



Mr P Godsall  
Accounting Standards Board  
5<sup>th</sup> Floor, Aldwych House  
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WC2B 4HN

27 January 2010

Dear Sir

### **The Future of UK GAAP**

I note below my comments on the ASB's proposals and in particular the series of specific questions posed.

#### Question 1

I prefer the Board's definition in paragraph 2.3.

#### Question 2

I do not agree that all entities whatever their size should be included in Tier 1. I think this is far too onerous and complex an undertaking for many small insurers such as us. For example BHSF Limited and Cash4Health Limited are both general insurers within the BHSF Group. They are both not for profit companies limited by guarantee with a structure similar to many other health cash plan companies that are classed as general insurers.

Both companies write low risk, short-term health policies. They have no shareholders and indeed no defined owners as they are not mutual organisations. It is difficult to see who a full IFRS regime would benefit apart from firms of accountants and their additional fees for advisory work.

The current UKGAAP accounts are easily understood and provide good comparability. If these companies and the group had to move to full IFRS the costs of preparation would definitely, in my opinion, outweigh any benefit obtained.

There should be a size restriction for companies by a suitable yardstick such as turnover or technical provisions or indeed ownership criteria that allows exclusion and inclusion in Tier 2.

#### Question 3

I do not agree. Refer my answer above.

#### Question 4

Insufficient knowledge to answer this.



Question 5

Agreed.

Question 6

Agreed subject to control being maintained by the UK Accounting profession on future amendments rather than by European regulators without any UK input.

Question 7

Difficult question this but I think it is reasonable to allow non publicly accountable companies to use the IFRS for SME's.

Question 8

Agreed.

Question 9

Agreed but unsure what the suitable period should be. That will depend on the timescales adopted for the transition from GAAP which look optimistic to me.

Question 10

I view the SORP's as an additional layer of complexity that add little to the existing regulation contained in Company Law or within Accounting Standards. To be fair they have proved useful in offering good practise in specialist areas but I think they should be downgraded to recognise what they are rather than maintained as yet another layer of regulation.

Question 11

I agree wholeheartedly that a separate standard for public benefit entities makes sense. However I am unsure whether BHSF Group would fit into the definition given. We are a not for profit group of companies who were originally set up to benefit the local community, we do not pay out resources to any founder members and any surpluses are applied to benefit our objectives. However we are a regulated commercial insurer and like all the other companies in this sector we do hold reserves in order to pay out claims. Under your present guidance we would appear to be excluded from this category.

Question 12

I believe the standard should cover all the issues required to show a true and fair view.

Question 13

I cannot think of any additional items for the table.

Question 14

No view on this as it is a specialist area.

Question 15

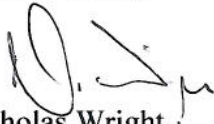
It is difficult to answer this question without going into the detail of full IFRS if we are caught under Tier 1 as a publicly accountable company or into Tier 2 under IFRS for SME's.

The changes as far as I can judge at this stage would be very significant for us and require some system changes, require additional training for the Finance department and would be a major project for conversion that would incur additional external costs in professional fees. I am unable to quantify these costs in detail but would estimate them to be in excess of £100,000 including internal costs. These additional costs impact directly on the benefits payable to our policyholders.

Question 16

The current timetable is very challenging and needs relaxing by a further year in my view to enable the preparation for any enforced unwelcome changes to take place.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nicholas Wright', with a stylized flourish at the end.

Nicholas Wright  
Finance Director