ASSOCIATION OF
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28 September 2007

Paul Pacter
International Accounting Standards Board
30 Cannon Street
London
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Dear Mr. Pacter,

Exposure Draft of a proposed IFRS for Small and Medium-sized Entities (SMEs)

We are responding to your invitation to comment on the above Exposure Draft on behalf of the Association of Consulting Actuaries.

Members of the ACA provide advice to thousands of pension schemes, including most of the country's largest schemes. Members of the Association are all qualified actuaries and are subject to the code of professional conduct of the Faculty and the Institute of Actuaries. Advice given to clients is independent and impartial. The ACA is the representative body for consulting actuaries, whilst the Faculty and Institute of Actuaries are the professional bodies.

We note that section 27 of the Exposure Draft sets out the proposed accounting treatment for employee benefits. For post employment benefits this section requires one approach for the recognition of actuarial gains and losses, immediate recognition through the income statement. This contrasts with the current position under IAS 19 where a number of alternatives are currently permitted, including deferred recognition through application of the corridor and spreading or immediate recognition in equity through the Statement of Recognised Income and Expense.

The IASB is currently reviewing the options available under IAS 19 as part of their project looking at post employment benefits.

We also note that Question 4 in the Exposure Draft states "..the Board concluded that prohibiting SMEs from using an accounting policy option that is available to entities using full IFRSs could hinder comparability between SMEs and entities following full IFRSs." and asks "whether all accounting options in full IFRSs should be available to SMEs?"

In our view pending the results of the post employment benefit project the options available under full IAS 19 should also be available to SMEs.

If you have any questions in relation to this letter please do not hesitate to contact me at Richard.davis@uk.pwc.com or on 020 7212 4565.

Yours sincerely,

Richard Davis
Chairman
ACA Accounting Standards Committee