

Accounts TAS Consultation response

Please find below a response to the Accounts TAS consultation from the Defined Benefit Pensions department of Aviva so our interest is in the preparation of FRS17/IAS19 accounting figures.

1. *Should there be a separate TAS for actuarial information used for accounts and other financial documents? Respondents are asked to consider the benefits to the users of actuarial information (including the preparers of accounts and auditors) and to practitioners complying with BAS standards.*

On balance we would say from our point of view there is little value in having a separate TAS for actuarial information used for accounts as there is very little overlap between FRS17 work and life company accounts, embedded values, deferred acquisition costs and Lloyd's syndicates.

(Note - The following questions are answered on the basis that the accounts TAS goes ahead.)

2. *Will the proposed purpose of the TAS on actuarial information used for accounts and other financial documents that is set out in paragraph 2.7 help to ensure that users of actuarial information can place a high degree of reliance on its relevance, transparency of assumptions, completeness and comprehensibility?*

Yes, the requirement to provide information on risk and uncertainty will help the relevance, transparency, completeness and comprehensibility. This seems to be a significant change from GN36 which focuses on producing results which comply with FRS17. We have some concerns around how realistically achievable is the objective that all 'investors, and other readers of accounts and other financial documents'... 'can understand actuarial calculations used in those documents'.

3. *Do respondents agree that the proposed scope of the accounts TAS should be the provision of actuarial information for the preparers or auditors of any accounts or related financial documents which are required by statute or other rules but excluding those produced solely for the use of regulators? If respondents believe that the scope should be different they should set out their preferred approach with reasons.*

We agree with the proposed scope.

4. *Do respondents agree that provision of actuarial information for preliminary statements of annual results should be within the scope of the accounts TAS? (paragraph 4.27)*

We agree this should be in scope.

5. *Do respondents agree that provision of actuarial information for material which is made publicly available, but which is not required by any formal rules or regulations, should be within the scope of the accounts TAS? (paragraph 4.30)*

We agree this should be in scope.

6. *Do respondents agree that provision of actuarial information for internal budgeting exercises for management should not be within the scope of the accounts TAS? (paragraph 4.35)*

We agree that this should not be in scope, but would comment that the degree of uncertainty and the risks can be as relevant to the client for budgeting purposes as for the actual results.

7. *Is there any other work which respondents believe should be within the scope of the accounts TAS?*

No.

8. *Are there any data issues specific to accounts and other financial documents which respondents believe should be covered by principles in the accounting TAS?*

No, although the time constraints and the use of projections based on scheme liability figures prepared for other purposes may impact on the choice of data used and places reliance on the data used for the earlier calculations.

9. *Do respondents have any comments on the proposals concerning assumptions that are presented in section 6, and in particular on the principles proposed in paragraphs 6.6, 6.9, 6.10, 6.13 and 6.17?*

We agree with the comments.

10. *Are there any other principles on the selection of assumptions which respondents believe should be in the accounts TAS?*

We cannot think of any others.

11. *Do respondents have any comments on the proposed principle regarding materiality levels for accounting purposes in paragraph 7.4?*

It seems appropriate and consistent with GN36.

12. *Are there any specific issues relating to modelling and calculation work for actuarial information provided for accounts and other financial documents which respondents believe should be covered by principles in the accounts TAS?*

It would be useful if the TAS directly addressed the use of projected results based on scheme liability figures prepared for other purposes.

13. *Do respondents have any comments on the proposed principles on reporting in paragraphs 8.4 and 8.6?*

In paragraph 8.4 the suggestion seems to be that everyone would come up with the same range and that is not the case.

The proposal in section 8.6 to compare the assumptions with those used for the funding valuation would be useful but may also be confusing at times due to differences in purpose and effective dates etc.

14. *Are there any other principles on reporting which respondents believe should be in the accounts TAS?*

No.

15. *Do respondents have any views on whether the accounts TAS should require the user to be given an indication of the time constraints for actuarial work in relation to reporting pension costs for company accounts?*

Yes – we think it is useful to make the user aware of what arrangements need to be in place so that the actuary is able to meet the likely tight timescales of the user.

16. *Do respondents have any comments on the proposed transitional arrangements from the adopted GNs to TASs described in section 9?*

We have no comments.