



International Accounting Standards Board®

Press Release

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IASB proposes to clarify the accounting for prepayments for pension plans

The International Accounting Standards Board (IASB) today published for public comment an exposure draft of proposed amendments to IFRIC 14 *IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*.

The proposed amendments are aimed at correcting an unintended consequence of IFRIC 14, an interpretation of IAS 19 *Employee Benefits*. As a result of the interpretation, entities are in some circumstances not permitted to recognise as an asset some prepayments for minimum funding contributions.

This issue was also raised as a concern by many interested parties. The proposals published today respond to those concerns and, if confirmed, would remedy this unintended consequence of IFRIC 14.

The exposure draft *Prepayments of a Minimum Funding Requirement* is available on the ‘Open for Comment’ section of www.iasb.org and is open for comment until 27 July 2009. Subscribers may also view the document in the *eIFRSs* Website. Printed copies of the exposure draft (ISBN 978-1-907026-06-5) will be available shortly, at £10.00 plus shipping, from:

IASB Foundation Publications Department,
30 Cannon Street, London EC4M 6XH, United Kingdom.
Tel: +44 (0)20 7332 2730 Fax +44 (0)20 7332 2749
Email: publications@iasb.org Web: www.iasb.org

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Press enquiries:

Mark Byatt, Director of Corporate Communications, IASB,
Telephone: +44 (0)20 7246 6472, email: mbyatt@iasb.org

Sonja Horn, Communications Adviser, IASB,
Telephone: +44 (0)20 7246 6463, email: shorn@iasb.org

Technical enquiries:

Andrea Pryde, Project Manager, IASB,
Telephone: +44 (0)20 7246 6491, email: apryde@iasb.org

NOTES TO EDITORS

About the IASB

The IASB, based in London, began operations in 2001. It is funded by contributions collected by its Trustees, the IASC Foundation, from the major accounting firms, private financial institutions and industrial companies throughout the world, central and development banks, and other international and professional organisations. The 14 IASB members (13 of whom are full-time) are drawn from nine countries and have a variety of professional backgrounds. The IASB is committed to developing, in the public interest, a single set of high quality, global accounting standards that require transparent and comparable information in general purpose financial statements. In pursuit of this objective, the IASB co-operates with national accounting standard-setters to achieve convergence in accounting standards around the world.

About IFRIC 14

In July 2007 the IASB issued an Interpretation, IFRIC 14 *IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* developed by the International Financial Reporting Interpretations Committee (IFRIC). The Interpretation provides general guidance on how to assess the limit in IAS 19 *Employee Benefits* on the amount of the surplus that can be recognised as an asset. It also explains how the pensions asset or liability may be affected when there is a statutory or contractual minimum funding requirement.

IFRIC 14 became mandatory from 1 January 2008. Later in the year the IFRIC received requests to clarify the treatment of prepayments for pension plans. The issue was debated by the IFRIC in November 2008. The IFRIC wanted the matter to be dealt with swiftly, and therefore referred the issue to the IASB, which discussed it at its meeting in January. The IASB decided on an exposure period of 60 days, the usual period for draft IFRIC Interpretations.