

Section Four Levies

Levy on accounts preparers

The levy applies to publicly traded companies, large private entities and public sector organisations and is used to raise a proportion of the FRC's annual funding requirement and the UK contribution to the IASB and the European Financial Reporting Advisory Group (EFRAG).

Funding requirement

For 2015/16, our funding requirement is as follows:

	FRC requirement		plus	IASB contribution		=	Preparers levy	
	Forecast 2014/15	Budget 2015/16		Forecast 2014/15	Budget 2015/16		Forecast 2014/15	Budget 2015/16
Levy group	£m	£m		£m	£m		£m	£m
Publicly traded companies	8.0	8.4		0.6	0.6		8.6	9.0
Large private companies	3.0	3.2		0.2	0.2		3.2	3.4
Public sector organisations	0.4	0.5		0.1	0.1		0.5	0.6
Total	11.4	12.1		0.9	0.9		12.3	13.0

Preparers levy rates for 2015/16

The amounts payable under the preparers levy are determined through a minimum levy and further amounts for organisations above a certain size, with the rate per £m declining in five levy bands aligned with the FCA levy arrangements. Details of the levy are published on our website at <http://www.frc.org.uk/funding>

Overall receipts are determined by the FRC's funding requirement, the size of the levy population and the rates we charge.

This will result in an increase in the levy rates that will be applied to their market capitalisation/turnover – to determine the amount actually charged – of 3.2% for firms of up to £100m, 7% for firms over £100m and 9% for firms over £1billion.

Rates to be applied:

In order to raise the overall amount we require we will apply the following rates:

Band	Organisation size Per £m	2015/16 Preparers levy rate Per £m*	2014/15 Preparers levy rate Per £m*
Minimum fee	Up to 100m	£1,024	£992
1	100m - 250m	£10.03	£9.37
2	250m - 1,000m	£7.65	£7.15
3	1,000m - 5,000m	£5.70	£5.23
4	5,000m - 25,000m	£0.0959	£0.088
5	> 25,000m	£0.0182	£0.0167

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

The following example illustrates the way in which the 2015/16 levy will on this basis be calculated for a Premium Listed Main Market Company, a large private entity and a public sector organisation each of which is £1.3bn in size:

Example	Premium Listed Main Market Company with a market value of £1.3bn	Large private entity with a turnover of £1.3bn	Public sector organisation with expenditure of £1.3bn
Organisation size per £m	Levy payable at 2015/16 rates (£)	Levy payable at 2015/16 rates (£)	Levy payable at 2015/16 rates (£)
Up to 100m	£1,024.00	£1,024.00	£1,024.00
100m - 250m	£1,504.50	£1,504.50	£1,504.50
250m - 1,000m	£5,737.50	£5,737.50	£5,737.50
1,000m - 5,000m	£1,710.00	£1,710.00	£1,710.00
Total	£9,976.00	£9,976.00	£9,976.00
Less discount	-	£4,988.00	£7,482.00
Levy Charge	£9,976.00	£4,988.00	£2,494.00

Main market companies with a Premium listing pay the full levy. Companies with a Standard listing receive a 20% discount, in line with the discount provided under the FCA listing fees. Large private entities with a turnover of more than £500m receive a 50% discount while public sector organisations receive a 75% discount on the levy rates.

Global Depository Receipt issuers will pay the same levy as in 2014/15, that is, £3,450 for companies that have designated the UK as their home competent authority and £2,750 for the rest of the group. The Financial Conduct Authority's official Home Competent Authority list is available at <http://www.fsa.gov.uk/ukla/hcaList.do>

Insurance levy

The insurance levy will be allocated to insurance companies in the same proportion as the FCA regulatory fees and charged to insurance companies on the same invoice as the FCA fees. In 2015/16 we propose to set a levy equivalent to 0.94% of the fees charged by the FCA/Prudential Regulatory Authority..

Pension levy

On the basis of the necessary data from the Pensions Regulator we propose to raise the £1.2m in the same proportion from the pension schemes as in 2014/15.