



Anne McGeachin  
International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH

**CL 35**

26 July 2004

Dear Ms McGeachin

**Amendments to IAS19: actuarial gains and losses, group plans and disclosures**

The Association of Chartered Certified Accountants (ACCA) is pleased to have this opportunity to respond to the above Exposure Draft (ED). The document was considered at a recent meeting of ACCA's Financial Reporting Committee and I am writing to give you their views.

We support the proposed amendments.

**Actuarial gains and losses**

Options in accounting standards are inherently unsatisfactory on the grounds of lack of comparability and neutrality in the resulting financial statements. The existing treatment, however, in IAS19 allows a discretionary recognition of the gains and losses within a range of time periods, and therefore produces neither comparability nor neutrality. The proposed optional treatment in this ED, on the other hand, is for a superior treatment of actuarial gains and losses. The full balance sheet recognition of pension assets or liabilities has proved an important and well-recognised disclosure in UK financial statements since FRS17 was partially implemented. The treatment of

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**The Association of Chartered Certified Accountants**

the actuarial gains and losses through a recognised section of a statement of change in equity is a temporary workable solution pending the outcome of IASB's project on comprehensive income.

We noted the alternative view of one dissenting board member. If there is no principled reasoned method to allocate actuarial gains and losses to the income statement then we consider that some arbitrary method would gain nothing in terms of relevant information for the users of financial statements.

### **Group plans**

We support this proposed amendment which will be helpful in the context of countries (such as those in Europe) where individual accounts of group companies are required or allowed to be prepared under IFRS.

We have noted the draft interpretation D6 from IASB's interpretation committee. We think this would best be integrated with this amendment to IAS19 as there is a degree of overlap.

It is not entirely clear in what ways the test of "reasonable and consistent" in paragraph 34A of this ED is intended to be significantly different from the test of "consistent and reliable" in paragraph 32(b) of the existing IAS19 and of the draft interpretation D6.

### **Extended disclosures**

We support the proposed new disclosures.

If there are any matters arising from the above that require further clarification please be in touch with me.

Yours sincerely

Richard Martin  
Head of Financial Reporting