



## **The ABI's response to the FRC's draft Plan and Budget for 2008-09**

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1. The Association of British Insurers (ABI) represents nearly 400 member companies, which between them provide 94% of the UK's domestic insurance. It works on behalf of the UK insurance industry to keep standards high and to make its voice heard.
2. The ABI is grateful to the Financial Reporting Council (FRC) for the opportunity to respond to its invitation to comment on its draft Plan and Budget for 2008-09. We commend the FRC on the transparent way in which it has consulted stakeholders.

### **Comment**

3. Overall, we consider that the FRC's draft plan and budget sets out well the risks it faces in discharging its responsibilities and that its work plan is an appropriate response to those risks. We support the FRC's recognition of the need to be flexible in responding to events, such as the recent market conditions.
4. We also welcome the greater transparency of the FRC's approach to explaining its priorities, which helps us understand better the basis on which it is to plan its work.
5. We note that the FRC continues to view audit market concentration as a significant area of concern. We believe that it is an important issue that needs to be actively addressed, with the FRC taking a central role. Any changes to address this issue should take place on an evolutionary, rather than revolutionary, basis. We also agree that the current conditions relating to the credit market may present risks to the confidence in corporate reporting and governance. We believe this reporting season may present challenges relating to this, and that the FRC should have the flexibility to devote appropriate resources if it becomes necessary.
6. We have two more detailed comments, that:
  - The ASB should give greater priority to finalising its strategy for the convergence of UK accounting standards with IFRSs. It is already a year and a half since the ASB consulted with its constituents on the future application of reporting requirements for UK companies. Our members would appreciate greater clarity about the ASB's intentions;
  - It is not clear from the work plan which corporate reporting requirements will be reviewed for their complexity and relevance, taking in account e.g. the ASB's convergence agenda and the relatively recent issue of the its

Reporting Statement, Operating and Financial Review. We assume that this work includes the proposed project to review information in accounts, to look at whether accounts can be made less complex and so more useful to investors. More generally we would support an aim of achieving a radical simplification in reporting requirements where possible.

**Association of British Insurers**

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