

Four – Levies 2011/12 - Summary

The **Preparers levy** applies to publicly traded companies, large private entities and public sector organisations and is also used to raise the UK contribution to the IFRS Foundation. The amounts we propose to raise from each group are as follows.

	FRC requirement		plus	IFRS Foundation contribution		=	Preparers levy		%
	2011/12 Budget	2010/11 Budget		2011/12	2010/11		2011/12	2010/11	
Preparers of financial statements:	£m	£m		£m	£m		£m	£m	
Publicly traded companies	4.4	4.7		0.5	0.6		4.9	5.3	-7.5%
Large private entities:	1.6	1.8		0.2	0.2		1.8	2.0	-10.0%
Public sector organisations	0.4	0.5		0.1	0.1		0.5	0.6	-16.7%
Total	6.4	7.0		0.8	0.9		7.2	7.9	-8.9%

The key features of the preparers levy are a minimum levy and further amounts payable by entities above a certain size, with the rate per £m declining in five levy size bands. We estimate that publicly traded companies will pay on average 7.5% less in cash terms than in 2010/11, although there is a potentially wide range of increases for individual levy-payers.

The following rates will be applied:

Band	Organisation size *£m	Proposed 2011/12 levy per £m*	2010/11 levy rate per £m*
1 Minimum levy	Up to 100m	Min levy £948	Min levy £1028
2	100m-250m	£7.68	£8.83
3	250m-1,000m	£5.86	£6.74
4	1,000m-5,000m	£4.18	£4.81
5	5,000m-25,000m	£0.07	£0.08
6	>25,000m	£0.014	£0.016

*Size is either based on market capitalisation, published turnover, or overall expenditure depending on the type of organisation.

The **Insurance levy** will be allocated to insurance companies in the same proportion as the FSA regulatory fees and charged to insurance companies on the same invoice as the FSA fees. In 2011/12 we are maintaining the rate implemented in 2010/11 – a levy equivalent to 1.7% of FSA regulatory fees.

The **Pension levy** will be allocated to schemes on the basis of their latest scheme returns to the Pensions Regulator. In 2011/12 we are maintaining the rate implemented in 2010/11 - a levy of £3.15 per 100 members with a minimum levy of £31.50.