

L&G Response to BAS Information for Accounts Consultation Paper

This response reflects the views of a number of actuaries involved with financial reporting. Comments in this response relate to insurance accounting and do not cover matters relating to pension schemes or the reporting of pension scheme surpluses and deficits. Other responses may be received from other areas within L&G.

Responses to specific questions:

1. We do not believe that there is sufficient content in this TAS to warrant a separate standard. In our opinion it would be more appropriate to include the content here within the Insurance and Pensions TASs, particularly as there is already considerable overlap and repetition between the proposed standards. In addition we feel that the overlap with the content in other TASs has the potential to cause confusion, particularly where the wording is slightly different.

2. We found the expression of the scope of this TAS rather confusing. It is important to distinguish between the requirements of those responsible for preparing accounts; whose needs should be covered by a TAS; and the users of the actual accounts - whose needs should not be covered.

In this case the preparers of accounts will be the actuary's client and there will be the usual obligations on the actuary to agree the nature and scope of the work being undertaken and for the actuary to consider the appropriateness of his recommendations. However, we do not believe that the actuary has an obligation to understand how the material is to be used by the users of the accounts, as this is not something the actuary can reasonably be expected to know.

We are unconvinced that the content of sections 2.6 and 2.7 to say anything which has not already been covered in the draft of TAS I

3. It is unclear why BAS have separated out information for accounts and included it here rather than within the other TAS's as for information for regulators. To the extent that this information is in the public domain we do not see any need for this differentiation or a lower quality threshold. Most of the work that falls under the scope of this TAS could be included in the scope of TAS I and TAS P

4. We agree that preliminary statements should be treated in the same way as final accounts.

5. We agree that actuarial information which is made public should be properly prepared. However, we feel that the application of the same standards as those for accounts is likely to prove unduly onerous and may limit the content. For example statements may be made about the future plans of the company and these may include actuarial information – these will not usually be prepared to the same standard as published accounts.

6. Yes

7. In addition to the inclusion of actuarial information for calculating DAC as discussed in section 4.19, actuarial information used to calculate DIL and deferred tax recoverability should be included.

8. No – these should be covered by the relevant TAS's.

9. The insurance TAS already covers the area of assumptions and we do not see the purpose in replicating those principles here. As stated in our response to the Insurance TAS we feel that the requirements set out are unnecessarily impractical in several areas.

10. No.

11. We agree that it is important to have due regard to materiality considerations in the preparation of accounts - however this is true for all actuarial information and we do not see the need to include any requirements here.

12. No.

13. It is unclear whether the proposal in 8.4 applies to the information supplied in the accounts or that supplied to the preparers of the accounts. Accounts already have considerable disclosure requirements and we do not feel that BAS should seek to extend these.

14. No.

15. No comment.

16. No.