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IFRIC DRAFT INTERPRETATION D19

IAS 19—The Asset Ceiling: Availability of Economic Benefits and Minimum Funding Requirements

Comments to be received by 31 October 2006

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D19 Comment Letters
International Accounting Standards Board
30 Cannon Street, London EC4M 6XH, United Kingdom

Fax: +44 (0)20 7246 6411

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The International Accounting Standards Board's International Financial Reporting Interpretations Committee (IFRIC) invites comments on any aspect of this draft Interpretation *IAS 19—The Asset Ceiling: Availability of Economic Benefits and Minimum Funding Requirements*. Comments are most helpful if they indicate the specific paragraph to which they relate, contain a clear rationale and, when applicable, provide a suggestion for alternative wording.

Comments should be submitted in writing so as to be received no later than **31 October 2006**.

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IFRIC *International Financial Reporting Interpretations Committee*

IFRIC DRAFT INTERPRETATION D19

IAS 19—The Asset Ceiling: Availability of Economic Benefits and Minimum Funding Requirements

IFRIC [draft] Interpretation X *IAS 19—The Asset Ceiling: Availability of Economic Benefits and Minimum Funding Requirements* ([draft] IFRIC X) is set out in paragraphs 1–21. [Draft] IFRIC X is accompanied by Illustrative Examples and a Basis for Conclusions. The scope and authority of Interpretations are set out in paragraphs 1 and 8–10 of the IFRIC *Preface*.

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References

- IAS 1 *Presentation of Financial Statements*
- IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*
- IAS 19 *Employee Benefits*

Background

1 Statutory or contractual minimum funding requirements exist in many countries to improve the security of the retirement benefit promise made to members of an employee benefit plan. Such requirements normally stipulate a minimum level of contributions that must be paid into a plan over a given period.

2 Normally, a statutory or contractual requirement to pay additional contributions to a plan would not affect the measurement of the defined benefit asset or liability. This is because the contributions, once paid, become plan assets and the additional net liability would be nil.

3 However, paragraph 58 of IAS 19 limits the measurement of the defined benefit asset to the 'present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.'[*] Contributions made in accordance with a minimum funding requirement may not be available to the entity, for example because the plan rules prohibit a refund of surplus or because the minimum funding requirement itself restricts reductions in future contributions.

4 Questions have arisen in respect of the interaction between a minimum funding requirement and the limit placed by paragraph 58 of IAS 19 on the measurement of the defined benefit asset or liability.

Scope

5 This [draft] Interpretation applies to all long-term and post-employment benefit plans that are within the scope of IAS 19.

[*] The limit in paragraph 58 also includes any cumulative unrecognised net actuarial losses and past service cost.

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Issues

6 The issues addressed in this [draft] Interpretation are:

(a) the extent, if any, to which the availability of an economic benefit is affected by restrictions on its current realisability (ie the entity's ability to receive a refund or a reduction in future contributions at the balance sheet date).

(b) the calculation of the amount of the economic benefit available as

(i) a refund

(ii) a reduction in contributions

when there is a minimum funding requirement.

(c) the effect of a minimum funding requirement on the measurement of the defined benefit asset or liability.

Consensus

Availability of an economic benefit

7 The availability of a refund of surplus or a reduction in future contributions shall be determined in accordance with the terms and conditions of the plan and any statutory requirements in the jurisdiction of the plan in question.

8 An economic benefit, 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 are finally settled. In particular, an economic benefit, in the form of a refund from the plan or reduction in future contributions, may be available even if it is not realisable immediately at the balance sheet date.

The economic benefit available as a refund

9 The economic benefit available as a refund is measured as the amount that will be refunded to the entity

(a) during the life of the plan, without assuming that the plan liabilities have to be settled in order to get the refund (eg in some jurisdictions, the entity may have a contractual right to a refund

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during the life of the plan, irrespective of whether the plan liability is settled); or

(b) assuming the gradual settlement of the plan liabilities over time until all members have left the plan; or

(c) assuming the full settlement of the plan liabilities in a single event (ie as a plan wind-up).

The amount of the economic benefit shall be determined on the basis of the approach that is the most advantageous to the entity. It is measured as the amount of the surplus (being the fair value of the plan assets less the present value of the defined benefit obligation), at the balance sheet date, that would be received by the entity after all the associated costs are paid. For instance, if the basis is a refund that would be subject to a tax other than income tax, the amount of the refund shall be calculated net of the tax charge.

10 If the refund is calculated using the approach in paragraph 9(c), ie as the amount available when the plan is wound up, then the costs associated with the settlement of the plan liabilities and making the refund shall be taken into account. For example, a deduction shall be made for professional fees if these are paid by the plan rather than the entity, and for the costs of any insurance premiums that may be required to secure the liability on wind-up.

11 Under IAS 19, the surplus at the balance sheet date is measured at a present value. Therefore, even if the refund is realisable only at a future date, no further adjustment for the time value of money shall be made.

12 In accordance with IAS 1, the entity shall disclose information about the key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amount of the net balance sheet asset or liability. This might include disclosure of any restrictions on the current realisability of the plan assets or disclosure of the basis used to determine the amount of the economic benefit available as a refund in accordance with paragraph 9.

The economic benefit available as a contribution reduction

13 The economic benefit available as a reduction in future contributions shall be determined as the present value, using IAS 19 assumptions at the balance sheet date, of

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(a) the service cost to the entity, ie excluding any part of the total cost that is borne by employees, less

(b) any future minimum funding contribution requirements in respect of the future accrual of benefits

for each year over the expected life of the plan.

14 Any expected changes in the future minimum funding contributions as a result of the entity paying the minimum contributions due shall be reflected in the measurement of the available contribution reduction. However, no allowance shall be made for expected changes in the terms and conditions of the minimum funding requirement that are not substantively enacted at the balance sheet date.

15 Any allowances for expected future changes in the demographic profile of the workforce shall be consistent with the assumptions underlying the calculation of the present value of the defined benefit obligation at the balance sheet date.

16 If the future minimum funding contribution requirement in respect of the future accrual of benefits exceeds the future IAS 19 service cost in any given year, the present value of that excess reduces the amount of the total asset available as a contribution reduction at the balance sheet date. However, the amount of the total asset available as a reduction in future contributions can never be less than zero.

Effect of a minimum funding requirement on the measurement of the defined benefit asset or liability

17 If an entity has a statutory or contractual obligation to pay additional contributions into a plan in respect of services received by the balance sheet date, the entity shall determine whether the contributions payable will be available as a refund or reduction in future contributions after they are paid into the plan.

18 To the extent that the contributions payable will not be available after they are paid into the plan, the entity shall apply an adjustment to reduce the defined benefit asset or increase the defined benefit liability when the obligation arises, so that no gain or loss results from applying paragraph 58 of IAS 19 when the contributions are paid.

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19 The adjustment to the defined benefit asset or liability in respect of the minimum funding requirement and any subsequent remeasurement of that adjustment shall be recognised immediately in accordance with the entity's adopted policy for recognising the effect of the limit in paragraph 58. In particular:

(a) an entity that recognises the effect of the limit in paragraph 58 in profit or loss, in accordance with paragraph 61(g) of IAS 19, shall recognise the adjustment immediately in profit or loss.

(b) an entity that recognises the effect of the limit in paragraph 58 in the statement of recognised income and expense, in accordance with paragraph 93C of IAS 19, shall recognise the adjustment immediately in the statement of recognised income and expense.

Effective date

20 An entity shall apply this [draft] Interpretation for annual periods beginning on or after [date to be set at three months after the Interpretation is finalised]. Earlier application is encouraged.

Transition

21 An entity shall apply this [draft] Interpretation retrospectively in accordance with the requirements of IAS 8.

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Illustrative examples

These [draft] examples accompany, but are not part of, [draft] IFRIC X. They illustrate the interaction between minimum funding requirements and paragraph 58 of IAS 19 Employee Benefits.

Example 1

Impact of the minimum funding requirement when there is an IAS 19 surplus and the minimum funding contributions payable are fully refundable to the entity

IE1 An entity has a funding level on the minimum funding requirement basis (which is measured on a different basis from that required under IAS 19) of 82 per cent in Plan A. Under the minimum funding requirements, the entity is required to increase the funding level to 95 per cent immediately. As a result, the entity has a statutory obligation at the balance sheet date to pay additional contributions of 200 to Plan A. The plan rules permit a full refund of surplus to the entity at the end of the life of the plan. The year-end valuations for Plan A are set out below.

Market value of assets	1,200
Present value of defined benefit obligation under IAS 19	(1,100)
Surplus (Deficit)	100
Defined benefit asset (before consideration of the minimum funding requirement)[(a)]	100

(a) For simplicity, it is assumed that there are no unrecognised amounts.

Application of requirements

IE2 Paragraph 18 of the [draft] Interpretation requires the entity to reduce the defined benefit asset to the extent that the additional contributions payable are not fully available. Payment of the additional contributions of 200 will increase the IAS 19 surplus from 100 to 300. Under the rules of the plan this amount will be fully refundable to the entity with no associated costs. Therefore, no adjustment to the balance sheet asset is required.

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Example 2

Impact of the minimum funding requirement when there is an IAS 19 deficit and the minimum funding contributions payable would not be fully available

IE3 An entity has a funding level on the minimum funding requirement basis (which is measured on a different basis from that required under IAS 19) of 77 per cent in Plan B. Under the minimum funding requirements, the entity is required to increase the funding level to 100 per cent immediately. As a result, the entity has a statutory obligation at the balance sheet date to pay additional contributions of 300 to Plan B. The plan rules permit a maximum refund of 60 per cent of the IAS 19 surplus to the entity and the entity is not permitted to reduce its contributions below the level of the IAS 19 service cost. The year-end valuations for Plan B are set out below.

Market value of assets	1,000
Present value of defined benefit obligation under IAS 19	(1,100)
Surplus (Deficit)	(100)
Defined benefit (liability) (before consideration of the minimum funding requirement)[a]	(100)

(a) For simplicity, it is assumed that there are no unrecognised amounts.

Application of requirements

IE4 The payment of 300 would change the IAS 19 deficit of 100 to a surplus of 200. Of this 200, 60 per cent (120) is refundable.

IE5 Therefore, of the contributions of 300, 100 eliminates the IAS 19 deficit and 120 (60 per cent of 200) is available as an economic benefit. The remaining 80 (40 per cent of 200) of the contributions paid is not available to the entity.

IE6 Paragraph 18 of the [draft] Interpretation requires the entity to increase the defined benefit liability to the extent that the additional contributions payable are not fully available.

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IE7 Therefore, the entity increases the defined benefit liability by 80. As required by paragraph 19 of the [draft] Interpretation, 80 is recognised immediately in accordance with the entity's adopted policy for recognising the effect of the limit in paragraph 58 and the entity recognises a net balance sheet liability of 180.

Example balance sheet disclosure

Market value of assets	1,000
Present value of defined benefit obligation under IAS 19	(1,100)
Surplus (Deficit)	(100)
Defined benefit (liability) (before consideration of the minimum funding requirement)[(a)]	(100)
Adjustment in respect of minimum funding requirement	(80)
Net balance sheet asset (liability)	(180)

(a) For simplicity, it is assumed that there are no unrecognised amounts.

Example 3

Impact of the minimum funding requirement on the asset available as a future contribution reduction

IE8 An entity has a funding level on the minimum funding requirement basis (which is measured on a different basis from that required under IAS 19) of 95 per cent in Plan C. Under the minimum funding requirements, the entity is required to pay contributions to increase the funding level to 100 per cent over the next three years. The contributions are required to make good the deficit on the minimum funding requirement basis (shortfall) and to cover the accrual of benefits in each year on the minimum funding basis.

IE9 Plan C also has an IAS 19 surplus at the balance sheet date of 50, which cannot be refunded to the entity under any circumstances. There are no unrecognised amounts.

IE10 The nominal amounts of the minimum funding contribution requirements in respect of the shortfall and the future IAS 19 service cost for the next three years are set out below.

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The minimum funding contributions payable

Year	Total minimum contribution requirement	Minimum contributions required to make good the shortfall	Minimum contributions required to cover future accrual
1	135	120	15
2	125	112	13
3	115	104	11

Application of requirements

IE11 The entity's present obligation includes the contributions required to make good the shortfall but does not include the minimum contributions required to cover future accrual.

IE12 The present value of the entity's obligation, assuming a discount rate of 6 per cent per year, is approximately 300, calculated as follows:

$[120/(1.06) + 112 /(1.06)^2 + 104/(1.06)^3]$.

IE13 When these contributions are paid into the plan, the present value of the IAS 19 surplus (ie the market value of assets less the present value of the defined benefit obligation) would, other things being equal, increase from 50 to 350 (300 + 50).

IE14 However, the surplus is not refundable though an asset may be available as a future contribution reduction.

IE15 In accordance with paragraph 13, the economic benefit available as a reduction in future contributions is the present value of

(a) the service cost to the entity, less

(b) any future minimum funding contribution requirements in respect of the future accrual of benefits

for each year over the expected life of the plan.

IE16 The amounts available as a future contribution reduction are set out below.

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The amounts available as a contribution reduction

Year	IAS 19 service cost	Minimum contributions required to cover future accrual	Amount available as contribution reduction
1	13	15	(2)
2	13	13	0
3	13	11	2
4+	13	9	4

IE17 Assuming a discount rate of 6 per cent, the economic benefit available as a future contribution reduction is therefore equal to:

$(2)/(1.06) + 0/(1.06)^2 + 2/(1.06)^3 + 4/(1.06)^4 + \ldots + 4/(1.06)^{50} + \ldots = 52.$

The asset available from future contribution reductions is accordingly limited to 52.

IE18 Paragraph 18 of the [draft] Interpretation requires the entity to reduce the defined benefit asset to the extent that the additional contributions payable are not fully available. Therefore, the entity reduces the defined benefit asset by 298 (50 + 300 − 52).

IE19 As required by paragraph 19 of the [draft] Interpretation, 298 is recognised immediately in accordance with the entity's adopted policy for recognising the effect of the limit in paragraph 58 and the entity recognises a net balance sheet liability of 248.

Example balance sheet disclosure

Surplus (Deficit)	50
Defined benefit asset (before consideration of the minimum funding requirement)	50
Adjustment in respect of minimum funding requirement	(298)
Net balance sheet asset (liability)[(a)]	(248)

(a) For simplicity, it is assumed that there are no unrecognised amounts.

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Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, draft IFRIC X.

BC1 This Basis for Conclusions summarises the IFRIC's considerations in reaching its consensus. Individual IFRIC members gave greater weight to some factors than to others.

BC2 The IFRIC noted that practice varies significantly with regard to the treatment of the effect of a minimum funding requirement on the limitation placed by paragraph 58 of IAS 19 *Employee Benefits* on the measurement of a defined benefit asset. The IFRIC therefore agreed to include this issue in its agenda.

Interaction between IAS 19 and minimum funding requirements

BC3 Funding requirements would not normally affect the accounting for a plan under IAS 19. A minimum funding requirement may result in contributions being paid into a plan which do not become available to the entity subsequently, either as a refund or as a reduction in future contributions. Therefore, since paragraph 58 of IAS 19 limits the measurement of the defined benefit asset to the available economic benefit plus unrecognised amounts, the measurement of the defined benefit asset could be restricted when an entity is subject to a minimum funding requirement.

BC4 The IFRIC noted that the question of whether a minimum funding requirement could affect the measurement of the defined benefit asset or liability depends upon the extent, if any, to which the minimum funding requirement affects the economic benefit available as a refund or reduction in future contributions. The IFRIC therefore considered first the question of availability.

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Availability of the economic benefit

Is the availability of an economic benefit affected by restrictions on its current realisability?

BC5 One view of 'available' limits the term to mean that the economic benefit must be realisable immediately at the balance sheet date or that there must be a formal agreement between the entity and the relevant authorities (eg the board of trustees or the plan managers) that confirms that the economic benefit will be realisable (eg an agreement in respect of a specified reduced contribution rate).

BC6 The IFRIC disagreed with this view. The *Framework* defines an asset as a resource 'from which future economic benefits are expected to flow to the entity.' Therefore, it is not necessary for the economic benefit to be realisable immediately. Also, 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 suffice to show that the economic benefit will be realisable at some point during the life of the plan or at the end of the life of the plan.

BC7 The IFRIC concluded that a refund or contribution reduction is available if it will be realisable at some point during the life of the plan or when the plan liability is settled. The plan liability may be settled by winding up the plan and transferring the liabilities so that the entity has no further legal or constructive obligation for the liabilities. Alternatively, the liability could be settled gradually as members leave the plan until there are no members left in the plan.

The asset available as a refund of surplus

BC8 The IFRIC considered whether a requirement at the balance sheet date to pay additional contributions to a plan would restrict the extent to which a refund of surplus is available. The IFRIC noted that there is an implicit assumption in IAS 19 that the specified assumptions represent the best estimate of the eventual outcome of the plan in economic terms, while a requirement to pay additional contributions is often a prudent approach designed to build in a risk margin for adverse circumstances.

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BC9 Moreover, assuming the plan liability is settled gradually, the minimum funding requirement would have no effect at the point at which there are no members in the plan. This would leave the IAS 19 surplus available. To the extent that this eventual surplus is refundable, and in the absence of any other constraints on an entity recovering plan assets, the IAS 19 surplus would be available to the entity, regardless of the minimum funding restrictions in force at the balance sheet date.

BC10 Opponents of the gradual settlement approach argue that the availability of the surplus on gradually settling the plan liability must presuppose that the plan will be closed or that the surplus will be ring-fenced for existing beneficiaries. Alternative assumptions might be that the surplus in the plan would be used for a number of other purposes including meeting the costs of benefit improvements or the additional costs that arise when future experience does not accord with the assumptions. The availability of the surplus for these purposes would not qualify it as an available asset under IAS 19.

BC11 However, the IFRIC believes that, for the surplus to be available to the entity, it is not necessary for the plan to be closed at the balance sheet date or for the entity to have in place at that date a strategy to ring-fence the surplus. The gradual settlement approach is merely a way of demonstrating that current minimum funding requirement restrictions do not prevent an IAS 19 surplus from being recoverable by the entity at some point, assuming that experience continues in line with IAS 19 assumptions.

BC12 If the plan liability is settled by an immediate wind-up, the costs associated with the wind-up are likely to be significant and, in fact, the entire surplus may be utilised during the winding-up process. The main reason for this is that the annuity rates available on the market are expected to be significantly higher than the rates implied by the IAS 19 basis. Other costs include the legal and other professional fees expected to be incurred during the winding-up process. Accordingly, a plan with an apparent surplus may not be able to recover any of that surplus on wind-up.

BC13 The IFRIC noted that the available surplus should be measured at the amount which the entity would receive from the plan (based on the approach assumed to be adopted). The IFRIC decided that in determining the amount of the refund available on wind-up of the plan, the amount of the costs associated with the settlement and refund should be deducted.

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BC14 The IFRIC noted that the costs of settling the plan liability would be dependent on the facts and circumstances of the plan and it decided not to issue any specific guidance in respect of this.

BC15 The IFRIC also noted that the present value of the defined benefit obligation and the market value of assets are measured on a present value basis and therefore include an allowance for the time value of money. The IFRIC concluded that no further adjustment for the time value of money needs to be made when measuring the amount of the refund that is realisable at a future date.

BC16 Possible future changes to the minimum funding requirement that are not yet in force do not impose or rescind a present obligation of the entity until those requirements are substantively enacted. The IFRIC concluded that an entity, when determining the amount of an asset that might be available as a refund, should not consider whether the minimum funding requirement might change in the future.

The asset available in the form of a future contribution reduction

BC17 The IFRIC considered that the amount of the contribution reduction available to the entity should be measured with reference to the amount that the entity would have been required to pay had there been no surplus. This is represented by the cost to the entity of accruing benefits in the plan. The IFRIC concluded that this is best measured by the future IAS 19 service cost.

BC18 The entity's minimum funding requirements at a given date typically are represented as a schedule of contributions in future years that include the contributions that are required to cover (a) the existing shortfall on the minimum funding basis and (b) the future accrual of benefits.

BC19 As discussed in paragraphs BC28-BC32, the present obligation to pay contributions to cover the existing minimum funding requirements shortfall at the balance sheet date may result in an adjustment to the defined benefit asset or liability.

BC20 In respect of the future accrual of benefits, the future contribution requirements in respect of future service do not generate an additional liability at the balance sheet date. However, a statutory or contractual requirement to pay future contributions reduces the extent to which the entity can take a future contribution reduction. Therefore, the IFRIC

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decided that the available asset from a contribution reduction should be calculated as the present value of the IAS 19 service cost less the minimum funding contribution requirement in respect of future service in each year.

BC21 The IFRIC noted that, as future contribution requirements in respect of future service do not generate an additional liability at the balance sheet date, if the net present value, calculated as described in paragraph BC20 above, is less than or equal to zero, the available economic benefit would be nil, not a negative amount.

BC22 The IFRIC noted that future changes to regulations on minimum funding requirements might affect the available surplus. However, as discussed in paragraph BC16, possible future changes do not impose a present obligation on the entity until they are substantively enacted. The IFRIC concluded that when determining the amount of an asset that might be available as a reduction in future contributions, an entity should not consider whether the minimum funding requirement might change in the future (other than as described in paragraph 14 of the draft Interpretation).

BC23 The IFRIC also rejected the view that the entity should adjust the calculation of the net plan asset for any expected future changes in the size and demographics of the workforce in determining the future contribution reduction available. The IFRIC reasoned that the actuarial assumptions, including demographic assumptions, used in computing the net balance sheet asset should be consistent with the assumptions made to compute the benefit obligation at the balance sheet date, and it concluded that no adjustment should be made for future changes that have not been taken into account in the computation of the present value of the defined benefit obligation.

BC24 The IFRIC then considered two other components of the calculation of the economic benefit available as a contribution reduction—the discount rate and the term over which the entity may take the contribution reduction.

The discount rate

BC25 In respect of the discount rate, IAS 19 requires the measurement of the present value of the future contribution reduction to be based on the same discount rate as that used to determine the present value of the defined benefit obligation.

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The term of the contribution reduction

BC26 It had been suggested that the contribution reduction should be determined by considering only the expected future working lifetime of the active membership. The IFRIC disagreed with that view.

BC27 The IFRIC noted that increasing the term of the calculation has a decreasing effect on the incremental changes to the asset because the reductions in contributions are discounted to a present value. Thus for plans with a large surplus and no possibility of receiving a refund, the available asset will be limited. This is consistent with paragraph 77 of the Basis for Conclusions on IAS 19, which states that 'the limit is likely to come into play *only* where ... the plan is very mature and has a very large surplus that is more than large enough to eliminate all future contributions and cannot be returned to the entity' (emphasis added).

The effect of the minimum funding requirement on the defined benefit asset or liability

BC28 The paragraphs above discuss the availability of a surplus in a plan, including the impact of a minimum funding requirement. The IFRIC then returned to the original question of whether a minimum funding requirement could create a liability under IAS 19 in relation to the required additional contributions.

BC29 The IFRIC noted that, if an entity is required to pay contributions in accordance with a minimum funding requirement and some or all of those contributions would not subsequently be available as an economic benefit, it follows that when the contributions are made the entity would not be able to recognise an asset to the extent that the contributions would not be available.

BC30 However, the resulting loss to the entity does not arise on the payment of the contributions but earlier, at the point at which the obligation to pay arises. Therefore, the IFRIC concluded that if an entity has an obligation under a minimum funding requirement to pay additional contributions to a plan, the entity should reduce the balance sheet asset or increase the liability to the extent to which the minimum funding contributions payable to the plan would not be available to the entity either as a refund or a reduction in future contributions.

BC31 The IFRIC also discussed whether changes in the adjustment to the defined benefit asset or liability should be recognised immediately in profit or loss or whether they should be eligible for the options for deferred recognition or recognition outside profit or loss that IAS 19

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specifies for actuarial gains and losses. The IFRIC noted that adjustments to the net balance sheet asset or liability in respect of any minimum funding requirements arise only because of the limit on the measurement of the balance sheet asset under paragraph 58 of IAS 19. Furthermore, all adjustments to the net balance sheet asset or liability, in accordance with the requirements of paragraph 58, should be treated consistently.

BC32 Therefore, the IFRIC agreed that any adjustments to the net balance sheet asset or liability, as a result of a minimum funding requirement, should be recognised immediately in accordance with paragraph 61(g) or 93C of IAS 19. This is consistent with the recognition of other adjustments to the net balance sheet asset or liability under paragraph 58 of IAS 19.

Transitional provisions

BC33 The IFRIC noted that immediate recognition, as proposed in the draft Interpretation, of all adjustments to the net balance sheet asset or liability in respect of any minimum funding requirement makes retrospective application straightforward. Moreover, the information required in order to calculate any adjustments in respect of the prior year for comparative information should be readily available in most cases. The IFRIC concluded that full retrospective application of the proposed Interpretation should be required.

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