

# IFRIC 14

## The limit on a defined benefit asset, minimum funding requirements and their interaction

### REFERENCES

- IAS 1 Presentation of financial statements
- IAS 8 Accounting policies, changes in accounting estimates and errors
- IAS 19 Employee benefits
- IAS 37 Provisions, contingent liabilities and contingent assets

### ISSUE

This interpretation defines the accounting treatment of pension surpluses as assets with regard to the present value of the debt recognized for post-employment benefits. It also specifies when the recognition of pension surpluses should be triggered in the event that the plan provides for a minimum funding requirement of the contributing company. Finally, it determines the measurement of this surplus in the event that the plan requires the contributing company to continue its payments in the future.

### POSITION ADOPTED

The plan's surplus of assets over its obligations is recorded in assets only at an amount equal to the present value of the amounts that the entity can recover. These amounts may be recovered:

- either in the form of a reimbursement,
- or in the form of reduced contributions,

on the condition that the minimum funding of the plan is reached. In the last case, the valuation of the asset would be measured at the end of the reporting period as being equal to the present value of the difference between the value of the benefits still to be accrued by the plan beneficiaries and the future contribution payments still to be made in order to acquire these benefits.