

Financial reporting of pensions
Actuarial support for auditors

The liability associated with a Defined Benefit pension scheme can be significant, and the value placed on it is subjective.

Auditors need to make sure that their clients have followed robust processes in valuing pension benefits, and that the reported Defined Benefit Obligation (DBO) is reasonable.

Flexible and cost-effective actuarial support

First Actuarial's experienced actuaries are experts on the financial reporting of pensions.

We offer auditors three tiers of actuarial support.

All three tiers are priced competitively. And as all First Actuarial's clients know, we agree fixed fees before the work starts, and we stick to them.

Tier 1	Tier 2	Tier 3
Actuarial review of financial and demographic assumptions • Benchmarking of assumptions against our reasonable range • Review of the methodology used to set assumptions • Commentary on consistency with the previous reporting period.	**Actuarial review of the methodology used to determine the DBO** • Commentary on how management's actuary has calculated the DBO • Identification of current issues affecting the measurement of the liabilities • Investigation into how current issues have been dealt with. Plus all tier 1 services	**Actuarial review of the reasonableness of the DBO and income statement** • Checking consistency between the reported DBO and the scheme funding report • Independent calculation of service and interest cost • Review of whether items recognised in Other Comprehensive Income (OCI) appear reasonable. Plus all tier 1 & 2 services

Choose the most suitable service tier based on the pension scheme you're auditing and the level of materiality that you are working to.

If you're not sure which tier is right for you, we can advise on the level of actuarial testing that is appropriate for your audit. And we allow for flexibility within the tiered services themselves. We can add extra services to any of the tiers if that's the best way to meet your needs.

We'll make sure that you get the best possible value from your budget.

A comprehensive service

Our additional services include:

- Training for your team on pensions accounting and current issues in pensions
- Review of disclosure notes for compliance with the accounting standard
- Review of the proposed treatment of special events
- Assessment of the appropriateness of the GMP equalisation reserve.

Why First Actuarial?

We have extensive experience of preparing pension scheme disclosure notes under FRS 102, IAS 19 and US GAAP. This gives us in-depth expertise of the techniques used to set assumptions and determine pension scheme liabilities.

Our actuaries understand – and can pre-empt on your behalf – what issues may arise with pensions accounting.

We are happy to work in the style that you prefer. In many instances, for example, it will be appropriate to deliver all our work by file review. However, it may occasionally be preferable for us to liaise directly with your client's actuary.

Get in touch

To start a conversation about your audit and financial reporting of pensions, contact one of our specialists today.

We'd love to talk about how we can help you. Call us for an informal chat.



Sarah Abraham
sarah.abraham@firstactuarial.co.uk
Tel: 0161 348 7484



Aaron Love
aaron.love@firstactuarial.co.uk
Tel: 0161 348 7462



Derek Benstead
derek.benstead@firstactuarial.co.uk
Tel: 0161 348 7451



www.firstactuarial.co.uk

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