



Policy and Planning Officer
Financial Reporting Council
5th Floor
Aldwych House
71 – 91 Aldwych
London
WC2B 4HN

By e-mail: planning@frc.org.uk

10 March 2011

Dear Sir

**PwC response to the Financial Reporting Council (FRC) Draft Plan and Budget;
and Levy Proposals 2011/12**

We welcome the opportunity to respond to the FRC's proposed draft plan and budget; and levy proposals for 2011/12.

In responding, we are limiting our response to those areas identified in Section 2 (Proposed major activities and projects) of the document and the proposed budget as contained in Section 3 of the paper.

We are broadly supportive of the FRC draft plan and in particular support the proposal for greater engagement with European regulators and legislators and global regulators.

We note the proposal for the FRC Board to work with the Government to address possible reforms to the structure and powers of the FRC. In this context we consider that the plan should better reflect the work the FRC board will be undertaking during the year to fulfil its objective 'to have the powers and resources necessary to carry out their responsibilities'. As any structural change invariably comes with a cost we believe the budget should reflect what those costs might be (accepting that these costs might fall towards the end of the financial year).

Furthermore, the discussions and changes identified in the text are silent as to the level of accountability the FRC and its operating boards will have to its stakeholders resulting from proposed changes. Whilst we support changes that result in greater transparency this should never be at the cost of less accountability.

Our only other observations relate to the recently published FRC consultation paper *'Effective Company Stewardship: Enhancing Corporate Reporting and Audit'* – a paper to which we will be responding in due course. Within that paper there are two proposals that may add to the costs of the FRC and have not been included within the proposed budget, namely the creation of a market participant advisory group and the creation of a financial

*PricewaterhouseCoopers LLP, 1 Embankment Place, London WC2N 6RH
T: +44 (0) 20 7583 5000, F: +44 (0) 20 7822 4652, www.pwc.co.uk*



reporting laboratory. In addition to these areas, the paper proposes (page 19) that the FRRP and AIU remit should be extended to consider the 'narrative part of annual accounts. We consider that both these areas will add to the costs of the respective operating bodies should those proposals be taken forward.

Whilst all these matters are currently under consultation we believe that it would be prudent to consider the costs of these areas within the proposed budget.

If you require any further information or clarification please contact Pauline Wallace on 020 7804 1293 (pauline.wallace@uk.pwc.com).

Yours faithfully

A handwritten signature in cursive script that reads 'Pauline Wallace Coopers LLP'.

PricewaterhouseCoopers LLP