



The Actuarial Profession  
making financial sense of the future

# Annual Pensions Convention 2005

The De Vere Grand Hotel, Brighton, 5-7 June

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# IAS19: Jumping the GAAP

Adam Poulson

6th June 2005

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# Why is IAS19 suddenly an issue?

- Europe
- EU regulations
- IASB project to update IAS19
- Amended IAS19 December 2004



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## Current UK GAAP

- SSAP24
  - out of date
  - experience in income statement
- FRS17
  - 1st January 2005
  - clearer
  - experience outside income statement

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## IAS19

- Before 16th December 2004
  - experience in income statement
  - immediately or deferred recognition

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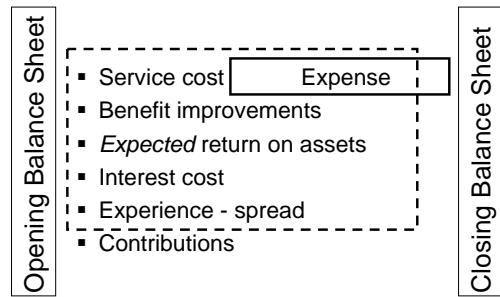
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## Existing IAS19



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## IAS19

- Before 16th December 2004
  - experience in income statement
  - immediately or deferred recognition
- From 16th December 2004
  - option for experience recognition
  - experience in income statement (immediately or deferred)
  - experience outside income statement (immediately)

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## IAS19 - new option

Opening Balance Sheet

Service cost  
Benefit improvements  
*Expected* return on assets  
Interest cost  
Experience - SORIE  
Contributions

Expense

Closing Balance Sheet

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## 16th December 2004

- Increased options
- Reduced comparability from company to company
- Divergence from US GAAP

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## Does IAS19 effect everyone?

- EU listed companies
- EU non-listed companies (includes AIM)
- Other entities eg charities

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## Practical differences vs FRS17 and FAS87

Similar but...

- Scope
- Discount rate
- Asset value – bid or mid?
- Year end contributions
- Expected return on assets

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## More differences vs FRS17 and FAS87

- Disclosure requirements
- Constructive obligations
- Settlements and curtailments

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## Future developments

- Convergence project with FASB
- Major restructure of IAS19 and IFRS accounting framework
- [www.iasb.org](http://www.iasb.org)
- [www.iasplus.com](http://www.iasplus.com)

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