



THE INSTITUTE  
OF CHARTERED  
ACCOUNTANTS  
IN ENGLAND AND WALES

2 October 2007

Our ref: ICAEW Rep 90/07

Your ref:

Allyson Brook  
Department for Work and Pensions  
Winding Up and Scheme Funding Team  
Private Pensions Policy and Regulation  
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1-11 John Adam Street  
London WC2N 6HT

By email to [Winding-up@dwp.gsi.gov.uk](mailto:Winding-up@dwp.gsi.gov.uk)

Dear Ms Brook

**DRAFT OCCUPATIONAL PENSION SCHEMES (EMPLOYER DEBT)  
(AMENDMENT) AND PENSION PROTECTION FUND (MULTI-EMPLOYER AND  
ENTRY RULES) (AMENDMENT) REGULATIONS 2007**

The Institute of Chartered Accountants in England and Wales (the 'Institute') welcomes the opportunity to comment on the consultation draft *Occupational Pension Schemes (Employer Debt) (Amendment) and Pension Protection Fund (Multi-employer and Entry Rules) (Amendment) Regulations 2007* published by Department for Work and Pensions ('DWP') in August 2007.

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**General comments**

1. We are aware that the legal profession has raised a number of concerns about these regulations, and our overall comment is that they are very complex and many trustees who have to deal with the issues will find them difficult to understand.

2. We also know that a number of concerns have been raised in relation to the definition of an employment cessation event. A number of employers are closing their group schemes to future accrual because the cost of their final salary scheme has become unacceptably high. We understand that it is not the DWP's intention to impose a section 75 debt in circumstances where employers are attempting to ensure that they can secure the benefits already accrued and we await the outcome of the Department's further review of the draft regulations in this respect.

**Specific comments in relation to audited accounts and asset valuation.**

*Regulation 4*

3. We agree with the definition of relevant accounts as meaning the audited accounts for the scheme that comply with the requirements imposed under section 41 of the 1995 Act (provision of documents to members).
4. The definition of 'updated asset valuation' should, for the avoidance of doubt, refer to the value of the **net** assets of the scheme.

*Regulation 5*

5. From an auditor's perspective, some provisions of Regulation 5 are unacceptable. It is the responsibility of the trustees to value the assets of the scheme, and to prepare accounts in which the assets are included at fair value (generally market value). It is the responsibility of the auditor to give an opinion on those accounts. Trustees do not consult with their auditors as auditors are not advisers in this context. Therefore sub-clauses (2) and (5) are unworkable in practice.
6. Sub-clause (4) refers to the fact that the assets shall not include any assets representing the value of any rights to money purchase assets. In view of our comments in the previous paragraph, and the fact that it is necessary to exclude money purchase assets, we believe that many trustees will wish to obtain audited accounts to provide to the scheme actuary.
7. However, we accept that this is an additional cost and therefore the Regulations should state that where the trustees choose to obtain audited accounts, they should be drawn up in accordance with the requirements of the Audited Accounts Regulations.

Please contact me should you wish to discuss any of the points raised in this response.

Yours sincerely



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