



## Accounting Standards Board

Aldwych House, 71-91 Aldwych, London WC2B 4HN

Telephone: 020 7492 2300 Fax: 020 7492 2399

[www.frc.org.uk/asb](http://www.frc.org.uk/asb)



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European Financial Reporting Advisory Group  
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1210 Brussels  
Belgium

[commentletter@efrag.org](mailto:commentletter@efrag.org)

23 July 2009

Dear Stig

### **EFRAG's Draft Comment Letter on the IASB's Exposure Draft Prepayments of a Minimum Funding Requirement (ED/2009/4)**

Thank you for providing the Board with the opportunity to comment on your draft response to the International Accounting Standards Board's (IASB) exposure Prepayments of a Minimum Funding Requirement (ED/2009/4).

The Board has responded directly to the IASB and a copy of its letter is attached. You will notice from its response the ASB is in agreement with your draft comment letter to the IASB and consequently has no further comments to make.

Should you have any queries regarding our response please contact me, or Michelle Sansom Project Director, on +44 20 7492 2432 or by email [m.sansom@frc-asb.org.uk](mailto:m.sansom@frc-asb.org.uk).

Yours sincerely

**Ian Mackintosh**  
**Chairman**

DDI: 020 7492 2434

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International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH

23 July 2009

Dear Sirs

### **Exposure Draft Prepayments of a Minimum Funding Requirement (ED/2009/4)**

I am responding on behalf of the Accounting Standards Board (ASB) to the Exposure Draft Prepayments of a Minimum Funding Requirement proposed amendment to IFRIC 14.

The ASB supports the IASB in addressing the unintended consequence that arises from IFRIC 14 regarding the accounting treatment of prepayments for minimum funding contributions.

The ASB supports the IASB reasoning that an entity expects to obtain future economic benefits from a prepayment in the form of reduced cash flows in future years in which payments would otherwise have been required. Those cash outflows relate to both future service costs and future minimum funding requirements (MFR) contributions and consequently the entity has an asset.

Should you have any queries regarding our response please contact me or Michelle Sansom, Project Director, on 020 7492 2432 or by email [m.sansom@frc-asb.org.uk](mailto:m.sansom@frc-asb.org.uk).

Yours sincerely

**Ian Mackintosh**  
**Chairman**

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