

AMENDMENT TO FRS 17
'RETIREMENT BENEFITS' AND
FINANCIAL REPORTING STANDARD
FOR SMALLER ENTITIES
(EFFECTIVE JUNE 2002)

NOVEMBER 2002



ACCOUNTING
STANDARDS
BOARD

‘Amendment to FRS 17 “Retirement Benefits” and Financial Reporting Standard for Smaller Entities (effective June 2002) – November 2002’ is issued by the Accounting Standards Board in respect of its application in the United Kingdom and by the Institute of Chartered Accountants in Ireland in respect of its application in the Republic of Ireland.

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PREFACE

- 1 This document sets out an amendment to FRS 17 ‘Retirement Benefits’ and a consequential amendment to the Financial Reporting Standard for Smaller Entities (effective June 2002), in both cases to extend the transitional arrangements for accounting periods before 2005. It is issued as part of the Board’s programme to bring about convergence in an orderly manner between UK Accounting Standards and the standards of the International Accounting Standards Board (IASB).
- 2 When FRS 17 was issued in November 2000, it included a long implementation period, with disclosures building up in the notes to the accounts. Full adoption of the requirements of FRS 17 was mandated for accounting periods ending on or after 22 June 2003. Entities using the Financial Reporting Standard for Smaller Entities (effective June 2002) were required to adopt the corresponding requirements of FRS 17 for accounting periods ending on or after 22 June 2004.
- 3 One of the reasons for these transitional arrangements was to give the Board the opportunity to persuade the International Accounting Standards Committee (IASC) to follow the UK approach and require the immediate recognition of actuarial gains and losses. At the time of adoption of IAS 19 (revised 1998) ‘Employee benefits’, the IASC stated that it found the immediate recognition approach attractive. The ASB continues to believe that the treatment of actuarial gains and losses required by FRS 17 is the correct approach.
- 4 The IASB, the successor body to the IASC, announced in June 2002 the adoption of a project to reconsider certain aspects of IAS 19 (revised 2000). The IASB has subsequently indicated that it hopes to have agreed a revised standard by 2004.

- 5 In the light of its strategy to effect an orderly transition from existing UK Accounting Standards to revised standards aligned with those of the IASB, the Board has concluded that it should avoid mandating two changes in quick succession in accounting for retirement benefits. It has therefore decided to defer the full adoption of the requirements of FRS 17 during the period of the international discussions on IAS 19 (revised).
- 6 During that period, however, financial statements will include information prepared in accordance with FRS 17 either in the notes or, where the standard is voluntarily adopted earlier than required, in the financial statements. The Board continues to encourage early adoption of all the requirements of FRS 17.

STATEMENT OF STANDARD ACCOUNTING PRACTICE

Amendment to FRS 17 'Retirement benefits'

- 1 Paragraphs 94 and 95 of FRS 17 are amended as follows:

“DATE FROM WHICH EFFECTIVE AND TRANSITIONAL ARRANGEMENTS

94 The following amounts, measured in accordance with the requirements of the FRS, should be disclosed in the notes to the financial statements:

- (a) for financial statements relating to accounting periods ending on or after 22 June 2001: the disclosures required by paragraphs 76-81 and 88-93 of the FRS relating to the closing balance sheet (without comparatives for the previous period);**
- (b) in addition, for financial statements relating to accounting periods ending on or after 22 June 2002:**
 - (i) the disclosures required by paragraphs 76-81 and 88-93 of the FRS relating to the opening balance sheet (without comparatives for the previous period);**
 - (ii) the disclosures required by paragraphs 82-85 of the FRS relating to the performance statements (without comparatives for the previous period); and**
 - (iii) the disclosures required by paragraph 86 for the current period only;**

- (c) in addition, for financial statements relating to accounting periods ending on or after 22 June 2003:**
- (i) the disclosures required by paragraphs 78 and 80 for the opening balance sheet of the comparative period;**
 - (ii) the disclosures required by paragraphs 82-85 for the comparative period; and**
 - (iii) the disclosures required by paragraph 86 for periods ending on or after 22 June 2002.**

None of these amounts needs to be recognised in the primary statements in these financial statements.

- 95 All the requirements of the FRS should be regarded as standard for accounting periods beginning on or after 1 January 2005. Earlier adoption is encouraged.”**

Amendment to Financial Reporting Standard for Smaller Entities (effective June 2002)

- 2 The opening lines of paragraphs 1 and 2 of Appendix II to the Financial Reporting Standard for Smaller Entities (effective June 2002) are amended as follows:

**“APPENDIX II
ACCOUNTING FOR RETIREMENT
BENEFITS: DEFINED BENEFIT SCHEMES**

- 1 The following requirements should be regarded as standard in respect of financial statements relating to accounting periods ending *before 22 June 2006* (unless the requirements in paragraph 2 below are adopted early):
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- 2 The following requirements should be regarded as standard in respect of financial statements relating to accounting periods ending *on or after 22 June 2006*, although earlier adoption is encouraged:
-”
- 3 The following is added to paragraph 1 of Appendix II:
- “(j) In addition, for accounting periods ending on or after 22 June 2004, comparatives for the previous period should be given in respect of movement on the surplus or deficit in the scheme.”

**ADOPTION OF AMENDMENT TO FRS 17
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FOR SMALLER ENTITIES
(EFFECTIVE JUNE 2002)**

'Amendment to FRS 17 "Retirement Benefits" and Financial Reporting Standard for Smaller Entities (effective June 2002) – November 2002' was approved for issue by the ten members of the Accounting Standards Board.

Mary Keegan (Chairman)
Allan Cook CBE (Technical Director)
David Allvey
John Coombe
Douglas Flint
Huw Jones
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