

IASB PENSIONS DISCUSSION PAPER


APPENDIX A

PRESENTATION OF DB SCHEME EXPENSES IN FINANCIAL STATEMENTS

Item	Current IAS 19 treatment	Discussion paper approaches		
		1	2	3
Current service cost	Income statement	Income statement	Income statement	Income statement
Past service cost	Income statement	Income statement	Income statement	Income statement
Gain/loss on curtailments	Income statement	Income statement	Income statement	Income statement
Gain/loss on settlements	Income statement	Income statement	SORIE	SORIE
Expected return on scheme assets	Income statement	n/a	n/a	n/a
Actual return on scheme assets	n/a	Income statement	SORIE	Income statement
Interest charge on scheme liabilities	Income statement	Income statement	SORIE	Income statement
Actuarial gains/losses on scheme assets	SORIE	n/a	n/a	n/a
Value changes on scheme assets	n/a	Income statement	SORIE	SORIE
Experience gains/losses on scheme liabilities	SORIE	Income statement	Income statement	Income statement
Changes in assumptions underlying present value of scheme liabilities - financial (eg discount rate used)	SORIE	Income statement	SORIE	SORIE
- non-financial (eg mortality tables used)	SORIE	Income statement	Income statement	Income statement

Key to shading

 Change in presentation of existing item

 Change in description and measurement of item

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APPENDIX B

R&A DISCLOSURE OF DB SCHEME EXPENSES

Note 46 – Pension obligations - (iv) Pension expense

Recognised in the income statement

The total pension expense for these schemes comprises:

	As reported under existing IAS 19	DP Proposals		
		Approach 1	Approach 2	Approach 3
Current service cost	173	173	173	173
Past service cost/(credit)	-	-	-	-
Loss/(gain) on curtailments	15	15	15	15
Loss/(gain) on settlements	-	-	-	-
Experience losses/(gains) arising on scheme liabilities	-	80	80	80
Changes in assumptions underlying the present value of the scheme liabilities *	-	(902)	-	-
Loss on acquisitions and scheme transfers **	-	36	36	36
Total pension cost/(credit)	188	(598)	304	304
Expected return on scheme assets	(565)	-	-	-
Actual return on scheme assets ***	-	(427)	-	(565)
Interest charge on scheme liabilities	515	515	-	515
(Credit)/charge to investment income	(50)	88	-	(50)
Total charge/(credit) to income	138	(510)	304	254

Recognised in the statement of recognised income and expense

Expected return on scheme assets	565	-	-	-
Actual return on these assets	(427)	-	(427)	-
Actuarial losses/(gains) on scheme assets ***	138	-	-	138
Interest charge on scheme liabilities	-	-	515	-
Experience losses/(gains) arising on scheme liabilities	80	-	-	-
Changes in assumptions underlying the present value of the scheme liabilities *	(902)	-	(902)	(902)
Loss on acquisitions and scheme transfers	36	-	-	-
Actuarial(gains)/ losses recognised in the statement of recognised income and expense	(648)	-	(814)	(764)

* It is assumed that these arise wholly through changes in financial assumptions (eg the discount rate used). Any portion arising through changes in non-financial assumptions (eg on mortality) would be taken to P&L in Approaches 2 and 3.

** The DP is silent on the treatment of this item, so assume it is taken to P&L

*** Approach 3 splits the actual return between income and value changes. We do not have this analysis at FY07 but, for illustration, assume all the IAS 19 actuarial losses are value losses.