



## **BELGIAN ACCOUNTING STANDARDS BOARD**

### **EFRAG's Discussion Paper : The financial reporting on pensions**

The Belgian Accounting Standards Board welcomes the opportunity to comment the EFRAG's Discussion Paper : The financial reporting on pensions

Please find below our comments on the presented questions

Q1 The BASB believes that the liability to pay benefits should be based on expectations of employees' pensionable salaries instead of on current salaries

Q2 The BASB believes the recognition and measurement of pension obligations on the whole workforce of the entity. An accrual in current salaries is for example actually calculated as an percentage of loans of the whole workforce.

Q3 The BASB agrees that the recognition should be based on the principle of reflecting only present obligations as liabilities.

Q4 The BASB agrees

Q5 The BASB believes that changes in assets and liabilities relating to pension plans should be recognized immediately.

The BASB would like to stress that (the answer on) this question should be seen in relation with question n° 10

Q6 Regarding the measurement of liabilities, the BASB believes that regulatory measures should not replace measures derived from general accounting principles. Regulatory measures may influence the amount of the obligation of the timing of cash flows.

The BASB does not agree with the statement that the discount rate should be a risk free rate.

Information about the degree of risk related to the liability is best conveyed by disclosure.

The BASB agree that the liability should not be reduced to reflect the credit risk

Expenses of administering the plan's accrued benefits should be reflected in the liability.

Q7 The BASB believes that the liability should be reported at an amount that reflects the probability of different outcomes

Q8 The BASB agree that assets held to pay benefits should be reported at current values.

Q9 The BASB does not agree with the method of the "net" asset or liability.

Q10 The BASB believes that different components of changes in liability and/or assets should be presented separately. However the BASB does not agree with the proposed classification for the accounting of differences of actuarial gains & losses.

Q11 The BASB agrees that the financial performance of an entity should reflect the actual return on assets.

Q12 The BASB agrees with the objectives of disclosures identified in the paper. No specific disclosure requirements should be added.

Q13 The BASB agrees. No specific accounting standard is required.

Q14 No specific comment

Q15 No specific comment

Q 16 The BASB recommends to provide more guidance on the accounting of fixed contribution pension plans with guaranteed promised return.

Q 17 The BASB would like to draw the attention on the general demand of reducing complexity in the international accounting standards and the need for more implementation, illustrative guidance.

