

AMENDMENT TO FRS 17

'RETIREMENT BENEFITS'



ACCOUNTING
STANDARDS
BOARD

This UK standard contains material in which the International Accounting Standards Committee Foundation (IASCF) holds copyright and which has been reproduced with the permission of the IASCF. International Financial Reporting Standards (including International Accounting Standards and SIC and IFRIC Interpretations), Exposure Drafts, and other IASB publications are copyright of the IASCF.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means without the prior permission in writing of the IASCF or the Accounting Standards Board or as expressly permitted by law or under terms agreed with the appropriate reprographics rights organization.

“Amendment to Financial Reporting Standard 17- Retirement Benefits” 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.

AMENDMENT TO FRS 17
'RETIREMENT BENEFITS'



ACCOUNTING
STANDARDS
BOARD

C O N T E N T S

	<i>Page</i>
PREFACE	3
AMENDMENT TO FINANCIAL REPORTING STANDARD 17 'RETIREMENT BENEFITS'	7
ADOPTION OF AMENDMENT TO FRS 17 BY THE ACCOUNTING STANDARDS BOARD	27

PREFACE

- 1 This document sets out an amendment to Financial Reporting Statement 17 'Retirement Benefits' (FRS 17) which replaces the existing disclosure requirements of FRS 17 with those of IAS 19 'Employee Benefits'.
- 2 The Accounting Standards Board (ASB) issued FRS 17 in November 2000, although its requirements only became mandatory in full for accounting periods beginning on or after 1 January 2005. Following its implementation, some commentators expressed a concern that financial statements did not contain sufficient information in relation to defined benefit schemes to allow users of the financial statements to obtain a clear view of the risks and rewards arising from such schemes.
- 3 In May 2006 the ASB issued for comment a Financial Reporting Exposure Draft (FRED) of a proposed amendment to FRS 17 and a draft reporting statement 'Retirement Benefits – Disclosures'. In finalising this document the ASB has taken into consideration the comments received in respect to the FRED.
- 4 The amendment takes effect for accounting periods beginning on or after 6 April 2007, with early adoption encouraged.

SUMMARY OF MAIN CHANGES

- 5 The significant additional disclosures required by the amended FRS 17 include:
 - information that enables users of the financial statements to evaluate the nature of the entity's participation in defined benefit schemes and the financial effects of changes in those schemes. FRS 17

previously required the nature of schemes to be disclosed;

- the principal actuarial assumptions used as at the balance sheet date. FRS 17 previously required information regarding the main financial assumptions. The most significant change this is likely to bring is the requirement to disclose mortality rates – where it is considered to be a material assumption;
 - an analysis of the opening and closing scheme liabilities and scheme assets showing separately if applicable the movements in scheme assets and scheme liabilities; and
 - an analysis of scheme liabilities into amounts arising from schemes that are wholly unfunded and amounts arising from schemes that are wholly or partly funded.
- 6 Paragraph 82 of the amended FRS 17 requires an entity to disclose information about contingent liabilities arising from retirement benefit obligations in accordance with FRS 12 ‘Provisions, Contingent Liabilities and Contingent Assets’. Similarly, paragraph 94 of FRS 12 requires the nature of contingent assets, where an inflow of the economic benefits is probable, to be disclosed. In accordance with the provisions of FRS 12 an entity should therefore disclose contingent assets and contingent liabilities, including guarantees, arising from retirement benefit obligations.
- 7 The following disclosures will no longer be required:
- the date of the most recent full actuarial valuation and if the actuary is an employee or officer of the company;

- the effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities;
 - the financial assumptions at the beginning of the period (see paragraph 8 below);
 - an analysis of reserves in the notes to the financial statements distinguishing the amount relating to the defined benefit asset or liability net of the related deferred tax;
 - for closed schemes and those in which the age profile of the active membership is rising significantly, the fact that under the projected unit method the current service cost will increase as the members of the scheme approach retirement; and
 - the fair value of the assets held by the pension scheme at the beginning and end of the period analysed into classes of assets and disclosed together with the expected rate of return assumed for each class.
- 8 FRS 17 previously required an entity to disclose the main financial assumptions used at the beginning of the period and at the balance sheet date. In contrast the amended FRS 17 requires assumptions used at the balance sheet date. As a consequence, an entity will no longer be required to disclose assumptions for a three year period. This change includes the expected rate of return which will no longer be required as at the balance sheet date.
- 9 An entity will no longer be required to disclose, for the accounting period and previous four periods, the difference between the expected and actual return on assets. In contrast, the amended FRS 17 requires for the current annual period and previous four annual periods the present value of the defined benefit obligation, the

fair value of the scheme assets and surplus or deficit arising in the scheme; and experience adjustments arising on the assets and liabilities of the scheme expressed either as: (1) an amount; or (2) a percentage of the scheme assets at the balance sheet date.

- 10 In addition to the changes made to disclosure requirements an amendment is made to paragraph 16 of FRS 17. In paragraph 16 'mid-market value' is replaced with 'current bid price'.

FINANCIAL REPORTING STANDARD

Amendment to FRS 17 ‘Retirement Benefits’

- 1 In the summary, delete paragraph ‘o’ and replace with a new paragraph ‘o’:**
 - o The following disclosures are required:
 - (i) the principal assumptions underlying the scheme;
 - (ii) a reconciliation of the opening and closing balances of the fair value of scheme assets and the opening and closing balances of scheme liabilities showing effects during the period which give rise to the movement in the opening and closing balances;
 - (iii) for each major category of scheme assets the percentage or the amount that each major category constitutes of the fair value of the total scheme assets;
 - (iv) a narrative description of the basis used to determine the overall expected rate of return on assets; and
 - (v) the amounts for the current and previous four periods of the present value of the scheme liabilities, the fair value of the scheme assets and the surplus or deficit in the scheme.

- 2 In paragraph 9(b) delete points (i) and (ii) and replace with:**
 - (i) the fact that the scheme is a defined benefit scheme;**

- (ii) the reason why sufficient information is not available to enable the employer to account for the scheme as a defined benefit scheme;
- (iii) any available information about that surplus or deficit;
- (iv) the basis used to determine that surplus or deficit; and
- (v) the implications, if any, for the employer.

3 In paragraph 16 replace 'mid-market value' with 'current bid price'.

4 Delete paragraph 48, paragraph no longer used.

5 **Delete paragraphs 76 to 93.**

6 **Insert new paragraphs 76 to 82 as follows:**

76 An employer shall disclose information that enables users of financial statements to evaluate the nature of its defined benefit schemes and the financial effects of changes in those schemes during the period.

77 An employer shall disclose the following information about defined benefit schemes:

- (a) a general description of the type of scheme.
- (b) a reconciliation of opening and closing balances of the present value of scheme liabilities showing separately, if applicable, the effects during the period attributable to each of the following:
 - (i) current service cost,

- (ii) interest cost,**
 - (iii) contributions by scheme participants,**
 - (iv) actuarial gains and losses,**
 - (v) foreign currency exchange rate changes on schemes measured in a currency different from the entity's presentation* currency,**
 - (vi) benefits paid,**
 - (vii) past service cost,**
 - (viii) business combinations,**
 - (ix) curtailments, and**
 - (x) settlements.**
- (c) an analysis of scheme liabilities into amounts arising from schemes that are wholly unfunded and amounts arising from schemes that are wholly or partly funded.**
- (d) a reconciliation of the opening and closing balances of the fair value of scheme assets showing separately, if applicable, the effects during the period attributable to each of the following:**
- (i) expected rate of return on scheme assets,**
 - (ii) actuarial gains and losses,**

* ASB Note: For entities that apply SSAP 20 'Foreign Currency Translation' the phrase 'entity's presentation currency' should be replaced with 'entity's local currency'.

- (iii) foreign currency exchange rate changes on schemes measured in a currency different from the entity's presentation* currency,**
 - (iv) contributions by the employer,**
 - (v) contributions by scheme participants,**
 - (vi) benefits paid,**
 - (vii) business combinations and**
 - (viii) settlements.**
- (e) a reconciliation of the present value of scheme liabilities in (b) and the fair value of the scheme assets in (d) to the assets and liabilities recognised in the balance sheet, showing at least:**
- (i) any past service cost not recognised in the balance sheet (see paragraph 60);**
 - (ii) any amount not recognised as an asset, because of the limit in paragraph 41; and**
 - (iii) any other amounts recognised in the balance sheet.**
- (f) the total expense recognised in profit or loss for each of the following, and the line item(s) in which they are included:**
- (i) current service cost;**

* *ASB Note: For entities that apply SSAP 20 'Foreign Currency Translation' the phrase 'entity's presentation currency' should be replaced with 'entity's local currency'.*

- (ii) interest cost;
 - (iii) expected return on scheme assets;
 - (iv) past service cost;
 - (v) the effect of any curtailment or settlement; and
 - (vi) the effect of the limit in paragraph 41.
- (g) the total amounts recognised in the statement of total recognised gains and losses for each of the following:
 - (i) actuarial gains and losses; and
 - (ii) the effect of the limit in paragraph 41.
- (h) the cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses.
- (i) for each major category of scheme assets, which shall include, but is not limited to, equity instruments, debt instruments, property, and all other assets, the percentage or amount that each major category constitutes of the fair value of the total scheme assets.
- (j) the amounts included in the fair value of scheme assets for:
 - (i) each category of the entity's own financial instruments; and
 - (ii) any property occupied by, or other assets used by, the entity.

- (k) a narrative description of the basis used to determine the overall expected rate of return on assets, including the effect of the major categories of scheme assets.**
- (l) the actual return on scheme assets.**
- (m) the principal actuarial assumptions used as at the balance sheet date, including, when applicable:**
 - (i) the discount rates;**
 - (ii) the expected rates of return on any assets of the scheme for the periods presented in the financial statements*;**
 - (iii) the expected rates of salary increases (and of changes in an index or other variable specified in the formal or constructive terms of a scheme as the basis for future benefit increases);**
 - (iv) retirement healthcare cost trend rates; and**
 - (v) any other material actuarial assumptions used.**

An employer shall disclose each actuarial assumption in absolute terms (for example, as an absolute percentage) and not just as a margin between different percentages or other variables.

- (n) the effect of an increase of one percentage point and the effect of a decrease of one**

* *ASB note: This requirement is for information as at the beginning of each period presented.*

percentage point in the assumed retirement healthcare cost trend rates on:

- (i) the aggregate of the current service cost and interest cost components of net periodic retirement healthcare costs; and**
- (ii) the accumulated retirement healthcare obligation for healthcare costs.**

For the purposes of this disclosure, all other assumptions shall be held constant. For schemes operating in a high inflation environment, the disclosure shall be the effect of a percentage increase or decrease in the assumed healthcare cost trend rate of a significance similar to one percentage point in a low inflation environment.

- (o) the amounts for the current accounting period and previous four accounting periods of:**
 - (i) the present value of the scheme liabilities, the fair value of the scheme assets and the surplus or deficit in the scheme; and**
 - (ii) the experience adjustments arising on:**
 - (A) the scheme liabilities expressed either as (1) an amount or (2) a percentage of the scheme liabilities at the balance sheet date and**
 - (B) the assets of the scheme expressed either as (1) an amount or (2) a percentage of the assets of the scheme at the balance sheet date.**

- (p) **the employer's best estimate, as soon as it can reasonably be determined, of contributions expected to be paid to the scheme during the accounting period beginning after the balance sheet date.**

78 Paragraph 77(a) requires a general description of the type of scheme. Such a description distinguishes, for example, flat salary pension schemes from final salary pension schemes and from retirement healthcare schemes. The description of the scheme shall include informal practices that give rise to constructive obligations included in the measurement of the scheme liabilities in accordance with paragraph 20(b). Further detail is not required.

79 When an employer has more than one defined benefit scheme, disclosures may be made in total, separately for each scheme, or in such groupings as are considered to be the most useful. It may be useful to distinguish groupings by criteria such as the following:

- (a) the geographical location of the schemes, for example, by distinguishing domestic schemes from foreign schemes; or
- (b) whether schemes are subject to materially different risks, for example, by distinguishing flat salary pension schemes from final salary pension schemes and from retirement healthcare schemes.

When an employer provides disclosures in total for a grouping of schemes, such disclosures are provided in the form of weighted averages or of relatively narrow ranges.

80 Paragraph 9(b) requires additional disclosures about multi-employer defined benefit schemes that are treated as if they were defined contribution schemes.

- 81 Where required by FRS 8 'Related Party Disclosures' an employer discloses information about related party transactions with retirement benefit schemes.
- 82 Where required by FRS 12 'Provisions, Contingent Liabilities and Contingent Assets' an employer discloses information about contingent liabilities arising from retirement benefit obligations.
- 7 **Paragraphs 83 to 93 are no longer used.**
- 8 **Delete paragraph 95 and replace with:**
- 95 **Subject to the requirements of paragraphs 95A to 95C below all the requirements of the FRS should be regarded as standard for accounting periods beginning on or after 1 January 2005. Early adoption is encouraged.**
- 9 **Insert new paragraphs 95A to 95C:**
- 95A **The requirements of this amendment (which has amended paragraphs 9b, 16 and paragraphs 76 to 82) become effective for financial statements covering periods beginning on or after 6 April 2007. In accordance with FRS 28 'Corresponding Amounts' this amendment requires corresponding amounts. Early adoption is encouraged.**
- 95B **Paragraph 77(h) of the FRS requires disclosure of the cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses. The amount to be disclosed should be the amount recognised in the statement of total recognised gains and losses for accounting periods ending on or after 22 June 2002 and subsequently included by prior year adjustment under paragraph 96 of the FRS.**

- 95C Paragraph 77(o) of the FRS requires disclosure for the current accounting period and previous four accounting periods of the fair value of the scheme assets. This amendment changes paragraph 16 of the FRS and requires quoted securities to be valued at current bid-price. An entity is not required to restate corresponding amounts for the first two of the previous four accounting periods required by paragraph 77(o). Where an entity selects not to restate corresponding amounts it should disclose that corresponding amounts are not restated.**
- 10 Delete Appendix I – ‘Disclosure Example’ of the FRS and replace with the revised Appendix I set out at the end of this amendment to FRS 17.**
- 11 In Appendix III – ‘Compliance with International Accounting Standards’ delete the final sentence of paragraph 1.**
- 12 Also in Appendix III delete paragraphs 2 to 4. Replace paragraph 2 with:**
- 2 The FRS requires actuarial gains and losses to be recognised, immediately they occur, in the statement of total recognised gains and losses. IAS 19 (revised) requires an entity to either:
- (i) recognise a specified portion of the net cumulative actuarial gains and losses in the profit and loss account to the extent that they exceed the greater of 10 per cent of the fair value of the scheme assets and 10 per cent of the present value of the defined benefit obligation (before deducting scheme assets). The portion of the actuarial gains and losses to be recognised for each defined benefit plan is the excess that fell outside the 10 per cent ‘corridor’ spread forward over the remaining working lives of employees participating in the scheme; or

- (ii) recognise immediately all actuarial gains and losses in the period in which they occur outside the profit and loss account in a statement of recognised income and expense; or
 - (iii) use (as permitted by the Standard) systematic methods of faster recognition, provided that the same basis is applied to both gains and losses and the basis is applied consistently from period to period. Such permitted methods include immediate recognition of gains and losses in the profit and loss.
- 13 **In Appendix IV – ‘The development of the FRS’ insert new paragraphs (including sub-heading) 56A to 56E as follows:**

AMENDMENT TO FRS 17 (2006)

- 56A In 2006 the Accounting Standards Board issued a Financial Reporting Exposure Draft (FRED) that proposed to replace the disclosure requirements of FRS 17 with those of International Accounting Standard 19 (IAS 19) ‘Employee Benefits’. In making its proposal the ASB took into consideration the fact that, in December 2004, the International Accounting Standards Board (IASB) amended the disclosure requirements of IAS 19 following a review of national standards on accounting for post-employment benefits.
- 56B In replacing the disclosure requirements of FRS 17 with those of IAS 19 the ASB made changes only where the accounting treatment of items differed between the two accounting standards or where necessary to make the terminology consistent.
- 56C Respondents to the FRED were generally in agreement with the proposal to replace the disclosure requirements of FRS 17 with those of

IAS 19 and so increase convergence between the two standards.

- 56D Some respondents did, however, raise a concern regarding disclosures that were required by the current FRS 17 but would no longer be required by the amended FRS 17. The ASB considered this view but decided it did not wish to extend the disclosure requirements for entities applying UK Financial Reporting Standards beyond the disclosure requirements of entities applying International Financial Reporting Standards. The ASB therefore decided not to amend the disclosure requirements set out in the amended FRS 17 beyond those of IAS 19. The ASB did, however, note that where an entity considers the information provided by a disclosure that is no longer required by the amended FRS would enhance the understanding of the financial statements to users, the disclosure could be provided on a voluntary basis.
- 56E A few respondents to the FRED considered that the amendment should address some of the other differences that exist between FRS 17 and IAS 19. The ASB gave due consideration to the views of these respondents. However, it decided that in view of the longer term research project that it was undertaking into pension accounting it should not extend the scope of this short-term project. The ASB did, however, decide to include in this amendment its proposal set out in Financial Reporting Exposure Draft 39 'Proposed amendment to FRS 12 Provisions, Contingent Liabilities and Contingent Assets and Amendment to FRS 17 Retirement Benefits' to amendment paragraph 16 of FRS 17. The amendment replaces the term in paragraph 16 'mid-market price' with 'current bid price'.

14 **Also in Appendix IV – ‘The development of the FRS’
insert new paragraph 57A as follows:**

57A In 2006 the Accounting Standards Board, following convergence of the disclosure requirements with those of IAS 19, required the new disclosure requirements to be effective for accounting periods beginning on or after 6 April 2007.

APPENDIX I

ILLUSTRATIVE DISCLOSURES

ASB Note: These illustrative examples have been extracted from IAS 19 'Employee Benefits', amendments are shown in marked-up form.

This appendix accompanies, but is not part of, ~~IAS 19~~ FRS 17. Extracts from notes show how the required disclosures may be aggregated in the case of a large multi-national group that provides a variety of employee benefits. These extracts do not necessarily conform with all the disclosure and presentation requirements of ~~IAS 19~~ FRS 17 and other Standards. In particular, they do not illustrate the disclosure of:

- (a) ~~accounting policies for employee benefits (see IAS 1 Presentation of Financial Statements FRS 18 Accounting Policies). Paragraph 120A(a) of the Standard requires this disclosure to include the entity's accounting policy for recognising actuarial gains and losses.~~*
- (b) ~~(a) a general description of the type of plan (paragraph 120A(b) 77(a)).~~*
- (c) ~~(b) a narrative description of the basis used to determine the overall expected rate of return on assets (paragraph 120A(f) 77(k)).~~*
- (d) ~~employee benefits granted to directors and key management personnel (see IAS 24 Related Party Disclosures).~~*
- (e) ~~share-based employee benefits (see (IFRS 2) Share-based Payment).~~*

Employee benefit obligations

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans*		Post-employment medical Retirement healthcare benefits	
	20X2	20X1	20X2	20X1
Present value of funded obligations	20,300	17,400	–	–
Fair value of plan assets	<u>(18,420)</u>	<u>(17,280)</u>	<u>–</u>	<u>–</u>
	1,880	120	–	–
Present value of unfunded obligations	2,000	1,000	7,337	6,405
Unrecognised actuarial gains (losses)	(1,605)	840	(2,707)	(2,607)
Unrecognised past service cost	<u>(450)</u>	<u>(650)</u>	<u>–</u>	<u>–</u>
Net liability Deficit	<u>3,430</u> <u>4,825</u>	<u>470</u> <u>4,310</u>	<u>7,337</u> <u>4,630</u>	<u>6,405</u> <u>3,798</u>
Related deferred tax asset†:	<u>(1,030)</u>	<u>(140)</u>	<u>(2,200)</u>	<u>(1,922)</u>
Net liability	<u><u>2,400</u></u>	<u><u>330</u></u>	<u><u>5,137</u></u>	<u><u>4,483</u></u>
Amounts in the balance sheet				
Liabilities	<u>2,400</u> 4,825	<u>420</u> 4,400	<u>5,137</u> 4,630	<u>4,483</u> 3,798
Assets	–	(90)	–	–
Net liability	<u><u>2,400</u></u> 4,825	<u><u>330</u></u> 4,310	<u><u>5,137</u></u> 4,630	<u><u>4,483</u></u> 3,798

* ASB Note: FRS 17 refers to 'defined benefit schemes' whereas LAS 19 uses the term 'defined benefit plans'.

† ASB Note: Paragraph 49 of FRS 17 requires the deferred tax relating to the defined benefit asset or liability to be offset against the defined benefit asset or liability and not included with other deferred tax assets or liabilities. Differences between the asset or liability in the balance sheet and the surplus or deficit in the scheme will arise because of the related deferred tax balance.

The pension plan assets include ordinary shares issued by [name of reporting entity] with a fair value of 317 (20X1: 281). Plan assets also include property occupied by [name of reporting entity] with a fair value of 200 (20X1: 185).

ASB Note: FRS 17 sets out where changes in the defined benefit asset or liability (other than that arising from contributions to the scheme) should be reported in the performance statements.

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans		medical <u>Post-employment retirement healthcare</u> benefits	
	20X2	20X1	20X2	20X1
Current service cost	850	750	479	411
Interest on obligation	950	1,000	803	705
Expected return on plan assets	(900)	(650)		
Net actuarial losses (gains) recognised in year	(70)	(20)	150	140
Past service cost	200	200		
Losses (gains) on curtailments and settlements	175	(390)		
Total, included in employee benefits expense ²	<u><u>1,275</u></u> 1,205	<u><u>910</u></u> 890	<u><u>1,282</u></u> 1,432	<u><u>1,116</u></u> 1,256
Actual return on plan assets	600	2,250	–	–

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans		Post-employment medical Retirement healthcare benefits	
	20X2	20X1	20X2	20X1
Opening defined benefit obligation	18,400	11,600	6,405	5,439
Service cost	850	750	479	411
Interest cost	950	1,000	803	705
Actuarial losses (gains)	2,350	950	250	400
Losses (gains) on curtailments	(500)	–		
Liabilities extinguished on settlements	–	(350)		
Liabilities assumed in a business combination	–	5,000		
Exchange differences on foreign plans	900	(150)		
Benefits paid	<u>(650)</u>	<u>(400)</u>	<u>(600)</u>	<u>(550)</u>
Closing defined benefit obligation	<u>22,300</u>	<u>18,400</u>	<u>7,337</u>	<u>6,405</u>

Changes in the fair value of plan assets are as follows:

	Defined benefit pension plans	
	20X2	20X1
Opening fair value of plan assets	17,280	9,200
Expected return	900	650
Actuarial gains and (losses)	(300)	1,600
Assets distributed on settlements	(400)	–
Contributions by employer	700	350
Assets acquired in a business combination	–	6,000
Exchange differences on foreign plans	890	(120)
Benefits paid	(650)	(400)
	<u>18,420</u>	<u>17,280</u>

The group expects to contribute 900 to its defined benefit pension plans in 20X3.

The major categories of plan assets as a percentage of total plan assets are as follows:

	20X2	20X1
European equities	30%	35%
North American equities	16%	15%
European bonds	31%	28%
North American bonds	18%	17%
Property	5%	5%

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	20X2	20X1
Discount rate at 31 December	5.0%	6.5%
Expected return on plan assets at 31 December	5.4%	7.0%
Future salary increases	5%	4%
Future pension increases	3%	2%
Proportion of employees opting for early retirement	30%	30%
Annual increase in healthcare costs	8%	8%
Future changes in maximum state healthcare benefits	3%	2%

Assumed healthcare cost trend rates have a significant effect on the amounts recognised in profit or loss. A one percentage point change in assumed healthcare cost trend rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	190	(150)
Effect on defined benefit obligation	1,000	(900)

Amounts for the current and previous four periods are as follows:
Defined benefit pension plans

	20X2	20X1	20X0	20W9	20W8
Defined benefit obligation	(22,300)	(18,400)	(11,600)	(10,582)	(9,144)
Plan assets	18,420	17,280	9,200	8,502	10,000
Surplus/(deficit)	(3,880)	(1,120)	(2,400)	(2,080)	856
Experience adjustments on plan liabilities	(1,111)	(768)	(69)	543	(642)
Experience adjustments on plan assets	(300)	1,600	(1,078)	(2,890)	2,777

~~Post-employment medical~~ Retirement healthcare benefits

	20X2	20X1	20X0	20W9	20W8
Defined benefit obligation	7,337	6,405	5,439	4,923	4,221
Experience adjustments on plan liabilities	(232)	829	490	(174)	(103)

The group also participates in an industry-wide defined benefit plan that provides pensions linked to final salaries and is funded on a pay-as-you-go basis. It is not practicable to determine the present value of the group's obligation or the related current service cost as the plan computes its obligations on a basis that differs materially from the basis used in [name of reporting entity's] financial statements. [describe basis] On that basis, the plan's financial statements to 30 June 20X0 show an unfunded liability of 27,525. The unfunded liability will result in future payments by participating employers. The plan has approximately 75,000 members, of whom approximately 5,000 are current or former employees of [name of reporting entity] or their dependants. The expense recognised in the income statement, which is equal to contributions due for the year, and is not included in the above amounts, was 230 (20X1: 215). The group's future contributions may be increased substantially if other entities withdraw from the plan.

**ADOPTION OF AMENDMENT TO
FRS 17 BY THE ACCOUNTING
STANDARDS BOARD**

Amendment to Financial Reporting Standard 17 'Retirement Benefits' was approved for issue by the ten members of the Accounting Standards Board.

Ian Mackintosh	Chairman
David Loweth	Technical Director (Acting)
Michael Ashley	
Marisa Cassoni	
Peter Elwin	
Roger Marshall	
Robert Overend	
Helen Weir	
Peter Westlake	
Geoffrey Whittington	



UP/ASBD-BI6308

Further copies. £2.50 post-free, can be obtained from:

FRC PUBLICATIONS

145 LONDON ROAD

KINGSTON UPON THAMES

SURREY KT2 6SR

TELEPHONE: 020 8247 1264

FAX: 020 8247 1124

OR ORDERED ONLINE AT: WWW.ASBPUBLICATIONS.COM