

19 October 2015

International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
UK

Cc: EFRAG

Dear Sir/Madam

Exposure Draft – Remeasurement on a Plan Amendment, Curtailment or Settlement / Availability of a Refund from a Defined Benefit Plan

Norsk RegnskapsStiftelse (the Norwegian Accounting Standards Board) welcomes the opportunity to submit its views on the Exposure Draft *Remeasurement on a Plan Amendment, Curtailment or Settlement / Availability of a Refund from a Defined Benefit Plan*.

We support the initiative to improve guidance on pension accounting. However, we are concerned that some of the proposed changes in this newly amended standard are dealing with some less important aspects of the measurement of post employment benefits while the fundamental model for classification and measurement of such benefits remains unchanged with the significant issues they represent.

Furthermore, we would like to point out that the amendment to IAS 19.67A in our view will reduce comparability rather than increase comparability between plans measured both within the same reporting entity and between reporting entities. We do not support this proposed amendment, and find that valid reasons for making this change have not been presented in the basis for conclusions.

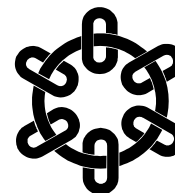
Our detailed comments to the questions in the order suggested by you are set out in the appendix to this letter.

Please do not hesitate to contact us if you would like to discuss any specific issues addressed in our response.

Yours faithfully,

Erlend Kvaal
Chairman of the Technical Committee on IFRS of Norsk RegnskapsStiftelse

CC: EFRAG



Question 1—Accounting when other parties can wind up a plan or affect benefits for plan members without an entity’s consent

The IASB proposes amending IFRIC 14 to require that, when an entity determines the availability of a refund from a defined benefit plan:

- (a) the amount of the surplus that an entity recognises as an asset on the basis of a future refund should not include amounts that other parties (for example, the plan trustees) can use for other purposes (for example, to enhance benefits for plan members) without the entity’s consent.
- (b) an entity should not assume a gradual settlement of the plan as the justification for the recognition of an asset, if other parties can wind up the plan without the entity’s consent.
- (c) other parties’ power to buy annuities as plan assets or make other investment decisions without changing the benefits for plan members does not affect the availability of a refund.

Do you agree with the proposed amendments? Why or why not?

We agree with the proposed amendments.

Question 2—Statutory requirements that an entity should consider to determine the economic benefit available

The IASB proposes amending IFRIC 14 to confirm that when an entity determines the availability of a refund and a reduction in future contributions, the entity should take into account the statutory requirements that are substantively enacted, as well as the terms and conditions that are contractually agreed and any constructive obligations.

Do you agree with that proposal? Why or why not?

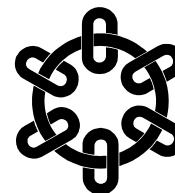
We agree with the proposed amendments.

Question 3—Interaction between the asset ceiling and past service cost or a gain or loss on settlement

The IASB proposes amending IAS 19 to clarify that:

- (a) the past service cost or the gain or loss on settlement is measured and recognised in profit or loss in accordance with the existing requirements in IAS 19; and
- (b) changes in the effect of the asset ceiling are recognised in other comprehensive income as required by paragraph 57(d)(iii) of IAS 19, as a result of the reassessment of the asset ceiling based on the updated surplus, which is itself determined after the recognition of the past service cost or the gain or loss on settlement.

Do you agree with that proposal? Why or why not?



We agree with the proposed amendments.

Question 4—Accounting when a plan amendment, curtailment or settlement occurs

The IASB proposes amending IAS 19 to specify that:

- (a) when the net defined benefit liability (asset) is remeasured in accordance with paragraph 99 of IAS 19:
 - (i) the current service cost and the net interest after the remeasurement are determined using the assumptions applied to the remeasurement; and
 - (ii) an entity determines the net interest after the remeasurement based on the remeasured net defined benefit liability (asset).
- (b) the current service cost and the net interest in the current reporting period before a plan amendment, curtailment or settlement are not affected by, or included in, the past service cost or the gain or loss on settlement.

Do you agree with that proposal? Why or why not?

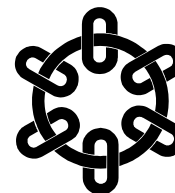
We believe that the proposed amendment consists of a combination of two clearly separate elements;

- a clarification of how past service cost is measured and separated from current service cost (IAS19.57(c)(i)), net interest on the defined benefit liability (asset) (IAS19.57(c)(iii)) and the remeasurement gain or loss (IAS19.57(d)), and
- a change to how current service cost and net interest are measured.

We support the clarification of how the effects of a plan amendment, curtailment or settlement are measured separately from other elements of post employment benefits. In our view, the clarification that it is inappropriate to include current service cost and interest related to curtailed or amended benefits in the period prior to the change in the past service cost or gain on loss on settlement, is beneficial, as the current wording in par 99, 100 and 123 is not clear and have resulted in divergence in practise.

We further support the clarification that net interest after the plan amendment should be determined based on the liability after adjusting for the effects of the plan amendment, i.e. deducting the effect of the change of the liability.

We do not support changing the measurement basis for benefits earned in the amended plans after the date of a curtailment, settlement or plan amendment. We do not see a good basis for measuring these benefits based on other assumptions than those set for such benefits at the beginning of the reporting period. An amendment would result in measuring benefits in similar or identical plans differently based on whether a curtailment or plan amendment has occurred in that plan during the accounting period. This may be identical plans within the reporting entity, for instance in different subsidiaries in the same economic environment, or it may be between reporting entities in the same jurisdiction and line of business. We believe that comparability between plans within an entity and between entities should be prioritized in these situations. Further, we find no discussion of this issue in the basis for conclusions presented. We believe such a change should be discussed in a comparability context.



One additional element is that the net interest on the net defined benefit liability (asset) is calculated as a simple calculation of net liability multiplied with interest rate (IAS19.123). Any remeasurement performed during the year will in effect represent capitalization of interest and will lead to a remeasurement element related to interest capitalization unless the interest rate after remeasurement is adjusted to reflect that the period is less than one year. This may often be immaterial, but not necessarily.

Question 5—Transition requirements

The IASB proposes that these amendments should be applied retrospectively, but proposes providing an exemption that would be similar to that granted in respect of the amendments to IAS 19 in 2011. The exemption is for adjustments of the carrying amount of assets outside the scope of IAS 19 (for example, employee benefit expenses that are included in inventories) (see paragraph 173(a) of IAS 19).

Do you agree with that proposal? Why or why not?

We do not agree with the transition requirements. Should the IASB decide to go forward with the proposed amendment to measurement of the costs for the period after a curtailment, settlement or plan amendment, we believe that the new requirements should apply to such changes occurring in periods after the amendment only. The reason for this is primarily practical, even though the obligation is remeasured, the entity does not necessarily have the information for the required measurement of service cost available.