



The Hundred Group
of Finance Directors

Policy and planning Manager
Financial Reporting Council
5th Floor
Aldwych House
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29 April 2008

Dear Sir

Response to the Levy Proposals 2008/09

The Hundred Group of Finance Directors represents the views of the finance directors of the UK's largest companies drawn largely, but not entirely, from the constituents of the FTSE100 Index. Our members are the finance directors of companies whose market capitalisation collectively represents over 80% of companies listed on the London Stock Exchange. Views expressed in this letter are those of The Hundred Group of Finance Directors but are not necessarily those of our individual members or their respective employers. We meet periodically to discuss issues affecting major corporations, and selectively respond to governmental and other consultation exercises where we believe that our role in companies and collective experience give us a particular insight into often complex matters.

Set out below is our response to the Financial Reporting Council's ("FRC") proposals:

We do not consider it appropriate for the FRC to increase the Levy by 10% for listed companies. A 10% increase in cost is unacceptable in the current environment. We feel an inflationary increase, at most, is more appropriate.

We appreciate that the Government has confirmed that it will not provide funding going forward, but it has agreed to provide funding for 2008/09 and therefore we believe that the Levy should have been calculated assuming the Government will continue to contribute a third of the core operating costs in relation to accounting, auditing and corporate governance and not just assume they will contribute at a similar level to 2007/08.

Given the Government's proposal to withdraw funding, we believe it is critical for the FRC to reassess its priorities and reduce its costs. We feel it is unreasonable for business to accept a 10% increase this year when no doubt a further substantial increase will be proposed next year when the Government's funding is no longer available.

We also think the FRC should look at alternative sources of funding. We note that the FRC is only planning to charge AIM and PLUS companies 50% of the Levy on the basis that not all

regulatory activities apply to them. We do not consider a 50% reduction reasonable as we do not consider the areas of regulation which AIM and PLUS companies are not subject to (for example, corporate governance) would amount to 50% of the FRC costs. For transparency, the FRC should publish how it arrived at 50% and amend, if this discount does not reflect the costs associated with the regulatory activities which do not apply to those specific companies. We also note that there are large private and other public interest entities who are currently not charged but are subject to FRC regulation. We recommend that the FRC looks into ways of sharing the cost with those companies.

We hope you find this letter of interest. We would be happy to discuss it further at your convenience.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Williams', with a long horizontal flourish extending to the right.

Peter Williams

*Chairman of Investor Relations and Markets Committee
The Hundred Group*