



International Accounting Standards Board®

# Press Release

FOR IMMEDIATE RELEASE

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## **IFRIC publishes proposed guidance on the IAS 19 asset ceiling and minimum funding requirements**

The International Financial Reporting Interpretations Committee (IFRIC)\* has today released for public comment a draft Interpretation, IFRIC D19 *IAS 19—The Asset Ceiling: Availability of Economic Benefits and Minimum Funding Requirements*.

The IFRIC has developed the proposed Interpretation in response to requests to clarify the interaction between statutory or contractual minimum funding requirements and the requirements of the pensions standard, IAS 19 *Employee Benefits*.

The proposals clarify how to determine in normal circumstances the limit on the asset that an employer's balance sheet may contain in respect of its pension plan as well as how the pensions asset or liability may be affected when there is a statutory or contractual minimum funding requirement.

Introducing the draft Interpretation, Robert Garnett, IFRIC Chairman and IASB member, said:

This is a tricky issue and one that has taxed the minds of practitioners. The proposed Interpretation will provide useful guidance on the application of IAS 19 at a time when minimum funding requirements are becoming increasingly common in many jurisdictions.

Subscribers to the IASB's Comprehensive Subscription Service can view the draft Interpretation from the secure online services area of the IASB's Website ([www.iasb.org](http://www.iasb.org)).

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\* The IFRIC is the interpretative arm of the International Accounting Standards Board (IASB).

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IASB Foundation Publications Department  
30 Cannon Street, London EC4M 6XH, United Kingdom  
Tel: +44 (0)20 7332 2730 Fax: +44 (0)20 7332 2749  
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From 25 August 2006 the complete text of the draft Interpretation will be freely available from the Website. The proposals are open for public comment until 31 October 2006.

**END**

**Press enquiries:**

Robert Garnett, Chairman, IFRIC  
Telephone: +44 (0)20 7246 6410, email: [rgarnett@iasb.org](mailto:rgarnett@iasb.org)

Allan Cook, IFRIC Co-ordinator  
Telephone: +44 (0)20 7246 6452, email: [acook@iasb.org](mailto:acook@iasb.org)

**NOTES TO EDITORS**

***About IFRIC D19***

1. IAS 19 limits the measurement of the defined benefit pension 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’.
2. At the same time, a statutory or contractual minimum funding requirement may stipulate a minimum level of contributions that must be paid into a plan over a given period.
3. Such funding requirements would not normally affect the accounting for a plan under IAS 19. However, a minimum funding requirement may result in contributions being paid into a plan that do not become available to the entity, subsequently, as a refund or a reduction in future contributions.
4. Draft Interpretation IFRIC D19 addresses the questions that have arisen in respect of the interaction between minimum funding requirements and the limit on the measurement of the defined benefit pension asset.

***About the IFRIC***

The IFRIC first met in February 2002. It comprises 12 voting members (all part-time) drawn from a variety of countries and professional backgrounds, and it meets about six times a year under a non-voting chairman. The IFRIC’s principal role is to consider, on a timely basis within the context of International Financial Reporting Standards and the IASB *Framework*, accounting issues that are likely to receive divergent or unacceptable treatment in the absence of authoritative guidance, with a view to reaching consensus on the appropriate accounting treatment. In developing Interpretations, the IFRIC works closely with similar national interpretation committees.

### ***About the IASB***

The IASB, based in London, began operations in 2001. It is funded by contributions collected by its Trustees, the IASC Foundation, 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 IASB members (12 of whom are full-time) are drawn from nine countries and have a variety of professional 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 co-operates with national accounting standard-setters to achieve convergence in accounting standards around the world.