

Paul Pacter  
SME Implementation Group  
IFRS  
30 Cannon Street  
London  
EC4M 6XH

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Dear Mr. Pacter

### IASB review of the IFRS for SMEs

The Institute and Faculty of Actuaries have cooperated with the Association of Consulting Actuaries to prepare this response. We are pleased to set out below our joint comments on the IASB's Request for Information in relation to a Comprehensive Review of the IFRS for SMEs. Our comments below relate to S15, in relation to accounting for Employee Benefits.

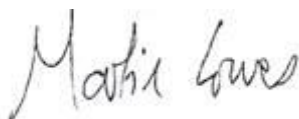
We agree with option (b) - the IFRS for SMEs should be revised so that an entity is required to recognise all actuarial gains and losses in Other Comprehensive Income (ie removal of the Profit & Loss option in paragraph 28.24). This is because:

- This will make the IFRS for SME consistent with IAS 19 (revised 2011)
- By eliminating an option this will reduce the complexity of the IFRS for SME and improve consistency between the accounts of different SMEs.

However, we do not agree that the other changes made in IAS 19 (revised 2011) do not relate to the requirements of Section 28 of the IFRS for SMEs. In particular, it is unclear in Section 28 whether the return on plan assets is to be recognised wholly in P&L, or whether (as in the current version of IAS 19) the expected return is to be recognised in P&L and the gain/loss relative to the expected return is to be recognised in Other Comprehensive Income. Whatever the intention, neither of these is consistent with IAS 19 (revised 2011). We believe that the opportunity should be taken to update the approach in the IFRS for SMEs so that, as in IAS 19 (revised 2011):

- Interest on the net defined benefit liability (ie interest on the defined benefit obligation less interest at the same rate on the value of plan assets) is recognised through P&L
- The asset gain or loss (ie the total return on plan assets less the interest included in P&L) is recognised in Other Comprehensive Income.

Yours sincerely,



Martin Lowes  
Chair, Pensions Consultation Sub Committee  
The Institute and Faculty of Actuaries



Simon Robinson  
Chair, Accounting Committee  
Association of Consulting Actuaries

The Actuarial Profession is the brand name of the Institute and Faculty of Actuaries

**Maclaurin House**  
18 Dublin Street  
Edinburgh · EH1 3PP  
T +44 (0)131 240 1300  
F +44 (0)131 240 1313

**Staple Inn Hall**  
High Holborn  
London · WC1V 7QJ  
T +44 (0)20 7632 2100  
F +44 (0)20 7632 2111

**Napier House**  
4 Worcester Street  
Oxford · OX1 2AW  
T +44 (0)1865 268 200  
F +44 (0)1865 268 211