

# IAS19 / FRS102 reporting



Employers of defined benefit pension schemes are required to account for the cost of providing retirement benefits and reserve for any outstanding liabilities associated with the schemes they sponsor. They are also required to make certain disclosures about these schemes in the notes to their accounts.

FRS102 and IAS19 are accounting standards that set out the accounting treatment for retirement benefits. For UK listed companies and local authorities IAS19 applies; for other UK entities FRS102 applies.

The standards refer to pension benefits under either Defined Contribution plans or Defined Benefit plans. The Local Government Pension Scheme is a defined benefit scheme, however some employers (mostly admitted bodies) participate in the Fund with a risk-sharing arrangement in place which means that actual risk exposure is more akin to a Defined Contribution plan. If this is the case for your employer and you are unsure as how the standard applies, we recommend you speak with an adviser or your auditor in the first instance.

## Comparisons between 'funding valuations' and 'valuations for accounting purposes'

Pension liabilities can be estimated in many ways. The use of different assumptions can have a material impact on calculations. As such, any comparison between the liability calculated for other purposes (such as when joining the fund, at a triennial valuation or at cessation) with those used for accounting purposes is not meaningful. For example, if a triennial valuation report was based on 31 March in a certain year and an FRS102/IAS19 report was calculated on 31 August in the same year, differences in liabilities between the two reports is not necessarily an indication that the liability position has improved or worsened between the two dates at all or by the magnitude which could be inferred.

## Where to get a report from

Normally, Fund employers will commission the Fund's actuary (Barnett Waddingham), via East Sussex Pension Fund, to produce these reports. This tends to be more cost effective and efficient than using an alternative actuary as the Fund actuary can produce reports on mass and base the reports on data it already holds for valuations for other purposes.

Emails are sent to all employers who have requested a report in previous years in the month before their year-end deadline asking them to complete the request questionnaire we provide. The results of the questionnaire will be returned to the actuary, so they are aware of the type of report that you require. Also provided will be the Accounting Glossary and FAQs; as well as the relevant Briefing Note for the period.

The Fund merely helps facilitate the production of the report for employers, it is not a requirement of the Fund that employers commission a report or that the employer uses the Fund's Actuary. These are accounting reports and it is for the employer to determine what they require. If you would like to request a report then please contact the Employer Engagement team at [employer.engagement@eastsussex.gov.uk](mailto:employer.engagement@eastsussex.gov.uk).

## When are reports produced?

These are done in batches throughout the year to coincide with main employer year-end accounting deadlines which allows our employers to benefit from the economies of scale that running several reports together can bring. These batches are run as at the end of March, April, July, and August.

The reports can be provided at other times during the year as well, but the costs would need to be confirmed by Barnett Waddingham prior to starting the report.

## Costs and timeframes

Costs and timeframes will vary from year to year. It is up to you to confirm your employer's requirements at least 1 month before the date you need the report.

As part of the initial communication to employers a fee schedule will be provided alongside the questionnaire. This fee schedule gives a flow chart of costs associated with the type of report needed and any extras you require within the report.

Normally the first report will be more expensive than those thereafter. Furthermore, costs are likely to be higher if there has been some material change in the employer's position in the Fund since the last triennial valuation which means rolling forward assumptions would not be appropriate. (e.g. a large transfer of staff).

Any additional queries in relation to the completed report from you or your auditors will likely incur additional fees from the actuary. Detail of the additional costs can be requested prior to any additional work being completed.

In light of the recent trend from auditors, the actuaries' standard approach for accounting going forward will be to wait until the Fund asset statement (or investment return information) is available as at the accounting date before issuing any reports. Where employers previously used an earlier asset statement for their report, this does mean that their standard turnaround date will be later as the work does not begin until the actuaries receive the actual year-end information. Other bespoke reports are available if required, so please let the employer engagement team know if you need anything more than the standard reporting.

## **Multi Academy Trust (MAT) with new schools joining**

When a Multi Academy Trust has new schools joining throughout the financial year, the MAT will need to inform us at the end of the financial year when we send the short form requesting requirements the FRS102, informing us of the joining school i.e. date of joining, is a separate report for the new school up to date of transfer needed.

We would expect 2 reports to be ordered. One for the joining school up to date of transfer and one for the MAT including the new schools from date of transfer.

## **More information on IAS19 / FRS102**

Barnett Waddingham glossary and q&a – [Access guide here](#)

Financial Reporting Council (FRS102) – [Access guide here](#)

IFRS Accounting standard IAS19 – [Access website here](#)

## **Further support**

Email: [employer.engagement@eastsussex.gov.uk](mailto:employer.engagement@eastsussex.gov.uk)

This factsheet is one of a series put together by East Sussex Pension Fund to help support employers with processing key tasks.

You can view the full employer toolkit at:

[Employer Toolkit | East Sussex Pension Fund](#)