Financial Reporting Review Panel

Annual Report 2011

September 2011

Structure of this report

Page

This report is set out in the following sections:

Introduction 1

A Good Set of Report and Accounts 2

Section one **Overall results** 4

Section Two **Targeted reviews** 7

- **Directors' reports**
  - **Business reviews** 7
- **Corporate Governance Statements** 11
- **Half-yearly financial reports** 12
- **Accounts with qualified audit reports** 13
- **Targeted review of capital management disclosures** 13

Section Three **Annual financial statements: IFRS commentary** 14

Appendices

A **Common disclosure points raised with companies** 28
B **International Co-operation** 31
C **Statistics** 33

Financial Reporting Review Panel

Review Findings and Recommendations - 2011

Introduction

This report is based on the Panel's reviews of reports and accounts commenced in the year to 31 March 2011. These were mainly for financial periods ending from December 2009 to September 2010. The report records the outcome of the Panel's work and aims to help Boards address issues that are likely to be significant in the current reporting season.

The Panel announced last year that it would have a greater focus in 2010/11 on companies that had made changes to their business models in the light of economic pressure. Changes in the way in which a company does business can be expected to influence the principal risks and uncertainties that it faces and the operation of processes and controls by which it seeks to reduce the likelihood and impact of those risks and uncertainties should they crystallise. These in turn can influence the appropriateness of their accounting policies, particularly revenue recognition. Revenue recognition policies and practices prompted more questions of companies than any other area of financial reporting.

The Panel's aim is to improve the quality of financial reporting and its annual reports therefore focus on aspects of non-compliance noted in the course of its reviews of company annual reports and accounts. Last year, in response to requests, our report highlighted the characteristics of corporate reporting which the Panel believes make for a good annual report. As this was well received, the Panel repeats them this year.

The FRC Discussion Paper 'Cutting Clutter', published in April 2011, drew attention to the need to focus on key messages in corporate reports and for these not to be obscured by unnecessary detail.

The Panel notes that some Boards do not appear to determine or apply a materiality threshold, or consider what is material by nature, when preparing their accounts, as clearly immaterial or irrelevant detail is often disclosed. This can lead a user to conclude that the directors consider such amounts to be material and that all amounts greater than this have been disclosed. The Panel encourages Boards to use their judgment to determine and apply a quantitative threshold and qualitative assessment for materiality in relation to accounts disclosures as part of their accounts preparation process. A more rigorous approach might result in accounts that are more meaningful, focused and relevant to users because inconsistencies and superfluous material will have been avoided.

A Good set of Report and Accounts

Beyond basic compliance with the fundamental requirements of the law and accounting standards and the need for complete and accurate publication of accounting information, there are characteristics of corporate reporting which the Panel believes make for a good annual report.

A single story
The narrative in the front end is consistent with the back end accounting information; significant points in the financial statements being explained in the narrative reports so that there are no surprises hidden in the accounts.

How the money is made
The business review gives a clear and balanced account which includes an explanation of the company's business model and the salient features of the company's performance and position, good and bad.

What worries the Board
The risks and uncertainties described in the business review are genuinely the principal risks and uncertainties that the Board are concerned about. The descriptions are sufficiently specific that the reader can understand why they are important to the company. The business review also describes the mitigating actions taken by the Board to manage the impact of its principal risk and uncertainties. The links to accounting estimates and judgements are clear.

Consistency
Highlighted or adjusted figures, key performance indicators (KPIs) and non-GAAP measures referred to in the business review are clearly reconciled to main heading figures in the accounts and any adjustments are clearly explained, together with the reasons why they are being made.

Cut the Clutter
Important messages, policies and transactions are highlighted and supported with relevant context and are not obscured by immaterial detail. Cross - referencing is used effectively; repetition is avoided.

Clarity
The language used is precise and explains complex accounting and reporting issues clearly; jargon and boiler-plate are avoided.

Summarise
Items are reported at an appropriate level of aggregation and tables of reconciliations are supported by, and consistent with, the accompanying narrative.

Explain change
Significant changes from the prior period, whether matters of policy or presentation, are properly explained.

True and fair
The spirit as well as the letter of accounting standards is followed.

A true and fair view is a requirement of both UK and EU law and applies equally to accounts prepared in accordance with UK GAAP and IFRS.

Section One - Overall results

Statistics

In 2010/11, the Panel reviewed 301 sets of accounts (2009/10: 308) and wrote letters to 141 companies (2009/10: 146).

The Panel seeks to ensure that the reports and accounts published by public and large private companies comply with the requirements of the Companies Act 2006 including applicable accounting standards.

The Panel is not a court and has no authority to make legal decisions. If the Panel believes that a company's report and accounts may not comply with the law it tries to persuade the company to make them compliant, either by restatement or, more often, by making improvements for the future. Only if this process fails will the court be asked to decide whether or not the report at issue complies with the law. Once a company has agreed that its report or accounts require corrective or clarificatory action, the Panel's objectives have been attained and a press notice may be issued which will focus on the improvements to the company's future financial reporting.

The Panel aims to consult shortly on a change to its operating procedures which would extend the circumstances in which it may issue a press notice to cases where a company makes a substantive change to its reporting following an approach by the Panel.

The Panel published four press notices in the year. Three companies restated the relevant numbers in their next set of annual financial statements. The fourth company improved its disclosures in its next annual report, the matter at issue being the balance of the environmental disclosures in its business review.

When a company makes a prior year correction following a Panel enquiry, the Panel sometimes asks for a reference to it in the note explaining the correction. Four such references were agreed in the year.

The key issues in the press notices and Panel references are summarised in section 3.

The Panel sometimes copies the letter to a company closing a case to the senior partner or chairman of its auditors. The Panel issues such letters sparingly and wrote two such letters in the year under review.

Conclusions

The Panel found the general quality of corporate reporting to be good, especially by the larger UK listed issuers. Although some poor practice is still seen, the Panel has been

particularly pleased to note widespread improvement in the description of principal risks and uncertainties and of the actions taken by Boards to mitigate their effects, which the Panel believes is required in order to satisfy the objectives of the business review.

Last year, in two areas, capital management and share-based payment disclosures, the Panel concluded that reporting was quite often poor in terms of content, extent and usefulness. At the time, the Panel believed that, as the economy stabilised, those areas would assume greater significance in corporate reports. The FRC committed to conduct targeted reviews of these matters.

In the event, concerns about share-based payments did not crystallise in accounts for periods ending September 2010. The preparatory work that was conducted in this area was not published but informed aspects of the FRC's Discussion Paper "Cutting Clutter" which sought to promote debate about how the usefulness of annual reports might be improved. The FRC is keeping the area of share-based payment under review and will consider issuing further commentary if it can identify benefit in publication.

The capital management disclosures study was published by the ASB in December 2010. Further detail is provided on page 19 of this report.

The priority sectors for the year were commercial property, advertising, recruitment, media and information technology. Companies in the media and information technology sectors attracted a number of questions relating to their revenue recognition policies and methodologies. Although revenue recognition can be an inherently complex issue in these sectors, companies often phrase their accounting policy disclosures in a generic manner and not in terms of their own particular products and services, making it difficult to understand exactly how the stated accounting policy applies to particular transactions.

The Panel continues to have concerns about the quality of reports and accounts of some smaller listed and AIM quoted companies that lack the reporting expertise of their larger listed counterparts.

The Panel's priority sector announcement published in November 2010 advised that, in 2011/12, the Panel would have a particular focus on companies outside the FTSE 350. Our proposed selection of companies for 2011/12 will, however, focus on companies which have a market capitalisation of over £50 million so that the Panel's work will have better cover of higher impact companies.

The Panel is pleased that Boards of directors continued to co-operate well with it during the year, often voluntarily giving undertakings to improve the quality of their future annual and half-yearly reports. Where a Board does not respond constructively to the Panel's queries, the Panel writes to the chairman invoking its statutory power to require

such explanations and information as it believes necessary. The Panel did not invoke this power in respect of any company during the year.

Constructive co-operation is a key characteristic of the Panel's monitoring approach which relies on the good faith and willingness of Boards to deal with it in an open and transparent manner.

Section Two - Targeted reviews

This section summarises the outcomes of the Panel's targeted reviews in the year.

Directors' reports

Business reviews

The Companies Act 2006 requires all business reviews to contain a fair review[1] of the company's business and a description of the principal risks and uncertainties facing the company.

Principal risks and uncertainties

In its last annual report, the Panel drew attention to the issues arising from its reviews of business reviews with a focus on the requirement to disclose the principal risks and uncertainties facing a company.

The reviews conducted early in the current reporting year did not indicate an appreciable improvement in the general level or quality of disclosures. The Panel was sufficiently concerned by the apparent failure to make a step change in quality that it published a press notice[2] highlighting the areas which had prompted the most questions of companies.

The press notice announced that the Panel would challenge companies where:

- The directors' report does not clearly identify the *principal* risks and uncertainties facing the business. Boards must exercise judgment and should have regard to the probability of risks crystallising and the impact that they would have on the company.
- A long list of principal risks and uncertainties is given and the list raises a question as to whether all the risks and uncertainties on the list are actually of principal concern.
- The description given of a risk or uncertainty is in generic terms, often in boiler-plate language, and it is not clear how that risk or uncertainty applies to the company's circumstances. The specific nature of the risk should be clear as should its potential impact for the company.
- The disclosure is of a risk framework rather than of the risks or uncertainties themselves.
- The principal risks and uncertainties disclosed are not consistent with other information given in the report and accounts.

[1] Section 417 (3)(a) Companies Act 2006
[2] FRRP Press notice 130

The Panel did not seek to add to the requirements of the Act but to provide a sensible interpretation of them in the context of the overall objective of the business review. The purpose of the review is to inform shareholders of the company and to help them assess how the directors have performed their duty to promote the success of the company for the benefit of the members as a whole. In the Panel's view, this purpose should inform the nature and extent of the disclosures provided which should, therefore, include an explanation of actions taken or processes adopted to mitigate the effects of the principal risks and uncertainties.

To assist companies in preparing their directors' reports, the press notice set out a number of questions which the Panel encouraged Boards to consider when determining the principal risks and uncertainties to be disclosed.

The Panel considers the adequacy of the disclosure of principal risks and uncertainties in terms of what a reasonable Board might be expected to conclude on the basis of information available to it when the accounts are approved. It looks for consistency both within the other narrative reports and with information provided in the audited accounts.

The Panel appreciates the difficulties of capturing events that have a low likelihood of occurring but that would have high impact were they to occur. Companies should, however, consider identifying such risks if it is realistic that they could occur. The Panel challenges companies about apparent omissions of risk disclosures when subsequent events indicate that they must have been known at the balance sheet date. In these cases, the Panel asks for confirmation of the facts and circumstances known at the date of signing of the accounts and looks to understand why they had not been considered a principal risk or uncertainty.

Business reviews - Environmental disclosures

The Panel's remit includes the requirement for quoted companies to include in the business report information about environmental matters and the company's employees and social and community issues "to the extent necessary for an understanding of the development, performance or position of the company's business"[3]

The Panel assumes the level of understanding of a user of the business review to be that which might be expected of a shareholder with a fair, but not a specialised, knowledge of the company. In short, the question is whether or not the information is really needed in order to understand the development, performance or position of the company's business. The requirement relates both to the period under review and as at the end of the year.

---

[3] Section 417 Companies Act 2006

The requirement for the business review to be balanced extends to the full text, including any environmental, community and social disclosures provided. The Panel may challenge a company when the matters the company chooses to refer to are not presented in a fair and balanced way, for example when claims are made regarding achievements in relation to a particular matter without any reference to continuing difficulties and challenges that are known to exist.

In its 2010 report, the Panel invited well informed complaints about environmental reporting which take account of the purpose of the business review and the specific disclosures provided. The Panel received two public complaints during the year questioning the sufficiency of environmental disclosures provided in the business reviews of two large listed companies. The Panel considered both the balance of the business review and whether all the environmental information necessary for an understanding of the development, performance or position of the company's business had been disclosed.

One of the two resulting cases was settled during the year and led to a Panel press notice[4]. The Panel had considered whether additional information about some of the company's operations referred to in its business review ought to have been disclosed in order to comply with the Act's requirement for a balanced analysis. Following these discussions and in a subsequent directors' report, the company included more information about environmental matters, social and community issues and related reputational risk.

The Panel has not yet completed its consideration of the second complaint.

Business reviews – Other considerations

The Panel approaches companies where there is a question whether the business review is fair, balanced and comprehensive. In the Panel's opinion, the requirement means that it is necessary for the review to discuss both good and bad news, setbacks as well as advances, during the period.

Compliance with the Act may require the business review to include references to, and additional explanations of, amounts included in the company's annual accounts. In this connection, the Panel raised questions where a significant matter in the accounts, for example, a substantial write-down, a material increase in research and development spend or items identified as exceptional, were not referred to or adequately explained in the business review. The business review should be sufficient to enable a user to understand such significant changes in the company's position or performance.

[4] FRRP Press notice 131

The Act requires companies to include analysis using financial key performance indicators ("KPIs") and, where appropriate, other KPIs, to the extent necessary for an understanding of the development, performance or position of its business. The Panel approached a number of companies where KPIs were reported in the business review but were not discussed so that it was not always apparent how such KPIs contributed to an understanding of the company's business. Several companies identified their KPIs but did not quantify them. Where it appears that statistics used in the business review, such as KPIs, should prima facie correspond to measures disclosed in the audited accounts but do not, the Panel encourages companies to clarify the relationship and explain any significant differences.

Internal cross-references

Disclosures required to be included in the business review are often referenced in from other narrative reports. This is acceptable providing that the reference is specific to the particular disclosures. A general reference such as 'see the chief executive's report', however, is not satisfactory.

References to other public documents

The Panel encountered a number of instances during the year where a failure to refer to an event or disclose information, notably but not exclusively in the business review, was defended on the grounds that the information had been the subject of an RNS announcement or other public document issued by the company and, therefore, already known to the market.

Exclusion of information from the business review is only justifiable if it is not necessary for a balanced and comprehensive analysis. In the case of information required by an accounting standard, IAS 1 requires an entity whose financial statements comply with IFRS to make an explicit and unreserved statement of compliance in the notes to the accounts. Companies should not present financial statements as complying with IFRS unless they comply with all the requirements of IFRS.

Failure to refer to a necessary disclosure, whether in the business review or in IFRS accounts, cannot be justified by disclosure in an RNS announcement or other public document.

Directors' report – Other disclosures

The Panel's remit extends to other disclosures required to be given in the directors' report by regulations made under the Companies Act 2006. These are principally contained in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ("the Regulations"). Part 6 of Schedule 7 of the Regulations requires a number of disclosures to be given in the directors' report of companies which have securities admitted to trading on a regulated market.

In particular, Part 6 requires the disclosure of detailed information of any significant agreements to which the company is a party that take effect, alter or terminate upon a change of control of the company following a takeover bid and the effects of any such agreements. The Panel raised this requirement with a number of companies during the year leading to enhanced disclosures in their future financial reporting.

The Panel has previously reported that disclosures introduced by the Companies Act to satisfy the Takeovers Directive are often poorly applied. The quality of the disclosures, some of which are now required to be included in the Corporate Governance Statement under DTR 7.2, remained patchy.

Corporate Governance statements

The Panel's authority in respect of corporate governance disclosures relates to monitoring certain disclosures required by the FSA's Disclosure and Transparency Rules ("DTRs"). It does not extend to challenging companies in relation to the accuracy of the content.

It is the Panel's experience that companies that do not apply all the provisions of the Combined Code (now the UK Corporate Governance Code) generally provide an explanation for the departures, although these could often be clearer and more informative.

In recognition of the variable quality of explanations, and in response to the EU Commission's Green Paper on the corporate governance of listed companies EU initiatives, the FRC intends to facilitate a debate about the characteristics of an 'explanation'. The aim would be to achieve a clear consensus about what shareholders should be able to expect of those Boards who choose to 'explain' rather than comply with provisions of the Code.

If consensus can be found, then consideration might be given to whether the Panel should play a role in encouraging companies to provide more informative explanations. One approach, for example, could be to invite shareholders to contact the Panel if a company had failed to respond to their request for a clearer explanation. If the Panel

agreed that the explanation failed to meet the agreed criteria, it could raise the issue with the company. In such circumstance, however, it would need to be made clear that the judgement whether the governance arrangements adopted by the company (as opposed to the description of those arrangements) were satisfactory remained a matter for shareholders, not the Panel.

Half yearly financial reports

The Panel is authorised under the Supervision of Accounts and Reports (Prescribed Body) Order 2007 to keep under review the half-yearly financial reports of companies with securities traded on a regulated market and, if it thinks fit, to report its findings to the FSA.

As in previous years, the issues raised most often related to the disclosure requirements of the DTR rather than compliance with IAS 34, 'Interim Financial Reporting'. In a number of cases, a responsibility statement was either not provided or failed to identify the name of the person(s) responsible for making it. In addition, the required statement confirming whether or not the half-yearly report had been audited or reviewed was not provided such that users could not appreciate the level of assurance attaching to it.

The DTR requirement for a description of the risks and uncertainties at the half year end is not met by a bullet point list of risks. If the risks and uncertainties are the same as those disclosed in the directors' report at the end of the previous financial year, a cross reference to that report will only satisfy the requirement if it is accompanied by a summary of the relevant key risks and uncertainties.

As previously reported, the Panel noted the following IAS 34 disclosures that did not always appear to have been provided:

- the nature and amount of changes in estimates if they had a material effect on the half-yearly results;
- the nature and amount of items that were unusual because of their size, nature or incidence – an example might be a curtailment gain;
- disclosure of details required by paragraphs 66-73 of IFRS 3 'Business Combinations' (2004) to explain the effect of changes in the composition of the group in the interim period – for example, the disclosure required where there has been a gain on a bargain purchase; and
- any events or transactions that are material to an understanding of the current interim period.

Accounts with qualified audit reports

The Panel has now reviewed the subsequent accounts of all the 50 companies with qualified audit reports to which it wrote in 2008. 41 of the companies have now made substantive improvements to their financial reporting which is now accompanied by an unqualified audit report.

The Panel continues to correspond with one company where questions remain about its financial reporting. The Panel did not consider it proportionate to pursue the remaining eight companies as in most cases the matter on which the qualification arose turned out not to be material, while two of the companies had since been put into administration.

The Panel is pleased by the results of this review and the improvements made to the relevant accounts. It may conduct a similar exercise again should there be evidence of an increase in the number of financial statements that are issued with audit opinions qualified for failure to comply with relevant accounting standards.

Targeted review of capital management disclosures

Last year the Panel reported a poor level of compliance with the new disclosure requirements of IAS 1 which are intended to help users of accounts to evaluate a company's objectives, policies and processes for managing capital. In the light of the findings, the ASB undertook an exercise to assess how well the information commonly provided by companies met investor needs and expectations.. The results of this review were published in December 2010.

Discussions with investors suggested that they do take a keen interest in capital but do not currently make much use of disclosures about capital in annual reports and accounts, perhaps because, as the study showed, they are not always provided in an informative way. Investors take diverse approaches to their assessment of capital, with some focusing on accounting capital and others on market capitalisation. Factors such as gearing levels, dividend policy and constraints on growth, return on capital employed and resources for future growth were highlighted, with general agreement that an understanding of what a company views as capital, and its strategy for capital management, are important for all companies and not only those with regulated capital.

While a minority of companies reviewed in the study provided an enlightening analysis that explained their financial capital resources and how these related to their strategy, the majority of companies whose accounts were reviewed either omitted or provided largely boilerplate disclosures that failed to convey in any meaningful way how they assessed or managed capital. The report concluded that there was significant scope for improvement in reporting in this area. The Panel's findings in this area from its monitoring activity are reported in section three.

Section Three - Annual financial statements: IFRS commentary

The Panel engaged directly with over 50 Audit Committee Chairs during the year through a web-based questionnaire to elicit their views about the Panel process and approach.

A frequent comment in the feedback was that the Panel should focus on material and substantive issues and avoid drawing attention to more minor disclosure omissions and inadequacies which may not be either applicable or material. The Panel is often unable to tell from its review of the report and accounts whether or not an item, properly stated, is material. It writes to companies for additional information or clarification to help it determine whether the matter warrants further investigation.

The Panel often draws attention to possible omissions of more minor disclosures in an appendix to its main letter, distinguishing them from points of potential substance. It does not ask for a response to these issues but brings them to management's attention for consideration in the following year if they are material or relevant and have been overlooked.

The Panel does not expect companies to include unnecessary disclosures in their accounts. Indeed it discourages this. The Panel is aware that some companies prefer to err on the side of caution and include in their accounts all potential disclosures raised by the Panel in their letters whether or not they are material. The Panel encourages Boards and their advisers to interpret these reminders from the Panel in the helpful spirit in which they are intended and to have the confidence to make judgements about those disclosures which are material and those which are not. Correspondents with the Panel will generally be in no doubt about the points which the Panel considers to be more important. The Panel does not review the following year's accounts to determine whether the appendix type issues have been addressed. Disclosure points which featured most commonly in Panel letters are set out in Appendix A.

The areas highlighted below represent matters of substance where, from the Panel's reviews of individual sets of company accounts, there is room for further improvement in transparency and quality. Areas where compliance has improved are also referred to.

IAS 1 'Presentation of Financial Statements'

Accounting Policies

IAS 1 requires companies to provide a summary of their significant accounting policies. The summary should disclose the bases of measurement applied in preparing their accounts and other accounting policies applied that are relevant to an understanding of the financial statements.

An accounting policy may be significant either because of the materiality of the amounts reported in the current or prior year or by virtue of the nature of the industry in which it operates. The Panel challenged potential omissions on both of these grounds and sought appropriate undertakings. One company in the oil and gas sector, for example, undertook to provide a policy for decommissioning in its next accounts.

As in previous years, most substantive questions about accounting policies related to aspects of revenue recognition, often triggered by policy descriptions in the accounts that were entirely generic, usually borrowing words direct from accounting standards, and that therefore did not explain the policy in terms of the company's particular business model and transactions. With this exception, overall, the Panel considered the summaries of accounting policies provided to be of good quality. It did, however, note that some companies could reduce the amount of text provided through greater targeted internal cross-referencing and less repetition.

Disclosures of Judgements

IFRS is a principles-based reporting framework which requires management judgment in its application. The Panel continued to challenge companies that maintained there were no areas in which the Board had exercised significant judgment that had a significant effect on amounts recognised in the financial statements.

The Panel also sought undertakings to improve where it was not clear from the disclosure provided in which particular aspect management had exercised its judgment or which simply repeated the relevant accounting policy disclosed elsewhere. A list of broad reporting areas does not enable users to appreciate the specific elements of items that have been subject to the greatest judgment. Where application of a different judgment would have had a material effect on the matter reported, the Panel encouraged companies to enhance their disclosures in this regard.

Disclosures about assumptions and other major sources of estimation uncertainty

IAS 1 also requires information about the assumptions Boards make in preparing their accounts and other major sources of estimation uncertainty that could result in a material adjustment to the reported amounts of assets and liabilities. This disclosure is often combined with key judgments. It is, however, a separate requirement and is not always well presented.

The Panel remains of the view that more could be done to improve the quality of sensitivity disclosures required where a reasonably possible change in a key assumption could give rise to a change in the amounts reported.

Capital disclosures

The standard requires qualitative information about a company's objectives, policies and processes for managing capital, including a description of what it manages as capital and summary quantitative data.

A significant number of companies failed to sufficiently address both aspects of the disclosure requirement. Some made no recognisable disclosure to satisfy the requirement – others omitted reference to key matters of relevance – for example, a significant change to its dividend policy or a buy-back of shares. Significant events post year end may also be relevant to an understanding of the company's capital management – a refinancing or share placing for example. In this context, the Panel also notes that a number of companies did not disclose the amount of dividends proposed or declared before the accounts were authorised for publication.

The Panel wrote to a number of companies during the year raising concerns about the quality of disclosures on capital risk management and seeking assurances of improvement in many cases. Boards were reminded that the required disclosures include summary quantitative data about what they manage as capital in addition to a description of their objectives, policies and processes. The Panel will continue to focus on capital risk management disclosures in the coming year as it seeks further improvement in developing practice. It is a significant area of information for users, particularly when assessing going concern considerations.

Comparative information

A number of companies that restated their prior year figures in the accounts under review did not provide the relevant explanations required by the standard. Where there is a change in presentation or classification of an item and comparative amounts are reclassified, the nature of the reclassification needs to be disclosed as well as the amounts and, most significantly, the reason for the change to enable users to appreciate the significance of the change. A third balance sheet may be required in these circumstances.

A Panel reference was obtained in the accounts of one company during the year that, following Panel enquiry, reclassified certain of the loans and capital contributions it makes to its joint ventures from current 'other receivables' to non-current asset loans to and investments in joint ventures. The reclassification was required to reflect the fact that the company financed its joint ventures through a combination of indefinite loans and capital contributions, as was disclosed in the note supporting the restatement.

IAS 7 'Statement of Cash Flows'

A statement of cash flows helps users both to assess a company's ability to generate sufficient cash to satisfy its needs and to evaluate the certainty and timing of the cash conversion from its revenue cycle. In the economic climate in the year under review, cash generated from operating activities was likely to have been of particular interest to investors.

The Panel challenged companies where it appeared that operating cash flows included flows from other activities or were otherwise incorrect, for example, when foreign exchange differences were reported in the reconciliation of operating profit to operating cash flow.

Two press notices were published in the year in respect of companies both of whose operating cash flows were materially understated. The first related to an incorrect presentation of the effect of changes in exchange rates. The second was prompted by the reclassification of a loan from long term to short term liabilities which was shown as a cash outflow with a corresponding inflow from investing operations. Dealing with overseas subsidiaries in cash flow statements continued to give rise to difficulties for some smaller companies. Cash flows should be translated at average rates in the same way as items reported in the income statement.

The Panel's enquiries were often prompted by an apparent inconsistency between matters reported in the cash flow statement and elsewhere in the report and accounts – often disposals of operations or plant, property and equipment.

This year, as last, the Panel noted that some companies had misclassified certain cash flows. Some, for example, treated interest received as a financing activity rather than as an operating or investing activity. Others failed to identify all of their reportable cash flows, for example, omitting to report payments made to acquire their own shares in financing cash flows or excluding non-controlling interest cash flows. In some cases non-cash items, such as deferred or contingent consideration payable, were shown as cash flows.

Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash. The Panel continued to challenge companies who appeared to adopt a different definition by including bank loans or longer term deposits, obscuring the real short term position.

IAS 12 'Income Taxes'

The standard principally prescribes the accounting treatment for the current and future tax consequences of events and transactions recognised in the accounts and the future settlement of amounts carried in the statement of financial position.

The Panel understands that many investors regard the effective tax rate as a helpful performance measure. The Panel often asks questions of companies where the rate cannot be easily reconciled to the figure for tax paid. Apparent differences explained by companies were found to affect the cash flow statement and balance sheet rather than the income statement and, where appropriate, undertakings were obtained to correct the relevant amounts in the next set of accounts.

Some companies did not recognise a deferred tax liability when required by the standard – for example, in respect of roll-over relief and capital gains or in respect of separately identifiable intangible assets acquired in a business combination.

Deferred Tax

Loss-making companies are reminded to recognise a deferred tax asset for the carry forward of unused tax losses and credits only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. When a company has a history of recent losses, in the absence of sufficient taxable temporary differences 'convincing other evidence' is required to support the availability of future taxable profits. Both the amount of the deferred tax asset and the nature of the evidence supporting its recognition should be disclosed.

IAS 17 'Leases'

The standard prescribes the accounting policies and disclosures applicable to leases entered into by both lessees and lessors.

The specific disclosure requirements where compliance could be improved on which the Panel has reported in recent annual reports continued to be of concern. The matter drawn most frequently to Boards' attention was the failure to disclose the total of future minimum lease and sub-lease payments under non-cancellable operating leases in the periods specified by the standard. This information is particularly useful to users of financial statements when assessing the company's cash needs, particularly when the company might be experiencing funding difficulties.

IAS 18 'Revenue'

When it announced its priority sectors for 2010/11 (PN 123) the Panel reminded preparers that they may need to re-consider their revenue recognition policies if economic pressures had prompted a change in how they do business. It also announced that the Panel would pay particular attention to the accounts of companies that applied policies that appeared to be particularly aggressive.

The primary issue when accounting for revenue is the determination of the point at which revenue may be recognised, that is, when goods or services are delivered and when it is probable that future economic benefits will flow to the company and can be measured reliably. The Panel challenged a number of companies where it appeared from the description of their accounting policy that revenue might be recognised in the income statement before the qualifying criteria had been satisfied, leading to an overstatement of income.

Industry-related issues raised included a number arising in the accounts of companies operating in the media and information technology sectors, two of the Panel's priority sectors. The sale of licences in the technology sector which might be renewable annually; accounting for connection commissions by mobile telephony companies; and sales made via distributors or other intermediate parties and the attendant revenue policies attracted attention when it was not clear from the accounting policy descriptions at what point revenue was or should be recognised.

Companies were challenged when it was not clear how the stage of completion was established with reference to service contracts and the text provided was not sufficiently specific to enable the approach adopted to be understood.

Other examples of more common challenges included the policies of asset management and other service companies that charge management fees and commissions, in particular the rationale for recognising initial and other up-front fees as they arise rather than over the period of the services to be provided, or whose transactions commonly include the sale both of goods and services where it was unclear how the various components were accounted for. Those companies with policies that recognise revenue on product delivery with no reference to acceptance or returns were also queried.

A Panel reference was sought in the accounts of one company which, following exchanges with the Panel, changed its accounting policy in respect of the sale of software maintenance and upgrade agreements. In view of the indeterminate number of updates provided across a wide range of products, it was considered appropriate that all maintenance income should be spread on a straight-line basis over the length of the contract. Previously, a substantial element had been recognised upfront.

A significant number of undertakings were given by companies to improve the clarity of their revenue recognition policies. In many cases, this involved clarifying how the principles of the standard were applied to their specific business and their significant revenue streams. Others undertook to expand the text where necessary to demonstrate more clearly the point at which revenue is recognised and the basis on which it is measured, particularly where the stage of completion has to be identified. Others, however, were asked to consider reducing the complexity of disclosure where a relatively lengthy description was provided in respect of an insignificant business element.

IAS 24 'Related Party Disclosures'

The standard defines related parties to include all members of the company's key management personnel. The Panel was disappointed that, as in previous years, it had to remind a substantial number of companies that all directors, including non-executives, are considered by the standard to be key management personnel and, therefore, are to be included in the relevant disclosures.

The standard requires disclosure of key management personnel compensation in total and for each of five categories. As in the past, many companies aimed to satisfy this requirement by a cross-reference to their remuneration report. Not all, however, provided the additional disclosure that is necessary when the report is used to satisfy the IFRS reporting requirement. Care must be taken when cross-referencing this information to ensure that it fulfils all of the necessary requirements. Clarity is also required when identifying other employees who are considered to satisfy the criteria of key management personnel. Elsewhere, some companies did not provide the information in the format required by each of the five categories, prompting the Panel to question whether all relevant compensation had been properly included in the totals disclosed.

IAS 27 ' Consolidated and separate financial statements'

The objective of the standard is to secure relevant, reliable and comparable information in the consolidated accounts required of a company which has a group of companies within its control.

Substantive questions raised of companies in the period were in some cases triggered by uncertainty as to whether all the entities within a company's control had been included in the consolidated financial statements. The standard indicates the circumstances in which control exists and where it is presumed to exist. Nevertheless, the definition of control as the power to govern the financial and operating policies of an entity so to obtain benefits from its activities sometimes requires a Board to exercise considerable judgment.

Where this is the case, and the effect is material, the financial statements should disclose the fact that such judgement has been exercised. Disclosure, however, is not a remedy for an inappropriate accounting policy and the Panel questioned the basis for the judgment made by several companies either to include or not to include an entity in their consolidated accounts.

In some cases companies claimed to hold the power to govern an entity's financial and operating policies other than through voting rights but did not describe the basis of that power. In other cases, investee companies were not consolidated although the circumstances appeared to indicate a relationship in which they were controlled by the company concerned. This type of enquiry is challenging and can be long drawn out for both the Panel and the company involved.

In no case did the Panel find it appropriate to seek corrective action in the accounts under review. It did, however, require additional disclosure in future accounts to explain the Board's judgment.

The Panel also had occasion to remind several companies of the requirement of IAS 27 (Revised) to present non-controlling interests within equity, separately from the equity of the owners of the parent. Total comprehensive income must be attributed to the owners of the parent and the non-controlling interests respectively, even if this results in the non-controlling interests showing a deficit.

IAS 36 'Impairment of Assets'

IAS 36 requires companies to review any goodwill carried in their balance sheets for impairment at least once a year. Goodwill is required to be allocated to individual cash-generating units ("CGUs") as it is the carrying amounts of the CGUs themselves which are tested for impairment.

The Panel draws attention to the following points which were raised with a number of companies:

- As the testing of goodwill requires significant judgements to be made, the Panel would usually expect to see them identified as such as required by IAS 1.
- It should be clear from the impairment disclosures which discount rates have been applied to which CGUs and that the rates concerned are pre-tax rates as required by IAS 36.
- If the company has CGUs with disparate activities, the Panel will generally question the application of a single discount rate to the testing for impairment of all CGUs. IAS 36 requires the discount rate used to reflect the risks specific to the CGU for which the future cash flow estimates have not been adjusted.

Value in use versus fair value less costs to sell

Impairment testing requires a company to estimate the recoverable amount of the asset being tested, defined as the higher of the asset's value in use and its fair value less costs to sell. Different considerations apply to the determination of these two amounts and the Panel has noted some confusion in this area.

Value in use is defined as the present value of the future cash flows expected to be derived from the asset or CGU. There are strict rules in IAS 36 regarding which cash flows should be included in or excluded from this calculation. In particular, the future cash flows should exclude any estimated cash inflows or outflows expected to arise from future restructurings or from improving the asset's or CGU's performance. The Panel notes that similar considerations do not necessarily apply to the determination of fair value less costs to sell. For example, in determining fair value it might reasonably be expected that a potential purchaser would adopt the company's restructuring or capital expenditure plans and therefore factor them into the purchase price.

IAS 36 requires the future cash flows used in estimating value in use to be discounted at a pre-tax rate. It will usually be the case that, in order to arrive at a suitable discount rate, a company will need to work back from a post-tax rate observable in the market. The Panel notes that the process of converting from a post-tax to a pre-tax rate should only include adjustments for tax effects that are available to the market.

The Panel also had occasion to remind Boards that the discount rate selected, if not an asset-specific rate directly available from the market, should be an estimate that reflects the return that an investor would require today to invest in the assets concerned. In determining that estimate, the standard suggests that a Board might consider the company's weighted average cost of capital, its incremental borrowing rate and other market borrowing rates. This is then adjusted for the market's assessment of the specific risks attaching to the asset's cash flows. Some companies selected an out of date rate which did not reflect either current circumstances or market conditions. One even identified the appropriate rate for the value in use of a CGU as that which it earned on its cash deposits. This and unexpected changes in the discount rate applied were queried where no reasonable explanation was evident in the accounts.

A press notice was issued in respect of one company which, following Panel enquiry, rectified an incorrect presentation of an impairment charge by way of restatement of comparative figures. The original impairment charge had been set against a merger reserve as a revaluation adjustment following a business combination. The Board subsequently identified that the carrying value of the intangible assets concerned had been established in the fair value exercise conducted on acquisition and was not a valuation as previously indicated. This meant that the charge had to be recognised in profit or loss as required by the standard.

Disclosures

Where a material impairment loss has been recognised or reversed, the standard requires disclosure of the events and circumstances leading to that event. There were a number of instances where this explanation was either lacking, generic or positioned outside the IFRS accounts without an appropriate cross-reference within the audited financial statements.

Where a reasonably possible change in a key assumption on which management has based its determination of a CGU's recoverable amount would cause the CGU's carrying amount to exceed that recoverable amount, that is, would require an impairment charge to be recorded, IAS 36 specifies certain additional disclosures. In particular, the actual value assigned to the key assumption and not just the nature of the assumption must be disclosed. The Panel found that this value was not always provided as required.

The Panel notes that there is no exemption from disclosure in the standard on grounds of commercial sensitivity.

IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'

IAS 37 prescribes the disclosure requirements and the recognition and measurement criteria in respect of provisions, contingent liabilities and contingent assets. The disclosures required are helpful in enabling users to understand the uncertainties regarding the amount and timing of future cash flows. In this context, several companies were reminded of the need to disclose the time period over which provisions were expected to be utilised.

As reported in previous years, companies that appeared to combine provisions with accruals or otherwise misdescribe them were asked either to confirm that the amounts were immaterial or to present provisions separately in future. Companies that do not identify provisions as such avoid providing the information required by IAS 37 that is necessary to enable users of the accounts to understand the uncertainties relating to the nature, timing and amount of the outflows concerned. In all cases pursued during the period, the amounts were not considered material but Boards were reminded of the need to correct their presentation should they became material. Some companies were questioned about the need to disaggregate their disclosures in order to present information about each class of provision, as required by the standard.

IFRS 2 'Share-based payment'

IFRS 2 requires disclosure of information that enables users of financial statements to understand the effect of share-based payments on the profit or loss for the period.

The Panel identified a number of issues during the course of its regular reviews relating to the accounting for and disclosure of share-based payments. It raised questions with companies about their accounting policies for share-based payments which did not appear to cover the particular circumstances that had arisen in the period; these included shares awarded as settlement to third parties in commercial transactions, and modifications and cancellations of existing awards. Such circumstances may become more common where there is pressure on a company's liquidity or because volatile markets have resulted in awards being out of the money. The Panel obtained undertakings from companies to enhance their disclosures where the share-based payment amounts were significant and the disclosures were not sufficient to enable users to understand how the fair value of the equity instruments granted was determined.

IFRS 3 'Business Combinations'

IFRS 3 establishes the principles applicable to the accounting for business combinations and their effects.

The Panel challenged companies where there was a question whether a transaction that had been treated as the purchase of a group of assets should in fact have been accounted for as the acquisition of a business in accordance with the standard, and one company restated its accounting on this basis. Prompts for this question included the mix of assets acquired and the disclosure that employees of the acquiring company were also employed by the acquirer. Some companies had to be reminded that adjustment in the following year to provisional fair values of assets and liabilities acquired are to be treated as prior rather than current year adjustments. Others were reminded that IAS 10 'Events after the Reporting Period' requires information about material post-year end acquisitions to be disclosed.

The Panel also raised questions in respect of combinations where there were indications that not all identifiable intangible assets meeting the IFRS recognition and measurement criteria on acquisition had been appropriately distinguished and recorded. As noted last year, on occasion, the Panel's concern was prompted by a reference in the business review, or earlier market announcement, which indicated a range of valuable intangible assets that were not then recognised in the balance sheet as might have been expected.

The Panel challenged companies that recognised contingent consideration liabilities, now (under IFRS 3 as revised in 2008) within the scope of IAS 39, when it was not clear from the accounting policy or the disclosures how the liability was measured. It was also not

always clear from the description of the policy whether contingent consideration with a service condition was recognised as an expense rather than goodwill. When a company has recognised a liability for contingent consideration in a business combination payable to former owners who become employees and no relevant accounting policy is provided in this area, the Panel may write to the company asking whether the contingent consideration includes a service condition.

The Panel approached several companies during the year when there was a question whether the accounting (as opposed to legal) acquirer had been properly identified and accordingly whether the combination was a reverse acquisition.

A Panel reference was requested in the accounts of one company which, following enquiry, restated its accounting for a prior period acquisition. The acquiree company had been acquired and accounted for in two stages. Acquisition accounting had been applied to the first transaction when 20% of the equity had been purchased together with an option to buy the remaining 80%. Reverse acquisition accounting had then been applied on the exercise of the option. Following discussion with the Panel, the company concluded that, in the circumstances, reverse acquisition accounting should also have been applied to the initial purchase of the 20% and the option and adjusted its prior years' accounts accordingly.

IAS 39 'Financial instruments: Recognition and measurement'

The Panel's comments on IAS 39 in its 2010 report focussed on the application of the standard by companies within the banking community, which was then a priority sector for the Panel.

Its comments this year focus on an area of the standard which is of particular significance to trading companies that, in the aftermath of the banking crisis, have renegotiated borrowing facilities.

Renegotiation of borrowing facilities

In 2009 and 2010, many companies renegotiated their borrowing facilities with their lenders, whether banks or other providers of capital, for example, bondholders. Such renegotiations often lead to extension of the facilities concerned and amendments to covenants. They may also, however, result in higher margins being granted to the lenders and substantial fees being paid either to the lenders themselves or to other parties that have worked on the renegotiations, for example, firms of lawyers and accountants.

The outcomes and effects of such renegotiations are to be accounted for in accordance with IAS 39.

The Panel questioned a number of companies whose accounts were not clear as to whether a renegotiation resulting in a modification of the terms of the loan had been accounted for as an extinguishment or as a continuation of the previous arrangements or where the treatment was clear but it was not evident why it had been adopted.

The Panel also raised questions when it appeared that two or more facilities had been grouped together for the purposes of the test in IAS 39. It is not appropriate for aggregation to result in offsetting an extinguishment against a continuation as the standard requires the test to be applied on an instrument by instrument basis.

A Panel reference was sought in the accounts of an investment group which, following Panel enquiry, concluded that all of its investments should have been accounted for at fair value through income. Previously, it had accounted for investments in its general portfolio at fair value with gains and losses reported in other comprehensive income unless impaired on the basis that there was no indication that the underlying investment was performing below expectations and the losses were expected to be temporary. The Board's decision to restate its policy followed its acceptance that the standard requires any significant decline in fair value below cost to be recognised in profit or loss immediately.

IFRS 8 'Operating Segments'

IFRS 8 requires operating segment information to be disclosed on the same basis as information used by management to assess operating performance and make decisions about the allocation of resources. Segmental disclosures are understood to provide important information to investors.

Questions put to companies by the Panel during the year were often prompted by apparent inconsistencies between the narrative reports and the audited accounts. This was the case, for example, where the segmentation of the operating analysis within the chief executive's report did not appear to be reflected in the segmental disclosures in the audited accounts or where the narrative reports focused on non-IFRS measures whereas the segmental disclosures were based on IFRS amounts. Elsewhere, questions were prompted by references to superseded terminology of IAS 14 such as "primary", "business" or "secondary" segments suggesting that the new requirements had not been fully understood or implemented.

The Panel continued to challenge companies that appeared to have aggregated operating segments where it was difficult from the information provided to appreciate the sense in which the segments were economically similar as required. Companies were encouraged to provide clear explanations in support of any decision to aggregate segments. The Panel hopes to see evidence of significant improvements in this area in future financial reporting.

The Panel also observed a failure by many companies to disclose the entity-wide information required by the standard, which relates to information about products and services, geographical areas and major customers.

Appendix A - Common disclosure points raised with companies

The Panel's annual reports list the most common disclosure points raised in Panel letters for completeness. This year, as last, a number of disclosure points are repeated. The fact that they remain amongst the most common points may mean that they are easily overlooked, although the Panel recognises that in many cases they may be of little relevance to companies or users. The Panel will continue to monitor these issues and, if thought to be of little relevance to many companies, will refer them to the IASB when the relevant standards are reconsidered.

Disclosure points featured most commonly in Panel letters to companies were as follows:

IAS 11 'Construction Contracts'

Methods used to determine the stage of completion of construction contracts in progress (IAS 11.39(c)).

IAS 12 'Income Taxes'

The amount of deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax asset is recognised in the statement of financial position (IAS 12.81 (e)).

The aggregate amount of temporary differences associated with investments in subsidiaries, branches and associates and interests in joint ventures, for which deferred tax liabilities have not been recognised (IAS 12.81(f)).

In respect of each type of temporary difference and in respect of each type of unused tax losses and unused tax credits, the amount of the deferred tax assets and liabilities recognised in the statement of financial position, together with the amount of the deferred tax income or expense recognised in profit or loss, if it is not apparent from the changes in amounts recognised in the statement of financial position (IAS 12.81(g)).

IAS 21 'The Effects of Changes in Foreign Exchange Rates'

Foreign exchange gains and losses recognised in profit or loss except for those arising on financial instruments measured at fair value through profit and loss in accordance with IAS 39 (IAS 21.52(a)).

IAS 38 'Intangible Assets'

Whether the useful lives of each class of intangible assets are indefinite or finite and, if finite, the useful lives or the amortisation rates used (IAS 38.118(a).

The aggregate amount of research and development expenditure recognised as an expense during the period (IAS 38.126).

IAS 40 'Investment Property'

Direct operating costs, analysed between those properties generating rent and those that do not (IAS 40.75(f)).

Contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements (IAS 40.75(h)).

IFRS 3 'Business Combinations' (2008)

A qualitative description of the factors that make up the goodwill recognised, such as expected synergies from combining operations of the acquiree and the acquirer, intangible assets that do not qualify for separate recognition or other factors (IFRS 3.B64(e)).

The acquisition-date fair value of the total consideration transferred and the acquisition-date fair value of each major class of consideration, such as:

(i) cash;
(ii) other tangible or intangible assets, including a business or subsidiary of the acquirer;
(iii) liabilities incurred, for example, a liability for contingent consideration (IFRS 3.B64(f))

The total amount of goodwill that is expected to be deductible for tax purposes (IFRS 3.B64(k)).

The amount of acquisition–related costs for each business combination and, separately, the amount of those costs recognised as an expense and the line item or items in the statement of comprehensive income in which those expenses are recognised, and also the amount of any issue costs not recognised as an expense and how they were recognised (IFRS 3. B64(m)).

IFRS 7 'Financial Instruments: Disclosures'

A reconciliation of the changes in the impairment allowance accounts (IFRS 7.16).

The impairment loss on receivables (IFRS 7.20(e)).

For cash flow hedges, the period when the cash flows are expected to occur and when the cash flows are expected to affect profit or loss (IFRS 7.23(a)).

For cash flow hedges, the amount reclassified from equity to profit or loss for the period, showing the amount included in each line item in the statement of comprehensive income (IFRS 7.23(d)).

Appendix B - International Co-operation

Europe - ESMA

The Panel is an active member of the European Enforcers' Co-ordination Sessions ("EECS"), a sub-committee of the European Securities and Markets Authority ("ESMA") (formerly the Committee of European Securities Regulators ("CESR")). EECS met regularly during the year to consider enforcement decisions and common reporting issues relevant to the co-ordination and consistency of IFRS reporting across the EU. The Panel participates actively in these meetings to facilitate the consistent application of IFRS in Europe by national enforcers of IFRS financial information published by listed companies.

As permitted by its procedures, the Panel submitted a number of enforcement decisions to the sub-committee's private database for discussion with its European colleagues. The Panel is a member of the EECS agenda sub-committee and helps to prepare EECS publications informing issuers of IFRS application issues. The extracts from the EECS database that are published on the ESMA website, together with national reports and announcements of other enforcers, contribute to the convergence of practice and the sharing of acceptable accounting treatments under the international accounting framework.

The Panel was also represented on four working groups established by ESMA during the year. These were established to:

- review the two ESMA Standards on Financial Information with a view to updating;
- consider aspects of materiality;
- respond to the European Commission's request for information relating to country by country reporting;
- identify difficulties encountered in the enforcement of international financial reporting standards.

The Group established to review the ESMAs two standards of enforcement and associated guidance is doing so with a view to determining the changes needed to reflect the practical experiences of Group members and the wider committee and to realise the potential for better co-ordination of enforcement activities in Europe. Proposed revisions will be subject to public consultation.

The initial work of the EECS Group established to identify IFRS enforcement issues focused on IFRS 8, 'Operating Segments' and resulted in a letter to the International Accounting Standards Board suggesting some improvements to the standard that would result in more useful financial reporting. The IFRS Interpretations Committee recently

agreed to consider the EECS Group's proposals as part of the IASB's IFRS 8 Post-Implementation review.

USA – Securities and Exchange Commission (SEC)

The Act allows the Panel to share otherwise confidential information with overseas authorities where certain criteria are met.

In 2007, the FRC entered into a protocol with the FSA and the SEC to facilitate implementation of certain aspects of the CESR-SEC Work Plan. The protocol makes particular reference to the use of IFRS and US GAAP by internationally active issuers. The protocol provides for consultation and information-sharing between the SEC and FRC in relation to UK listed and SEC registered issuers when, amongst other things, the FRC staff view on an IFRS matter could result in a significant change to the issuer's financial statements.

The Panel and the SEC shared information in respect of the annual accounts of one dual listed issuer during the year.

Appendix C - Statistics

	FTSE 100	FTSE 250	Other listed	AIM	Third Country	Unlisted public and private	TOTAL
Accounts reviewed							
Annual	31	72	58	83	7	17	268
Interim	5	11	10	1	6	-	33
Selected by the FRRP							
Annual	23	67	49	80	4	13	236
Interim	5	11	10	-	6	-	32
Complaints/referrals							
Annual	8	5	9	3	3	4	32
Interim	-	-	-	1	-	-	1
Approaches to companies	11	37	30	55	2	8	141

Financial Reporting Council
5th Floor
Aldwych House
71-91 Aldwych
London WC2B 4HN
Tel: +44 (0)20 7492 2300
Fax: +44 (0)20 7492 2301
Website: www.frc.org.uk

© The Financial Reporting Council Limited 2011

The Financial Reporting Council Limited is a company limited by guarantee. Registered in England number 2486368.
Registered Office: 5th Floor, Aldwych House, 71-91 Aldwych, London WC2B 4HN.