

John F. Mogg
Director General
Internal Market – Directorate General
Avenue de Cortenbergh 107
1049 Brussels

4 October 2002

Dear Mr. Mogg

Re: Endorsement of the amendment to IAS 19 Employee benefits: the asset ceiling.

On May 30, 2002, the IASB issued an amendment to IAS 19 Employee benefits. We are pleased to provide you hereby with our endorsement advice regarding this amendment.

We have evaluated the amendment and found it an improvement since it remedies the problem that, under the old IAS 19, in certain circumstances an actuarial loss in the pension plan could give rise to a reported gain in the entity's financial statements while an actuarial gain in the pension plan could give rise to a reported loss. The amendment prevents these counter intuitive results and therefore we recommend endorsement of the amendment.

In our comment letter to the IASB we have highlighted that a more fundamental review of IAS 19 is needed. Such a review should address not only the amortisation provisions but also a further consideration of the performance reporting issues. We are pleased that performance reporting is currently an active project for which an exposure draft is expected in the first quarter of 2003. Further, the Board announced a comprehensive review of certain aspects of IAS 19 as part of its work on convergence of accounting standards across the world on which an exposure draft is also announced for the first quarter of 2003.

We should be happy to discuss our advice with you, other officials of the EU Commission or the Accounting Regulatory Committee as you may wish.

Yours sincerely

Johan van Helleman
Chairman, EFRAG Technical Expert Group