

Submitted to: <www.ifrs.org> "Comment on a proposal" page

May 31, 2013

International Accounting Standards Board

Re: Exposure Draft: ED 2013/4: *Defined Benefit Plans: Employee Contributions (Proposed amendments to IAS 19)*

The Accounting Principles and Auditing Standards Committee (the AP&AS "Committee") of the California Society of Certified Public Accountants (CALCPA) is pleased to provide our comments on the above referenced document.

The AP&AS Committee is the senior technical committee of CALCPA. CALCPA has approximately 40,000 members. The Committee is comprised of 53 members, of whom 47 percent are from local or regional firms, 27 percent are from large multi-office firms, 12 percent are sole practitioners in public practice, 10 percent are in academia and 4 percent are in international firms.

Below are the Committee's responses to the questions in the Exposure Draft.

Question 1—Reduction in service cost

The IASB proposes to amend IAS 19 to specify that contributions from employees or third parties set out in the formal terms of a defined benefit plan may be recognised as a reduction in the service cost in the same period in which they are payable if, and only if, they are linked solely to the employee's service rendered in that period. An example would be contributions that are a fixed percentage of an employee's salary, so the percentage of the employee's salary does not depend on the employee's number of years of service to the employer. Do you agree? Why or why not?

Response: The Committee agrees. The Committee also recommends that the negative benefit recognized as a reduction of service cost in the period be limited to the sum of the current service cost and past service cost included in service cost; while it may be uncommon for contributions linked solely to employee's service in the current period to exceed those amounts, if they do, it should be clear that the excess should be a reduction of remeasurements and not taken directly to profit and loss.

Question 2—Attribution of negative benefit

The IASB also proposes to address an inconsistency in the requirements that relate to how contributions from employees or third parties should be attributed when they are not recognised as a reduction in the service cost in the same period in which they are payable. The IASB proposes to specify that the negative benefit from such contributions is attributed to periods of

service in the same way that the gross benefit is attributed in accordance with paragraph 70. Do you agree? Why or why not?

Response: The Committee agrees with the proposal in the interest of consistency in applying Paragraph 70.

Question 3—Other comments

Do you have any other comments on the proposals?

Response: No.

We thank you for the opportunity to comment on this matter. We would be glad to discuss our opinions with you further should you have any questions or require additional information.

Very truly yours,

A handwritten signature in cursive script that reads "Michael D. Feinstein". The signature is written in dark ink and is positioned above the typed name and title.

Michael D. Feinstein, Chair
Accounting Principles and Auditing Standards Committee
California Society of Certified Public Accountants