



สภาวิชาชีพบัญชี ในพระบรมราชูปถัมภ์

FEDERATION OF ACCOUNTING PROFESSIONS
UNDER THE ROYAL PATRONAGE OF HIS MAJESTY THE KING

October 1, 2015

Mr. Hans Hoogervorst
Chairman
International Accounting Standards Board (IASB)
30 Cannon Street
London EC4M 6XH
United Kingdom

Dear Mr. Hoogervorst,

Comment Letter on ED/2015/5 Remeasurement on a Plan Amendment, Curtailment or Settlement/Availability of a Refund from a Defined Benefit Plan

The Federation of Accounting Professions of Thailand would like to show our appreciation on the opportunity to comment on **ED/2015/5 Remeasurement on a Plan Amendment, Curtailment or Settlement/Availability of a Refund from a Defined Benefit Plan**. Overall, we support the proposed guidance on the recognition of rights to refund of a surplus in case that other parties have the unconditional power to manage it. We also agree that statutory requirements, contractual term and agreement and constructive obligation should be considered in these regards. The proposed accounting treatments of the past service cost or the gain or loss on settlement, the effect of assets ceiling, the current service cost and the net interest are appropriate when the amendment, curtailment and settlement occur. The transitional requirements are suitable.

Please find our responses to the specific questions raised in **ED/2015/5 Remeasurement on a Plan Amendment, Curtailment or Settlement/Availability of a Refund from a Defined Benefit Plan** in an attachment. We believe that this proposed amendment will help the practitioners in the future and that our comment letter will contribute positively to the IASB's due process. Should you need more information, please kindly contact the Federation of Accounting Professions of Thailand.

The Federation of Accounting Professions avails itself of this opportunity to the International Accounting Standards Board the assurances of its highest consideration.

Yours sincerely,

Associate Professor Dr. Vorasak Tummanond
Chair of Thai Accounting Standards Board
Federation of Accounting Professions of Thailand
Bangkok, Thailand



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Copied to:

- 1) Chairman, Accounting Standard-Setting Committee of Thailand
- 2) Chairman, Subcommittee of Studying and Monitoring of International Financial Reporting Standards
- 3) President, Federation of Accounting Professions of Thailand



Exposure Draft ED/2015/5 Conceptual Remeasurement on a Plan Amendment, Curtailment or Settlement/Availability of a Refund from a Defined Benefit Plan (Proposed amendments to IAS 19 and IFRIC 14)

Question 1—Accounting when other parties can wind up a plan or affect benefits for plan members without an entity’s consent

The IASB proposes amending IFRIC 14 to require that, when an entity determines the availability of a refund from a defined benefit plan:

- (a) the amount of the surplus that an entity recognises as an asset on the basis of a future refund should not include amounts that other parties (for example, the plan trustees) can use for other purposes (for example, to enhance benefits for plan members) without the entity’s consent.**
- (b) an entity should not assume a gradual settlement of the plan as the justification for the recognition of an asset, if other parties can wind up the plan without the entity’s consent.**
- (c) other parties’ power to buy annuities as plan assets or make other investment decisions without changing the benefits for plan members does not affect the availability of a refund.**

Do you agree with the proposed amendments? Why or why not?

FAP: Agreed .Right to refund of a surplus should not be recognized as a plan assets if other parties (the plan trustees) has the unconditional power to reduce surplus or use the plan surplus for other purpose.

Question 2—Statutory requirements that an entity should consider to determine the economic benefit available

The IASB proposes amending IFRIC 14 to confirm that when an entity determines the availability of a refund and a reduction in future contributions, the entity should take into account the statutory requirements that are substantively enacted, as well as the terms and conditions that are contractually agreed and any constructive obligations.

Do you agree with that proposal? Why or why not?

FAP: Agreed if the entity has a plan amendment, curtailment or settlement occurs during the year, the entity should determines any affect of a refund or a reduction in future contribution at the end of the reporting period. This is consistent with IAS 19 para 87 which uses a concept of substantive enacted regulations and also IAS 12 Income Taxes uses a similar concept.



Question 3—Interaction between the asset ceiling and past service cost or a gain or loss on settlement

The IASB proposes amending IAS 19 to clarify that:

- (a) the past service cost or the gain or loss on settlement is measured and recognised in profit or loss in accordance with the existing requirements in IAS 19; and**
- (b) changes in the effect of the asset ceiling are recognised in other comprehensive income as required by paragraph 57(d)(iii) of IAS 19, as a result of the reassessment of the asset ceiling based on the updated surplus, which is itself determined after the recognition of the past service cost or the gain or loss on settlement.**

Do you agree with that proposal? Why or why not?

FAP: Agreed. The past service cost or the gain or loss on settlement should be measured and recognised in profit or loss with consistent with IAS 19. Next step, the entity should determine the effect of the assets ceiling and recognize in OCI in accordance with IAS 19 para 57(d).

Question 4—Accounting when a plan amendment, curtailment or settlement occurs

The IASB proposes amending IAS 19 to specify that:

- (a) when the net defined benefit liability (asset) is remeasured in accordance with paragraph 99 of IAS 19:**
 - (i) the current service cost and the net interest after the remeasurement are determined using the assumptions applied to the remeasurement; and**
 - (ii) an entity determines the net interest after the remeasurement based on the remeasured net defined benefit liability (asset).**
- (b) the current service cost and the net interest in the current reporting period before a plan amendment, curtailment or settlement are not affected by, or included in, the past service cost or the gain or loss on settlement.**

Do you agree with that proposal? Why or why not?

FAP: Agrees with the proposed amendment as the financial information will be provided more relevant information and enhanced comparability and understandability.



Question 5—Transition requirements

The IASB proposes that these amendments should be applied retrospectively, but proposes providing an exemption that would be similar to that granted in respect of the amendments to IAS 19 in 2011. The exemption is for adjustments of the carrying amount of assets outside the scope of IAS 19 (for example, employee benefit expenses that are included in inventories) (see paragraph 173(a) of IAS 19).

Do you agree with that proposal? Why or why not?

FAP : Agrees with the proposed amendment as the financial information will be enhanced comparability and understandability.