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Ref: AC/FRC

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Dear Ms Carter

## **FRED 55 Draft Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland – Pension Obligations**

### **Introduction**

Ernst & Young LLP welcomes the opportunity to comment on FRED 55 Draft Amendments to FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland, issued by the Financial Reporting Council ('the FRC').

The accompanying Accounting Council Advice to FRED 55 positions these amendments as being a 'practical and proportionate solution'. We agree that the proposed amendment will reduce the potential for diversity in the measurement of a defined benefit pension scheme liability where there is a schedule of contributions. Therefore, we support the proposed amendments.

However, the proposed amendment is limited in what it seeks to achieve in that it does not address the closely related issue of when it would be appropriate to regard a defined benefit scheme surplus as recoverable in accordance with paragraph 28.22. We understand the reasons for this, particularly in light of ongoing IFRIC discussion concerning the meaning of a 'right to refund', but we consider that diversity in interpreting and applying this paragraph is likely to emerge. We would therefore encourage the FRC to monitor this issue and reconsider at a later date whether it should take any action to clarify how this paragraph should be applied.

If you have any matters arising concerning the content of our response, please do not hesitate to contact me.

Yours sincerely



Tony Clifford

Partner, Financial Reporting Group