
STATUTORY INSTRUMENTS

1996 No. 1536

The Occupational Pension Schemes (Minimum Funding Requirement and Actuarial Valuations) Regulations 1996

Valuation of assets and liabilities

Determination and valuation of assets

4.—(1) Subject to the following provisions of this regulation and to regulations 3(3), 5, 6 and 9, in determining the value of the assets of a scheme for the purpose of forming an opinion as to whether the minimum funding requirement is met on a relevant date, the actuary shall adopt the value given to the assets of the scheme in the relevant accounts (less the amount of the external liabilities), and that value shall be taken to be the value of those assets on the relevant date.

(2) In this regulation “external liabilities”, in relation to a scheme, means such liabilities of the scheme (other than liabilities within regulation 7(1)(a) or (b)) as are shown in the net assets statement in the relevant accounts, and their amount shall be taken to be the amount shown in that statement in respect of them.

(3) In this regulation “relevant accounts”, in relation to a scheme, means audited accounts for the scheme—

- (a) which comply with the requirements imposed under section 41; and
- (b) which are prepared in respect of a period ending with the relevant date or, if none are so prepared—
 - (i) are the latest such accounts which are available at the relevant date, or
 - (ii) if in the opinion of the actuary it is practicable for them to be used, the latest such accounts which are available on the date of signing of the valuation.

(4) If—

- (a) the actuary has been given notice that the value of any asset or the amount of external liabilities at the relevant date was substantially different from the value or amount determined in accordance with paragraph (1) or, as the case may be, paragraph (2); or
- (b) the relevant accounts are such accounts as are mentioned in paragraph (3)(b)(i) or (ii) and in the opinion of the actuary the valuation of any asset or external liabilities in the accounts was substantially out of date by the relevant date,

then he shall make such adjustment to the value of that asset or, as the case may be, the amount of that external liability as appears to him appropriate to secure that the value or the amount he adopts is the market value of the asset or, as the case may be, the current amount of the liability.

(5) For the purposes of paragraph (4)—

- (a) “market value” means the price which the asset might reasonably be expected to fetch on a sale in the open market, on the assumption that there were available to any prospective purchaser of the asset all the information which a prudent purchaser of it might reasonably require if he were proposing to purchase it from a willing vendor by private treaty and at arm’s length; and

- (b) the question whether the value of any asset or the amount of any liability is substantially different or out of date shall be determined by comparing the amount of adjustment likely to be required with the value of the asset or, as the case may be, the amount of the liability, that will otherwise be adopted.

(6) No adjustment may be made under paragraph (4) of the value given to any real property or any interest in real property in the relevant accounts, unless the adjustment reflects a more recent valuation given by a chartered surveyor in accordance with any relevant Practice Statements and Guidance Notes issued by the Royal Institution of Chartered Surveyors⁽¹⁾ and current on the date of signing of the valuation.

(7) For the purposes of paragraph (3), accounts are to be taken to comply with the requirements imposed under section 41—

- (a) in a case where they relate to a shorter period than that as to which accounts are required to be obtained under that section, if they comply with those requirements apart from any relating to the length of the period covered; and
- (b) in a case where they relate to a period ending before those requirements applied, if they comply with any requirements as to the form and content of accounts imposed under section 114 of the Pension Schemes Act 1993⁽²⁾.

⁽¹⁾ Copies are available from the Royal Institution of Chartered Surveyors, 12 Great George Street, Parliament Square, London SW1P 3AD.

⁽²⁾ 1993 c. 48. Section 114 is repealed by Schedule 3 to the Pensions Act 1995 (c. 26).