

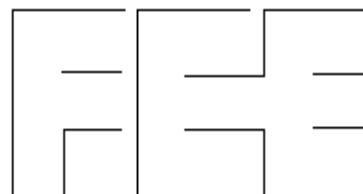
Date
24 November 2006

Le Président

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Mr. Robert Garnett
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Dear Mr. Garnett,

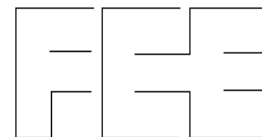
Re: IFRIC Draft interpretation D19 IAS 19-The Asset Ceiling: Availability of Economic Benefits and Minimum Funding Requirements

FEE (Fédération des Experts Comptables Européens, European Federation of Accountants) is pleased to submit its views on the IFRIC Draft interpretation D19. FEE as a founding organisation of EFRAG has also contributed to the EFRAG commenting process by submitting our views on their preliminary comments (draft letter of 18 September 2006). However, we have not considered the final EFRAG submission to IASB in our own response.

We welcome guidance on the subject. We broadly support the consensus of the draft interpretation and agree with EFRAG's preliminary conclusion.

We have the following comments:

- We support the retrospective application of D19.
- We share EFRAG's preliminary remarks regarding illustrative examples. It would be helpful to have more examples with unrecognised actuarial gain/loss.
- The title of D19 is potentially misleading because it does not sufficiently alert the reader that the interpretation deals with minimum funding requirements whatever the situation of the plan is at balance sheet date (deficit or surplus).
- We would like that paragraph 15 of D19 be developed to state that additional demographic assumptions are necessary to calculate the liability at year end, and how to determine these assumptions.
- We believe that paragraph 14 needs to be clearer. The first sentence could lead to the opposite understanding from the second sentence. For example, the first sentence could imply that a company can anticipate future contribution reductions beyond the scheduled period while the second sentence could imply that no variations to the schedule of contributions can be taken into account.
- Availability of economic benefits: Paragraph 8 of D19 proposes that economic benefits in the form of a refund of surplus or a reduction in future contributions is available if it will be *realisable* at some point during the life of the plan or when the plan liabilities finally are settled. BC5-7 of D19 focus on the probability criterion of the definition of an asset "from which future economic benefit are expected to flow to the entity" (Framework paragraph 49). We suggest that the Basis for Conclusion should include a discussion of the control aspect of the definition of an asset. An asset from a refund of surplus or a reduction in future contribution meets the definition of an asset only if the sponsor both controls the future economic benefits (i.e., is able to use the defined benefit surplus to generate future benefits) and the future benefits are expected to flow to the entity.



- In some jurisdictions the terms and conditions of a defined benefit plan are not explicit regarding whether a refund of surplus is available to the entity, i.e., an entity's access to a refund of surplus is neither established nor precluded. In such situations, access to any refund of surplus is subject to future decisions of the trustees and could be in favour of either the entity or the members of the plan or both. While BC6 indicates that it is not necessary for a formal agreement to be in place to guarantee the realisability of the asset at a specific point in time, it would be helpful to clarify that in situations in which the entity's access to a refund of surplus is neither established nor precluded the entity does not have control over the asset in the form of a refund of surplus. According to BC6, it is not necessary for a formal agreement to be in place to recognise an asset. This seems to be in conflict with the requirements of contractual agreements regarding multi-employer plans in IAS 19 paragraph 32A.

We would be pleased to discuss any aspect of this letter you may wish to raise with us.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'David Devlin', written in a cursive style.

David Devlin
President