

PREPARERS LEVY 2017/18

FACT SHEET

The Financial Reporting Council (FRC) is the UK's independent regulator responsible for promoting high quality corporate governance and reporting to foster investment. We are the Competent Authority for statutory audit in the UK and set the UK Corporate Governance and Stewardship Codes as well as UK standards for accounting, auditing and actuarial work. We represent UK interests in international standard-setting. We monitor and take action to promote the quality of corporate reporting and operate independent enforcement arrangements for accountants and actuaries. We also oversee the regulatory activities of the accountancy and actuarial professional bodies. Details of the FRC's work are available on our website at www.frc.org.uk.

The Preparers Levy

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

- All companies listed on the London Stock Exchange with a Premium equity share or Standard share listing.
- All UK AIM and ISDX (previously known as PLUS) Market group companies with equity share listing.
- All large private entities with a turnover of £500m or more. Large private subsidiaries of UK listed companies are invoiced on the same invoice as their parent company.
- Standard Global Depository Receipt companies ('DRs')
- Government Departments and other public sector organisations that publish their accounts

Basis for the Preparers Levy

The FRC's responsibilities are funded through 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 Companies (Audit, Investigations and Community Enterprise) Act 2004.

Calculation of the Preparers Levy

The 2017/18 levy is made up of a minimum levy of £1,070 and further amounts payable by companies above a certain threshold, with the rate per £m declining in five levy size bands.

Companies with a Premium listing on the London Stock Exchange Main Market are requested to pay the full levy. Companies with a Standard listing receive a 20% discount and AIM and ISDX market group companies as well as large private entities receive a 50% discount on the levy requested.

The tariff data that will be used in calculating the levy for listed entities will be the market capitalisations as at 30 November in the year preceding the year to which the levy relates (i.e. the levy for 2017/18 is based on the data as at 30 November 2016).

In relation to large private entities we use the turnover amount disclosed in their most recent annual report for periods ending before 30 November 2016. 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.

An example of the levy calculation is as follows:

Organisation :		ABCD Plc				
Type of organisation:		Premium UK listed				
Tariff data: £		£765,000,000				
Levy rate 2017-18			Levy calculation			Levy
Min fee	Up to £100m	£1,070	£1,070			£1,070
Band 1	£100m - 250m	£10.49	150	X	£10.49	£1,574
Band 2	£250 - £1000m	£8.00	515	X	£8.00	£4,120
Band 3	£1,000m - £5,000m	£7.74	X			
Band 4	£5,000m - £25,000m	£0.1260	X			
Band 5	> £25,000m	£0.0239	X			
Total levy						£6,764
0 % Discount						£0
Levy payable						£6,764

Purchase orders

A number of organisations paying the levy have provided us with a Purchase Order number, which makes it easier for them to manage the payment process. In general, the Purchase Order 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 question about the method of payment or to provide Purchase Order number, please contact the Levy Collection Team at Kier Business Services Limited, on frc@kier.co.uk (telephone 01642 726 300).

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 (telephone 020 7492 2338).

If you have any other query in relation to the levy, please e-mail the FRC Head of Delivery Unit, David Andrews, on plan@frc.org.uk (telephone: 020 7492 2382).

Financial Reporting Council

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