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Please Quote: PCS/DJD/TAS Accounts

7 January 2010

Dear Sirs

Consultation: Actuarial information used for accounts and other financial documents – October 2009

I am responding to the above consultation document on behalf of the Pension Actuaries at Scottish Life. We provide actuarial services to employers of around 300 small pension schemes, the vast majority of whom are small to medium sized employers. These employers are required to address the same issues as large employers, but typically with far fewer resources at their disposal.

I set out below our views on the questions on which you specifically requested feedback.

Q1

We do not consider it necessary for there to be a separate TAS for actuarial information used for accounts and other financial documents. We believe that the existence of the generic TASs on reporting, data and modelling, taken together with the relevant accounting standards and reporting statements, provide an adequate framework to ensure that actuarial information is of benefit to preparers of accounts and their auditors.

If the general view is that there are matters which need to be addressed, and which are not covered by the generic TASs or accounting standards, then, depending on their nature, we believe these should be covered by revisions to the generic TASs or accounting standards or covered within the scope of the pensions or insurance TAS.

Q2

No comment, on the basis that we do not agree with the purpose of the TAS.

We believe that accounting standards, not the TAS, should provide guidance on the information to include in accounts and other financial documents to ensure investors and other readers of accounts can understand the actuarial information.

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Q3, Q4 & Q5

Yes

Q6

No. We believe the same standards should apply to actuarial work whether or not the information will ultimately be made public.

Q7

No comment.

Q8

No

Q9

We do not agree with the principle in paragraph 6.9. We believe that this is an ethical matter covered by the Actuaries' Code where professional judgement needs to be exercised on the appropriate course of action to be taken.

Q10 & Q12

No

Q11

There should be recognition within the principle that the degree of accuracy achieved in undertaking approximate calculations will invariably produce results that lie outside the materiality levels when compared with the results of a full valuation.

Q13

We do not agree with the inclusion of the principle proposed in paragraph 8.6 on the basis we do not agree that there will be a benefit to directors or preparers of accounts to impose a comparison between assumptions used for accounting purposes and those used for Scheme Funding purposes.

Q14

No

Q15

We believe that comments on time constraints for relevant calculations is an ethical matter and should be covered by the Actuarial Profession's ethical standards as it applies to a wider range of work than just reporting pension costs for company accounts.

Q16

No comment

Yours faithfully



David Dickson
On behalf of the Pensions Actuaries at Scottish Life

(sent by email to: basaccounts@frc.org.uk)