

Introduction and Invitation to Comment

In this exposure draft the International Accounting Standards Board proposes to remove from IAS 19 *Employee Benefits* the reference to recognition in relation to contingent liabilities.

The Board invites comments on the proposed amendment to IAS 19. It would particularly welcome answers to the question set out below. Comments are most helpful if they contain a clear rationale and, when applicable, provide a suggestion for alternative wording.

The Board is not requesting comments on matters in IAS 19 not addressed in the exposure draft.

Question

Should the reference in IAS 19 to recognising contingent liabilities be removed? If not, why?

Proposed amendment to IAS 19 *Employee Benefits*

In the Standard, paragraph 32B is amended (new text is underlined and deleted text is struck through).

Post-employment benefits: distinction between defined contribution plans and defined benefit plans

Multi-employer plans

- 32B IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* requires an entity to ~~recognise, or~~ disclose information about certain~~some~~ contingent liabilities. In the context of a multi-employer plan, a contingent liability may arise from, for example:
- (a) actuarial losses relating to other participating entities because each entity that participates in a multi-employer plan shares in the actuarial risks of every other participating entity; or
 - (b) any responsibility under the terms of a plan to finance any shortfall in the plan if other entities cease to participate.

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, the draft amendment.

Contingent liabilities

BC1 Paragraph 32B of IAS 19 *Employee Benefits* states that contingent liabilities are required to be recognised under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. This is inconsistent with IAS 37, which states that an entity shall not recognise a contingent liability. Therefore, the Board proposes to remove the reference to recognition.