William operates a defined benefit scheme for its employees. At June 2011, the net pension liability recognised in the statement of financial position was $18 million, excluding an unrecognised actuarial gain of $15 million which William wishes to spread over the remaining working lives of the employees. The scheme was revised on 1 June 2011. This resulted in the benefits being enhanced for some members of the plan and because benefits do not vest for these members for five years, William wishes to spread the increased cost over that period.

However, part of the scheme was to be closed, without any redundancy of employees.

William requires advice on how to account for the above scheme under IAS 19 Employee Benefits including the presentation and measurement of the pension expense. (7 marks)