BDO

Tel: +44 (0)20 7486 5888
Fax: +44 (0)20 7487 3686
DX 9025 West End W1
www.bdo.co.uk

55 Baker Street
London W1U 7EU

Jenny Carter
Financial Reporting Council
8th Floor
125 London Wall
London
EC2Y 5AS

21 November 2014

Your ref: FRED 55
Our ref: 00/BLC/BLC00520

Direct line: 020 7893 2980
Email: nicole.kissun@bdo.co.uk

Dear Jenny

FRED 55: Draft Amendments to FRS 102 - Pension obligations (August 2014)

We are pleased to have the opportunity to comment on the above exposure draft.

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?

The proposed changes in 28.15A are stronger than suggested in the question above in that an entity is not permitted by 28.15A, rather than not required, to recognise any additional liabilities to reflect an agreement with a defined benefit plan to fund a deficit. We agree with the "not permitted" approach as it avoids inconsistency of treatment between similar entities.

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?

Yes. In addition, so that users of the financial statements can understand the cash flow implications, we suggest that there should be disclosure of contributions expected to be paid in the next accounting period (as required by FRS 17.77(p)).

Yours sincerely

Nicole

Nicole Kissun

Partner
For and on behalf of BDO LLP