Institute and Faculty of Actuaries

Jenny Carter
Financial Reporting Council
8th Floor
125 London Wall
London
EC2 5AS

7 November 2014

Dear Ms Carter

IFoA response to FRED 55: Draft Amendments to FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* - Pension Obligations

The Institute and Faculty of Actuaries (IFoA) welcomes the opportunity to respond to the FRC's draft amendments to FRS 102. This response has been prepared by those of our members working with Defined Benefit (DB) pension schemes.

The IFoA suggests there are two issues requiring further clarification:

1. It is not clear whether an entity applying FRS 102 should have regard to the principles of IFRIC 14. We agree there is a diversity of views on this matter and the implications for an entity's financial statements could be significant. We see arguments both in favour of alignment with IAS 19 and IFRIC 14 and in favour of keeping the approach simple as in FRED 55. Whilst we do not take a view as to which way the position should be clarified, we regard clarification one way or the other as important.

2. The IFoA agrees with the proposed amendments to paragraph 28.25 – that any change in the surplus unrecognisable as an asset should be recognised as a remeasurement gain / loss in the OCI, rather than in the P&L.

Should you wish to discuss this response in further detail please contact Philip Doggart, IFoA Technical Policy Manager in the first instance (philip.doggart@actuaries.org.uk / 07771813429).

Yours sincerely

Martin Lowes

Martin Lowes
Chair, Pensions Consultations Subcommittee
Institute and Faculty of Actuaries