

# **FRC PREPARERS LEVY 2018/19 FACT SHEET**

## **The Financial Reporting Council (FRC)'s role**

The FRC's mission is to promote transparency and integrity in business. The FRC sets the UK Corporate Governance and Stewardship Codes and UK standards for accounting and actuarial work; promotes the quality of corporate reporting; and operates independent enforcement arrangements for accountants and actuaries. As Competent Authority for audit in the UK the FRC sets auditing and ethical standards and monitors and enforces audit quality.

The FRC monitors and influences the International Accounting Standards Board (IASB) in setting International Financial Reporting Standards (IFRS). The FRC seeks to improve the quality of annual reports by developing and maintaining Guidance on the Strategic Report. It develops and maintains Taxonomies for EU adopted IFRS, UK GAAP standards and the Charities SORP.

The FRC develops and maintains UK accounting standards (UK GAAP). These standards are applied by the vast majority of UK companies and can be applied, with reduced disclosures, by individual companies within a group applying IFRS at the consolidated level.

The FRC's Conduct Committee seeks to ensure that the provision of financial information by public and large private companies complies with relevant reporting requirements. The Committee reviews the strategic reports, directors' reports and accounts of public and large private companies for compliance with the law. It keeps under review interim reports of all listed issuers and annual reports of certain other non-corporate listed entities. The Committee's remit and powers come primarily from the Companies Act 2006 (CA 2006).

Details of the FRC's work are available on our website at [www.frc.org.uk](http://www.frc.org.uk). The FRC's role and responsibilities are summarised at:

<https://www.frc.org.uk/getattachment/67835f0e-e4c2-4d2a-9aeb-e57feed885be/FRC-Roles-Responsibilities-Schedule-of-Functions-Powers-June-2017.pdf>

The FRC's Strategy for 2018/21 and Plan & Budget and Levies for 2018/19 are at:

[https://www.frc.org.uk/getattachment/644a8555-41b3-45c8-8f09-51114f2183ff/FRC-Strategy-2018-21-\(March-2018\).pdf](https://www.frc.org.uk/getattachment/644a8555-41b3-45c8-8f09-51114f2183ff/FRC-Strategy-2018-21-(March-2018).pdf)

As a public body the FRC aims to meet the highest standards of governance and accountability, operating within the framework agreed with Government and independent from those we regulate.

## **FRC Preparers Levy**

By agreement with the Department for Business, Energy and Industrial Strategy and HM Treasury, the FRC is funded partly through a voluntary 'preparers' levy on the following organisations that are subject to, or have regard to, FRC regulatory requirements in preparing their accounts:

- Companies listed on the London Stock Exchange and UK AIM and NEX (previously known as PLUS/ISDX) Market group companies with an equity share listing.
- Large private entities with a turnover of £500m or more. Subsidiaries of UK listed companies are invoiced on the same invoice as their parent company.

- Standard Global Depository Receipt companies ('GDRs')
- Government Departments and other public sector organisations that publish accounts

The FRC's responsibilities are funded through these non-statutory arrangements on the basis of an understanding with the groups who pay the levy. Should this voluntary approach prove unsustainable, the FRC would formally request that the Secretary of State make regulations for the FRC to levy its funding on a statutory basis under Section 17 of the Companies (Audit, Investigations and Community Enterprise) Act 2004.

### Calculation of the Preparers Levy

The 2018/19 levy is made up of a minimum levy of £1,044 and further amounts for companies above a certain threshold, with the rate per £m declining in five levy size bands. Companies with a Standard listing receive a 20% discount. AIM and ISDX market group companies and large private entities receive a 50% discount. An example of the levy calculation is as follows:

<b>Organisation :</b>		<b>ABCD Plc</b>		
<b>Type of organisation:</b>		<b>Premium UK listed</b>		
<b>Tariff data: £</b>		<b>£765,000,000</b>		
Levy rate 2018-19			Levy calculation	Levy
Min fee	Up to £100m	£1,044	£1,044	£1,044
Band 1	£100m - 250m	£10.23	150 X £10.23	£1,535
Band 2	£250 - £1000m	£7.80	515 X £7.80	£4,017
Band 3	£1,000m - £5,000m	£7.55	X	
Band 4	£5,000m - £25,000m	£0.1229	X	
Band 5	> £25,000m	£0.0233	X	
<b>Total levy</b>				<b>£6,596</b>
<b>0 % Discount</b>				<b>£0</b>
<b>Levy requested</b>				<b>£6,596</b>

The levies requested from listed entities are calculated on the basis of their market capitalisation as at 30 November 2017. In relation to large private entities we calculate the levy based on the turnover amount disclosed in their annual report and available at the Companies House as at 30 November 2017. In calculating the levy requested from the large private subsidiaries within a group, we apply the levy to the aggregate turnover of the subsidiaries. This has the effect of reducing the levy that would otherwise be requested in total from the individual subsidiaries.

### Purchase orders

A number of organisations paying the levy provide us with a Purchase Order (PO) number, which makes it easier for them to manage the payment process. In general, the PO number has been provided by the individual or team responsible for preparing the organisation's annual report and accounts.

### Contact Us

If you have a query about the calculation of the levy for your company, please e-mail the FRC Revenue & Planning Manager, Tulsee Rughoobur, on [t.rughoobur@frc.org.uk](mailto:t.rughoobur@frc.org.uk) (telephone 020 7492 2338). If you have any other query in relation to the levy, please e-mail David Andrews, on [plan@frc.org.uk](mailto:plan@frc.org.uk) (telephone: 020 7492 2382).

### Financial Reporting Council

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