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F.A.O Ms J Carter  
Financial Reporting Council  
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Our ref LP/BG

14<sup>th</sup> November 2014

Dear Sir/Madam

**Financial Reporting Exposure Draft 55: Draft Amendments to FRS 102 – Pension obligations**

We welcome the opportunity to comment on the draft amendments to FRS 102 set out in the Financial Reporting Exposure Draft 55 (FRED 55) in respect of pension obligations.

We support the changes proposed in FRED 55 and set out our responses to the specific questions raised in the FRED in Appendix 1 to this letter.

If you wish to discuss any of the points raised, please contact Lynn Percy on 0207 694 8075 or Barbara Griessner on 0207 694 2509.

Yours faithfully

KPMG LLP

*Enclosures:*

*Appendix 1: Responses to specific questions raised in FRED 55*

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**Question 1:**

Do you agree that FRS 102 should be amended to clarify that an entity is not required to recognise any additional liabilities to reflect an agreement with a defined benefit plan to fund a deficit, where the entity has already measured and recognised its defined benefit obligation/asset in accordance with paragraphs 28.15 and 28.18 (and additionally for assets, paragraph 28.22) of FRS 102, even though this may differ from the accounting required by entities applying EU-adopted IFRS? If not, why not?

Yes, we agree with the principle that no additional liabilities are to be recognised in the circumstances set out above.

**Question 2:**

Do you agree with the proposed new paragraph 28.15A of FRS 102 and the other proposed amendments to FRS 102? If not, why not?

We agree with the wording proposed for paragraph 28.15A and 28.25 and with the consequential changes to 28.18 and 28.16.