



FINANCIAL REPORTING COUNCIL

The UK's Independent Accounting, Auditing & Actuarial Regulator

PREPARERS LEVY 2009/10

GUIDE

Introduction

This note explains how the FRC operates the current year's Preparers Levy.

The levy applies to:

- Companies listed on the London Stock Exchange's Main Market;
- UK companies traded on the AIM and PLUS Markets;
- Other entities above a certain size which are not publicly traded but which are required to submit accounts to Companies House, including the private subsidiaries of listed companies; and
- Public sector organisations, for which separate guidance is provided.

The FSA collects the FRC's Preparers Levy on our behalf from companies listed on the London Stock Exchange's Main Market. Our collection agents, Mouchel Business Services, collect the levy from other preparers.

Section 17 of the Companies (Audit, Investigations and Community Enterprise) Act 2004, as amended by Part 44 of the Companies Act 2006, 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.

Calculating the levy

The Preparers Levy is calculated on the basis of a minimum levy and levy rates are based on the size of the preparer.

The rates are set each year following consultation.

The rates for 2009/10 are as follows:

		Levy rate
Band 1 – Min. levy	Up to £100m	£980.00
Band 2	£100m - 250m	£9.39
Band 3	£250 - £1000m	£7.17
Band 4	£1000m - £5000m	£5.12

Band 5	£5000m - £25000m	£0.0853
Band 6	> £25000m	£0.0171

For publicly traded companies, size is determined on the basis of turnover as at 30 November in the preceding year (ie the 2009/10 levy is based on market capitalisation at 30 November 2008).

For private entities, size is calculated on the basis of the turnover figure included in the latest accounts filed at Companies House as at 30 November in the preceding year (ie the 2009/10 levy is based on turnover included in the accounts filed at 30 November 2008).

In order to reflect the fact that not all of our activities apply to them, we apply a discount of 50% to the minimum levy and levy rates for publicly traded companies, other than UK companies listed on the London Stock Exchange's Main Market, and for large private companies.

Large private entities within a group of companies

Where accounts are required from more than one private entity within a group, we calculate the levy based on the aggregate turnover of the group. The effect of this is to reduce the total levy payable.

**Financial Reporting Council
16 November 2009**