



9th July 2008

Accounting Standards Board
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Dear Sir,

The Financial Reporting Of Pensions

As Trustees of a £2b UK defined benefit scheme, we would like to respond to the ASB Discussion paper on The Financial Reporting of Pensions relating to the following specific questions:

1. Q14 Do you agree that a pension plan's general purpose financial report should include its liabilities to pay benefits in the future? Do you agree that the plan's liabilities for future benefits should be quantified using the same principles as an employer's liability?

We reject ASB's proposal to include actuarial liabilities in the financial reports of pension schemes for several reasons as follows:

- As a trust, the liability of the trustees is limited to the assets that they control, and as such they are not liable for future benefits.
 - We think that if the proposal is implemented then there would be added confusion as the valuation of the actuarial liability will be different for employer financial reporting, pension scheme financial reporting and for the purposes of the funding of the scheme. Furthermore, the financial reports of pension schemes already include summary funding statements which provide adequate disclosure of the actuarial liability. .
 - In addition, the cost of obtaining another actuarial valuation and the associated costs of audit is not justifiable.
2. Q15 Do you agree that a pension plan's statement of financial position should reflect an asset in respect of amounts potentially receivable under an employer's covenant, and that this should reflect the employer's credit risk?

We reject ASB's proposal to include an asset in respect of amounts potentially receivable under an employer's covenant. There are many difficulties of measuring the employer's covenant including confidentiality issues.

In conclusion, the financial reports of pension schemes work adequately as stewardship reports and therefore we reject the above proposals.

Yours sincerely,

PP 

C J Payne

Chairman of Xerox Pension Schemes