



FINANCIAL REPORTING COUNCIL

PLAN & BUDGET 2006/07 - REVISED

MAY 2006

VERSION 1.1



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Contents

		<i>Page</i>
One	Introduction	1
<hr/>		
Two	Key features of the Plan & Budget	2
<hr/>		
Three	Major activities and projects	4
<hr/>		
Four	Expenditure and funding	10
<hr/>		
Annexes		
Annex A	Organisational structure	17
<hr/>		
Annex B	Abbreviations	18
<hr/>		
Annex C	Contact details	19
<hr/>		

One - Introduction

The FRC's aim is to promote confidence in corporate reporting and governance.

From 1 April 2004 we started to undertake the wider and deeper functions which were given to us following the Government's review of the regulatory regime for corporate reporting, auditing and governance. From April 2006 we assumed responsibility for actuarial standards and regulation as recommended by the Morris Review of the Actuarial Profession.

This document is an updated version of the Plan & Budget we published in December 2005. It incorporates our actuarial responsibilities and the views of our stakeholders on the December 2005 version.

Our revised Regulatory Strategy (version 2.1), which can be found on our website at www.frc.org.uk, provides the context for this Plan & Budget. In the Strategy we explain that our work in pursuing our aim is organised around six core objectives, which are to promote:

1. high quality corporate reporting
2. high quality auditing
3. high quality actuarial practice
4. high standards of corporate governance
5. the integrity, competence and transparency of the accountancy and actuarial professions
6. our effectiveness as a unified independent regulator.

The Strategy explains the principles which inform our approach to our work (our "regulatory philosophy") and sets out the work streams that have been established to help achieve our objectives. The Strategy also summarises the arrangements for our governance, funding and accountability. Our organisational structure is shown in Annex A. A list of the abbreviations used in this document is provided in Annex B.

This Plan & Budget sets out the major activities and projects we propose to undertake in the 12 months starting in April 2006 in pursuit of our objectives, the costs we expect to incur, and the basis on which these costs will be funded. Our priorities reflect our statutory responsibilities and our view of the greatest risks to confidence in corporate reporting and governance.

We welcome feedback from interested parties on any aspects of our proposals. Contact details are provided in Annex C.

We expect to decide the levy on listed companies by the end of May 2006.

Two - Key features of the Plan & Budget

In preparing our priorities for 2005/06, we were very conscious that it would be a year of major change for many companies, their shareholders and auditors, with the introduction of international accounting standards, the OFR and revised auditing standards. In the circumstances, reflecting a clear message from our stakeholders, we did not propose any major new initiatives for the year, but planned to make further progress in two key areas: implementing the additional responsibilities we had been given by the Government; and helping to shape EU and international policy proposals.

Many of the regulatory developments in the past few years will still be at the early stages of implementation as we start 2006/07. Examples include IFRS, the amended requirements for narrative reporting, and the new ethical standards for auditors. As a result we believe that it remains appropriate that we avoid imposing significant new burdens on companies and their auditors in 2006/07.

There continues to be a large number of policy proposals affecting corporate reporting and governance in the UK which are initiated by the EU and other international organisations. An important feature of our work in 2006/07 will be taking an active role in helping to shape these proposals, working with fellow regulators in the UK and internationally, and consulting and seeking support from those in the UK who are likely to be affected. We will seek to ensure that, as far as possible, these proposals contribute to confidence in corporate reporting and governance, are proportionate to the issues they address, and do not impose unnecessary burdens.

The key features of our Plan & Budget for 2006/07 are that we intend to:

- **Lead public debate in the UK on the major issues affecting future confidence in corporate reporting and governance, including:**
 - o the significance of "true and fair view"
 - o a framework of the key drivers of audit quality
 - o concentration and competition in the audit market
 - o an appropriate strategy for convergence of UK accounting standards with IFRS
 - o pensions accounting and best practice in pensions disclosure
 - o best practice in narrative reporting
 - o a new framework for actuarial technical standards.

- **Shift our resources from developing UK standards and guidance towards the development of high quality international standards and effective cross-border regulatory co-operation, including:**
 - o the IASB/FASB conceptual framework for financial reporting and convergence programme
 - o the IAASB Clarity project

- o cooperation between national audit regulatory authorities
 - o the European Commission's Company Law Action Plan.
- **Monitor corporate reporting and governance practices in the UK and take enforcement action where appropriate**, including:
 - o reviewing annual and interim accounts
 - o monitoring audit quality
 - o operating an independent investigation and discipline scheme to deal with misconduct in the accountancy profession.
 - **Contribute to modifying the UK regulatory regime to take account of changes in European and UK legislation**, including:
 - o the 8th Company Law (Auditing) Directive
 - o the 4th and 7th Company Law (Accounting) Directives
 - o the Transparency Directive
 - o the Company Law Reform Bill.

We have sought to live up to our commitment to being a risk-based and proportionate regulator by proposing a budget for core operating costs in 2006/07 in relation to our responsibilities for accounting, auditing and corporate governance which is 1% lower than the budget for 2005/06 in cash terms. A delay in reaching our target staffing level means that we now estimate (subject to audit) to have spent £9.0m on core operating costs in 2005/06. The budget for 2006/07 represents an increase of 13% over the estimate for 2005/06.

The proposed scope of the activities of our AIU in 2006/07 completes the transfer of responsibility for inspection of the audits of entities in which there is a major public interest from the professional accountancy bodies to the AIU.

Our budget for our new responsibilities for actuarial standards and regulation is we believe appropriate to enable us to make a good start in implementing our new responsibilities.

In 2005/06, following consultation, we changed the basis of our levy on listed companies from flat fees to a levy based on market capitalisation. This was a fairer basis for calculating the levy. It meant that the majority of listed companies paid a lower amount than they would have done in 2004/05.

In March 2006, we published our levy proposals for 2006/07. In the period between November 2004 and November 2005 there was a significant increase in the market capitalisation of listed companies. Given that the amount which we aim to raise is very similar to that raised in 2005/06, we were able to propose rates per £m of market capitalisation for 2006/07 which are approximately 10% lower than those in 2005/06. We will finalise the levy in May. We will keep under review the issue of whether other publicly traded companies should contribute to the cost of our work.

Three - Major activities and projects

This section sets out the major activities and projects which we propose to undertake in pursuit of our aim in 2006/07. The sequence of material follows the objectives and work streams (shown in bold) set out in version 2.1 of our Regulatory Strategy.

Objective 1 - Promote high quality corporate reporting

a) Promoting the development of high-quality international accounting standards

- Influence the joint IASB/FASB project to develop a conceptual framework for financial reporting, and the convergence projects being taken forward under the Norwalk Agreement and the February 2006 Memorandum of Understanding between the IASB and FASB.
- Work within the EU to ensure appropriate European influence in the development of international accounting standards and their adoption in the EU.
- Contribute to IASB projects, including:
 - o Leasing (on which the UK has the lead)
 - o Management commentary
- Undertake a research project into accounting for pensions.

b) Maintaining a high quality regime for UK accounting standards, including appropriate convergence with international standards

- Finalise a strategy for convergence of UK standards with IFRS.
- Continue work on the implementation of UK standards based on IFRS.
- Review the future role of the UITF in the context of IFRS.
- Contribute as appropriate to the implementation of the Transparency Directive.

c) Promoting improved reporting in information accompanying financial statements, including through narrative reports

- Undertake a review of the quality of narrative reporting in company reports.
- Review best practice for the disclosure of pensions liabilities by UK companies in the context of the new regulatory regime for UK pension schemes.

d) Monitoring the preparation of corporate reports to ensure that they comply with the relevant legal requirements and standards and give a "true and fair view", taking enforcement action where it is appropriate to do so

- Respond as necessary to the outcome of our August 2005 consultation on the implications of new accounting and auditing standards for the "true and fair view".

- Review a selection of annual and interim accounts, applying selection criteria based on industry sectors, specific accounting requirements and company-specific trigger factors. In 2006/7, we will focus on the implementation of IFRS, drawing on the results of our review of interim accounts to inform specific issue reviews, which will include pensions disclosures. We will continue to select accounts for review from the same priority sectors identified for 2005/06 - automobile, pharmaceutical, retail, transport and utility. However, we intend to widen the focus by including some companies who provide services to these sectors.
- Respond to matters drawn to our attention as a result of complaints or public comment, encouraging referrals from the investment community, other professional advisers and elsewhere.

Objective 2 - Promote high quality auditing

a) Promoting the development of high quality international standards on auditing

- Contribute to the IAASB "Clarity Project" to improve the quality of ISAs.
- Contribute to the revision of individual ISAs, including:
 - o related parties
 - o developing a new ISA on group audits.

b) Maintaining a high quality regulatory regime for auditing in the UK, including appropriate technical and ethical standards, effective supervision by the recognised professional bodies and an effective market for audit services

- Develop and issue for public consultation a paper on a framework of the key drivers of audit quality.
- Consider with the DTI the appropriate policy response to the research into concentration and competition within the audit market.
- Prepare for the implementation of the 8th European Company Law Directive:
 - o Work with the DTI to establish and action secondary legislative requirements for the effective implementation of our delegated powers - including requirements for transparency reports under Article 38, and requirements for the audit register, including for non-Member State auditors
 - o Develop and establish procedures for the registration and regulation of non-Member State auditors of non-Member State Companies
 - o Participate in arrangements for the coordination of the regulation of audit and the oversight of the auditing profession in the EU.
- Promote arrangements for international co-operation and co-ordination between independent audit regulatory authorities across the world.

- Monitor the passage through Parliament of the Company Law Reform Bill, and prepare for its implementation.
 - Update documentation of the regulatory processes of RSBs and RQBAs and test compliance with regulatory processes through monitoring visits.
 - Update industry-specific auditing Practice Notes to take account of the implementation of ISAs (UK and Ireland), including those on charities, pension schemes, banks and building societies, insurers, investment businesses and friendly societies.
- c) Monitoring the quality of the auditing function in relation to listed companies and any other entity in whose financial condition there is a major public interest**
- Undertake inspection visits to the 9 largest audit firms to review firm-wide procedures and specific audits, and issue recommendations to improve audit quality.
 - Review a selection of specific audits of public interest entities, including for the first time, entities not audited by the 9 largest audit firms, and issue recommendations to improve audit quality. The expansion of the coverage of audit inspections in 2006/07 completes the implementation of independent audit inspection as envisaged in the DTI Review of the Regulatory Regime of the Accountancy Profession published in January 2003.
 - Publish an annual review of findings from our independent monitoring regime.

Objective 3 - Promote high quality actuarial practice

- a) Developing an appropriate conceptual framework to guide standards, including the explicit objectives and characteristics of actuarial technical standards**
- Develop and issue a consultation paper on the conceptual framework.
- b) Issuing new actuarial technical standards, or amending existing ones, providing where appropriate practical guidance on the application of standards**
- Liaise with other regulators to identify areas of actuarial practice which require revision.
 - Provide input to other regulators during the development of new regulatory requirements.
 - Address those issues where action may be required before the introduction of the conceptual framework.

c) Promoting a framework for effective scrutiny and monitoring of the quality of actuarial work, including compliance with actuarial standards in the UK.

- Establish effective liaison arrangements with the actuarial profession, regulators and users of actuarial work.
- Document systems for monitoring the quality of actuarial work, including compliance with actuarial standards.
- Prepare for a review of the effectiveness of those systems after two years.

Objective 4 - Promote high standards of corporate governance

a) Promoting high standards of corporate governance in the UK based on the "comply or explain" approach, maintaining an effective Combined Code on Corporate Governance, and related guidance, and promoting its widespread application.

- Consult on and implement the amendments to the Combined Code proposed following the 2005/06 review.
- Support the Pre-emption Group in producing, promoting and monitoring the application of revised Pre-emption Guidelines.

b) Promoting a non-prescriptive EU approach to corporate governance that shares good practice and promotes the development of effective national regimes.

- Work with the DTI to implement EU requirements on audit committees and corporate governance statements in a manner consistent with the existing UK framework.
- Influence the development and implementation of the European Commission's Company Law Action Plan, including the proposed directive on shareholders' rights.
- Share experience and best practice with bodies responsible for corporate governance codes in other countries.

Objective 5 - Promote the integrity, competence and transparency of the accountancy and actuarial professions

a) Overseeing the way in which the accountancy professional bodies exercise their regulatory responsibilities in relation to their members

- Monitor developments within the financial reporting framework, assessing those issues that could adversely affect public confidence in accountancy - and where appropriate undertake more detailed research and make recommendations to the professional bodies or recommend the development of new standards.

- Follow up recommendations from 2005/06 projects on:
 - o the training and education of accountants
 - o the accountancy and auditing needs of small and medium-sized enterprises.
 - Publish an annual report on 'Key Trends' within the accounting profession.
- b) Overseeing the way in which the actuarial profession exercises its regulatory responsibilities in relation to its members**
- Record and evaluate the actuarial profession's progress in implementing the recommendations of the Morris Review.
 - Document and understand the regulatory systems of the actuarial profession, and work with the profession to establish an effective methodology for overseeing them - in relation to education and continuing professional development requirements, ethical standards, compliance monitoring and discipline.
 - Assess the availability of public information about facts and trends in the actuarial profession - and if appropriate encourage or secure publication of supplemental information or reports.
- c) Operating an independent investigation and discipline scheme for matters which raise or appear to raise important issues affecting the public interest**
- Hold the hearing of the Mayflower case.
 - Continue the investigation into the conduct of Deloitte & Touche LLP as auditors and advisers to the MG Rover Group.
 - Continue to monitor and investigate other matters which raise or appear to raise important issues affecting the public interest.
- d) Establishing standards and related guidance for accountants providing assurance services**
- Finalise Ethical Standards for Reporting Accountants.

Objective 6 - Promote our effectiveness as a unified independent regulator

- a) Meeting the principles of good regulation and ensuring that we are transparent and accountable and demonstrate our effectiveness**
- Report on our performance by publishing our Annual Report for 2005/06, which will include a report on the way we have sought to meet the principles set out in our Strategy.
 - Make available on our website up to date information on the work of the Council and the operating bodies, including summary minutes of meetings, subject to issues of necessary confidentiality.

- Make available on our website our policy on the preparation of Regulatory Impact Assessments.
- Make ourselves open to scrutiny by holding an Open Annual Meeting.
- Publish and invite comments on our Plan & Budget for 2007/08.

b) Ensuring that we are recognised in the UK and internationally as a credible, authoritative and influential organisation

- Implement enhanced arrangements to consult and engage with our stakeholders, including holding a corporate reporting and governance conference.
- Work with the DTI and HM Treasury to ensure that appropriate information "gateways" are in place between us and other regulatory authorities in the UK and other countries.
- Review our relevance to the public sector.

c) Ensuring that we have adequate resources and management processes

- Review the effectiveness of our arrangements for identifying and responding to risks to confidence in corporate reporting and governance in the UK.
- Develop our people management and development processes to improve our ability to attract, retain and motivate the people required to meet our objectives.
- Develop our IT systems to improve our effectiveness and efficiency, in particular in relation to risk assessment and document management.
- Improve our resilience in the event of incidents which disrupt our normal operations.

Four - Expenditure and funding

Financial Management and Reporting Framework

Our Financial Management and Reporting Framework, set out in our Strategy, provides the framework within which we manage and report on the costs of our activities and how they are funded.

Accounting, auditing and corporate governance

The Framework identifies four categories of cost in relation to our responsibilities for accounting, auditing and corporate governance:

Core operating activities - Accounting, auditing and corporate governance

- Core operating activities (accounting, auditing and corporate governance) cover all our activities in relation to accounting, auditing and corporate governance other than audit inspection, disciplinary case and Review Panel case costs.
- The costs of the core operating activities are measured in accordance with applicable accounting standards but the amount of funds raised is adjusted for significant non-cash items, principally depreciation and capital expenditure.
- The funds are provided in equal proportions by the FRC's three sponsors: the accountancy profession (the six major professional bodies); the business community (primarily listed UK companies); and the Government. This is the "tri-partite funding arrangement".
- Our intention is to raise in each financial year the funds expected to be required for that year.

Audit inspection costs

- Audit inspection costs include only the specific and variable costs of the AIU. The AIU's fixed overheads (principally office accommodation and shared IT systems) are included in core operating costs.
- Audit inspection costs are met by the individual RSBs with which the firms that are subject to inspection are registered.
- Our intention is to raise in each financial year the costs incurred in that year.

Accountancy disciplinary case costs

- Accountancy disciplinary case costs include only the specific and variable costs of cases taken by the AIDB. The other costs of the AIDB (principally staff, accommodation, shared IT systems and other overheads) are included in core operating costs.
- Case costs are potentially volatile from year to year, depending on the number and complexity of cases and, therefore, cannot be subject to firm budgetary limits.

- Case costs are met by the individual participating bodies to which the members or firms that are the subject of each case belong. In the event of disciplinary complaints being brought, the disciplinary tribunals have powers to award costs against those found guilty of misconduct.
- Our intention is to raise in each financial year the costs incurred in that year.

Review Panel case costs

- Review Panel case costs include only the specific and variable costs of cases which the FRRP decides to take to Court or prepares to take to Court. The other costs of the FRRP (principally the staff, office accommodation and shared IT systems) are included in core operating costs.
- Case costs are potentially volatile from year to year, depending on the number and complexity of cases and, therefore, cannot be subject to firm budgetary limits. These costs are met in the first instance from the Review Panel case costs fund, which is then replenished in the following financial year under the tri-partite funding arrangement.

Actuarial standards and regulation

The Framework identifies three categories of cost in relation to our responsibilities for actuarial standards and regulation:

With the agreement of HM Treasury, these costs will be met from an annual contribution from the actuarial profession (10% of total costs) and a levy on insurance companies (45%) and pension funds (45%) - the actuarial funding arrangements.

Core operating costs - Actuarial standards and regulation

- Core operating activities (Actuarial standards and regulation) cover all of our activities in relation to actuarial standards and regulation other than disciplinary case costs. They include a proportion of our overheads.
- The costs of the core operating activities are measured in accordance with applicable accounting standards but the amount of funds raised is adjusted for significant non-cash items, principally depreciation and capital expenditure.
- Our intention is to raise in each financial year the funds expected to be required for that year.

Actuarial disciplinary case costs

- Actuarial disciplinary case costs include only the specific and variable costs of actuarial cases taken by the AIDB. The other costs of the AIDB (principally staff, accommodation, shared IT systems and other overheads) are included in the two categories of core operating costs in proportion to the relative costs of accountancy and actuarial cases.
- Case costs are potentially volatile from year to year, depending on the number and complexity of cases and, therefore, cannot be subject to firm budgetary limits. We have decided to establish a fund to cover these costs.

- The level of the fund will be kept under review in the light of experience of the number and size of cases.
- The contribution that will be required to maintain the fund at an appropriate level will be reviewed each year. If in one year case costs exceed the annual contribution the additional cost will be recovered in the following year from insurance companies, pension funds and the actuarial profession in the same proportion as their contributions to the FRC's other costs in relation to the new arrangements.
- Any fine income received or legal costs awarded to the FRC in relation to disciplinary cases will be used to replenish the fund. Should the fund exceed the target level the excess will be used to meet the FRC's actuarial operating costs, thereby reducing the costs to the funding groups.

Recovery of set-up costs

- We incurred set-up costs arising from the need to establish the new arrangements. These costs were approximately £345,000, and we intend to recover them over the first three years of the operation of the new arrangements.

Summary of expenditure

	Budget 2006/07 £m	Estimate 2005/06 £m	Budget 2005/06 £m
<i>Accounting, auditing and corporate governance</i>			
Core operating costs	10.2	9.0	10.3
Audit inspection costs	2.5	1.7	2.2
Accountancy disciplinary case costs	0.5	0.5	-
Review Panel case costs	-	-	-
Total	13.2	11.2	12.5
<i>Actuarial standards and regulation</i>			
Core operating costs	1.3	-	-
Actuarial disciplinary case costs	0.2	-	-
Recovery of set-up costs	0.2	-	-
Total	1.7	-	-
Total	14.9	11.2	12.5

Core operating costs - Accounting, auditing and corporate governance

The budget for core operating costs for 2006/07 in relation to our responsibilities for accounting, auditing and corporate governance is £10.2m, 1% lower than the budget for 2005/06 in cash terms. The estimate for 2005/06 reflects slower than planned recruitment of appropriately qualified staff. The budget for 2006/07 represents an increase of 13% over the estimate for 2005/06.

Analysis by category of expenditure

	Budget 2006/07 £m	Estimate 2005/06 £m	Budget 2005/06 £m
Staff costs	7.0	6.2	6.6
Accommodation costs	1.0	1.3	1.1
Professional fees	0.7	0.5	0.7
IT costs	0.5	0.6	0.5
Other costs	0.9	0.8	1.1
Contingency	0.3	0.0	0.3
	<hr/>	<hr/>	<hr/>
	10.4	9.4	10.3
Sundry income	(0.3)	(0.6)	(0.2)
Capital expenditure	0.1	0.2	0.2
	<hr/>	<hr/>	<hr/>
Total	10.2	9.0	10.3
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Staff numbers	61	49	59

The increase in budgeted staff costs reflects an increase in headcount from 59 to 61 and the need to offer rewards which will attract and retain staff with the skills and experience needed to ensure that our work is of high quality. The contingency provides a modest allowance for activities and projects which had not been identified by the time this plan was finalised.

Analysis by operating unit:

	Budget 2006/07		Estimate 2005/06		Budget 2005/06	
	£m	Staff	£m	Staff	£m	Staff
ASB	2.5	16	2.1	13	2.7	15
APB	1.2	7	0.8	6	1.3	7
FRRP	1.7	11	1.2	7	1.9	11
POB	1.3	7	1.1	6	1.2	7
AIDB	1.0	5	0.8	4	0.9	4
CGU	0.1	1	0.1	1	0.1	1
Support Services	1.3	9	2.0	8	1.0	8
Corporate	1.1	5	0.9	4	1.2	6
	10.2	61	9.0	49	10.3	59

These figures represent the core operating costs of each operating unit plus an allocation of the central overheads based on the number of full time staff in each operating unit. The proposed distribution of resources is substantially unchanged from the budget for 2005/06.

Audit inspection costs

The only other category of activities which is susceptible to normal budgetary limits is audit inspection. The proposed scope of the activities of our AIU in 2006/07 completes the transfer of responsibility for inspection of audits of entities in which there is a major public interest from the professional accountancy bodies to the AIU. The budget for the AIU is £2.5 million, which is the cost of meeting the programme of independent audit inspections discussed under Objective 2(c). The AIU is planning to operate with 17 staff in 2006/07 compared to a forecast of 12 in 2005/06.

Accountancy disciplinary case costs

The budget includes only a provisional estimate of the currently foreseeable costs that are likely to be incurred in 2006/07 in relation to the two cases which have already been announced, Mayflower and MG Rover. The disciplinary hearing in respect of the Mayflower case is expected to be concluded in 2006/07. The investigation in relation to MG Rover is underway but it is uncertain when it will be completed. The costs of these two cases may be higher than this estimate. If other cases arise they will involve additional expenditure for which no allowance has been made in the budget.

The levy on listed companies for 2006/07

The levy on listed companies is collected on our behalf by the FSA at the same time that it collects its own fees, which helps to reduce the costs of collection.

In 2005/06, following consultation, we changed the basis of our levy on listed companies from flat fees to a levy based on market capitalisation. This was a fairer basis for calculating the levy. It meant that the majority of listed companies paid a lower amount than they would have done in 2004/05.

In March 2006, we published our levy proposals for 2006/07. In the period between November 2004 and November 2005 there was a significant increase in the market capitalisation of listed companies. Given that the amount which we aim to raise is very similar to that raised in 2005/06, we were able to propose rates per £m of market capitalisation for 2006/07 which are approximately 10% lower than those in 2005/06. We will finalise the levy in May.

We will keep under review the issue of whether other publicly traded companies should contribute to the cost of our work.

Actuarial standards and regulation

Our budget for our new responsibilities for actuarial standards and regulation is, we believe, appropriate to enable us to make a good start in implementing our new responsibilities.

The total cost of the new arrangements in 2006/07 is estimated to be as follows:

	Budget 2006/07 £m
Core operating costs	1.3
Actuarial disciplinary case costs	0.2
Recovery of set-up costs	0.2
Total	1.7

Core operating costs

These costs will include the cost of the BAS (likely to be the largest element) and the additional work undertaken by POB and the AIDB. They also include a fair apportionment of the cost of our support services and corporate costs (£0.3m). As a result the core operating costs of our work on accountancy, auditing and corporate governance will be £0.3m lower than they would otherwise be.

Actuarial disciplinary case costs

We have decided to establish a fund to cover these costs, with an initial contribution of £250,000 in 2006/07.

Recovery of set-up costs

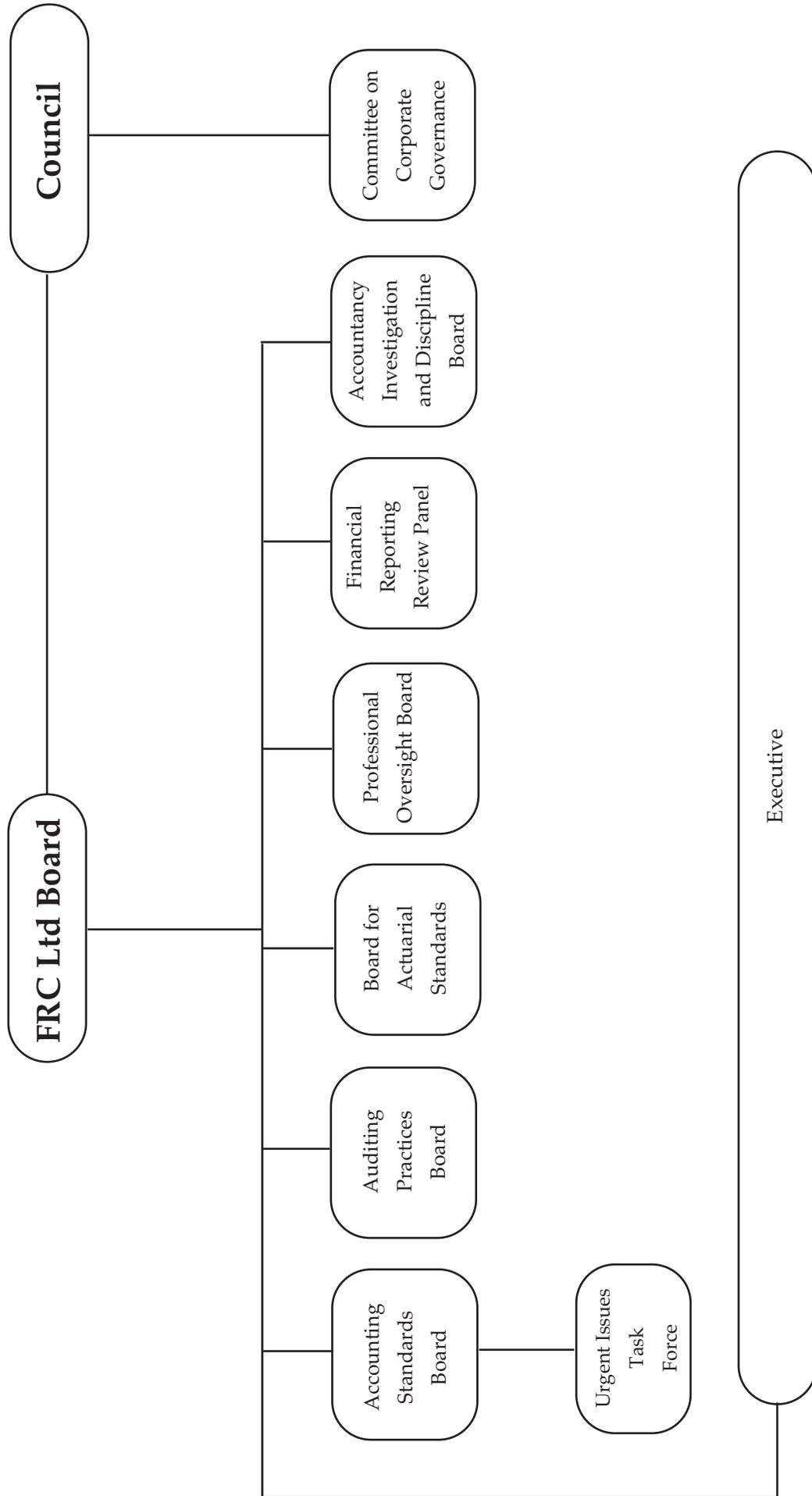
Since the Plan & Budget 2006/07 was published for comment in December 2005, the set-up costs have been re-assessed and are now expected to be in the order of £345,000, somewhat lower than originally allowed for. The FRC intends to recover £150,000 of these costs in 2006/07.

Funding actuarial standards and regulation in 2006/07

In October 2005 we published for consultation our proposals for funding our new responsibilities for actuarial standards and regulation. In March 2006 we published our final proposals, which explained that we intend to fund the costs incurred in relation to our new responsibilities in 2006/07 through:

- A contribution from the actuarial profession equivalent to 10% of total costs.
- A levy on insurance companies in FSA fee-blocks A3 and A4 equivalent to 45% of total costs. This will be allocated to individual insurance companies in the same proportion as the FSA regulatory fees and charged to insurance companies on the same invoice as the FSA fees.
- A levy on pension schemes equivalent to 45% of total costs on the basis of information on scheme membership provided to TPR in its scheme returns. For 2006/07, we intend to collect a levy of £2 per 100 members on pension schemes with a minimum contribution of £20, which will have the effect of including within the scope of the levy those schemes with more than 1000 members - around 2000 schemes, representing approximately 85% of the total membership of pension schemes.

Annex A - Organisational structure



Annex B - Abbreviations

AIDB	Accountancy Investigation and Discipline Board
AIU	Audit Inspection Unit
APB	Auditing Practices Board
ASB	Accounting Standards Board
BAS	Board for Actuarial Standards
C(AICE)	Companies (Audit, Investigations & Community Enterprise) Act
CGU	Corporate Governance Unit
DTI	Department of Trade and Industry
FRC	Financial Reporting Council
FRRP	Financial Reporting Review Panel
FSA	Financial Services Authority
HMT	Her Majesty's Treasury
IAASB	International Auditing and Assurance Standards Board
IASB	International Accounting Standards Board
ISA	International Standard on Auditing
OFR	Operating and Financial Review
POB	Professional Oversight Board
RSB	Recognised Supervisory Body
SFO	Serious Fraud Office
TPR	The Pensions Regulator
UITF	Urgent Issues Task Force

Annex C - Contact details

Comments on the Plan & Budget for 2006/07 should be sent to:

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