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For immediate release

IASB AMENDS IAS 19, *EMPLOYEE BENEFITS*

The International Accounting Standards Board (IASB) today issued a limited amendment to the standard IAS 19, *Employee Benefits*

The amendment is a response to concerns raised with the IASB by the accountancy profession that IAS 19 was giving rise to counter-intuitive results. In certain circumstances, an actuarial loss in the pension plan could give rise to a reported gain in the entity's financial statements and an actuarial gain in the pension plan could give rise to a reported loss. The IASB takes the view that reporting gains and losses in these circumstances would be wholly inappropriate and it has moved quickly to amend the standard so that it cannot happen.

The problem was caused by the interaction of two aspects of IAS 19- the option to defer actuarial gains and losses and the limit on the amount that can be recognised as an asset (the 'asset ceiling'). During its deliberations on this matter, the IASB concluded that there were further conceptual and practical problems with these provisions. It will conduct a comprehensive review of these aspects of IAS 19 as part of its work on convergence of accounting standards across the world.

The Chairman of the IASB, Sir David Tweedie, said "The IASB has demonstrated that it can move quickly to address problems raised by constituents. We are also aware of the deeper concerns that many have regarding IAS 19. We hope to find a high quality solution in this difficult and often controversial area of accounting by reviewing the approach taken to pension cost accounting in different jurisdictions."

Copies of "*Amendment to IAS 19, Employee Benefits: The Asset Ceiling*" (ISBN 1-904230-01-6) are available at £10 each (€17/US\$15), including postage, direct from: Publications Department, International Accounting Standards Committee Foundation, 7th Floor, 166 Fleet Street, London E C4A 2DY, United Kingdom. Tel: +44 (0) 20 7427 5927, Fax: +44 (0) 20 7353 0562, Email: publications@iasb.org.uk Web: www.iasb.org.uk

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NOTES TO EDITORS

1. The International Accounting Standards Board (IASB), based in London, began operations in 2001. It is funded by contributions 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 Board members (12 of whom are full-time) reside in nine countries and have a

variety of functional 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 cooperates with national accounting standard-setters to achieve convergence in accounting standards around the world.

2. Upon its inception the IASB adopted the body of International Accounting Standards (IASs) issued by its predecessor, the International Accounting Standards Committee.
3. The need for the changes is set out in detail in the published amendment.