure the net defined benefit liability (asset) (NDBL); and

(b) the calculation of current service costs (CSC) and net interest (NI) for the portion of the reporting period after the plan event.

		Proportion of employees affected by the plan event	
		Not significant	*Significant*
Effect on past service cost or gain (loss) on settlement	*Not material*	NDBL: Not required to remeasure CSC: Do not update inputs NI: Do not update inputs	NDBL: Not required to remeasure CSC: Do not update inputs NI: Do not update inputs
	Material	NDBL: Required to remeasure CSC: Do not update inputs NI: Do not update inputs	NDBL: Required to remeasure CSC: Update inputs NI: Update inputs

22. In our view, the use of this additional criterion would address the concerns raised by respondents that are summarised in paragraph 12 of this paper. In particular, we observe that:

(a) as illustrated in the matrix in paragraph 21 above, an entity would not be required to change whether and when the remeasurement requirements of paragraph 99 of IAS 19 apply *(Issue I–1).* This is because an entity would not be required to consider the effect on current service cost and net interest when assessing the materiality of the remeasurement requirements of paragraph 99 of IAS 19 for a plan event.

(b) the reported results for similar plans would be comparable across different entities and within an entity even if there has been a ‘minor’ plan event that affects one of the plans *(Issue I–II)*. We acknowledge that the reported results of a plan would differ from that of another similar plan if one plan has an event that affects a significant proportion of employees while the other plan does not. However, we suggest that this is an appropriate outcome of the proposed amendments.

(c) entities would not incur significant additional costs for minor plan events. They could continue to use computational short-cut methods as permitted by paragraph 60 of IAS 19 to calculate the past service cost or gain or loss on settlement of a plan for minor plan events for which the use of such methods is appropriate *(Issue I–III)*.

(d) management would not be able to make minor plan amendments solely to achieve a particular accounting outcome *(Issue I–IV)*.

Staff recommendation:

23. We recommend excluding minor plan events from the scope of the proposed amendments. We recommend specifying that the proposed requirements for an entity to update current service cost and net interest after a plan event would apply if:

(a) the net defined benefit liability (asset) is remeasured as required by paragraph 99 of IAS 19; and

(b) the plan event affects a significant proportion of employees covered by the plan.

Question 1 for the Interpretations Committee
1a. Does the Interpretations Committee agree with the staff recommendation to amend the scope of the proposed amendments to exclude minor plan events? 1b. If the response to 1a is yes, does the Interpretations Committee agree with the staff recommendation to add an additional criterion specifying that an entity applies the amendments only if the plan event affects a significant proportion of employees covered by the plan?

Issue II—Inconsistency with the requirements in IAS 34

Overview of feedback

24. Paragraph BC18 of the ED states:

> The IASB also discussed whether it should address the accounting in IAS 19 when 'significant market fluctuations', which are referred to in paragraph B9 of IAS 34 *Interim Financial Reporting*, occur during the annual reporting period. The IASB decided not to address this issue, because it observed that addressing this issue is too broad to be included in this proposal.

25. Some respondents comment that the Board's decision not to address the accounting in IAS 19 when 'significant market fluctuations' occur during a reporting period will result in divergent practices.

26. See paragraphs 34-37 of Agenda Paper 3E for further details on the feedback on Issue II.

Staff analysis

27. Paragraph B9 of IAS 34 states:

> Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant one-off events, such as plan amendments, curtailments and settlements.

28. The Interpretations Committee and the Board discussed addressing the accounting in IAS 19 when 'significant market fluctuations' occur during the annual reporting period. The Interpretations Committee discussed this issue at its meeting in November 2014. Click here to access a copy of the Agenda Paper for that meeting.

29. The Interpretations Committee observed that the Board did not revise paragraph B9 of IAS 34 when it revised IAS 19 in 2011, as explained in paragraphs BC58–63 of IAS 19. In particular, BC59 and BC63 of IAS 19 state:

> [BC 59] The Board noted that an entity is not always required to remeasure a net defined benefit liability (asset) for interim reporting purposes under IAS 19 and IAS 34. Both indicate that the entity needs to exercise judgement in determining whether it needs to remeasure the net defined benefit liability (asset) at the end of the (interim or annual) reporting period…
>
> [BC 63] The Board noted that if assumptions for each interim reporting period were updated to the most recent interim date, the measurement of the entity's annual amounts would be affected by how frequently the entity reports, ie whether the entity reports quarterly, half-yearly or with no interim period. In the Board's view this would not be consistent with the requirements of paragraphs 28 and 29 of IAS 34.

30. The Interpretations Committee observed that a plan event is different from significant market fluctuations because plan events are management-driven, while market fluctuations occur independently of management decisions. In addition, the entity's judgements on the significance of market fluctuations are, in common practice, made only at the end of an annual or interim period and could be related to the frequency of reporting while a plan event is not dependent on the frequency of reporting.

31. As reported in the November 2014 IFRIC Update:

> …the Interpretations Committee was concerned that addressing this issue might be too broad for it to deal with and could lead to a significant change in the application of IAS 19 and a significant burden on entities…

Consequently, the Interpretations Committee at that time recommended to the Board that the proposed amendments be limited to addressing the accounting when a plan event occurs during a reporting period.

32. The Board discussed this matter at its meeting in January 2015. At this meeting, the Board agreed with the Interpretations Committee's recommendation and decided not to address this issue.

33. The proposed amendments to IAS 19 are intended to address the measurement of current service cost and net interest after a plan event, and do not apply when there are significant market fluctuations in the absence of a plan event. In the light of the previous discussions of both the Interpretations Committee and the Board, and in the absence of new information, we maintain our view that addressing the accounting in IAS 19 when 'significant market fluctuations' occur during a period is beyond the scope of these proposed narrow-scope amendments.

Staff recommendation

34. We recommend not addressing the accounting when 'significant market fluctuations' occur because this is beyond the scope of these proposed narrow-scope amendments. When drafting the final amendments, we will clarify that an entity would apply the amendments only when there is a plan event.

Question 2 for the Interpretations Committee
Does the Interpretations Committee agree with the staff recommendation not to address the accounting when 'significant market fluctuations' occur?

Q3—Interaction between the asset ceiling and past service cost or gain or loss on settlement

35. As outlined in Agenda Paper 3E of this meeting, 69 respondents commented on Q3. Most respondents agree with the principles underlying the proposed amendments. Nonetheless, some of these respondents express concerns about specific aspects of the proposed amendments.

36. Respondents who agree say that the proposed amendments would:

    (a) provide helpful clarification of existing requirements; and

    (b) promote consistent application.

37. The main issues identified by respondents are:

(a) *inappropriate recognition of a gain or loss on settlement (Issue I)*—some respondents say that it is inappropriate and/or counterintuitive for an entity to recognise an amount in profit and loss from using a surplus that had previously been determined as having no value to the entity (see paragraphs 41–43 of Agenda Paper 3E for an example).

(b) *effective recycling of amounts recognised in Other Comprehensive Income (OCI) (Issue II)*—some respondents say that the proposed amendments effectively lead to recycling of amounts recognised in OCI. This is because they view the two steps of (i) assessing the asset ceiling and (ii) calculating the gain or loss on settlement as inextricably linked. These respondents say that the proposed amendments contradict paragraph 122 of IAS 19 which prohibits recycling of amounts recognised in OCI.

38. See paragraphs 38-47 of Agenda Paper 3E for further detail on the feedback on both these issues.

Staff analysis

39. Notwithstanding the concerns raised, we maintain the view that the proposed clarification is appropriate and accordingly recommend finalising the proposed amendment. This is because, in our view:

(a) the proposed amendment would provide a helpful clarification of the existing requirements and would assist in promoting consistent application. As outlined in paragraph 36 of this paper, most respondents agree with the principles of the proposed amendments for these same reasons.

(b) as explained in paragraph BC12 of the ED, the proposed amendments do not result in an effective recycling of amounts recognised in OCI. This is because recognising past service cost or a gain or loss on settlement is a separate step from assessing the asset ceiling.

(c) the proposed amendments are consistent with the requirements of paragraph 109 of IAS 19. That paragraph requires an entity to calculate the gain or loss on settlement as the difference between the present value of the defined benefit obligation being settled and the settlement price, including any plan assets transferred and any payments made directly by the entity in connection with the settlement. We think this paragraph requires an entity to use the gross amount of the plan assets (ie the amount of the plan assets before applying the asset ceiling requirements in IFRIC 14) when determining the gain or loss on settlement.

(d) recognising a gain or loss on settlement separately from assessing the asset ceiling is a better reflection of the underlying economics. This is because the assets not previously recognised as a result of the application of the asset ceiling requirements, have effectively been made available to, and been recovered by, the entity through settlement of the liability.

(e) the proposed amendments would result in the same outcome, regardless of whether an entity makes a payment to a plan just before a settlement occurs or makes a settlement payment directly to employees as part of a settlement. The alternative approach (ie taking into account the effect of the asset ceiling when calculating a gain or loss on settlement) would result in different outcomes for these situations, thereby creating opportunities for entities to structure a transaction to achieve a particular accounting outcome.

Staff recommendation

40. We recommend retaining the clarification that recognising past service cost or a gain or loss on settlement is a separate step from assessing the asset ceiling. We will expand the discussion in the Basis for Conclusions accompanying the final amendments to clearly explain the rationale for this clarification.

Questions 3 and 4 for the Interpretations Committee
Question 3 Does the Interpretations Committee agree with the staff recommendation to retain the clarification that recognising past service cost or a gain or loss on settlement is a separate step from assessing the asset ceiling? *Question 4* Does the Interpretations Committee agree with the staff recommendations on the other issues outlined in Appendix A to this paper?

Appendix A

Analysis of other issues

Q4—Accounting when a plan amendment, curtailment or settlement occurs

Issue	**Staff analysis and recommendation**
Trigger for, and timing of, remeasurements	
Triggering event for the remeasurement of the current service cost and net interest—some respondents say that the proposed amendments are not clear on whether an entity would recalculate the current service cost and net interest for the post-event period upon the occurrence of a plan event itself or when the entity is required to remeasure the net defined benefit liability (asset) applying paragraph 99 of IAS 19. See paragraphs A5–A6 of Agenda Paper 3E for further information.	Paragraphs BC17 and BC 19 of the ED states (emphasis added): [BC17]…However, the IASB concluded that the expected benefits would outweigh any additional costs from the amendments, *because paragraph 99 of IAS 19 already requires the net defined benefit liability (asset) to be remeasured*… [BC19] Consequently, the amendments do not change the requirements in IAS 19 on whether and when an entity should remeasure the net defined benefit liability (asset); the existing guidance in paragraph 99 requires an entity to remeasure the net defined benefit liability (asset) when a plan amendment, curtailment or settlement occurs. The intention of the amendments is to confirm that an entity should determine the current service cost and net interest for the remaining portion of the period *by using the updated assumptions used in the more recent measurement required by paragraph 99.* We think the Board's intention is that an entity would be required to update the current service cost and net interest for the post-event period only when it remeasures the net defined benefit liability (asset) applying paragraph 99 of IAS 19.

<table>
<tr><td></td><td>We will clarify the wording of the final amendments to require entities to update current service cost and net interest only when the entity is required to remeasure the net defined benefit liability (asset) applying paragraph 99 of IAS 19.</td></tr>
<tr><td> Date from which an entity updates current service cost and net interest—some respondents ask the Board to clarify whether the proposed amendments to remeasure current service cost and net interest would apply: a. when an entity recognises past service cost as an expense, which could be earlier than the plan event (applying paragraph 103 of IAS 19); or b. only when the plan event occurs. See paragraphs A7–A8 of Agenda Paper 3E for further information. </td><td> Paragraph BC14 of the ED states (emphasis added): <blockquote>Consequently, the IASB concluded that an entity should use the updated assumptions and take account of the changes in the net defined benefit liability (asset) that could arise as a result of the remeasurements for a plan amendment, curtailment or settlement during a period, when determining the current service cost and net interest for the period following the event. It proposed adding paragraph 67A of IAS 19 and amending paragraphs 123 and 125–126 of IAS 19 to address this point.</blockquote> We think the Board's intention is that an entity would update current service cost and net interest for the period following the plan event. If an entity is required to recognise past service cost at a date that is earlier than the plan amendment or curtailment applying paragraph 103 of IAS 19, the amount recognised is an estimate of the past service cost on the date of the plan amendment or curtailment. Accordingly, we think it is not appropriate for an entity to update current service cost and net interest before the plan event occurs. We will clarify the wording of the final amendments to require an entity to update current service cost and net interest only when the plan event occurs. </td></tr>
<tr><td colspan="2">Other issues and editorial suggestions</td></tr>
<tr><td> Proposal to keep current wording of BC64 of IAS 19—some respondents disagreed with the proposal to add a footnote to paragraph BC64 of IAS 19 rather than to delete this paragraph. See paragraphs A11–A12 of Agenda Paper 3E for further information. </td><td>We agree with the respondents' concerns and recommend deleting paragraph BC64 of IAS 19. The Basis for Conclusions is a record of past discussions and rationale for Board and Interpretations Committee decisions. In order to preserve this record, in the revised Basis for Conclusions, we will include the contents of BC64 and will explain why this paragraph has now been deleted.</td></tr>
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Scope of inputs to be updated —some respondents say that relevant information could be provided by updating the current service cost and net interest only for the inputs affected by the plan event. On the other hand, some respondents recommend clarifying that an entity would have to update all inputs. See paragraphs A13-A14 of Agenda Paper 3E for further information.	We think that an entity would update all inputs when determining the current service cost and net interest for the period after the plan event. We think this approach provides the most relevant information when a plan event occurs. Updating current service cost and net interest only for inputs affected by the plan event will result in a mixed basis for which some inputs reflect assumptions at the end of the prior financial year and some inputs reflect assumptions at the date of the plan event. We think such an approach would be confusing for users and would not provide the most relevant information. We will clarify the wording of the final amendments to require an entity to update all inputs when determining the current service cost and net interest for the period after the plan event.
Editorial suggestions—some respondents suggest some editorial changes. More specifically, some respondents say: a. the use of the word 'ordinarily' in proposed paragraphs 67A, 123, 125 and 126 of IAS 19 is confusing; and b. the intention of the proposed paragraph 99A is unclear and could result in some misunderstandings; and See paragraph A15 of Agenda Paper 3E for further information.	We will consider all editorial suggestions when drafting the final amendments. In particular, we agree with respondents' comments on the term 'ordinarily' and will avoid its use. We think that paragraph BC15 of the ED adequately explains the intention of proposed paragraph 99A of IAS 19. Paragraph BC15 states: The IASB also decided to address the classification of the current service cost and past service, when a plan amendment or curtailment occurs during a reporting period, because practical questions were raised. The IASB observed that paragraph 102 of IAS 19 explains that the past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment. Paragraph 8 of IAS 19 defines the current service cost as the increase in the present value of the defined benefit obligation resulting from employee service in the current period and the IASB noted that the current period means the current reporting period. Consequently, the IASB concluded that the current service cost in the current reporting period before a plan amendment or curtailment should not be included in the past service cost. Nonetheless, we think the inclusion of paragraph 99A of IAS 19 is not required to explain that current service cost and net interest for the period before a plan event does not affect past

	service cost or a gain or loss on settlement. As one respondent said: > Paragraph 99A has been added in the proposed amendments, but we do not understand the intention behind it. More specifically, the statement ‘The current service cost and net interest shall be excluded from the past service cost and from the gain or loss on settlement’ seems to only describe something obvious. It appears that particular emphasis is placed upon this statement for some reason, but we do not know what it is. We understand the Board’s rationale as explained in paragraph BC15 of the ED. However, we agree with this respondent and we recommend deleting this proposed paragraph. Similarly we recommend that the proposed last sentence of paragraph 67A and paragraph 123 be deleted. This is because these sentences simply specify that the remeasurement required by paragraph 99 of IAS 19 does not affect current service cost and net interest for the period before the remeasurement. In the Basis for Conclusions, we will explain the rationale for not including these proposed amendments.

Q3—Interaction between the asset ceiling and past service cost or gain or loss on settlement

Issue	**Staff analysis and recommendation**
Other issues and editorial suggestions	
Some respondents suggest some editorial changes to the proposed amendments to make the requirements easier to understand. In particular, some had specific concerns about proposed paragraph 64A of IAS 19. These respondents say that the requirements in paragraph 64A are unclear. They suggest that the requirements could be better articulated by specifying the order in which an entity applies the steps and by providing an example. Additionally, some respondents say that the current placement of proposed paragraph 64A of IAS 19 within the section titled 'Statement of financial position' is inappropriate. See paragraphs A16–A19 of Agenda Paper 3E for further information.	We will consider all editorial suggestions when drafting the final amendments. We think proposed paragraph 64A clearly articulates the order in which an entity applies the steps, and therefore we are not proposing any substantial revisions to this paragraph. We think an example would not be useful given the complexities and nuances of each defined benefit plan. Nonetheless, we will consider minor editorial suggestions to this paragraphs when drafting the final amendments. We also think that the proposed placement of paragraph 64A is appropriate. This is because paragraph 64 contains the requirements as to how an entity measures the net defined benefit asset. Proposed paragraph 64A provides clarification on the measurement of the asset ceiling when a plan event occurs.