

Corporate activity requiring special treatment



TPT's online disclosure tool will produce compliant, accurate accounting disclosures under most circumstances. However, there are certain events which may require special treatment.

You should review the list below before producing disclosures, and contact TPT if any of the events have occurred during the accounting year. Where additional work is required to calculate the impact of any event, this could be carried out by TPT, or by your own adviser.

To ensure that disclosures can be produced promptly, please contact TPT as early as possible either following one of the events below, or ahead of the event if you are aware it will happen in future.

The list below covers the most likely activity. However, if you are aware of any change to your corporate structure or any event which may impact your members, please contact TPT at frs102@tpt.org.uk to discuss any action required. Failure to notify us of such changes may result in the production of an inaccurate disclosure document.

	Event	Description	Treatment
1	Employer merger	One or more employers merge during a financial year.	<p>If TPT are not informed of the merger then the online disclosure tool will continue to produce separate disclosures for each employer at the year-end.</p> <p>If TPT are informed of the merger then the online disclosure tool will produce combined disclosures at the year-end, however the starting position will be unchanged and will require manual intervention. TPT will prepare accurate disclosures for you as the appropriate reconciliation items will need to be determined to align the start of year and end of year positions.</p>

	Event	Description	Treatment
2	Apportionment of liabilities	The liabilities for one group employer are transferred to another group employer.	As per 'employer merger' above
3	Employer demerger	One employer separates to form two or more entities.	<p>If TPT are not informed of the demerger then the online disclosure tool will continue to produce a single disclosure for the previously merged employer.</p> <p>If TPT are informed of the demerger then the online disclosure tool will produce separate disclosures at the year-end, however the starting position will be unchanged and will require manual intervention. TPT will prepare accurate disclosures for the individual entities as the appropriate reconciliation items will need to be determined to align the start of year and end of year positions.</p>
4	Bulk exercise extinguishing liabilities for a group of members	Examples could include a group of members opting to commute trivial benefits, or accepting a transfer out of the scheme as part of a bulk exercise.	<p>By default the online tool will treat these benefits paid in line with any other benefit payments.</p> <p>Under accounting standards, the value of the assets and liabilities leaving the scheme under a bulk exercise should be treated as a "settlement", with any profit or loss from the exercise on an accounting basis separately identified. Additional work will be required to calculate the impact.</p>
5	Significant reduction in the number of members in the scheme	An example could include a redundancy exercise, which affects a number of active Defined Benefit members.	By default the online tool will pick up the impact of any such change when the underlying member data is updated each year and will treat the changes as general experience. However, the correct accounting treatment would be to separately identify the impact in the period of the change and to recognise it in your disclosures. Additional work would be required to calculate the impact and correctly account for the change.

	Event	Description	Treatment
6	Changes in benefit structure and/or membership profile	The Defined Benefit type(s) offered by the employer to members (eg Final Salary 60ths accrual, or CARE 80ths) changes during a year, or there is a significant change in the benefits selected by members.	<p>The online tool will base the value of benefits earned over the accounting period (driving the 'current service cost' item) on the benefits and membership at 30 September each year:</p> <ul style="list-style-type: none"> a) For March to August year-ends the data is from the latest September (six months prior for March year-ends). b) For September to February year-ends the data is obtained at the previous September (so 12 to 17 months before the accounting date). <p>This means that additional work will be required to correctly account for significant changes to the membership data, including changes to benefit structure or changes to the total salary across your active membership.</p>
7	Cessation of Defined Benefit accrual	All accrual of Defined Benefits ceases during the year.	<p>Similar to the item above, the value of benefit accrual will be based on the membership at 30 September. If benefits cease during the year then the cost of accrual service cost item over the accounting period will not reflect this change and hence will be overstated. Additional work will be required to correctly account for the benefit accrual changes.</p>
8	Augmentations	Additional benefits are granted to one or more members, over and above those to which the members are entitled to under the scheme (e.g. enhanced early retirement).	<p>The online tool will automatically pick up any contributions paid in respect of augmentations, and will treat these as reflective of the cost of the augmentation on an accounting basis. However, where augmentations are material, additional calculations may be required to verify whether the treatment to reflect the cost of the augmentation is reasonable.</p>

	Event	Description	Treatment
9	Advanced payment of deficit contributions	An employer pays some or all of its future deficit contributions ahead of schedule through an agreement with the trustee.	Additional work will be required to correctly allocate the greater share of assets attributed to the employer compared to the position prior to advanced payment.
10	Affordability agreements	Following appeal, the trustee may agree to an extension of the recovery plan for an employer on the grounds of affordability.	Additional work will be required to correctly allocate the lower share of assets attributed to the employer compared to the position prior to affordability agreement coming into force.

