



FINANCIAL REPORTING COUNCIL

PREPARERS LEVY 2010/11

UK PRIVATE ENTITIES (Turnover £500m or greater)

FACT SHEET

The Financial Reporting Council is the UK's independent regulator responsible for promoting high quality corporate governance and reporting to foster investment.

The FRC has a range of statutory powers under UK Company Law. We promote high standards of corporate governance through the UK Corporate Governance Code. We contribute to high quality corporate reporting, and set standards for auditing and actuarial practice, and monitor accounting and auditing standards. We also oversee the regulatory activities of the professional accountancy and actuarial bodies and operate independent disciplinary arrangements for public interest cases involving accountants and actuaries. Details of the FRC's work are available on our website at www.frc.org.uk.

This fact sheet provides an overview of the background and basis for the Preparers Levy and the calculation of the levy.

Background to the Preparers Levy

- The FRC collects an annual levy from preparers of accounts, the Preparers Levy, which forms part of the FRC's funding.
- Since the FRC was formed in 1990, the levy has applied to companies with a listing on the London Stock Exchange's Main Market.
- Following a public consultation in 2008, the levy was extended to UK private entities.
- Private entities are given a discount of 50% on the levy. This discount takes into account that some of our activities do not apply to private entities.¹

Basis for the Preparers Levy

- UK private entities and their auditors are subject to the accounting and auditing standards which the FRC sets, monitors and enforces.
- The FRC has a number of accounting and auditing regulatory duties set by statute.

¹ For example our work on the Combined Code on Corporate Governance and the implementation of the requirements of the EU Statutory Audit Directive relating to the registration and inspection of overseas auditors.

- Section 17 of the Companies (Audit, Investigations and Community Enterprise) Act 2004 confers a power on the Secretary of State to make regulations enabling the FRC to recover its costs through a levy. Thus far, this power has not been exercised.
- The FRC's responsibilities are funded through non-statutory arrangements on the basis of an understanding with the groups subject to the levy. However, should a voluntary approach prove unsustainable, the FRC will formally request that the statutory power be invoked.

Calculation of the Preparers Levy – Large Private entities

The 2010/11 levy rates for individual companies comprises a minimum levy of £514 for large Private entities and further amounts payable by companies above a certain threshold, with the rate per £m declining in five levy size bands.

The tariff data that will be used in calculating the levy will be the turnover amount disclosed in their annual report and available at the Companies House as at 30 November in the year proceeding the year to which the levy relates (i.e. the levy for 2010/11 is based on the data as at 30 November 2009).

Contact Us

If you have a question about the **method of payment** please contact the Levy Collection Team in Mouchel Business Services, who are administering collection of the levy on FRC@mouchel-lincoln.com (telephone 01522 836860)

If you have a query about the **calculation of the levy** for your company, please e-mail the FRC Finance Officer, Tulse Rughoobur on t.rughoobur@frc.org.uk (telephone 020 7492 2338).

If you have **any other query** in relation to the levy, please e-mail the FRC Policy and Planning Manager, David Andrews, on plan@frc.org.uk (telephone: 020 7492 2382).

**Financial Reporting Council
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