

Michael Stewart
International Accounting Standards Board
30 Cannon Street
London
EC4M 6XH

21 May 2013

Dear Michael,

Re: ED 'Proposed amendments to IAS 19: Defined Benefit Plans – Employee Contributions'

We are pleased to comment on the exposure draft (ED) 'Proposed amendments to IAS 19: Defined Benefit Plans – Employee Contributions'.

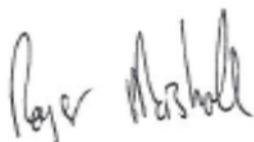
We agree with the proposals in the ED to amend IAS 19 to contain a practical expedient in paragraph 93. We suggest of an amendment to the wording of this paragraph, see our response to question 1 in the Appendix of this letter.

We further agree with the proposal to add a footnote in the Basis of Conclusions to BC 150, which specifies that the negative benefit from such contributions is attributed to periods of service in the same way that the gross benefit is attributed in accordance with paragraph 70.

Our detailed comments are set out in the appendix to this letter.

Should you have any questions in relation to this letter, please do not hesitate to contact either myself or Jennifer Guest j.guest@frc.org.uk.

Yours sincerely



Roger Marshall
Chair of the Accounting Council
DDI: 020 7492 2434
Email: r.marshall@frc.org.uk

Appendix I - FRC's detailed answers to the questions in the Invitation to Comment – 'Proposed amendments to IAS 19: Defined Benefit Plans – Employee Contributions'

Question 1 – Reduction in service Cost

The IASB proposed to amend IAS 19 to specify that contributions from employees or third parties set out in the formal terms of a defined benefit plan may be recognised as a reduction in the service cost in the same period in which they are payable if, and only if, they are linked solely to the employee's service rendered in that period. An example would be contributions that are a fixed percentage of an employee's number of years of service to the employer. Do you agree? Why or why not?

The FRC supports the IASB's proposal on the basis that it clarifies existing requirements in IAS 19 (2011) and provides helpful relief for preparers of accounts who are eligible to apply the practical expedient. We suggest, however, a minor amendment to the wording of paragraph 93, such that the word 'solely' is deleted in the penultimate sentence in the amended paragraph. This is on the basis that it adds confusion to the amendment because contributions are linked also to salary as well as service and hence it is inaccurate to suggest they only relate to service. Deletion of the word corrects this inaccuracy and, since it is not necessary to say that contributions relate to salary; this need not be included in the paragraph.

Question 2 – Attribution of negative benefit

The IASB also proposed to address an inconsistency in the requirements that relate to how contributions from employees or third parties should be attributed when they are not recognised as a reduction in the service cost in the same period in which they are payable. The IASB proposed to specify that the negative benefit from such contributions is attributed to periods of service in the same way that the gross benefit is attributed in accordance with paragraph 70. Do you agree? Why or why not?

The FRC supports the IASB's proposal on the basis that it addresses an existing inconsistency in IAS 19 (2011) and adds clarity.