



HM TREASURY

Financial Reporting Advisory Board Paper

“MAGENTA” PENSION SCHEME ACCOUNTS – UPDATING THE GOVERNMENT FINANCIAL REPORTING MANUAL FOR 2005-06

Issue:	Updating the FreM to incorporate the updated version of the Magenta Pension Scheme accounts for 2005-06
Impact on guidance:	Yes
UK GAAP adaptation?	Yes to the extent that FRS 17 does not apply to the accounts of pension schemes. The FRAB has previously agreed to this approach.
IAS/IFRS compliant?	N/A
IPSAS compliant?	N/A
Recommendation:	The FRAB is invited to agree to the proposed amendments.
Timing:	The changes to the FreM come into effect for 2005-06

DETAIL

Background

1. Changes to the example pension scheme account (“Magenta”) are required to reflect changes to the model departmental resource accounts (“Department Yellow”).
2. As with Department Yellow, the model pension scheme accounts concentrate on the framework for the accounts and hence do not include any figures. Some of the notes have been simplified, and information on the main headings for inclusion in eg the Reports of the Managers and of the Actuary is given, rather than model wording. But in essence, there is little change between the Magenta example for 2005-06 and that for 2004-05. A note reconciling the schedules and notes between the two versions is provided as Annex B (not for inclusion in the FreM).

3. A number of the notes to the accounts refer to various examples of the transactions affecting the Consolidated Fund. These examples are available on request – they apply also to the Department Yellow example.

UK GAAP compliance

4. The FRAB has previously agreed that the model pension scheme account should be based on FRS 17 notwithstanding that the standard applies to the accounts of employers. To this extent, the proposals are an adaptation of GAAP.

IAS/IFRS compliance

5. The model pension scheme account complies with FRS 17 rather than with its international equivalent.

IPSAS compliance

6. N/A.

Proposed amendment to the FReM

7. See Annex A for the proposed amendments to the FReM

Summary and recommendation

7. That the FRAB agrees to the inclusion of the updated version of the model pension scheme account in the FReM for 2005-06.

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ANNEX C

IMPACT ON WHOLE OF GOVERNMENT ACCOUNTS

This annex will not form part of the final paper to the FRAB, but will be used by the WGA team to maintain the WGA format and the SCOA.

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Does this paper propose a change in accounting policy? No

Does the impact on Department Yellow mean that additional disclosures are required? N/A