



Financial Reporting Council

# **Financial Reporting Council Annual Report and Accounts for the year ended**

31 March 2025





# **Financial Reporting Council Limited**

## **Annual Report and Accounts 2024/25**

**From the period 1 April 2024 to 31 March 2025**

**Presented to Parliament by the Secretary of State for Business and  
Trade by Command of His Majesty**





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Any enquiries regarding this publication should be sent to us at Financial Reporting Council Limited, 13th Floor, 1 Harbour Exchange Square, London, E14 9GE or [frccommunications@frc.org.uk](mailto:frccommunications@frc.org.uk)

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# 1. 2024/25 highlights

## April

- Actuarial Standard Technical Memorandum (AS TM) 1 update on statutory money purchase illustration guidance



## June

- Stakeholder engagement roundtables on the Assurance of Sustainability Reporting Market Study



## May

- Pre-consultation engagement for the 2026 Stewardship Code



## July

- Formal creation of our Market Intelligence & Insights (MII) and Digital Reporting & Taxonomies (DRT) departments
- NHS Audit Market Study launch
- FRC Annual Report and Accounts published
- Publication of Annual Enforcement Review
- Annual Review of Audit Quality



## August

- Consultation on revised Financial Reporting Standard (FRS) 102 Going Concern guidance
- Digital Reporting discussion paper
- Opening of FRC Birmingham office



## September

- New editions of all UK & Ireland accounting standards (FRS 102) published
- Finalisation of Technical Actuarial Standard (TAS) 200
- Annual Review of Corporate Reporting (2023/24)
- Publication of the Local Audit Backlog Rebuilding Assurance accessible guide
- Publication of letter on external private capital and audit firms



## October

- Publication of our emerging findings from the Assurance of Sustainability Reporting Market Study





## December

- Annual competition update
- NHS Audit Market Study interim findings
- Annual Review of FRS 101
- Tier 2 and Tier 3 Audit Firms Audit Quality Inspection and Supervision report
- Draft Plan and Budget and 3-Year Strategy
- FRC assumes governance of the Wates Principles for Large Private Companies



## March

- Public beta launch of the Digital Reporting Viewer, a tool designed to improve free access to structured company reporting data
- Publication of Plan and Budget and 3-Year Strategy
- Move of FRC London office to Harbour Exchange
- Updated position on capital restructuring at UK audit firms



## November

- Stewardship Code consultation launch
- Audit Quality Inspection report of Major Local Audits
- Announcement of Chartered Institute of Public Finance and Accountancy (CIPFA) Local Audit qualification recognition
- Publication of Local Audit Backlog Disclaimed Opinions accessible guide
- Annual Review of Corporate Governance Reporting
- Annual update to the Secretary of State for Business and Trade on remit and outlining 2025 priorities to support UK economic growth



## January

- Thematic review of Climate-related Financial Disclosures (CFD) by Alternative Investment Market (AIM) and large private companies
- Launch of campaign to support UK Small and Medium-sized Entities (SMEs) to grow and scale



## February

- Final report from our Assurance of Sustainability Reporting Market Study
- Announcement of 2025's Stewardship Code signatories, with 297 signatories to the Code representing £52.3 trillion assets under management
- Updated guidance to support going concern reporting
- System leadership of Local Audit transferred to the Ministry for Housing, Communities and Local Government (MHCLG)



## 2. Statement by the Chair



**I am pleased to present the Financial Reporting Council's (FRC) 2024/25 Annual Report and Accounts. Over the course of the last year, the FRC has renewed its commitment to serving the public interest and supporting economic growth through our work on corporate governance, corporate reporting, audit and actuarial policy.**

We have seen a lot of progress this year, the first full year with Richard Moriarty at the helm since he joined us in October 2023. Our new 3-Year Strategy 2025-28, published in March, demonstrates our commitment to being at the forefront of protecting the public interest and underpinning trust and confidence for our stakeholders. Our colleagues across the FRC aim to live up to this commitment every day through our values, our purpose, and our objectives.

A strong and vibrant UK business environment is built on three pillars: well-run companies with strong governance arrangements producing high-quality disclosures, a system of external assurance which ensures investors have the confidence to place their capital in the UK, and a regulator that maintains the high standards required to support this.

We strongly support the government's priority of maintaining the UK's status as a leading global destination to build and scale a business, and will continue working together to put in place the right business environment to drive long-term economic growth. To do that, access to a quality audit, alongside good corporate governance and reporting, underpins the confidence that supports companies in more readily accessing the capital they need to grow and create jobs and wealth in every community and region in the UK.

The announcement of legislation to support audit reform is recognition of the importance of addressing the remaining gaps in the UK's regulatory framework to support the government's growth mission. We will be supporting our colleagues in government in getting this legislation onto the statute book, and want to remain close to those with an interest in our work as our toolkit is modernised through statutory powers. However, it remains for ministers in the Department of Business and Trade (DBT) to determine the specific detail of the legislation and its impact on the wider UK corporate landscape.

We remain committed to being a modern regulator, and the work demonstrated in this Annual Report truly reflects this.

A handwritten signature in black ink, which appears to read 'J. du Plessis'.

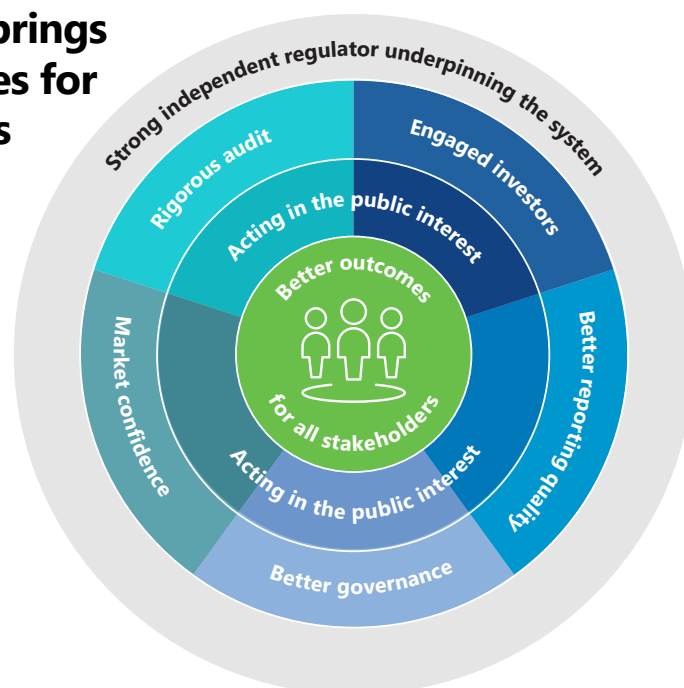
**Sir Jan du Plessis**  
Chair



### 3. The FRC at a glance

The FRC has an important public interest role to enhance the quality of audit, corporate reporting and governance, while supporting the UK's economic growth and its international competitiveness. The FRC's Board and executives remain focused on ensuring our current regulatory toolkit is used to best effect, including working closely with our stakeholders. This includes setting proportionate standards, fostering a culture of continuous improvement and holding those that fall short to account. This is important for stakeholders, large and small, across the country, from workers and pension holders to institutional investors and large corporate organisations. For more about our stakeholders and how we engage with them, see page 25.

#### Building trust brings better outcomes for all stakeholders



#### Our objectives

##### Objective 1

The **standards and expectations** we set will enhance corporate governance, corporate reporting and investor stewardship in a manner that supports UK economic growth and investment.



##### Objective 2

Our **proportionate** regulation of accounting, audit, assurance and actuarial work will expect and encourage high quality by those responsible, **acting as an improvement regulator** and dealing effectively and fairly with cases where there are significant or serious shortcomings.



##### Objective 3

We will build on our deep understanding of corporate reporting and the audit and actuarial markets we oversee, and by being **agile**, we will identify and prepare for opportunities and challenges on the horizon.



##### Objective 4

We will be a **modern organisation – continuously learning, improving**, and considered by others as a respected, effective and highly engaged regulator and by our colleagues as an inclusive and great place to work.



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## 4. Our renewed purpose

**The purpose of the FRC is to serve the public interest and support UK economic growth by upholding high standards of corporate governance, corporate reporting, audit and actuarial work.**

This year, we have made three changes to our previously stated purpose:

- To better reflect the increased focus the government has placed on regulators supporting economic growth. This is something that was previously implicit in the FRC's purpose, but we consider it appropriate to make this link explicit.
- To make explicit the breadth of our remit across professions, which includes actuaries in addition to auditors and accountants.
- We have removed the previous reference in our purpose to '[holding to account those responsible for delivering] high standards of governance, financial reporting and audit' owing to it being part of 'how' we achieve our purpose rather than it being viewed as an 'end' in itself.

### Why our purpose matters

The FRC's work helps underpin trust and confidence in companies from stakeholders, such as investors, creditors and employees, and the communities in which they operate. This enables companies to attract investment, as well as the broader support they need to grow and prosper in the long term. Our work contributes directly to UK economic growth while, in turn, protecting the public interest of those stakeholders who rely on good quality corporate reporting and audit to support their own informed decision-making and/or financial interests.

Poor quality governance, corporate reporting, audit and actuarial work can contribute to misinformed decision-making, disorderly corporate failure and avoidable costs for a range of stakeholders. Those affected include investors, creditors, employees and pensioners, in addition to broader impacts on supply chains and local communities. It is important to stress, however, that a growing, vibrant and innovative economy demands market entry and exit driven by risk-taking with capital. It has never been our role to prevent corporate failure and market exit.

We recognise the sectors we regulate include corporates, audit firms and investors that operate on an international rather than national basis. By engaging with international peers and standard-setting authorities, we influence international standards for the benefit of UK stakeholders.

## 5. Our business model

### Our five priorities to support economic growth

1. Underpin investor and broader confidence in UK plc, which enables businesses to attract capital and grow.
2. Embed the principle of proportionality in our work and identify and address unnecessary burdens on business.
3. Understand the markets we oversee to identify whether they work effectively to support growth.
4. Identify key future trends and innovations in the markets we oversee that businesses and regulators should be well positioned for.
5. Work with others to support the future skills and resilience of the professions needed for the markets we oversee.

### What kind of regulator is the FRC?

The FRC expects and encourages high standards, and our focus remains on audit quality and underpinning the trust and confidence of those who rely on corporate reporting.



## Our values



## What we do

### Standards and expectations

The UK's reputation for high standards of governance, corporate reporting and investor stewardship has been widely credited as a source of competitive advantage for international investment. The challenge for the FRC is to strike an appropriate balance between two things:

1. Enhancing the quality of corporate information, which benefits users and the preparers of this information if it offers them better access to capital to grow.
2. Avoiding unnecessary burdens and costs while doing so.

Our support for the government's growth mission has sharpened our focus on proportionality to ensure that any additional requirements are well-designed, targeted and no more than necessary. We are also reviewing existing requirements and guidance to determine whether they can be withdrawn or reduced. The FRC has continued to operate in this way over the past year. For example, in early 2024, this approach supported the conclusion of our largest ever consultation on the UK Corporate Governance Code. We applied the same approach again for our consultation on the Stewardship Code, which relates to asset owners, asset managers and investment service providers.

### Audit and assurance regulation

The health of the UK economy needs to be underpinned by a robust and well-functioning audit market that is supported by appropriate levels of audit quality that instil trust and confidence in users of financial statements. This is a strong platform on which to build and is a shared vision with firms, professional bodies and investors.

Audit quality has improved in recent years, as firms have invested in people and quality management systems. This year, we undertook a survey of audit professionals that showed they view improvements they have made, such as a focus within firm culture on quality, and our independent oversight regulation, as having had a significant impact on enhancing quality.



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## **Agile approach**

Anticipating market trends and preparing for future opportunities and challenges requires a deep understanding of the markets we oversee. This understanding enables us to adapt our policies to align with the needs of a changing market. By actively monitoring trends and challenges, the FRC is better equipped to respond to emerging risks and opportunities, ensuring that the regulatory environment remains relevant and continues to support economic growth and investment.

## **Modern organisation**

We want to earn respect for being a best-in-class regulatory authority, and we think good stakeholder engagement is central to this. The nature of regulatory decision-making means it is not always possible to agree, not least because different stakeholders may hold opposing views on some matters. Nevertheless, we believe that by engaging with stakeholders we are better able to develop effective, pragmatic and proportionate policies that serve the public interest and support UK economic growth. Stakeholders have told us they value the informal outreach ahead of formal consultations we have trialled in the last year, and we will continue to deploy this approach going forward.

One way we can learn and support those we regulate to adapt to these changing trends is through our Audit & Assurance Sandbox. The Sandbox is a collaborative and innovative approach to identifying and developing solutions to technical and policy issues in the audit and assurance space. It has had success in several areas and resulted in valuable outputs such as additional guidance on the Objective and Reasonable Informed Third Party test and support to clear the local audit backlog. Building on this success, we will expand the Sandbox to all areas of our remit. This will focus on practical, innovative solutions which address the key themes stakeholders are most interested in and which are most likely to have an impact on UK growth and competitiveness.

To be successful, we need to be able to recruit and retain the necessary skills to support our strategy and continue to promote an inclusive and diverse organisation. We will need to invest in our people through learning and development, and by developing a new approach to performance management. We want a step change in how we use and exploit technology, data and information management within our organisation.

## 6. Chief Executive's report



**Following my first full year as CEO, I welcome the opportunity to reflect on where we are as an organisation, and where to further direct our efforts to develop our purpose of serving the public interest and supporting economic growth, by upholding high standards of corporate governance, corporate reporting, audit and actuarial work. When regulation is designed well, it can do just that; but at the same time, we must ensure that regulation remains proportionate, necessary, and fit for purpose.**

We share the government's priority in maintaining the UK's status as a global destination to build and scale a business. Businesses need access to capital and broader stakeholder support in order to grow and thrive; this requires capital providers and other stakeholders to have trust in the underlying reporting and assurance environment. Access to quality audit, alongside good corporate governance and reporting, underpins domestic and investor confidence, which in turn supports well-run companies in more readily accessing the capital they need to grow and create jobs and wealth in every community and region of the UK.

One way we have supported this is through our changes to the UK Corporate Governance Code and our review of the Stewardship Code. Our principles-based approach to corporate governance updated in the 2024 UK Corporate Governance Code, underpinned by proportionality, gives investors confidence and certainty to invest in the UK. With an effective date of 1 January 2025, we have worked with stakeholders to ensure that this is fully embedded before reporting begins in 2026.

In turn, the UK Stewardship Code plays a vital role in promoting long-term value for millions of people who trust their hard-earned savings and pensions to the investment community to provide for their future. When published later this year, the updated Code will remove reporting expectations that do not add additional information or transparency, and will come with guidance to demonstrate different approaches to applying the principles and what good reporting looks like.

Earlier this year, we also shared the key observations from the pilot phase of our actuarial monitoring programme, which allows us to assess the effectiveness of the application of actuarial standards, ensuring they are proportionate and outcomes focused. By enhancing the quality of actuarial work being carried out by practitioners, we have been able to support growth through greater investment particularly in the insurance and pensions sectors, which in combination manage investments of over £4 trillion of assets.

There are also a number of areas we have been looking at in more detail this year relating to our audit work. Audit quality in the UK compares favourably internationally, but it remains a key priority for the FRC to enhance the resilience of the UK audit market. While quality continues to show improvement at the largest firms, there is a persistent gap between these and others. We must therefore remain vigilant and drive for continuous improvement to ensure that quality improves across the whole of the market.

Through our engagement with stakeholders across business and the audit profession, it's clear to us that some SMEs face challenges in securing audit services at a proportionate cost, potentially impacting their ability to grow. We've therefore been considering how the audit market is working for SMEs, and how we can embed the principle of proportionality for SME audits.

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The use of Artificial Intelligence (AI) has the potential to significantly impact the financial services industry, including the markets and firms we oversee. We must therefore ensure that we are looking at how it impacts our stakeholders as well as ourselves. Our 3-year Strategy focuses on AI and technology as a priority area for us to address as a modern and agile regulator.

We are also seeing changes in the nature of the capital structures of audit firms across the whole of the market. Our letter, issued in September 2024 and updated in March 2025, made clear that these transactions are complex for firms, and so we expect them to engage with us early to reassure us that any proposed structure will be able to support the public interest, the independence dimensions of audit, and all applicable regulatory requirements.

We have continued to progress our programme on the memoranda of understanding with overseas regulators for mutual recognition of progressional qualifications, allowing third-country auditors to apply for audit rights in the UK and vice versa. This supports the UK professions' skill base and resilience, reducing unnecessary burdens on auditors, and supporting UK firms and professional bodies to trade globally. Due to work over the last year, we have secured recognition with Australia, New Zealand and Switzerland, with more close to being secured.

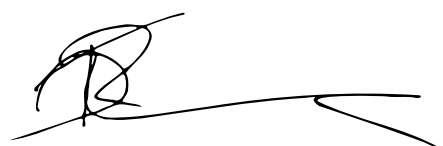
One major development on the horizon is the expected draft Audit Reform and Corporate Governance Bill. We very much welcome the government's commitment to bring this legislation forward.

We know that the UK's corporate landscape has moved on since the original legislative proposals in 2021: audit quality has improved, conflicts of interest among the largest firms have been addressed, UK corporate governance has been strengthened, and the FRC is already a more effective regulator. One example of this is the confirmation in October that the four largest audit firms had concluded the transitional voluntary three-year period of operational separation, an initiative to ensure that audit practices are focused above all on delivering high-quality audit in the public interest.

However, we recognise the importance of the proposed draft audit, reporting and corporate governance legislation, placing the FRC on a similar statutory footing to other regulators and ensuring all stakeholders have confidence in the regulatory sector. There remain important loopholes to be closed by modernising our regulatory powers, and we will remain close to those with an interest in our work as we transition to the Audit, Reporting and Governance Authority (ARGA).

While still maintaining a flat headcount, we have continued establishing our presence in Birmingham with our new office officially opening in August 2024. It now accounts for 10% of our overall workforce, with recruitment to roles as they become vacant in London being offered in Birmingham wherever appropriate, including that of Vinita Hill, our new Chief Operating Officer. This demonstrates our commitment to having a presence in regions across the UK and reflects the geographic spread of our stakeholders.

Our ongoing goal of being an improvement regulator is not just about our influence with audit firms and UK plc, it also applies to ourselves. Our new 2025-28 3-Year Strategy looks at what we need to do to pursue that purpose, underpinned by our values and strategic objectives, but that is not to say that there isn't much for us to be proud of already.



**Richard Moriarty**  
Chief Executive Officer (CEO)

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## In support of UK growth

Our work helps to maintain trust and confidence in companies from a range of stakeholders including investors, creditors, and the communities in which they operate. This enables those companies to attract investment and support they need to grow and prosper in the long-term. In turn, this means that our work contributes to protecting the public interest of those stakeholders who rely on good quality corporate reporting and audit to support their own informed decision making and financial interests.

We provided our annual update to the Secretary of State for Business and Trade in November 2024, which specifically outlined our five priorities to support growth, and we ensure that our work continues to embody these. However, to provide the best support for companies to grow and scale, our regulation must not be overly burdensome and so, when we recognise a need for change, we endeavour to provide updates to support this in a timely way.

In the course of the last year, we have provided an update to TAS 310 in relation to collective money purchase schemes and to TAS 300 in relation to the use of surplus in defined benefit schemes and superfunds. These amendments support the development of these emerging areas and increase public confidence in these markets.

We completed the periodic review of FRS 102 in March 2024, but in response to stakeholder needs, we developed and updated materials to support the implementation of our amendments to the standard. These ensure that, while the amendments were designed to enhance the quality of UK financial reporting and help support access to capital and growth of businesses applying them, preparers are able to plan for the amendments effective for accounting periods beginning on or after 1 January 2026.

Following government's changes in legislation to increase company size thresholds in December 2024, we have issued a package of guidance and amendments to existing standards and guidance to assist with implementation, draw attention to the changes and help smaller companies understand the financial reporting options that may now be available to them.

The strength of governance in UK companies is something we can be proud of, and is an important enabler of economic growth. Companies have begun to implement the revised Corporate Governance Code from January 2025, which has taken a streamlined approach, withdrew about 20% of previous guidance issued, and dispensed with other additive proposals. Our most recent review of corporate governance reporting in November 2024 found that 28 of 100 companies examined chose to depart from the Corporate Governance Code, making use of the comply or explain approach. This demonstrates that companies are able to choose an approach that works for them, provided that this is explained clearly through the annual report.

For audit firms, we understand that part of attracting investment and therefore encouraging growth can mean the use of capital restructuring via private capital. In the right circumstances, this can generate additional investment that enhances audit quality and drives innovation, choice and competition in the audit sector. As a result, we issued a letter in September 2024 outlining our position, and provided an update in March 2025 given the continued market interest in the topic.

We also focus on audit quality through our continued audit firm inspections for both Tier 1 firms and Tier 2 and 3 which emphasised the importance of delivering consistent levels of audit quality, the need for strengthened commitment to continuous audit quality improvement, and the reduction of the widened gap between the largest four firms and the rest of Tier 1. As well as this, we published our report on the quality of major



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local audits, recognising the vital role that local auditors play in their communities. Our enforcement work over the course of the last year reinforces this focus by upholding high standards which in turn creates confidence in financial reporting and drives growth for the benefit of society as a whole.

## **Our role as an improvement regulator**

In recognition of our role as an improvement regulator, we have continued to look at ways in which we can ensure we are maintaining high standards while reducing regulatory burden. One major piece of work in this space was the launch of the Stewardship Code consultation in November, looking at ways we could improve on the 2020 Code. While implementation of the new Code is expected in the coming year, it will promote improved transparency, disclosure and accountability in the stewardship ecosystem, maintaining its reputation for supporting high-quality stewardship.

We hold ourselves to the same standards as we do our stakeholders, and so we have made improvements within our own organisation. Last July, following a strategic review of some of our functions, we created our new Market Intelligence & Insights (MII) and Digital Reporting & Taxonomies (DRT) teams. The MII team gives us an even stronger capability to understand the markets relevant to us and the potential impact of our work on them, while the DRT team enhances our thought leadership and policy work in the rapidly evolving digital reporting landscape.

We are also working on improvements to the future of audit regulation through two projects looking at our own processes and procedures: the Future Audit Supervision Strategy (FASS) and our End-To-End Enforcement Process Review (E2E). We are keen to assess our regulatory approach to ensure it remains fit for purpose now and in the future, and through these projects we aim to underpin consistent quality performance while also reducing regulatory burdens.

To ensure we are assisting our stakeholders in the application of our work, we produce Frequently Asked Questions (FAQs) and myth busters on matters such as FRS 102, carry out quality reviews in areas such as listed company digital reporting to support in driving up the quality of the data so that it can be relied on for decision making, and provide oversight and support in areas such as changes to FRS 102 to promote high quality reporting and consistency within sectors.

We continue to publish thematic reviews to aid stakeholders in making improvements to their own reporting, such as on offsetting in the financial statements and International Financial Reporting Standards (IFRS) 17 insurance contracts and on climate-related financial disclosures by AIM and large private companies as well as on the International Standard on Quality Management (ISQM) 1 root cause analysis and ISQM 1 network resources and services providers. We also published our 'What makes a good environment for speak-up and internal challenge' report, summarising what good looks like and providing examples of good practice from our supervision work.

Our Corporate Reporting Review (CRR) team has continued to apply a proportionate, targeted approach to consideration of company annual reports and accounts and their compliance with relevant reporting requirements. It found that there was some evidence of a widening gap in reporting quality between the FTSE 350 and other companies. We recognise that companies outside of the FTSE 350 are often the engines of growth in the economy, and we cannot be complacent about lower quality reporting; these findings have therefore fed into our work to ensure we are facilitating improvement in this area.

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We carried out an audit firm survey, providing comparative information to firms on how their staff perceive the environment in which they conduct audits including the quality of technology provided by the firm, the emphasis on audit quality and independence within the firms' culture, and the impact of entity management or audit committees on the conduct of an audit.

We have also seen the conclusion of a number of enforcement decision notices which highlight our focus on driving high standards through the setting and monitoring of non-financial sanctions, including root cause analyses, and through settlement of cases. Both of our KPMG/Carillion audit investigations saw full decision notices published in May, while the Oliver Clive & Co, PwC and EY audits of London Capital & Finance saw published outcomes in the same month. Encouragingly, this year has seen good examples of exceptional cooperation by firms and individuals during investigations, evidencing an ongoing commitment to self-improvement.

We promote these improvements by communicating our expectations through our Annual Enforcement Review, which last year had specific chapters on proportionality and consistency in our enforcement work. We maintain a focus on timeliness and consistency arising from the growth of published outcomes, particularly those conducted under the Audit Enforcement Procedure, and we have once again exceeded our two- and three-year Key Performance Indicators (KPIs) for conclusion, settlement or closure of cases.

## **Proportionality and smart regulation**

Our enforcement work continues to ensure we are proportionate in our approach, ensuring that there are processes, mechanisms and safeguards in place to support consistent, fair and robust outcomes. We continue to see a reduction in the size of the case portfolio as the number of new cases opened remains below the average over previous years, and our drive to conclude legacy cases and newer investigations in parallel has continued.

Areas of focus for enforcement cases are not set in stone; if indicators of breaches are identified and it would be in the public interest to investigate, we may widen the focus to other issues. This proportionate, risk focused enforcement action upholds confidence through holding those who have fallen short to a serious or significant extent to account, and deters similar behaviour in the future.

Wherever possible we remove unnecessary burden to ensure we are taking a proportionate, smarter approach across our work; our practice note on less complex entities sought to clarify requirements to support firms that audit less complex entities interpret requirements proportionately, we removed a number of provisions in the insurance actuarial standard (TAS 200) where they are addressed elsewhere, and we introduced interim reporting measures for Stewardship Code signatories while consulting on reporting requirements, addressing concerns of unnecessary reporting burden at the earliest available opportunity.

We continue to supervise the largest firms' implementation of ISQM 1, a standard that is scalable to the circumstances of the firm. This means that while firms are required to establish and maintain a system of quality management, centring on establishing quality objectives, identifying and assessing quality risks, and designing and implementing responses to them, this should be done in a way that takes into account the nature and circumstances both of the firm and of the engagements it performs.

Where our focus has traditionally been on the largest businesses, we believe there is more we can do to help the smaller end of the market. Through our work on local audit, we also

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provided support to implement measures to address the backlog of local body audits by pausing routine inspections of major local audits to allow auditors to focus on clearing the backlog and returning to timely reporting.

In January 2025, we launched a campaign to support UK SMEs to grow and scale, aiding in accessing audit services and reducing reporting burdens where possible. We want to see how we can help audit firms apply audit standards proportionately for smaller, lower risk and less complex companies, and so we are carrying out a market study on SMEs, providing guidance to support the proportionate audit of SMEs, as well as providing support materials for the companies themselves.

## **Innovation and the future**

Rapidly evolving, generative AI tools are transforming the way people work, and these tools have the potential to automate tasks, improve decision-making and provide valuable insights into data and operations, if used appropriately. While our approach to AI internally is still in its infancy, we ensure that any technology we consider for use is done so responsibly, complying with applicable law, and protects the confidentiality, integrity, and availability of all data that we process.

We engage with stakeholders to better understand how they currently use technology and AI, how they might want to in the future, and if regulation is impacting this. We work to promote responsible innovation and use of technology, and issue guidance to support and encourage the innovation and use of technology. We are also assessing the potential of AI in corporate reporting, and how structured data can contribute to more effective and reliable AI use.

In October 2024, we published the revised Technical Actuarial Guidance on Models to include examples relating to using AI and Machine Learning techniques in actuarial work, enabling actuaries to produce quality work using these advanced techniques while carefully considering associated risks.

In March 2025, we announced the public beta launch of our digital reporting iXBRL viewer, a new tool designed to improve free access to structured company reporting of over three million companies. This was an important milestone in unlocking vast repositories of digital data, enabling investors, businesses, and the public to easily access and analyse company information, creating opportunities to make more informed decisions about operations and investments. We also published a cross-regulatory discussion paper, setting out the opportunities for developing digital reporting in the future; this is a cost-efficient way of making company information more accessible and transparent to stakeholders.

## **Engagement and collaboration**

We recognise that the sectors we regulate operate on an international basis, not just domestically. That's why we engage with international peers and standard-setting authorities to continue influencing international standards to the benefit of UK stakeholders, prioritising our engagement with the sectors we regulate and the markets we operate in. This covers every size of business, pension holders, suppliers, auditors and accountants, actuaries, asset owners and managers, and ultimately, all taxpayers. We know that our stakeholders want a clear approach from us as a regulator and a rationale to accompany any changes and updates, so we endeavour to provide consistency in our messaging and output, as well as extensive direct and indirect engagement to ensure this open dialogue.

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On our review of the Stewardship Code, we undertook extensive engagement ahead of and during the consultation to inform the development of the consultation proposals. We also lead the cross-regulatory project to digitise UK corporate reporting standards and regulations, alongside Companies House, the Financial Conduct Authority (FCA), His Majesty's Revenue and Customs (HMRC), the Charity Commission for England and Wales, the Irish Revenue, and staff from relevant professional services, software vendors, and industry groups.

Where appropriate, we engage with other regulators and government departments to take our work forward. On the supervision of audit, we collaborate with other regulators to hold the largest global networks to account for audit quality, and work to address issues that affect the audit market and profession globally. Our actuarial team have been engaging with the Pensions Regulator, the FCA and the Prudential Regulation Authority on our revised Technical Actuarial Guidance on Models, and with the FCA on an exploratory review on published versions of solvency assessment reports of funded funeral plans trusts. On the international stage, we influence the development of international taxonomies, in particular through participation in the IFRS Taxonomy Consultative Group, which provides input into the development of IFRS and International Sustainability Standards Board (ISSB) XBRL taxonomies.

Our colleagues are recognised across international organisations for their leadership and expertise: Claire Lindridge, Director of Audit Market Supervision, is a member of the International Forum of Independent Audit Regulators (IFIAR) Board; Elizabeth Barrett, Executive Director of Enforcement, chairs the IFIAR Enforcement Working Group; James Ferris, Director of UK Audit Policy, chairs IFIAR's Standards Coordination Working Group; Andrew Meek, Director of Audit Firm Supervision, is Vice-Chair of IFIAR's Global Audit Quality Working Group; Josephine Jackson, Director of International Audit Policy, is Vice-Chair and board member of the International Auditing and Assurance Standards Board (IAASB); and Mark Babington, Executive Director of Regulatory Standards, is a board member of the International Ethics Standards Board for Accountants (IESBA).











In our ongoing efforts to support our stakeholders, we have continued to support the DBT with its Non-Financial Reporting review. The first legislation arising from the review has now been laid and reflects advice we provided to DBT on streamlining requirements and company size thresholds. We also worked extensively with the MHCLG on local audit system leadership responsibilities and their transfer to the department, as well as with the professional body, CIPFA, on the approval of their Diploma in Local Audit as pre-approved local audit specialist training.

Of course, stakeholders remain at the heart of everything we do, and more about our approach to stakeholder engagement can be found on page 25.



## 7. Key Performance Indicators

In measuring our performance, a series of targets are agreed and monitored during the year. The FRC's Executive Committee (ExCo) regularly receives detailed management information which underpins each of the published KPIs. Our 2024/25 performance against some of the key measures is shown below, together with prior year performance.

Category	Measure	Target (FY)	2024/25 (FY)	2023/24 (FY)	RAG status <sup>1</sup>
Supervision and Monitoring	Number of Audit Quality Review (AQR) inspections completed	140-150	141	137	
	Number of CRR reports opened	240-260	222 <sup>2</sup>	243	
	Complaints against professional bodies for auditors, accountants and actuaries investigated and responded to within six weeks	98%	100%	90%	
	Constructive engagement cases concluded within 12 months	100%	17% <sup>3</sup>	38%	
	Public Interest Entity (PIE) auditor registration applications which do not raise any compliance issues will be processed, and a decision taken within 25 working days, of the date on which all required documentation and information has been submitted to the FRC	100%	98% <sup>4</sup>	100%	
Enforcement	Enforcement cases concluded, settled, or closed within two-year target <sup>5</sup>	50%	90%	53%	
	Enforcement cases concluded, settled, or closed within three-year target <sup>5</sup>	80%	87%	88%	
Financial and operational performance	Operating costs against budget (excluding UK Endorsement Board (UKEB))	£60.9m	£58.1m	£59.6m	
	Recruitment (staff) against budget	506	459 <sup>6</sup>	477	
	FRC complaints responded to within service level agreement timeframe	98%	100%	100%	

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- 1 A green RAG status indicates whether targets have been achieved or missed for reasons that the Board has determined to have been outside of the FRC's control.
  - 2 The target is to open 240–260 reviews during the 2024/25 monitoring cycle. We opened 222 reviews, which is below target, due to the reduced average resource linked to increased staff turnover and the time required to recruit replacements.
  - 3 Although all effort is made to meet the KPI, we are also mindful of not prematurely closing cases until we are satisfied the issues have been rectified and embedded. The average time to conclude a case was 12 months. In our 2025/26 plan and budget, we have removed this measure. We do not believe the measure, as described, creates the right incentives to focus on the proper embedding of agreed improvements over early closure. As part of our E2E project, we will review this and identify appropriate measure(s), which we will then report against.
  - 4 The missed target for PIE Auditor Registration represents one Responsible Individual application completed outside of the 25 days processing time.
  - 5 The Enforcement KPIs are:
    - A period of two years between the notification of the commencement of the investigation and service of either the Proposed Formal Compliant, Investigation Report (or closure or settlement if sooner) in 50% of cases in a financial reporting period (1 April to 31 March).
    - A period of three years between the notification of the commencement of investigation and service of either the Proposed Formal Compliant, Investigation Report (or closure or settlement if sooner) in 80% of cases in a financial reporting period (1 April to 31 March).
  - 6 This headcount figure excludes cover for maternity leave, shared parental leave, or sickness absence.

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## 8. Our people and culture framework

For the FRC to maintain its role as a modern regulator, we require a workforce of experts and professionals to guide and develop the evolution of the sectors we regulate or oversee. Fostering diversity, advancing equity and cultivating inclusion are essential to being an organisation considered by our colleagues as an inclusive and great place to work.

Our Birmingham office, opened in August 2024, now accounts for 10% of our overall workforce. This includes two members of ExCo working from there on a regular basis, demonstrating our progress on having a presence in regions across the UK and reflecting the geographic spread of our stakeholders. We also moved to our new London office in the Canary Wharf area in March 2025. Our hybrid working programme also remains in place across the organisation. This allows people to combine the benefits of working from home with time in the office, enabling collaboration no matter what a colleague's location is. We have settled into a hybrid work pattern of 40% office attendance and we see good compliance with this requirement.

### Engaged colleagues

We conduct an annual people survey, inviting all colleagues to share their anonymous views to help develop and improve the way the FRC works, as well as identify key issues, priorities for improvement, and areas of success and good practice. Feedback from the survey is considered by the People Committee and ExCo. Key areas of focus for 2024/25 include looking at a more joined-up approach to working across the FRC, increasing the visibility of ExCo, embedding and upholding our values and behaviours, and supporting and enabling change.

We bring together colleagues from our London and Birmingham offices through our monthly town halls, which are held in a hybrid format, as well as at divisional and team meetings. These sessions give us the opportunity to engage with and hear from colleagues on business updates aligned with our strategic objectives, as well as highlight work and projects from across the business. Colleagues are given the opportunity to raise any questions they may have, and sessions are recorded to ensure everyone has the chance to engage in a way and at a time that suits them.

All FRC staff are entitled to two days of paid volunteering or Corporate Social Responsibility leave per year. Over the course of the last year, colleagues across the FRC have made use of 918 volunteering hours, equating to 131 days and providing support to 20 different schools and organisations.

We remain committed to the wellbeing of our colleagues, providing access to online GP services and physiotherapy, counselling and legal advice services. We also host webinars and workshops to support health and wellbeing.

We provide a healthy and safe working environment for all of our colleagues and visitors. We have a dedicated team of fire marshals, first aiders and mental health first aiders to support colleagues and record any incidents. Per employee, the average working days lost to absence for the 12 months to March 2025 was 5.7 days (2024: 4.2 days).

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## Learning, development and talent

We continue to allocate six days per year for each member of staff's learning and development activities, with the potential for more with the agreement of an individual's manager. We provide a wide range of learning and development activities, from mandatory and technical training to support continuous knowledge and professional development, to internal and external programmes to develop leadership.

Of 463 employees, 252 are members of professional bodies and 32 are working towards professional qualifications.

Over the last year, attrition has remained low, with a voluntary turnover of 9.4% and an involuntary turnover of 3%. We have also had 15 members of staff return from maternity or parental leave. Of the 44 vacancies filled in 2024/25, 18 were internal appointments, demonstrating our commitment to providing opportunities for our people to develop their careers.

Our Empower Programme, launched in September 2024, is a development initiative tailored for job level 1 and 2 employees, our most junior grades. It focuses on developing core skills such as communication and presentation skills, building networks and community, and career planning. Over the course of six months, participants receive one-to-one coaching sessions and workshop learning from staff at job levels 3 and 4 who have graduated from our Aspire Programme.

Our Aspire Programme supports 20 minority ethnic colleagues at job levels 3 and 4 for leadership roles through a nine-month career development programme. Participants receive a structured programme of leadership development, as well as a tailored career plan to work towards meeting their career goals.

## Diversity, equity and inclusion (DE&I)

We recognise that a diverse and inclusive workplace is not only the right thing to do, but is also essential for driving innovation, employee engagement, better decision-making and improved outcomes. We have updated our DE&I strategy for 2025/27, which reflects this and reaffirms our commitment to embedding these values in everything we do at the FRC.

Our gender pay gap now sits at 2.2% (median figure), and our mean figure has improved from 10.4% to 9.6%. Since we began reporting in 2018, the mean pay gap has reduced from 27.8%, a reduction of 64%. The mean gender pay gap reflects the increasing number of women at all job levels in the organisation, including in five of the seven positions on our ExCo.

Our DE&I Committee coordinates and champions the various networks that exist across the organisation, and ensures alignment of these groups with the DE&I strategy. The FRC is Menopause Friendly, Disability Aware, and a signatory to the HM Treasury Women in Finance charter.

As part of our ongoing commitment to support talent development, social mobility and early careers at the FRC, we offer initiatives including our work experience programme, promote external mentoring opportunities and organise career insight visits with the East London Business Alliance. In recognition of our apprentices and the contribution they make across our organisation, we launched our Apprenticeship of the Year award in 2024 as part of National Apprenticeship Week and awarded the second recipient in February 2025.



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## 9. Section 172 and stakeholder engagement

Section 172 of the Companies Act 2006 (the Act) requires directors to consider the interests of stakeholders in their decision-making. In particular, section 172(1) states that regard should be had to:

- The long-term consequences of decisions.
- The interests of the company's employees.
- The need to foster the company's business relationships with suppliers, customers and others.
- The impact of the company's operations on the community and the environment.
- The desirability of the company maintaining a reputation for high standards of business conduct.

Our direct stakeholders include companies, institutional investors, auditors, actuaries, accountants, and their respective professional bodies, regulators, and the government. Our indirect stakeholders include retail shareholders, suppliers, employees, customers, communities, pensioners and savers, and financial institutions. All of our stakeholders have an interest in the health of companies and other organisations within our existing and future regulatory scope, and in the success of the UK corporate sector as a whole.

The directors are fully aware of their responsibilities to promote the success of the company in accordance with section 172. Consideration of stakeholders' interests has always been integral to the work of the FRC and its decision-making. Our Stakeholder Engagement & Corporate Affairs team continues to deliver high-quality engagement with our stakeholders and increase the reach, engagement and targeting of our communications and activity.

### Our approach to stakeholder engagement

Our approach to stakeholder engagement focuses on:

- Creating a network of advocates.
- Soliciting senior-level input.
- Positioning the FRC as a leader in key debates.
- Gathering input into policymaking and consultations.
- Driving awareness and engagement with our Codes and best practices.
- Ensuring that the FRC is a part of relevant decision-making bodies and groups.

We actively engage our stakeholders throughout the year to understand their views on a variety of topics.

### Board consideration of stakeholder matters

The Board and ExCo received regular briefings on stakeholder engagement, insights, and risk and reputation management during the year. The Board carefully considers the impact of its decisions on stakeholder groups and the directors acknowledge that, as an independent regulator with a public interest remit, its decisions will not always be supported by all stakeholders. Major policy issues are subject to consultation and

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responses are carefully considered to inform decision-making, with due process on consultations relating to matters of public interest. Feedback statements are issued following consideration of consultation responses, and these are published on our website.

The Board has a process in place for decision-making, taking into account the FRC's strategic objectives, culture, and values to ensure it has confidence in the decisions it makes. Our board paper templates and information provided to the Board reflect the likely long-term impacts on our stakeholders, setting out the relevant issues and how they have been considered during discussions. The Board also works to ensure that its decisions are consistent. Regular updates are provided to the Board on key actions that have been undertaken. When making key decisions, the directors also have regard to the need to foster the company's business relationship with suppliers, customers and all other stakeholders in our supply chain.

The success of the FRC is dependent on strong engagement with all of our stakeholders, and we recognise their valuable contribution to our work. Some particular highlights from this year include:

- Extensive engagement on revisions to the Stewardship Code, taking part in or hosting over 60 events during the pre-consultation and consultation phases of work, and engaging with over 1,500 stakeholders.
- Implementation of the Digital Reporting Viewer to improve free access to structured company reporting data, improving access and usability of financial reporting data for our stakeholders.
- Approval and publication of the 2025/26 Plan and Budget, following consultation with stakeholders.
- The board strategy day to review delivery against our strategic objectives and to manage and understand our stakeholders' interests.
- An event for the FRC's Non-Executive Advisers, a vital component of the governance structure, to update them on current and ongoing developments.
- Our updated priorities and remit letter to the Secretary of State for Business and Trade.

The Stakeholder Insight Group (SIG) represents preparers, investors and other key parts of our stakeholder universe including reporting framework owners and civil society groups. The SIG forms part of our strategic approach to stakeholder engagement, through which we keep track of emerging themes affecting stakeholders in UK business.

Our Chair, CEO and Executive team meet directly with our key stakeholders and also participate in events, roundtables and other forums. To deliver our objectives, we actively engage with ministers, MPs, peers and other government departments and executive bodies, as well as other regulators and regulatory partners.

The Board regularly engages with employees and the wider workforce through the People Forum, as well as the annual People Survey to identify key issues and priorities for improvement. Most recently, the Board had its first set of meetings at our Birmingham location, as well as a meet and greet with colleagues based there.

## 10. Environmental impacts and ESG

You can find our disclosures on the following pages:

Data handling and data security	p29	Ethics and compliance	p29
Employee engagement	p23	People and culture	p23
Professional Integrity	p30	Environmental issues	p27

### Environmental impact

#### Governance

The FRC Board has ultimate responsibility for the FRC's consideration of, and response to, climate change and other environmental issues, and considers environmental implications in setting the UK Corporate Governance Code. The Board has delegated to the Audit & Risk Committee responsibility for reviewing current and emerging risks to the FRC's strategy and objectives, including climate-related risks.

#### Strategy

The FRC recognises the growing demands for meaningful, assured and comparable sustainability reporting and the significant implications that these demands will have for businesses and investors in the UK.

We support our sustainability and environmental initiatives through our role as Secretariat to the UK Sustainability Advisory Committee and the UK Sustainability Disclosure Technical Advisory Committee, established in May 2024 to support high quality sustainability reporting.

We consider carefully what disclosures we request as a regulator and will continue to work closely with stakeholders in responding to a changing regulatory and reporting landscape.

In this report we have made voluntary disclosures in relation to paper and plastic use and business travel. We will continue to assess the quality and maturity of climate-related disclosures and publish additional data on our environmental impact, related to our locations in Birmingham and London, in future reports in line with Government commitments.

#### Risk assessment

Our current assessment, within our overall risk framework, is that we as an organisation are not significantly exposed to the physical risks of climate change in the short and medium term and that climate change does not represent a specific threat to our viability or ability to operate.

We do, however, take account of the potential impact of climate-related disruption, for example to travel or power supply, in setting and testing our business continuity policies and procedures.

#### Energy efficiency metrics

The FRC's locations in London and Birmingham each occupy one floor of multi-tenanted, externally managed buildings. As such, we are unable to make unilateral changes to the energy and water systems, which makes it challenging for us to set attainable quantitative targets for the reduction of our own electricity, gas and water consumption.

We have not included emission estimates for our recently occupied Birmingham office or recently vacated site at London Wall in this report. We will provide appropriate data in future reports that enable us to provide meaningful energy usage and emissions comparators.

In making plans to reduce our consumption, we remain mindful that cloud computing is capable of significantly improving energy efficiency and reducing greenhouse gases compared to traditional local servers. We have moved all business application services to the cloud apart from Microsoft SQL Server. Our estate of internal systems is largely reduced, and business applications are now in the cloud.

For the greater part of the spaces we occupy in Birmingham and London, lights have been changed from incandescent, halogen, and fluorescent light bulbs and tubes to more efficient and environmentally friendly LED lighting. Old lights were properly disposed of by a specialist firm.

### Other metrics

We also collect data on single-use plastics, paper and business travel, which we provide to government as part of the Greening Government Commitments. We have been collecting this data for the last few financial years, which has enabled us to identify and promote positive trends in our consumption and waste.

	2024/25	2023/24
Paper consumption (A4 reams equivalent)	573	444
Single use plastic consumption (no. of items)	4,220	4,906
Business travel (km)	1,019,842	603,845

### Paper and plastic

Our paper consumption has increased this year against the previous year's level. Staff have been reminded of the need to print only if necessary; the increased paper consumption reflects higher office occupancy.

We have restated our 2023/24 single use plastic consumption count to reflect similar counts used in 2024/25. Our single-use plastic consumption count has significantly decreased. We continue to consider non-plastic alternatives, particularly for our office stationery items.

### Business travel

All FRC business travel complies with our travel policy, which requires staff to consider the environmental impact of their travel before making travel arrangements. Travel between our dual locations in London and Birmingham accounts for a percentage of the increase in business travel this year.



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# 11. Ethics and compliance

## Data handling

Information and data loss is recognised as one of the FRC's principal risks and, as such, is included on the Principal Risk Register. ExCo and the Board, supported by the Audit & Risk Committee, keep those risks and controls in place to mitigate those risks under review on a regular basis. We keep a separate Record of Processing Activities and an Information Asset Register.

We operate an internal Information Governance Group (IGG) that meets quarterly to review, assess and improve operational oversight and coordination of information governance and controls. The remit of the IGG allows it to support the engagement of staff with, and commitment to, information handling. It also identifies areas of concern at an early stage for escalation to ExCo or the Audit & Risk Committee if appropriate.

We understand the importance of privacy and maintaining trust and confidence in our data handling processes. Our Legal Services Team maintains our privacy and data retention policies and procedures, working closely with the Data Protection Officer. Our Legal Services Team also oversees responses to all General Data Protection Regulation (GDPR) and Freedom of Information Act (FOIA) requests, and compliance with application legislation, including UK GDPR. All FRC staff and board members have received mandatory training on relevant aspects of UK GDPR, online security risks and FOIA. Through our processes and procedures, we are able to provide assurance that personal data is handled and processed in line with the seven UK GDPR Principles. Information on our privacy policies can be found on our website.

We ensure we have an up-to-date IT architecture in place to defend the FRC against data security and data loss threats that may occur when staff work in the office or at home. Our IT team takes a layered approach to defending the systems of the organisation, employing several technologies to protect the estate. The team constantly reviews the threat landscape and the cyber security market for new tools and systems. Our procurement team also ensures we follow compliance when contracts are up for renewal. During 2024/25, 27 information incidents were reported. None of these were reportable breaches.

With increasing use of AI across the sector, it has the potential to positively impact the way that we deliver our functions. However, any AI systems we use must be safe, secure and be designed to prevent harm to individuals, organisations, and the market and sectors. Our use of AI is limited to the use of Copilot in Microsoft Edge, available under our Microsoft licence; any and all AI generated content must be checked and validated by the individual using it. Any future potential use of AI must be formally approved by the FRC.

## Managing conflicts of interest

All FRC staff and non-executives must comply with the Code of Conduct and make up-to-date, full disclosures regarding their external interests, and any gifts and hospitality received, to ensure that our work remains free from bias. New staff must disclose their relevant interests prior to contract. Staff are not permitted to take part in work relating to an entity they have worked for in the last five years, unless an exemption request has been viewed and approved by a member of ExCo. Staff are also required to have no conflicts of interest when exercising regulatory functions. In accordance with the policy, the People Committee regularly reviews disclosures made by the Board members, ExCo, Senior Advisers and Advisory Panel members. These are published on the FRC website.

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## Bribery policy

During 2024/25, the FRC recorded no cases of bribery. UK legislation on bribery applies to the FRC, its staff and members of the governance structure. The FRC Code of Conduct, which staff and members of the governance structure must follow, sets out that all colleagues must not bribe another person (including offering, promising or giving a financial or other advantage), accept a bribe (including requesting, agreeing to receive, or accepting a financial or other advantage), or facilitate or condone an act of bribery.

## Whistleblowing

The FRC maintains its own whistleblowing mechanisms and internal investigation procedures. The FRC's central complaints function conducts internal reviews into any external complaints received about the FRC itself. An Independent Complaints Reviewer may be appointed to review the FRC's processes should a complainant have any outstanding concerns. During 2024/25, the FRC recorded no whistleblowing reports.

## Litigation

During 2024/25, the FRC suffered no monetary losses as a result of legal proceedings associated with the FRC's professional integrity, which would include negligence of duty, malpractice, breach of contract, fraud, corruption or bribery.

## Gifts and hospitality

In accordance with policy, the People Committee regularly reviews disclosures made by Board members and ExCo. These are published on the FRC website quarterly.

## Modern slavery

The FRC Board annually reviews our Modern Slavery Statement. The FRC does not condone any activity that constitutes modern slavery or human trafficking under the Act. Our suppliers (and supply chain) should maintain the same approach, and we have policies and procedures in place to minimise the risk of modern slavery occurring. Our Modern Slavery Statement is available to view on our website.

## Payment practices

The FRC complies with the public sector procurement rules as stipulated in the Public Contracts Regulations 2015. The FRC's supplier relationships seek to deliver successful, sustainable solutions. New and existing suppliers must continuously align their approach, processes and procedures to the core principles relating to minimising risk and compliance with regulations and legislation. In addition, suppliers should strive for good practice relating to information security, financial management and business continuity. It is FRC policy to pay suppliers when or before payments become due, and we endeavour to pay suppliers within 21 days of the date of invoice (achieved in 2024/25: 12 days). As part of the accountability report, we confirm that there are no remote contingent liabilities to report, no loss or special payments made, no gift made over the prescribed limit in Managing Public Money and fees and charges are not material.

## Other matters

In accordance with Managing Public Money we are required to provide information on certain matters including losses and special payments, gifts, remote contingent liabilities and fees and charges. Information on fees and charges has been provided in the Financial Review, and we confirm that there are no other matters to report.

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## 12. Managing complaints to the FRC

The FRC reviews complaints and referrals received from the public in line with its role in encouraging confidence in the integrity of accountants, actuaries, auditing and corporate reporting. The majority of the complaints we receive that are within our remit concern regulated activities, and a small number of complaints are received about the FRC. Many complaints we receive are outside of our remit. These are passed on to the relevant authorities or bodies that may be able to assist wherever possible.

The FRC has a centralised complaints function to triage complaints and ensure that they are handled, responded to and resolved appropriately, promptly and consistently.

In the course of the year, we undertook continuous improvement reviews of all policies, procedures and processes to ensure they continue to adapt to the changing needs of both the organisation and complainants, and incorporate best practice in complaint handling.

Following receipt, complaints are triaged to determine whether they fall within our remit and, if they do, they are then referred for consideration to one of the below teams.

### Corporate Reporting Review

CRR is responsible for reviewing accounts of listed, UK AIM-quoted and large private companies, as well as limited liability partnerships, to determine whether they have complied with relevant accounting and reporting requirements as set out in the Companies Act 2006.

### Case Examiner

The Case Examiner is responsible for identifying cases that may fall within the remit of one or more of the FRC's disciplinary or enforcement procedures (the Audit Enforcement Procedure (AEP) in relation to suspected breach by statutory auditors of Relevant Requirements and the Accountancy and Actuarial Schemes in relation to suspected professional misconduct by members of the chartered accountancy and actuarial bodies in public interest cases) for referral to the FRC's Conduct Committee for a decision as to whether to open an investigation by the Enforcement division under the applicable procedure.

### Professional Bodies Supervision

Professional Bodies Supervision (PBS) is responsible for providing independent oversight of the professional accountancy and actuarial bodies, considering the way a body has handled a complaint that was made to it.

Our published policies and complaints forms include clear guidance on how complaints will be dealt with, including timelines.

## Complaints in 2024/25

We received 544 complaints during 2024/25, summarised below:

Brought forward (within remit)	12
Incoming complaints	544
Outside remit	460
Closed/resolved complaints (within remit)	78
Carried forward (within remit)	18

The types of complaint received are broken down below:

Conduct or performance of accountant (regulated)	40
Conduct or performance of accountant (unregulated)	81
Conduct or performance of accountant (unknown)	103
Conduct or performance of auditor	48
Financial reporting	54
Actuarial work	4
Actions of a professional body	127
Insolvency issue	1
Other/unknown	76
FRC	10

The handling timescales across all cases closed in 2024/25 were an average of 1.5 working days to send an acknowledgement and an average of 3.3 working days for the outcome including whistleblowing cases.

Of the 544 complaints received, 84 were referred to the relevant teams within the FRC for further review, with 460 complaints being outside of our remit. The actions taken in respect of the complaints considered by the FRC during 2024/25 are set out below.

Where complainants raise issues outside of the FRC's remit, they are referred to other bodies as appropriate.

## Corporate Reporting Review

The CRR team received 30 complaints related to corporate reporting matters during the year, of which 11 related to matters in the accounts, directors' report or strategic report, which we pursued with the relevant company or we are currently analysing.

### Complaints received 2024/25

#### Not pursued

Entity of matter not in scope	16
Insufficient merit	3

#### Financial statement related

Open	8
Improvements secured – notes or/and narrative	1

#### Strategic report related

Open	2
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The complaints came from a diverse range of parties including private individuals and investors, and relate to companies ranging from private and small AIM to FTSE 100. Consistent with our usual practice, and subject to any relevant confidentiality restrictions, information relating to some complaints was shared with, or referred to, other relevant authorities including the FCA.

At the beginning of the year, there were 11 open cases relating to complaints about corporate reporting matters received in earlier years. The actions taken during 2024/25 in relation to these complaints are illustrated below.

### Cases brought forward to 1 April 2024

#### Not pursued

Insufficient merit	2
In administration or liquidation	2
Entity or matter not in scope	1

#### Financial statement related

Open	3
No breach	2

#### Strategic report related

Open	1
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## Case Examiner

The Case Examiner opened three complaint cases this year. Seven complaints were also received in relation to matters to which the case assessment team had existing cases open. One complaint was received regarding a matter that had previously been considered by the team.

One complaint case was closed by the team this year. This case, in relation to audit, was referred to the Conduct Committee which decided to open an investigation.



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## Professional Bodies Supervision

PBS is responsible for providing independent oversight of the professional audit, accountancy and actuarial bodies, considering the way a body has responded to a complaint that was made to it.

PBS received 44 complaints about the professional audit, accountancy and actuarial bodies that we supervise. One complaint was brought forward from the previous year. Of those 45 total complaints, the team conducted a full review of the professional bodies' relevant process in 15 of these cases. Two complaints remain open as of 31 March 2025.

The remaining 28 matters either fell outside the team's complaints handling review remit, or the complainant had not exhausted the professional body's complaints procedure. PBS responded to 88% of complaints within six weeks.

## Whistleblowing to the FRC as a prescribed person

### Public interest disclosures

Whistleblowing is the term used when an employee passes on information concerning suspected or known wrongdoing by their employer (also known as 'making a disclosure'). The Employment Rights Act 1996, as amended by the Public Interest Disclosure Act 1998, provides the legal framework for protecting workers from harm if they blow the whistle. The purpose of a prescribed person is to provide employees with a way of whistleblowing to an independent body that may be able to act on those concerns.

The FRC is a prescribed person under UK whistleblowing legislation. Therefore, individuals working outside the FRC, in the accounting, auditing or actuarial professions, may contact the FRC if they want to make a disclosure about their current or former employer in relation to matters that are within the scope of the FRC's regulatory remit.

During 2024/25, the FRC received 73 disclosures in its capacity as a prescribed person. As a result, we took the following action:

- 67 related to issues not within the remit of the FRC, so whistleblowers were signposted to the relevant bodies where appropriate.
- 6 were of direct relevance to the FRC's responsibilities and were addressed by the relevant teams.

As with our complaints processes, our whistleblowing procedure is regularly reviewed to ensure cases are dealt with appropriately and responded to promptly. Our published policies include clear guidance on the types of concerns that can be raised and how cases will be handled.

### Complaints about the FRC

During 2024/25, ten new complaints were received about the FRC. No significant issues of wider concern were raised, and the cases were handled under the FRC Complaints Procedure. Two of the concerns raised were regarding dissatisfaction with the FRC's review of the handling of their complaint by the relevant professional body. Internal reviews determined that the complaints were handled in line with our policies and procedures. None of the complainants exercised their right to have their complaint escalated to the Independent Complaints Reviewer.

The remaining eight complaints were related to varying issues which were reviewed and responded to under the complaints process. Again, no issues of wider concern were raised.

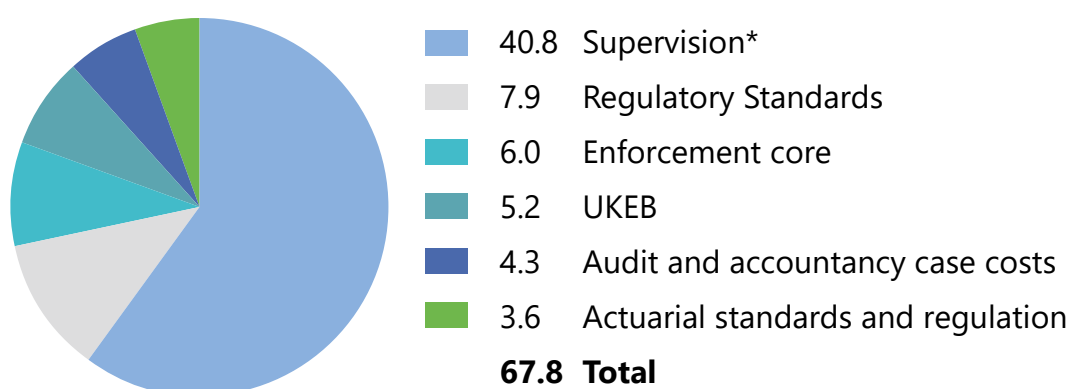
## 13. Financial review

As a public body subject to the government's requirements for Managing Public Money, we seek to operate efficiently and effectively. We consult stakeholders annually on our budget and funding requirement. In line with the majority of UK public bodies, the FRC now reports under IFRS rather than UK GAAP as previously. The notes to the accounts make clear the resulting changes to the presentation of our financial statements.

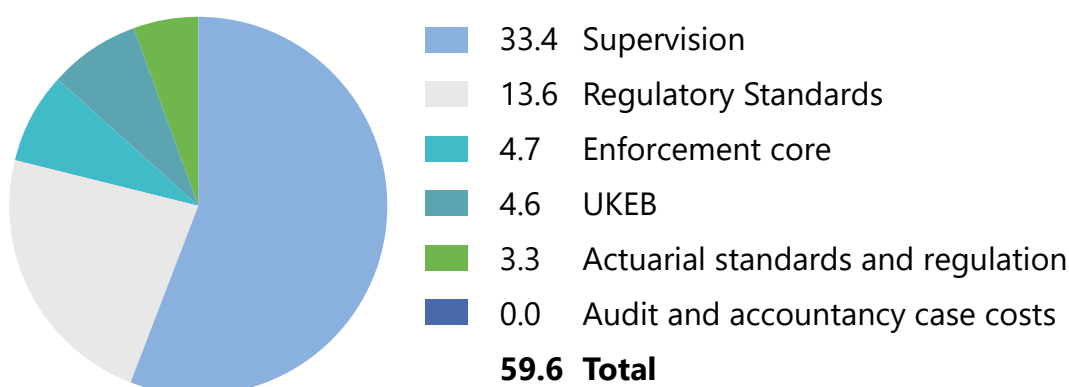
As a result of cost savings and higher than forecast receipts from our levies, as set out below, the FRC ended the 2024/25 with an overall surplus of £2.0m. In March 2024, the FRC Group, comprising the FRC and the UK Endorsement Board, set an overall budget for 2024/25 of £71.5m. Of this, £66.5m was for operating costs and £5.0m for the estimated costs of enforcement cases. The budget was set at the level necessary to support our existing regulatory activities while keeping a flat headcount. Of the £66.5m budget for operating costs, £1.7m was to cover the costs of our work on local audit, which from 13 February 2025 has been undertaken directly by Government.

Our actual overall expenditure in 2024/25 was £67.8m. Actual core operating expenditure for the FRC Group during 2024/25 was £63.5m (£3.0m under budget). Our annual budget for audit and accountancy enforcement case costs is based on the estimated costs of cases net of amounts recovered through cost awards. Net case costs in 2024/25 were £4.3m (£0.7m below our estimate of £5.0m).

### Core cost 2024/25 actual (£m)



### Core cost 2023/24 actual (£m)



\* Year-on-year comparison of the costs are not comparable because of reorganisation of relevant divisions.

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Audit and accountancy case costs depend on the size and number of cases concluded during the twelve month period in question. They may vary significantly and are not directly comparable year on year. This was particularly the case for 2024/25.

## Managing our expenditure

The major component of the budget for FRC Group's operating expenditure of £66.5m was for staff costs, £51.9m. We applied an overall increase to remuneration in line with public sector pay guidance with approval from DBT. This was offset by rephasing recruitment during the year, because we had not taken on the additional statutory responsibilities costed in original budget. Overall, actual staff costs were £51.4m, £0.5m below budget.

We have continued to focus on securing best value from our expenditure. We saw higher than expected costs (£0.2m) at our London Wall office due to a rent review. We secured savings on other areas of £3.2m, including IT and website costs (£1.2m), legal and professional fees (£0.8m), and conferences and travel (£0.3m).

## Managing our funding

We operate our annual funding arrangements as agreed with government. We liaise with DBT regularly during the course of the year on progress in collecting the levies.

For 2024/25 we set an annual funding requirement of £71.5m; and charged an actual requirement of £69.9m.

The audit and accountancy professional bodies fund our work on audit and accountancy regulation, including the costs of enforcement cases. An annual funding requirement is set at the beginning of the year. We adjust the amount we collect from the professional bodies in line with actual expenditure. For 2024/25 we set a requirement of £38.7m and collected £37.1m. (Recognised Supervisory Bodies (RSBs), Consultative Committee of Accountancy Bodies (CCAB), Chartered Institute of Management Accountants (CIMA)).

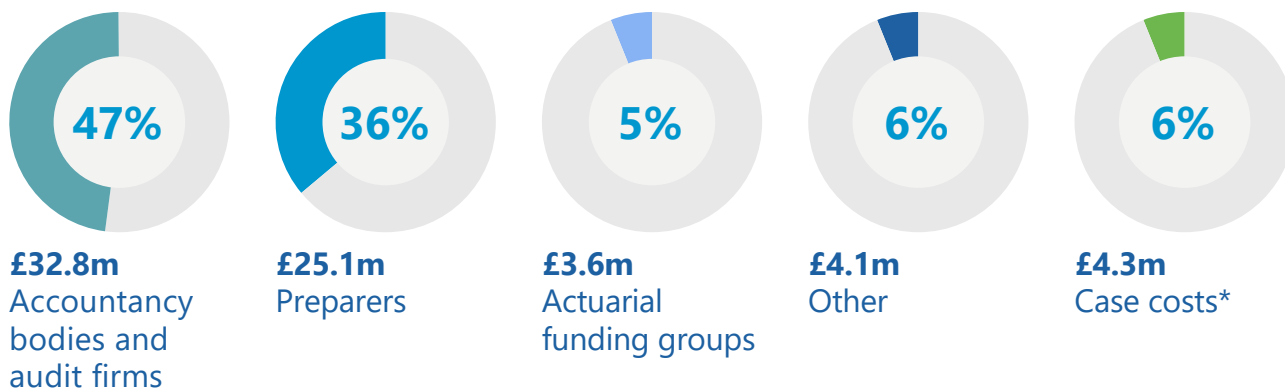
We operate an annual levy on accounts preparers to fund our work on corporate governance, investor stewardship, and corporate reporting regulation, the cost of the UKEB and 50% of the core costs of our enforcement function. For 2024/25, we set a levy of £24.3m, with an additional government contribution of £0.6m towards the cost of the Codex project. We allocated £1.0m from our general reserves to mitigate the increase in levy rates that we would otherwise have applied. These reserves were largely funded by contributions from accounts preparers. Receipts from the preparers levy in 2024/25 were £0.8m more than the requirement that was originally set, reflecting additional payments from previous years.

Our work on actuarial regulation is funded by the Institute and Faculty of Actuaries (IFoA), insurers and pension schemes. For 2024/25, we set an annual funding requirement of £3.6m, which was collected through the established arrangements with the IFoA and the insurance and pension levies.

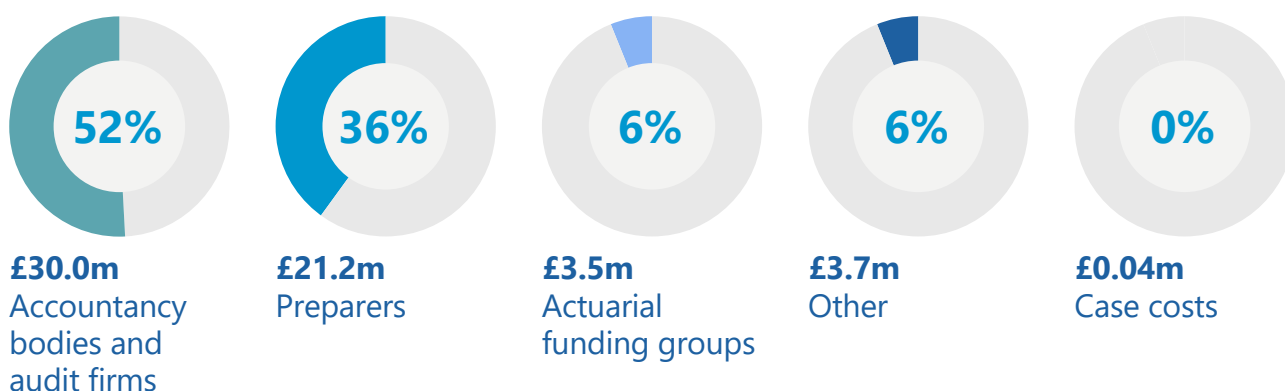
## FRC funding sources

The following diagram shows the proportion of our overall funding contributed by each major funding group:

### Funding by group 2024/25 total £69.9m



### 2023/24 total £58.4m



Other income includes income from publications and electronic rights, and registration fees from third-country auditors.

## Reserves

At March 2025, the FRC held £16.8m in reserves, which were established following consultation to cover both CRR and actuarial case costs and unforeseen costs relating to the FRC's regulatory activities. These monies are held in FRC bank accounts and can be deployed with DBT consent.

## Government functional standards

We pay particular attention to ensuring that we meet the mandatory Government Functional Standards for Finance and Counter Fraud. We implement robust budgeting and financial planning processes. This ensures the necessary discipline and transparency in our financial operations. For counter-fraud we have established comprehensive mechanisms for detection and prevention. These include controls in our financial systems that have been end-to-end tested, which we will keep under close review to align with changes to legal requirements and meet the rigorous standards required by government for partner bodies. We also meet the applicable mandatory standards in other key areas, including HR and IT.

\* Revenue from enforcement cases is net of cost awards received, and is not comparable year on year.

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## 14. Risk management

Our risk management framework is aligned with HM Treasury's Orange Book, the UK Corporate Governance Code and good practice principles, ensuring effective strategy delivery in the public interest. We manage risks according to the Board's risk appetite statement, integrating risk-based decision-making into our 3-Year Strategy and Annual Plan & Budget to harness opportunities while avoiding excessive risk.

The Board reviews the effectiveness of the risk and internal controls framework. It sets risk levels for delegation to ExCo through policies and delegated authority. The Audit & Risk Committee provides assurance on the effectiveness of the risk management and internal control system and reports to the Board, while ExCo ensures that values, behaviours and policies are communicated and embedded to support our risk culture.

### Maintaining an effective risk framework

The FRC's risk management and governance structure strengthens our ability to identify, assess and report risks through the 'three lines' model. This ensures effective management and oversight of our risk culture, emerging and key risks, controls and information cascading to support better decision making.

The Board validated our risk framework and internal control system's effectiveness and activities through a detailed review. This included executive directors' updates, assurance mapping via principal risks, risk reporting and audit findings throughout the year. ExCo and the Audit & Risk Committee conducted deep dives into key risks, the corporate risk register and internal controls, ensuring appropriate mitigations, identifying emerging risks and aligning with our risk appetite.

We implemented risk management software to support the oversight of risks across the FRC and improve reporting. We held a risk awareness week, gathering insights from staff, non-executive directors and industry experts, promoting the importance of a strong risk culture. We completed our three-year risk improvement plan, achieving our risk maturity target. We will continue to review our risk management and internal control approach in the coming year.














First line	Second line	Third line
<ul style="list-style-type: none"> <li>Timely identification, assessment and management of existing and emerging risks to achieve strategic objectives.</li> <li>Implement corrective actions.</li> </ul>	<ul style="list-style-type: none"> <li>Timely and accurate reporting and escalating of risk and control information.</li> <li>Developing standards, policies and procedures in line with good practice.</li> <li>Providing expertise, support, monitoring and challenge.</li> <li>Providing assurance on risk management activity.</li> </ul>	<ul style="list-style-type: none"> <li>Provides independent and objective assurance and advice on the effectiveness of the framework of governance, risk management and controls.</li> </ul>
Exco	Audit & Risk Committee	Board
<ul style="list-style-type: none"> <li>Sets the tone from the top.</li> <li>Establishes a positive risk culture.</li> <li>Conducts deep dives into principal risks.</li> <li>Cascades risk and controls information.</li> </ul>	<ul style="list-style-type: none"> <li>Supports and advises the Accounting Officer and the Board in oversight of risk management and internal control systems.</li> <li>Reviews effectiveness of risk management and controls.</li> </ul>	<ul style="list-style-type: none"> <li>Determines our overall risk strategy, management and culture.</li> <li>Determines the nature and extent of the significant risks to be taken to achieve our strategic objectives (risk appetite).</li> </ul>

## Our principal risk profile




We reviewed our six principal risks and closed the local audit leadership risk, as system leadership has been transferred to the Ministry of Housing, Communities and Local Government.

Our principal risks are set out below, mapped against the FRC's strategic objectives:

Key			
Strategic objective		<b>Objective 1</b> – The standards and expectations we set will enhance corporate governance, corporate reporting and investor stewardship in a manner that supports UK economic growth and investment.	
		<b>Objective 2</b> – Our proportionate regulation of accounting, audit, assurance and actuarial work will expect and encourage high quality by those responsible, acting as an improvement regulator and dealing effectively and fairly with cases where there are significant or serious shortcomings.	
		<b>Objective 3</b> – We will build on our deep understanding of corporate reporting and the audit and actuarial markets we oversee, and by being agile, we will identify and prepare for opportunities and challenges on the horizon.	
		<b>Objective 4</b> – We will be a modern organisation – continuously learning, improving and considered by others as a respected, effective and highly engaged regulator and by our colleagues as an inclusive and great place to work.	
Risk severity		<b>High</b> – A high likelihood of substantially affecting the strategic objectives should it occur.	<b>Medium</b> – A moderate threat, but not a critical impact to the strategic objectives.
			<b>Low</b> – Unlikely to have a significant impact on the strategic objectives.
Risk trend		<b>Increase</b>	<b>No change</b>
			<b>Decrease</b>

Risk description	Risk severity
<p><b>Information</b></p> <p>Due to cyber-attacks or an insufficiently mature approach to data and information management, we fail to maintain our data or exploit opportunities for better regulatory outcomes. This results in loss of sensitive data, breach of law/regulation, fines and reduced regulatory effectiveness.</p>	
Key activities and headlines	Risk trend
<p>The risk remains stable. Key activities included cyber essentials and disaster recovery testing to protect information security, understanding strengths and weaknesses to defend against cyber threats and strengthening incident response plans. Monitoring, reporting and patching programmes were implemented to eliminate, reduce, or offset undesirable action on our IT environment. Implementing SharePoint improved data centralisation, efficiency and collaboration, which is supported by information governance and GDPR privacy policies. GDPR compliance is maintained and monitored regularly, with no major issues identified by Data Protection Officer reporting.</p> <p>We adopted National Cyber Security Centre guidelines and collaborated with the UK Regulators Network and other arm's length bodies to improve cybersecurity practices and culture.</p> <p>Cyber threats are evolving, so we will therefore continue investing in monitoring tools, technology projects and employee training to support our security culture and enhance our operational efficiency.</p>	
Risk description	Risk severity
<p><b>Reputation</b></p> <p>Due to a high-change environment or a lack of proportionate consideration of stakeholder impacts, the FRC fails to manage evolving political and stakeholder expectations. This results in a loss of trust in corporate governance, standard setting, corporate reporting, and audit quality, and/or undermines our ability to contribute towards our growth duty.</p>	
Key activities and headlines	Risk trend
<p>Against a backdrop of significant external changes, the risk has improved over the year. Key mitigation initiatives included embedding a strategic narrative to align stakeholder expectations with FRC priorities. We deepened collaboration with stakeholders across politics, business, media, and international regulatory bodies to inform our work, address concerns, and support our narrative while minimising business burdens. We maintained a live assessment of the political environment, engaged with the Secretary of State's roundtables and DBT, and assisted with media handling, including private equity investment in audit and the open letter to the market.</p> <p>As we move forward, we recognise the potential risks associated with our work and the broader external environment. To address these, we will continue to enhance our horizon scanning capabilities, enabling us to swiftly identify and respond to emerging issues.</p>	

Risk description	Risk severity
<p><b>Policy</b></p> <p>Due to insufficient investment, focus or introducing unjustified divergence, the FRC fails to effectively influence and implement domestic and international accounting, audit and actuarial standards and expectations. This results in unnecessary cost to stakeholders in the ecosystem and risks undermining the quality of information supporting decision making in financial markets.</p>	
Key activities and headlines	
<p>Over the course of the year, the risk has remained stable. International standards are risk-based and effective to meet UK stakeholders' needs. Guided by risk assessment, technical evaluation and engagement, local and international bodies, and representation on boards and committees, Codes, standards, and guidance are regularly reviewed. Horizon scanning and prioritising emerging needs maintain trust in decision-making information, supporting economic growth and the stability of UK financial markets. Looking ahead, our focus will be to ensure that the 2024 Corporate Governance Code and 2026 Stewardship Code are embedded and well understood by relevant stakeholders.</p>	
Risk description	Risk severity
<p><b>Policy</b></p> <p>Our audit supervisory model is not sufficiently effective, risk-based, or proportionate, creating a failure to drive audit quality improvements or build firm capability and market resilience, resulting in a lack of confidence in audit and a less sustainable and healthy audit market.</p>	
Key activities and headlines	Risk trend
<p>The risk has remained stable. Audit quality results derived through direct supervision of the firms and via the professional bodies continue to show improvement at the major firms (at the six largest firms and, to a lesser degree, at the next six). Our current focus is on regulation of firms' system of quality management and ensuring we are proportionate based on the audit quality and risk of audit firms.</p> <p>The development of the Future Audit Supervision Strategy project and SME market study alongside current initiatives such as the Scalebox and Supervision of Professional Bodies Strategy will continue to ensure the FRC has an effective, risk based and proportionate supervisory model to support a sustainable audit market.</p>	

Risk description	Risk severity
<p><b>Operations</b></p> <p>As a result of poor or inconsistent internal management, leadership or structures, the FRC fails to adapt to change, and deliver on its strategic objectives.</p>	 
Key activities and headlines	Risk trend
<p>The risk has improved during the year. Key mitigation activities have included ensuring ExCo and senior leaders have clear leadership objectives, including values and behaviours to enable a coherent and consistent tone from the top. Quarterly ExCo and SLT meetings are held to engage leaders in discussion around organisational development and to encourage efficient and effective governance. Additionally, ExCo periodically discusses SLT succession planning and talent management to drive consistency in core people management.</p> <p>In the next year, we will work to embed our new performance management review process across the organisation. We also plan to procure a new HR Information System that will enable us to support colleagues in a more comprehensive way.</p>	









# Governance





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## 15. Chair's introduction

**I am pleased to present this year's governance section of our annual report, which sets out how the Board and its committees operated during 2024/25.**

We have seen a number of important changes over the course of the last year to enhance the governance of the FRC including dissolving our Supervision Committee and Regulatory Standards & Codes Committee, streamlining our governance processes and helping to pave the way for more strategic conversations and holistic thinking at the Board and ExCo. Our new governance structure became effective on 1 June 2024, and since then our Board and Executive Committee has refocused its work in a more efficient and agile structure to support the delivery of our regulatory remit.

We have also begun work on an ambitious programme to review our audit supervision strategy and our enforcement processes. The Future of Audit Supervision Strategy project is undertaking a comprehensive review of our current approach to make it more effective, proportionate, and fit for the future. The End-to-end Enforcement Process review looks at the processes and procedures for our enforcement regime, from initial case assessment to the publication of outcomes, taking into consideration governance structures, decision-making and operational efficiency and effectiveness. We have been discussing this work with stakeholders and will continue to do so throughout the process. This work will position us strongly for the future, ensuring our processes continue to be efficient, effective, and proportionate, and encourage improvement and high-quality standards.

We have fully embraced the government's ambition for economic growth and renewed our commitment to supporting the right business environment in our letter to the Secretary of State for Business and Trade in November 2024. It remains essential that we continue promoting high standards of corporate governance, corporate reporting and audit to contribute to the UK's well-earned reputation as an attractive destination for investment.

In November 2024, we announced the further strengthening of our Board with the appointment of Charlie Parker, Eva Lindholm and Simon O'Regan as non-executive directors (NEDs), in addition to the existing five directors. These appointments followed an extensive recruitment process seeking candidates with deep actuarial, investment management and public sector experience. The calibre of these appointments reflects our commitment to driving excellence in the way the FRC is governed and underpinning the way we regulate with industry knowledge and experience.

Finally, I would like to express my thanks to all of my colleagues at the FRC for their commitment, professionalism and focus on successfully delivering on our priorities in the last year.

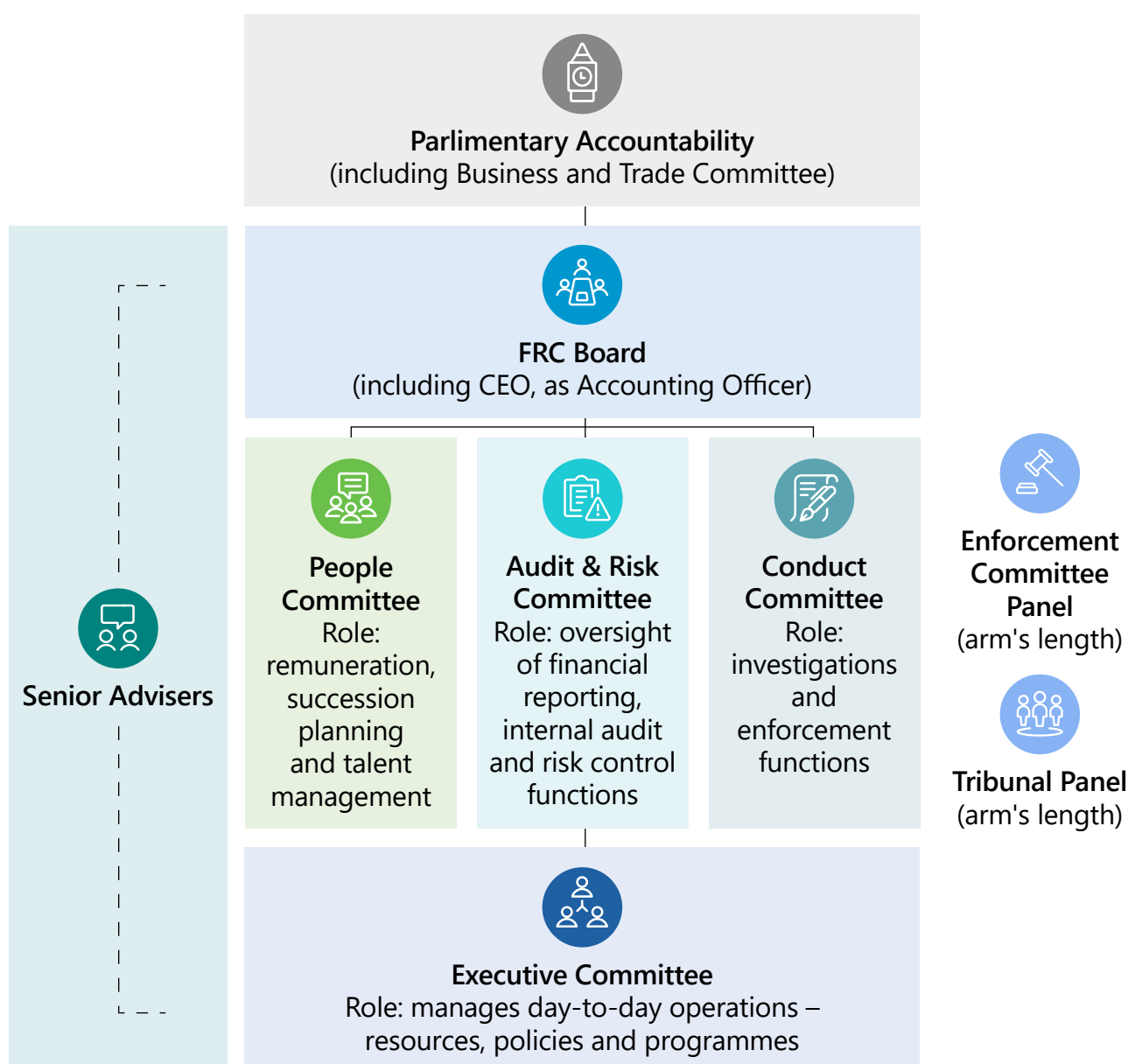


**Sir Jan du Plessis**  
Chair

## 16. Governance and transparency framework

The FRC is an arm's length body of the government and a private company limited by guarantee. It reports to the Secretary of State for Business and Trade and to Parliament on the discharge of its functions. The Secretary of State for Business and Trade appoints the Chair and NEDs to the FRC Board, which is responsible for the FRC's strategy and monitoring its implementation.

Our governance structure is designed to provide the Board with the assurance and confidence that any proposals considered by them take account of the impact on our stakeholder community.



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## Corporate governance statement

As a private limited company, the UK Corporate Governance Code does not apply to the FRC. However, as the regulator of the Code, the FRC upholds high standards of transparency, accountability and integrity, and aligns itself with the principles and provisions of the Code where they are relevant and applicable. As an arm's length body, the FRC also follows the Corporate Governance in Central Government Departments: Code of Good Practice and the Regulators' Code. Areas of departure from these Codes are explained below.

### Corporate Governance Code

#### Engagement with shareholders and stakeholders (Provisions 3 and 4)

As the FRC is a private company limited by guarantee, it has no shareholders, but we regularly engage with our stakeholders through a variety of communications and engagement. Further information can be found on page 25 in relation to our Section 172 statement.

#### Appointments to the board (Provisions 17 and 18)

Since the appointments to the Board are a matter for the Secretary of State, the procedure is not directly under the FRC's control. However, the Chair of the Board develops the candidate brief to support the recruitment campaign and sits on the public appointments recruitment panel to ensure that the skills and experience required on the Board are taken into consideration.

The People Committee also annually considers the balance of competencies to ensure alignment to the FRC's purpose and strategic priorities; the environment in which it operates; the characteristics, perspectives, independence, and diversity of board members; and other factors relevant to its effectiveness. This review informs any recommendations to the Secretary of State in respect of reappointments and the appointments exercise.

The FRC does not have shareholders, therefore members of the board are not subject to annual shareholder re-election. The terms of appointment are set by the Secretary of State in accordance with the Public Appointments Process.

#### Audit, risk and internal control (Provision 31)

As an arm's length body under the sponsorship of DBT, the FRC is not required to produce a viability statement assessing the FRC's prospects over the longer-term. However, the FRC receives a Letter of Comfort from DBT which provides an assurance of financial support.

Furthermore, the financial statements confirm that it is appropriate to adopt the going concern basis of accounting and the Plan and Budget approved by the Board supports this view.

#### Remuneration (Provisions 32, 33, 36-38)

The FRC does not have a Remuneration Committee or shareholders. The People Committee has responsibility to consider submissions in respect of staff pay awards and to advise the Secretary of State on the proposed fees for NEDs.

As a Non-Departmental Public Body, the FRC follows public sector pay guidelines with oversight from DBT, HM Treasury and the Cabinet Office in relation to remuneration decisions across the organisation. Therefore, malus and clawback provisions are not relevant.



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## 17. Our Board and Committees

The Board is responsible for the strategic direction and supervision of the FRC, regularly reviewing operational plans and financial performance. It is also responsible for managing, assessing and mitigating risk. The Board is comprised of the Chair, Chief Executive and eight NEDs. The Board has delegated functions under the enforcement and disciplinary procedures to the Conduct Committee. It met eight times in 2024/25.

The roles of the Chair and the Chief Executive are held separately, ensuring a clear separation of responsibilities in line with the UK Corporate Governance Code. The Chair leads the Board and ensures its effectiveness through the management of board meetings, agenda setting and supporting the optimisation of board discussions. The Chair also takes a leading role in board succession planning and ensuring effective communication with stakeholders.

As the Accounting Officer, the Chief Executive is personally responsible for safeguarding the public funds under their control, ensuring propriety and value for money in the handling of those public funds, and the day-to-day operation and management of the FRC. The Chief Executive has a responsibility to the Permanent Secretary for Business and Trade as the Principal Accounting Officer for all public bodies in the DBT family, who delegates powers directly to the Chief Executive through a Framework Agreement.

In the financial year 2024/25, the Board discharged its responsibilities through Reserved Powers and through its Board Committees as outlined in the Governance Handbook. This was also updated to reflect the new governance structure from 1 June 2024.

The Committees are composed of NEDs and are assisted by Senior Advisers who are subject matter experts and act as a sounding board for ongoing issues and topics. Representatives from the National Audit Office (NAO) and the Government Internal Audit Agency (GIAA) attend meetings of the Audit & Risk Committee. The biographies of all members of the governance structure, the Reserved Powers of the Board and the Terms of Reference for each committee, together with a summary of board business, are published on the [FRC website](#).

# Board members (as of 31 March 2025)



**Sir Jan du Plessis**

Chair



Appointed 3 February 2022

Attendance: 8/8

**Experience**

Sir Jan had a career in business, serving a period of over 18 years as Chair of various public companies including BT Group plc, Rio Tinto plc, SABMiller plc, RHM plc and British American Tobacco plc. These roles have given him extensive experience in leadership and governance of some major public companies. He has also had multiple interactions with the institutional investment community and gained meaningful insight into the challenges facing the audit services sector.

Sir Jan has also served as a NED of Marks and Spencer Group plc and Lloyds Banking Group plc. From 1988 to 2004 he was CFO of Richemont.

Sir Jan was knighted in the 2022 New Year's Honours List for services to telecommunications and business.

**External appointments**

Sir Jan is Mentor and Adviser of Chair Mentors International.



**Richard Moriarty**

Chief Executive Officer and Accounting Officer

Appointed 2 October 2023

Attendance: 8/8

**Experience**

Richard has over 25 years of board-level experience across a range of regulated sectors. Prior to joining the FRC, he was CEO of the UK's Civil Aviation Authority and before that the CEO of the Legal Services Board, which oversees the regulation of the legal professions. Earlier in his career he held senior roles in the regulation of social housing, communications and energy. He has also held roles in the private sector such as director of a water company and partner for a consultancy.

**External appointments**

In a non-executive capacity, he was Deputy Chair of the Social Housing Regulator, responsible for the governance and financial viability of social landlords. Outside of the FRC, Richard is Chair of a housing association.

**Key to Committees**



Audit and Risk



People



Conduct

**Bold and black keyline** denotes Chair of the Committee

Full biographical details of each director are available at [www.frc.org.uk](http://www.frc.org.uk)



### Clare Thompson

Senior Independent  
Non-Executive Director



Appointed 1 February 2022  
Attendance: 8/8

#### Experience

Clare retired from PwC in 2011 having been a partner for 23 years. At PwC she was audit/lead partner on major financial services groups and served as UK Insurance leader and a member of the UK Assurance executive team.

Since leaving PwC she has built a portfolio of non-executive roles and has served as Senior Independent Director and Chair of the Audit Committee at Bupa, Chair of the Audit Committee of Bupa's UK insurance business, a Non-Executive Director of Direct Line Insurance Group plc, a Non-Executive Director of Retail Charity Bonds plc, as Chair of the Audit Committee of Miller Insurance Services LLP and as Treasurer of the Disasters Emergency Committee.

Clare is a member of the Institute of Chartered Accountants in England and Wales (ICAEW).

#### External Appointments

Clare is a Senior Independent Director and Chair of the Audit Committee at M&G plc.



### Angela Cha

Independent Non-Executive  
Director



Appointed 1 February 2022  
Attendance: 8/8

#### Experience

During her executive career, Angela was a solicitor and partner at Pinsent Masons where she was Joint Head of the Financial Services Sector Practice and specialised in advising financial services sector clients on business change and transformation projects.

#### External appointments

Angela is a NED on the Board of the Saffron Building Society.

#### Key to Committees



Audit and Risk



People



Conduct

**Bold and  
black keyline**  
denotes  
Chair of the  
Committee

Full  
biographical  
details of each  
director are  
available at  
[www.frc.org.uk](http://www.frc.org.uk)



### Eva Lindholm

Independent Non-Executive Director



Appointed 28 November 2024  
Attendance: 3/3

#### Experience

Eva has had a broad executive career in the financial services industry, having worked at J.P. Morgan for 27 years and UBS for 12 years. She has significant leadership experience in investment banking, corporate banking and wealth management, across several geographies and markets. She has served on the Board of Transport for London, including on its Finance and Policy Committee, and on the UK Government's Investment Council. Eva has also served as the Chair of the UBS Optimus Foundation UK.

#### External appointments

Eva is Chair of the Arosa Foundation, which is focused on supporting female founders. She is also Non-Executive Director at CapMan, a Nasdaq Helsinki-listed and headquartered private equity investor, and SEB (the former Skandinaviska Enskilda Banken), a Nasdaq Stockholm-listed and headquartered wholesale bank.



### Hannah Nixon

Independent Non-Executive Director



Appointed 24 June 2021  
Attendance: 8/8

#### Experience

Hannah has widespread experience in economic regulation across a range of industries. She brings significant experience of developing, implementing and enforcing regulatory regimes and influencing public policy. She was the first CEO of the Payment Systems Regulator, the economic regulator of the UK's £80tn payments industry, responsible for driving competition and innovation in the interests of consumers. She was also a senior partner at Ofgem, where she had responsibility for the networks division.

#### External appointments

Hannah is currently Chair of the Single Source Regulations Office, the UK regulator for non-competitive defence procurement, Chair of the Retail Energy Codes Company, and is also a NED of the National Energy System Operator and Worldpay UK.

### Key to Committees



Audit and Risk



People



Conduct

**Bold and black keyline** denotes Chair of the Committee

Full biographical details of each director are available at [www.frc.org.uk](http://www.frc.org.uk)



### Charlie Parker

Independent Non-Executive Director



Appointed 28 November 2024  
Attendance: 3/3

#### Experience

Charlie was previously Chief Executive and Head of the Public Service for the Government of Jersey. Prior to this, he was Chief Executive of Westminster City Council and Chief Executive of Oldham Metropolitan Borough Council. During his various roles as a Chief Executive, Charlie oversaw the significant transformation and modernisation of a large number of public services often resulting in reduced costs and improved performance.

#### External appointments

Charlie is a NED of NewRiver REIT plc and a member of the Challenge Board overseeing the Buckingham Palace Reservicing Project. Charlie is also a Director and Trustee at Griffin Investors Ltd.



### Simon O'Regan

Independent Non-Executive Director



Appointed 28 November 2024  
Attendance: 3/3

#### Experience

Simon has over 40 years' experience in the insurance, pensions and asset management industries. He is a UK Chartered Actuary and has lived and worked in six countries around the world including as CEO of Mercer in Australia, in the UK, in Europe and in the USA/ Canada. Simon was formerly a NED of Alexander Forbes Group Holdings Ltd. Simon was a member of the UK's Nuclear Liabilities Financing Assurance Board and also served as a non-executive member of the Foreign, Commonwealth and Development Office's Audit and Risk Assurance Committee.

#### External appointments

Simon is the Chair of Impax Asset Management Group plc.

### Key to Committees



Audit and Risk



People



Conduct

**Bold and black keyline** denotes Chair of the Committee

Full biographical details of each director are available at [www.frc.org.uk](http://www.frc.org.uk)



### Ruwan Weerasekera

Independent Non-Executive Director



Appointed 21 June 2021

Attendance: 8/8

#### Experience

Ruwan is the former Chief Operating Officer and a Managing Partner of SoftBank Investment Advisers, a Managing Director and Chief Operating Officer for Securities at UBS Investment Bank and a Partner of Accenture. He is also a former Senior Independent Director of ICBC Standard Bank plc and a NED of London North West University Health Care Trust.

#### External appointments

Ruwan is a NED at BlackRock Group Limited. He is also a Non-Executive Board Director of UK Research and Innovation (UKRI), a non-departmental public body sponsored by the Department for Science, Innovation and Technology which brings together the seven disciplinary research councils, Research England and the UK's innovation agency, Innovate UK. Ruwan also chairs the Audit, Risk and Assurance Committee of UKRI.



### David Willis

Independent Non-Executive Director



Appointed 1 February 2022

Attendance: 8/8

#### Experience

David is a solicitor by profession and was a partner in international law firm Herbert Smith Freehills (and predecessor firm Herbert Smith) for many years. He was Managing Partner of Herbert Smith from 2008 to 2012 and Joint CEO of Herbert Smith Freehills from 2012 to 2014.

He was previously a member of the governing body of Queen Mary University of London, where he chaired the Audit and Risk Committee, a member of the board of the Solicitors Regulation Authority, where he chaired the Finance and Audit Committee, and a member of the Law Society Group Audit Committee. He was Vice Chair of United Response, a charity supporting adults with learning disabilities, where he chaired the Finance and Resources Committee.

#### External appointments

He is currently Chair of Paradigm Trust, a multi-academy trust.

#### Key to Committees



Audit and Risk



People



Conduct

**Bold and black keyline** denotes Chair of the Committee

Full biographical details of each director are available at [www.frc.org.uk](http://www.frc.org.uk)



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## Company Secretary

The Board and its committees have access to an appropriately qualified and experienced Company Secretary who provides independent advice on governance matters. They are responsible for working with the Chair, Chief Executive and ExCo to develop the agendas for board and committee meetings and ensuring that all governance procedures are complied with. The removal and appointment of the Company Secretary is a matter reserved for the Board.

## Transparency

The FRC reports to the Secretary of State for Business and Trade and Parliament on the discharge of its statutory functions and lays its Annual Report and Accounts before Parliament.

## Board appointments, diversity and succession planning

Appointments to the Board are made by the Secretary of State for Business and Trade in accordance with the Public Appointments Process. The Chief Executive is a permanent employee, and members of the Board are subject to three-year appointments, except the Chair, who is appointed for a four-year term.

The Board Diversity Policy sets out the Board's support for the government's ambitions with respect to diversity, and the Board's commitment to work with the Secretary of State in pursuit of the government's diversity objectives. The Board gender split is 60% male and 40% female and is compliant with the Parker Review.

The Board annually reviews the board skills matrix and succession plans and in the year. Three new NEDs were recruited through the public appointments process to ensure that the Board has relevant skills and expertise to support the strategy.

## Board induction and training

This year, a detailed and tailored induction programme was initiated for the three new NEDs. The programme included meetings with senior executives from across the FRC to gain a full understanding of the roles and responsibilities of senior management, standard setting, supervision and enforcement procedures and policies, and overall operations. All Board members continued to receive bespoke training on various matters throughout the year.

## Independence and conflicts

The FRC attaches special importance to avoiding any potential conflict between the work and values of the FRC and the personal interests of its staff, NEDs and advisers. Please see more on our ethics and compliance on page 29.

## Key Board matters 2024/25

Board meeting agendas are curated in advance by the Chair, Chief Executive and the Executive team to ensure an appropriate balance between strategic and operational matters. The Board agenda includes a report from the Chief Executive on key operational matters, and the Board regularly receives key information on the delivery of the strategy, finances, risks, HR matters and the internal control environment.

The Chairs of the Audit & Risk, People and Conduct committees update the Board on the proceedings of their meetings, including key discussion points and matters for approval. Please see the reports on the individual committees for more detail on their areas of focus on pages 64-72.

The Board assesses, constructively challenges and considers the Executive's proposals and matters for decision to ensure they are aligned with the FRC's strategy and purpose. The focus of the Board's business throughout the year can be assessed through the lens of the seven broad themes outlined below. The Board and Executive are assisted by senior advisers who are subject matter experts.

The senior advisers provide advice, feedback and mentoring and act as sounding boards for ongoing issues and topics.

Theme	Key areas of focus for the Board in 2024/25
Strategy and operations	<ul style="list-style-type: none"> <li>• Approved the 3-Year Strategy and the 2025-26 Plan and Budget.</li> <li>• Received regular updates from the Chief Executive and Executive team in respect of the Plan and Budget, key risks, KPIs, the operating environment and forward planning priorities.</li> <li>• Supported the launch of a campaign to support UK SMEs to grow and scale.</li> <li>• Considered the principles related to private capital investment in audit firms.</li> <li>• Considered the local audit landscape and key risks to the organisation.</li> </ul>
Regulatory standards and codes	<ul style="list-style-type: none"> <li>• Received regular updates on the regulatory standards and codes divisional activities and international standard setting activities and the FRC's international standard setting strategy.</li> <li>• Approved regulatory standards and codes for publication.</li> <li>• Considered updates to the UK Stewardship Code and the launch of a stakeholder consultation exercise.</li> <li>• Assumed governance of the Wates Corporate Governance Principles for Large Private Companies.</li> </ul>
Supervision	<ul style="list-style-type: none"> <li>• Received regular updates on the FRC's Supervision division activities.</li> <li>• Commissioned the future of audit supervision strategy project and considered the selections approach for future AQR Inspections.</li> <li>• Approved the publication of the Annual Review of Audit Quality.</li> <li>• Approved the publication of the Independent Supervisor reports of the Auditors General and the Professional Bodies Oversight Reports to the Secretary of State.</li> <li>• Approved the publication of the Annual Review of Corporate Reporting.</li> <li>• Assessed and considered the impact of the transition of the FRC's shadow systems leadership responsibilities to MHCLG.</li> </ul>

Theme	Key areas of focus for the Board in 2024/25
<b>Enforcement and conduct</b>	<ul style="list-style-type: none"> <li>• Received regular updates on the FRC's Enforcement division and Conduct Committee activities, and scrutinised progress against KPIs.</li> <li>• Received updates from the Executive Director of Enforcement and Executive Counsel on cases under investigation.</li> <li>• Commissioned a review of the FRC's end-to-end enforcement process.</li> </ul>
<b>Engagement with stakeholders and staff</b>	<ul style="list-style-type: none"> <li>• Received regular updates from the Stakeholder Engagement and Corporate Affairs team on how the FRC engages with its stakeholders.</li> <li>• Considered the external operating environment at each meeting and noted updates on the FRC's engagement with our stakeholders and government.</li> <li>• Received regular updates from the People Committee and Ruwan Weerasekera, the NED responsible for workforce engagement.</li> <li>• Approved the 2024/25 Plan and Budget, following consultation with stakeholders.</li> </ul>
<b>Maintaining good governance</b>	<ul style="list-style-type: none"> <li>• Approved reforms to support the FRC's governance structure to ensure it remains effective.</li> <li>• Reviewed board succession plans and welcomed three new NEDs.</li> <li>• Approved the Annual Modern Slavery Statement in accordance with the FRC's commitment to meet section 54 of the Modern Slavery Act 2015.</li> <li>• Received a report on the conclusions of the FRC's 2023/24 Due Process Oversight work, noting that in all material respects the UKEB is complying with its Due Process Handbook.</li> </ul>
<b>Finance, risk and operations</b>	<ul style="list-style-type: none"> <li>• Monitored the financial health of the organisation through quarterly financial and KPI reports.</li> <li>• Received regular updates from the Audit &amp; Risk Committee on the internal and external audit plan, internal controls and financial management.</li> <li>• Provided input and constructive challenge to support ongoing development of the risk management framework, considered emerging and Principal Risks and received assurance that the risk and control environment is effective.</li> <li>• Approved the Annual Report and Accounts, and scrutinised the disclosures contained therein prior to them being laid in Parliament.</li> </ul>

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## Board performance review

The Board undertakes an annual review of its own and its Committees' performance, with a formal externally facilitated effectiveness review carried out at least every three years in compliance with the Code.

Following last year's external board performance review, this year's review was internally facilitated by the Chair and supported by the Company Secretary via a questionnaire and individual discussions with each director. This was supplemented with board and committee reflection.

The Senior Independent Director and the NEDs also met to discuss the performance of the Chair without the Chair being present, and subsequently met with the Chair to provide feedback.

The board performance review concluded with a report and discussion with the Board. Each Committee also evaluated its own performance.

## Conclusions from this year's review

The FRC Board continues to be effective in the discharge of its remit. The restructured governance framework from 1 June 2024 has led to more room on the agenda for strategic discussion and horizon scanning, and a more efficient governance framework. The Board has a good grasp of their roles and responsibilities, managing a broad and complex range of issues effectively. The Board also notes the added value the three new NEDs who joined in December 2024 have brought to strengthen board discussions.

The Board discussed the completed actions from last year, which included improvements around horizon scanning and strategy development, the positioning of Board papers by members of the Executive to support optimised Board discussions and opportunities for the Board to engage further with staff. The Board agreed there had been improvements in each of these key areas, but would continue to monitor.

The Board adopted an action plan arising from this year's report, encompassing both Board and Committee actions. Key actions to be implemented this year are:

- Risk management: ensuring our processes are proportionate and judgement based to support Board conversations.
- Policy proposals: ensuring the Board is informed at the earliest opportunity on significant Policy proposals to enable it to help shape policy and support the Executive earlier in the process.
- Emerging Issues: continuing the focus on emerging areas such as AI, utilising Audit and Risk Committee risk 'deep dives' where appropriate.

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## 18. Our Executive Committee

The ExCo meets weekly and is chaired by the CEO. It is an opportunity for the Executive to discuss operational, strategic, financial, reputational and workforce matters in support of the day-to-day running of the organisation and to further the objectives established by the Board.

The ExCo is also responsible for managing the operations of the FRC in accordance with the Framework Agreement agreed with DBT.

### Key areas of focus for the Committee

- **Strategy:** including the development of the Strategy, Plan and Budget, and office location plans. The Committee also monitors progress against agreed objectives.
- **Operational:** including reports from the Chief Operating Officer and Finance Director on management accounts, procurement, IT (including cyber security), KPI reporting and office management matters.
- **Risks and internal controls:** in addition to routine risk reports, the Committee engages in deep dives into the FRC's principal risks and considers the effectiveness of the FRC's internal control and risk management framework.
- **People:** including key people-related policies, FRC culture, staff survey results and hybrid working arrangements.
- **Stakeholder engagement:** including consideration of feedback on key stakeholder matters and responses to FRC publications. This informs our future policy work and offers insight into possible future issues and areas of work. The Committee also focuses time on internal communications and messaging.
- **Policy:** including both internal and external policy positions.

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## Executive Committee members (as of 31 March 2025)



### **Richard Moriarty**

Chief Executive Officer,  
Statutory Director and Accounting Officer

#### **Role**

Richard leads the executive team and is responsible for the implementation of FRC strategy. As Accounting Officer, he ensures that the FRC is run in accordance with the Framework Agreement agreed with DBT, the requirements of the Managing Public Money principles, and any additional instructions and guidance issued from time to time by DBT, HM Treasury and the Cabinet Office, while maintaining the FRC's position as an independent regulator.

#### **Experience**

Richard has over 25 years of board-level experience across a range of regulated sectors. Prior to joining the FRC, he was CEO of the UK's Civil Aviation Authority and before that the CEO of the Legal Services Board, which oversees the regulation of the legal professions. Earlier in his career he held senior roles in the regulation of social housing, communications and energy. He has also held roles in the private sector including director of a water company and as a partner for a consultancy. In a non-executive capacity, he was Deputy Chair of the Social Housing Regulator, responsible for the governance and financial viability of social landlords. Outside the FRC, Richard is Chair of a housing association.



### **Mark Babington**

Executive Director of Regulatory Standards

#### **Role**

Mark is the Executive Director of Regulatory Standards at the FRC. He leads the division responsible for the FRC's technical and public policy work covering audit, corporate reporting, corporate governance and stewardship, actuarial, and digital reporting and taxonomies. Prior to joining ExCo, Mark led the FRC's UK Audit Policy programme, implementing measures to support greater competition in the UK audit market and work to support the reform of international standard setting for auditors, by global regulatory authorities.

#### **Experience**

Mark has previous experience as a Board Member and Audit and Risk Committee Chair. He is also a member of IESBA, which sets the global Code of Ethics for the accountancy profession, and chairs IESBA's Sustainability Task Force. Before he joined the FRC, Mark had a 20-year career in audit and was a Director at the UK National Audit Office.





### **Elizabeth Barrett**

Executive Counsel and Executive Director of Enforcement

#### **Role**

Elizabeth became FRC Executive Counsel and Director of Enforcement in August 2018. She is responsible for leading the FRC's Enforcement division and for decisions relating to investigations and enforcement involving auditors, accountants and actuaries. Following a period as Vice Chair, in April 2022 Elizabeth became the Chair of the Enforcement Section of the International Forum of Independent Audit Regulators.

#### **Experience**

Elizabeth spent 30 years at Slaughter and May, including 27 years as a partner handling a broad range of complex and high-profile proceedings and contentious regulatory matters in the corporate and financing sectors. She was the Head of the firm's Dispute Resolution Department between 2004 and 2008, and advised HM Treasury on a number of high-profile proceedings throughout the financial crisis and after, including the interventions in Northern Rock and Bradford & Bingley, and the administrations of the Icelandic banks.



### **Miranda Craig**

Director of Strategy & Change

#### **Role**

Miranda joined the FRC in March 2020 as Director of Strategy & Change, initially with responsibility for delivering the transformation programme, and now the FRC's wider change agenda. The Strategy & Change directorate includes the Market Intelligence & Insights team, supplying the FRC with strategic enabling functions across economic and data analysis, competition expertise, and research capabilities.

#### **Experience**

Miranda has over 20 years' of governance experience across professional services, large private and listed companies, having qualified whilst at Ernst & Young. She has also held senior secretariat roles at various large private and FTSE-listed groups. Miranda spent 2019 seconded to the Department for Business, Energy & Industrial Strategy leading on the Independent Review into the Quality and Effectiveness of Audit, supporting Sir Donald Brydon's comprehensive review of audit; its purpose, user needs and future direction.



### **Vinita Hill**

Chief Operating Officer

#### **Role**

Vinita joined the FRC in January 2025 as Chief Operating Officer, leading the Corporate Services division. As a member of the ExCo, she oversees Finance, Procurement, Human Resources, Information Systems, and Facilities & Estates Management.

#### **Experience**

Previously, Vinita served as Director of Corporate Operations at the Office of Rail and Road (ORR), where she led a team of 40 people and was the first Director to be based regionally. She managed the organisation's £41m budget while developing the ORR's first Environmental Strategy and refreshed its Diversity and Inclusion Strategy in 2024.

With over 20 years of public sector leadership experience, including significant time at Highways England as Performance and Change Director and Designated Funds Director, Vinita has expertise in strategic leadership and organisational transformation.

She holds a Post Graduate Certificate in Leadership & Management and an LLB Honours Law Degree.



### **Kate O'Neill**

Director of Stakeholder Engagement and Corporate Affairs

#### **Role**

Kate leads the Stakeholder Engagement and Corporate Affairs function with responsibility for delivering a coordinated international engagement programme for all stakeholders across the whole of the FRC's remit. She is also responsible for marketing and reputation, employee and change communications, media relations, digital communications and public affairs.

#### **Experience**

Previously, Kate was the Head of Corporate Development at Jupiter Asset Management where she was responsible for corporate strategy, investor relations and communications. She was the Managing Director of Investor Relations at Lloyds Banking Group during the financial crisis before becoming a Partner at Brunswick and then at Maitland advising global clients on capital markets and communications issues.

After qualifying as a lawyer, Kate spent most of her career in the financial services sector in the UK, Europe and Australasia in senior leadership roles in distribution and alternative assets at AMP Asset Management, Henderson Global Investors and RBS Asset Management.



## **Sarah Rapson**

Executive Director of Supervision

### **Role**

Sarah joined the FRC in 2021 and is responsible for leading the FRC's Supervision division and its work to enhance audit quality through audit monitoring of firms, supervisor oversight of the Recognised Professional Bodies, and promoting improvement in corporate reporting through detailed technical reviews of companies' Annual Reports and Accounts.

### **Experience**

Previously, she was a Board Member at the UK Home Office, the first Director-General of UK Visas and Immigration, the Registrar-General for England and Wales and Chief Executive of the Identity and Passport Service (now HM Passport Office). From 2016 to 2021, she was Director of Authorisations at the FCA. Her early career was in retail financial services at American Express, Barclays and Woolwich.

Until 2024, she was Senior NED of the North Middlesex Hospital Trust and Chair of its Finance and Performance Committee. She is currently NED of the Royal Free London NHS Foundation Trust and Chair of its Research, Innovation and Strategic Change Committee.

Sarah holds an MBA from London Business School.

## 19. Conduct Committee report

I am pleased to present the Conduct Committee report for the year ended 31 March 2025, which provides an overview of the work of the Committee and the key matters it addressed over the year.

The Conduct Committee's work involves careful consideration. It must balance the impact of its decisions on firms and individuals who work in the highly technical, and often challenging, professions of accounting, auditing and actuarial work against the FRC's purpose to protect the public interest, uphold the standards the markets expect and rely upon, and hold to account the few who fall below those standards.

In 2024/25, we opened eight investigations. While the number of investigations opened each year has been declining since 2020/21, this is more than the six opened last year. There are a number of underlying factors that may impact the number of investigations opened in any year and it is too early to assess whether the trend seen over recent years has reversed.

There are 32 investigations open as of 31 March 2025 compared to 35 as of 31 March 2024.

Key activities considered by the Committee during the year included:

- **Overseeing the work of the case assessment team:** including receipt of regular updates on the nature and number of enquiries being opened and closed by the Case Examiner.
- **Making appointments to the FRC's Enforcement Committee:** and performing the functions envisaged for the Conduct Committee under the Auditor Regulatory Sanctions Procedure (for local audit matters) and Crown Dependencies Recognised Auditor Sanctions Procedure (Crown Dependency matters).
- **Enforcement case review:** looking at information presented by the Case Examiner, Legal Services team and Executive Counsel to support its decision-making role, ensuring thorough discussion and scrutiny of that information.
- **Risk management:** emerging issues, risks or delays relating to open investigations.
- **KPIs and milestones:** how the progress of investigations is measured and monitored.
- **Publication of enforcement related matters:** the timing and content of certain enforcement-related publications.
- **Succession planning:** the composition of the Enforcement Committee panel membership.
- **Budget approvals:** review and approval of budgets for investigations and enforcement.
- **Committee effectiveness review:** conducting an annual review of the committee's effectiveness.

Finally, we also said farewell to one of our Senior Advisers, Richard Murray, who retired from the Committee. Following Richard's retirement, Richard Lawrence joined the Committee as Senior Adviser.

**David Willis**

Chair of the Conduct Committee

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## Role of the Committee

The Conduct Committee is responsible for oversight of the FRC's enquiries, investigations and enforcement function, ensuring that appropriate cases are investigated and conducted fairly, in the public interest, in a timely and cost-effective manner and in accordance with due process, publicised in accordance with our duties to third parties, and the Regulators' Code. The Conduct Committee also looks at some wider legal matters at the FRC, such as the FRC's handling of complaints and the approval of the Annual Enforcement Review.

## Membership and attendance

Members	Attendance
David Willis (Chair)	11/11
Angela Cha (Deputy Chair)	11/11
Sir Jan du Plessis	11/11
Senior advisers	
Anne Whitaker	11/11
David Snell	11/11
Richard Murray (retired 31/12/24)	7/8
Richard Lawrence (appointed 01/01/25)	3/3

Charlie Parker and Simon O'Regan were appointed and Sir Jan du Plessis resigned from the Committee on 1 April 2025.

## 20. Audit & Risk Committee report

I am pleased to present the Audit & Risk Committee report for the year ended 31 March 2025, which provides an overview of the work of the Committee and the key matters it addressed over the year. The Committee continues to support the Board in its review of the integrity of financial reporting and ensures that risk management and internal controls remain robust and appropriately managed.

Key activities considered by the Committee during the year include:

- Review of the risk management framework, principal risks and risk appetites.
- Review of the Reserves Policy.
- Review of the Annual Report and Accounts, for recommendation to the Board.
- Regular updates on the FRC's responsibility for overseeing UKEB compliance with due process.
- Oversight of the activities of the internal audit function and external auditors, including an evaluation of their effectiveness, based on the Committee's own interaction with the internal and external auditors, as well as a questionnaire with key internal stakeholders. Both were deemed effective and re-appointed.
- Adopting IFRS accounting standards for the FRC's own Annual Report and Accounts.
- Review and consideration of the FRC's Counter Fraud and Anti-Bribery policy and controls, in particular, arrangements for employees to raise concerns in confidence relating to improprieties in financial reporting and other related matters.
- Review its own effectiveness as part of the internal board and committee performance review.

The Committee also receives regular and relevant updates from the Finance team to ensure that the FRC has complied with its obligations as set out in Managing Public Money. The focus for 2025 will be continuing to enhance our risk management framework and internal controls, use deep dive sessions to focus on key discussions, emerging issues, opportunities and risk, and look at downside scenario planning to test the organisation's resilience and help inform key risks.

**Clare Thompson**

Chair of the Audit & Risk Committee

### Role of the Committee

The Audit & Risk Committee supports and advises the Accounting Officer (the Chief Executive) and the Board by providing oversight of our financial reporting process and use of public funds, corporate governance, the external and internal audit process, the system of internal controls, including business continuity and resilience, information technology, the identification and management of significant risks, and compliance with laws and regulations. The Audit & Risk Committee's Terms of Reference can be viewed on our website.

The committee held four meetings in the 2024/25 financial year. Members of the committee also attended training sessions for NEDs run by the Head of Risk. In addition, the Committee met with the external and internal auditors (without the presence of management) from the NAO and GIAA respectively.



The Committee is composed of individuals with recent and relevant audit, risk and financial experience, both in the private and public sectors, and listed environments. The Chair, Clare Thompson, is an ICAEW Chartered Accountant and former Audit Partner, with non-executive experience, including as an Audit Committee Chair.

Michael Hearty, Senior Adviser, is also appointed to the Committee and brings public sector finance background, including experience of organisations undergoing transformation. The biographies of all members can be found on our website. With these appointments, the Board is satisfied that the combined knowledge and financial experience of the Committee members ensured that it could fulfil its responsibilities effectively.

## Membership and attendance

Members	Attendance
Clare Thompson FCA (Chair)	4/4
Angela Cha*	4/4
Hannah Nixon	4/4
Ruwan Weerasekera	4/4
Senior adviser	
Michael Hearty (FCPFA)	4/4

\*Angela Cha resigned from the Committee on 1 April 2025 and Eva Lindholm was appointed.

Other regular attendees at the Audit & Risk Committee meetings:

FRC Chair, Accounting Officer, Chief Operating Officer, Finance Director, Head of Risk, NAO, GIAA.

## External auditor independence

The NAO was appointed as external auditor in 2019. The Auditor was rotated in November 2024, and Susan Clark has been appointed as Senior Statutory Auditor. She has no conflicts of interest. Susan is not part of the NAO's Central Quality team, nor responsible for PIE audits inspected by the FRC. The Board reviews how the relationship and any potential conflicts of interest between the NAO and the FRC are mitigated each year prior to appointing the FRC's external auditors. To protect the objectivity and independence of the external auditor, it is the FRC's policy that it is not contracted to carry out any non-audit services, and no such services were provided during the financial year.

## Financial reporting

The Committee reviewed and recommended to the Board the Annual Report and Accounts for the financial year ended 31 March 2025, having confirmed that it satisfied all applicable legal and regulatory obligations. The Committee also considered the letter of support and representation issued to the auditors and received the auditors International Standard on Auditing (ISA) (UK) 260 report setting out any matters arising from the audit. The Committee concluded that the financial statements should continue to be prepared on the going concern basis of accounting, given DBT's Letter of Comfort.

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## Fair, balanced and understandable

In assessing whether the Annual Report and Accounts are fair, balanced and understandable on behalf of the Board, the Audit & Risk Committee gave regard to:

- The information contained within the Strategic Report, ensuring it represents a fair reflection of performance during the year under review.
- Key judgement areas, accounting and reserves policies.
- The KPIs agreed by management, ensuring they reflect those used to manage, monitor and assess the organisational health of the FRC with a strong linkage to the strategy.
- The key messages in the Annual Report, ensuring they are clear, consistent and easily understood.

## Internal audit opinion 2024/25

A key source of independent assurance for the FRC is the internal audit function provided by the GIAA, which complies with the Public Sector Internal Audit Standards. It provides the Accounting Officer and the Audit & Risk Committee with an annual opinion on the adequacy and effectiveness of the organisation's control environment. The internal audit programme of work aligns closely with the organisation's principal risks and strategic objectives providing a balanced view and coverage of the business.

The GIAA provided an overall 'moderate' opinion on the framework of governance, risk management and control for 2024/25. It stated that the direction of travel remained positive with improvements from previous years, reflecting the evolving and maturing nature of the organisation's risk and control environment. The FRC has adopted a more integrated approach to risk, control and assurance activity, with the evolving second line assurance programme underpinning this by focusing on the effectiveness of key internal controls. The risk management maturity assessment has increased to level 3 (defined) demonstrating a more proactive approach being taken by the business. We will continue to work with the GIAA to develop a more integrated approach to assurance activity that will improve assurance coverage, governance, and control and provide greater insight over the effectiveness of the control environment.

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## 21. People Committee report

I am pleased to present the People Committee report for the financial year ended 31 March 2025, which provides an overview of the work of the Committee, the key matters it addressed over the year. The Committee supports the Board in discharging its responsibilities which include key board appointments, remuneration, succession planning, and talent management.

Key activities considered by the Committee during the year include:

- Succession planning with recruitment for the Board, Senior Advisers and Advisory Panel.
- Consideration of the talent review process for senior leadership roles.
- Annual staff pay review.
- Discussion and review of the outcome of the annual People Survey.
- Updates from the Designated Workforce Director on discussions held at the People Forum.
- Regular updates from the Chief People Officer on HR matters including learning and development opportunities being offered to staff.
- Review and consideration of the impact to staff regarding the change in location of the London office.
- An internal review of its effectiveness as part of the internal board and committee review.
- Review and approval of changes to the Conflicts of Interest Policy.
- Review the gifts and hospitality register and register of interests for Board members, ExCo, and Senior Advisers (bi-annually).
- Approval of the quarterly publication of expenses for ExCo and Board members.

**Sir Jan du Plessis**

Chair of the People Committee

### Role of the Committee

The Committee provides strategic direction on issues relating to the appointment and recruitment, remuneration, talent management and welfare of FRC staff and non-executive members and advisors. The NED with responsibility for workforce engagement regularly reports into this Committee to improve visibility of people matters at Board and Committee level. The Committee met four times in 2024/25.

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## Membership and attendance

Members	Attendance
Sir Jan du Plessis (Chair)	4/4
Clare Thompson	4/4
Ruwan Weerasekera	2/4
David Willis	4/4
Angela Cha	4/4
Hannah Nixon	3/4
Simon O'Regan (appointed 28 November 2024)	2/2
Charlie Parker (appointed 28 November 2024)	1/2
Eva Lindholm (appointed 28 November 2024)	2/2

## 22. Remuneration report

The Chief Executive is the only Executive member of the Board. The performance of the Chief Executive and the Executive Directors is assessed against both collective objectives set in line with the FRC Plan and Budget and individual objectives.

An overview of the remuneration framework that applied to all staff during 2024/25 is set out below. The main components of the Chief Executive and the Executive Directors' remuneration are consistent with this framework unless indicated otherwise.

Element and purpose	Operation	Opportunity / output
<b>Base salary</b> To provide core remuneration for the role, recognising the responsibility for setting and delivering the annual FRC Plan & Budget.	<p>Salaries are reviewed annually.</p> <p>The Chief Executive and ExCo members approve the annual pay principles that drive the annual compensation plan for the FRC subject to final approval by the Department for Business and Trade. The People Committee is also consulted. The overall budget for pay is aligned with the UK government annual pay remit.</p> <p>The People Committee approves the remuneration of the Chief Executive and other Executive Directors, subject to final approval by DBT, taking account of their responsibilities, performance, and experience alongside market trends and any relevant comparators. The overall budget for pay is aligned to the UK government Senior Civil Service Pay Guidance.</p> <p>Any salary adjustment for the Chief Executive is further subject to Government approval.</p>	Any annual increase awarded reflects the individual's role, their performance, movement in market rates and increasing competency within role.
<b>Benefits</b> To provide a competitive and cost-effective benefits package in line with public sector norms.	<p>All staff who were offered employment prior to 1 June 2018 are eligible to receive benefits, which may include:</p> <ul style="list-style-type: none"> <li>• dental insurance</li> <li>• private health insurance</li> <li>• income protection insurance</li> <li>• life insurance</li> </ul> <p>In aligning the FRC's remuneration policy more closely with the public sector, new joiners who started from 1 June 2018 are no longer eligible for dental or private health insurance.</p>	

Element and purpose	Operation	Opportunity / output
<b>Pension benefits</b> To provide competitive retirement benefits in line with relevant market comparators.	All staff are eligible to participate in the group personal pension scheme, which is a defined contribution scheme.  Staff offered employment prior to 1 June 2018 were able to elect to take pay in lieu of pension contributions less an amount equivalent to Employer's National Insurance contributions, but this has been discontinued for staff offered employment after 1 June 2018.	A maximum of 10% of base salary.
<b>Non-Consolidated Pay</b>	The FRC provides a modest cash award to all eligible employees with qualifying service and personal performance reflecting the overall performance of the FRC during the year.	An in-year award of £1,100 was made to all qualifying employees.



## 23. Remuneration framework: pay multiples and director remuneration

The following table provides details of the remuneration and pension interests of the most senior management of the FRC. As a limited company, this comprises the registered directors.

### Directors' remuneration

	2024/25 fees/salary	2024/25 Performance pay/bonus	2024/25 Benefits <sup>(1)</sup>	2024/25 Pension <sup>(2)</sup>	2024/25 Total £	2023/24 Total £
<b>Non-executive directors</b>						
Sir Jan du Plessis	125,000	-	-	-	125,000	125,000
Angela Cha	17,500	-	-	-	17,500	17,500
Hannah Nixon	19,167	-	774	-	19,941	27,500
Clare Thompson	27,500	-	-	-	27,500	27,500
Ruwan Weerasekera	19,167	-	-	-	19,167	25,936
David Willis	30,000	-	-	-	30,000	30,000
Eva Lindholm (from 28/11/24)	5,968	-	-	-	5,968	-
Simon O'Regan (from 28/11/24)	5,968	-	-	-	5,968	-
Charlie Parker (from 28/11/24)	5,968	-	-	-	5,968	-
John Coomber (to 22/07/23)	-	-	-	-	-	8,462
Sir Ashley Fox (to 11/09/23)	-	-	-	-	-	7,763
<b>Sub-total</b>	<b>256,238</b>	<b>-</b>	<b>774</b>	<b>-</b>	<b>257,012</b>	<b>269,661</b>
<b>Executive directors<sup>(3)</sup></b>						
Richard Moriarty <sup>(4)</sup> (from 2/10/23)	340,154	1,100	3,029	34,650	378,933	184,434
Sir Jonathan Thompson (to 31/07/23)	-	-	-	-	-	67,481
Sarah Rapson <sup>(5)</sup> (01/08/23-01/10/23)	-	-	-	-	-	61,825
<b>Sub-total</b>	<b>340,154</b>	<b>1,100</b>	<b>3,029</b>	<b>34,650</b>	<b>378,933</b>	<b>313,740</b>
<b>Total</b>	<b>596,392</b>	<b>1,100</b>	<b>3,803</b>	<b>34,650</b>	<b>635,945</b>	<b>583,401</b>

## Notes:

When directors have served for part of a year, the amounts shown are for the relevant proportion of the year.

- (1) For Non-Executive Directors, this represents the cost of travel to the FRC offices. For Executive Directors, this represents Life Assurance and Income Protection insurance.
- (2) This is a payment to a defined contribution scheme.
- (3) Executive directors are entitled to receive some other benefits in accordance with the remuneration framework; the benefits vary depending on when their employment with the FRC started. The figures shown are the cash equivalent of their full pay and benefits.
- (4) The Full Time Equivalent salary for 2024/25 is £346,500.
- (5) The amounts shown are the cash equivalent of their full pay and benefits plus Employer National Insurance and Pension costs as these cannot be identified separately.

## Fair pay disclosures

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The following table shows the ratio between the mid-point of the banded remuneration of the highest paid director, to the pay and benefits figures and full-time equivalent salary component of the employees who are on the 25th, 50th and 75th percentiles of FRC employees.

The Prior Year comparisons are calculated using the FTE for the Chief Executive, rather than the highest paid director as the remuneration amount includes Employer cost elements that are not part of the FTE calculation.

	Lower quartile		Median		Upper quartile	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
Total pay and benefits	5.03	5.06	3.44	3.46	2.86	2.88
Salary component	5.15	5.10	3.50	3.53	2.96	2.99

The following table shows the total pay and benefits figures and full-time equivalent salary component of the employees who are on the 25th, 50th and 75th percentiles of FRC employees.

	Lower quartile		Median		Upper quartile	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
Total pay and benefits	70,100	65,724	102,548	96,215	123,412	115,613
Salary component	68,402	65,145	100,594	94,213	119,028	111,342

The banded remuneration of the highest paid director, the Chief Executive Officer, was £350,000-£355,000 per year (2023/24: £330,000-£335,000). This was 3.44 times (2023/24: 3.46) the median remuneration of the workforce, which was £102,548 (2023/24: £96,215). The banded remuneration for the highest paid director uses the full time equivalent salary amount.

The percentage change in the salary and allowances of the Chief Executive Officer from 2023/24 was 6.02% due to an increase in base salary. The Chief Executive Officer was not eligible to receive performance related pay and bonus during 2023/24, but did qualify in 2024/25 and received the same non-consolidated award as all other eligible employees. The average percentage change in the salary and allowances of FRC employees from 2023/24 was 6.48% because of the 2024 pay review. The average percentage change in the performance related pay and bonuses for FRC employees was a decrease of 26.67% because of the reduction in the non-consolidated award to £1,100 (2023/24 £1,500).

Total remuneration includes salary and benefits in kind. It does not include severance payments, or any employer's pension allowance or payments in lieu of pension payments. In 2024/25, no employee received remuneration in excess of the annual equivalent remuneration of the highest paid director. Employee remuneration ranged from £27,500 to £260,000.

### Off-payroll engagements

<b>Highly paid off-payroll worker engagements, earning £245 per day or greater</b>	<b>No.</b>
No. of existing engagements as at 31 March 2025	1
Of which, number that existed:	
Less than 1 year	1
For between 1 and 2 years	
For between 2 and 3 years	
For between 3 and 4 years	
For 4 or more years	
<b>All highly paid off-payroll workers engaged at any point during the year, earning £245 per day or greater</b>	<b>No.</b>
No. of temporary off-payroll workers engaged during the year	2
Of which:	
Not subject to off-payroll legislation	2
Subject to off-payroll legislation and determined as in-scope of IR35	
Subject to off-payroll legislation and determined as out-of-scope of IR35	
Number of engagements reassessed for compliance or assurance purposes during the year	1
Of which: number of engagements that saw a change to IR35 status following review	1
<b>Engagements of board members and/or senior officials with significant financial responsibility between 1 April 2024 and 31 March 2025</b>	<b>No.</b>
No. of off-payroll engagements of board members and/or senior officials during the year	0
Total no. of individuals on payroll and off-payroll that have been deemed "board members and/or senior officials with significant responsibility" during the financial year. This includes both on-payroll and off-payroll engagements	10

Information on staff numbers and the cost of temporary staff and consultants are included in Note 6 of the Financial Statements.

## Exit packages

Redundancy and other departure costs incurred are set out below. A compulsory redundancy is any departure resulting from a restructure or other change leading to a role ceasing to exist. Other departures are those mutually agreed with the individual concerned.

### 2024/25

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
< £10,000	-	2	2
£10,000 - £25,000	1	-	1
£25,001 - £50,000	-	-	-
£50,001 - £100,000	-	-	-
£100,001 - £150,000	-	-	-
£150,001 - £200,000	-	-	-
<b>Total number of exit packages</b>	<b>1</b>	<b>2</b>	<b>3</b>
<b>Total cost £000</b>	<b>21</b>	<b>10</b>	<b>31</b>

### 2023/24

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
< £10,000	-	-	-
£10,000 - £25,000	-	-	-
£25,001 - £50,000	-	-	-
£50,001 - £100,000	-	-	-
£100,001 - £150,000	-	-	-
£150,001 - £200,000	-	-	-
<b>Total number of exit packages</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total cost £000</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 24. Directors' report

The directors of the FRC (Registered number: 02486368) present their report for the year ended 31 March 2025. This report should be read in conjunction with both the Strategic Report, page 6, which includes ethics and compliance (page 29), and the Governance Report, page 45, which includes the Corporate Governance Statement.

In accordance with section 414C (11) of the Companies Act 2006, the directors have provided disclosures and information in relation to a number of matters elsewhere in this Annual Report. These matters, together with those required under the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in 2013, and voluntary disclosures under the Sustainability Accounting Standards Board (SASB) are cross-referenced in the table below.

Topic/reporting responsibility	Relevant section	Page
Business model	Our Business Model	11
Values	Our Business Model	11
Strategy	Strategic Priorities for 2024 to 2025	48
Likely future developments	Strategic Priorities for 2024 to 2025	48
Principal activities	Chief Executive's Report	14
Research and development activities	Chief Executive's Report	14
Analysis of performance and current position	KPIs Financial statements	21 81
Post balance sheet events	Notes to the Financial Statements	98
Factors affecting future development and long-term viability	Risk management	39
Principal risk and risk management policies	Risk management	39
Financial risks	Financial Review Notes to the Financial Statements	81 98
Reviews of internal controls	Audit & Risk Committee Report	66
Anti-bribery policy	Ethics and Compliance	29
Whistleblowing	Ethics and Compliance	29
Procurement policy	Ethics and Compliance	29
Payment practices	Ethics and Compliance	29
Modern Slavery Statement	Ethics and Compliance	29
Section 172 Statement	Section 172 and Stakeholder Engagement	25
Stakeholder interests	Section 172 and Stakeholder Engagement	25
Gender pay gap reporting	Our People and Culture Framework	23

Topic/reporting responsibility	Relevant section	Page
Pay ratios	Remuneration Framework – Pay Multiples and Director Remuneration	73
Corporate governance statement	Governance and Transparency Framework	47
Names of Directors holding office	Governance and Transparency Framework	47
Statement on employment of disabled persons	Our People and Culture Framework	23
Streamlined Energy and Carbon Reporting	Environmental Impacts	27
Data security (SASB)	Ethics and Compliance	29
Workforce diversity and engagement (SASB)	Our People and Culture Framework	23
Professional integrity (SASB)	Ethics and Compliance	29

### Directors' responsibilities statement

The directors (including the Chief Executive as Accounting Officer) are responsible for preparing the Annual Report and Financial Statements in accordance with applicable laws and regulations. Company law requires the directors to prepare financial statements for each financial year.

The directors have elected to prepare the financial statements in accordance with Companies Act 2006 and the International Financial Reporting Standards (IFRS) as adapted or interpreted by the HM Treasury 2024/25 Government Financial Reporting Manual (FReM). The directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for the period.

In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Ensure a system of internal controls is in place to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the FRC will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the FRC's transactions and disclose with reasonable accuracy at any time the financial position of the FRC and enable the directors to ensure that the financial statements comply with the Companies Act 2006.



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They are also responsible for safeguarding the assets of the FRC and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In assessing the going concern, the Board is satisfied that the FRC will continue to operate for a minimum of 12 months after the approval of the financial statements. In addition, DBT provides the FRC with confirmation that it would help the FRC meet its financial obligations, if necessary, that would allow the FRC to continue its operations for a minimum of 12 months.

The directors consider that the Strategic Report is fair, balanced and understandable, and that it contains the information necessary for the user to assess the position, performance, business model and strategy of the FRC.

### **Board of directors**

We have included information on the names of the individuals who, at any time during the financial year, were directors of the FRC on page 49 as well as their attendance.

### **Appointment of directors**

Directors are appointed for fixed terms, which may be renewed, rather than being submitted for re-election at regular intervals. There were changes to the company directors during the financial year under review. Eva Lindholm, Charlie Parker and Simon O'Regan were appointed to the Board as directors on 28 November 2024.

### **Retirement, vacation and removal of directors**

In accordance with the Articles of Association, the Secretary of State, or his or her duly authorised representative, may at any time remove any person so appointed. A director of the company shall retire from office upon the expiry of the period specified in the most recent notice of his or her appointment or reappointment received by the company, or if no period is specified therein, upon the third anniversary of such appointment or reappointment.

The office of director shall be vacated if the director:

- Is removed from office pursuant to the provisions of Articles of Association 5.1.
- Resigns his or her office by notice in writing received at the registered office of the company.
- Ceases to be a member of the company.
- Ceases to be a director by virtue of any provision of the Companies Act or otherwise becomes prohibited by law from being a director.
- In the case of the Chief Executive, ceases to hold that position.

### **Directors and directors' insurance and indemnities**

Under the terms of the FRC's Articles of Association, all directors are members of the FRC, and each has undertaken to guarantee the liability of the FRC up to an amount not exceeding £1. There are no other members and no dividend is payable. The FRC purchased and maintained the directors' and officers' liability insurance in respect of itself and for its directors and officers throughout the financial year. This gives appropriate cover for any legal action brought against the FRC or its directors or officers.

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## Articles of Association

The company's Articles may be amended by a special resolution of the company members and were amended with effect from the 1 June 2024.

## Related party transactions

Related party transactions are disclosed in Note 15 to the Accounts.

## Political donation disclosures

As a central government body, the FRC is compliant with Managing Public Money. Political affiliations and disclosures are not consistent with the principles of Managing Public Money. No political donations were made during the year.

## Key contracts

The FRC has a number of key contracts. However, the FRC performs several checks on the providers of those contracts including financial health checks. As part of the FRC's Business Continuity Planning, scenario testing is undertaken in respect of the failure of one of the firms providing the key contracts.

## Company's trading activities

The FRC is not a trading company. There have been no changes in the corporate structure.

## Disclosure to the auditor

The directors, including the Chief Executive as Accounting Officer, at the date of this report, confirm that, as far as they are aware, there is no relevant audit information of which the FRC's auditor is unaware. Each director has taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the FRC's auditor is aware of that information.

## Auditors

The NAO, on behalf of the Comptroller and Auditor General, has expressed its willingness to remain in office. The Audit & Risk Committee reached the conclusion that the NAO has continued to perform the external audit in a professional and efficient manner and is deemed to be reappointed.

Approved by the Board of Directors on 25 June 2025 and signed on its behalf by:



**Richard Moriarty**  
CEO and Accounting Officer





# Financial Statements



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## 25. Independent Auditor's Report to the Members of The Financial Reporting Council Limited and the Houses of Parliament

### Opinion on financial statements

I have audited the financial statements of The Financial Reporting Council Limited ('the FRC') for the year ended 31 March 2025 which comprise the FRC's

- Statement of Financial Position as at 31 March 2025;
- Statement of Comprehensive Net Income, Statement of Cash Flows and Statement of Changes in Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and the UK adopted International Accounting Standards.

In my opinion the financial statements:

- give a true and fair view of the state of the FRC's affairs as at 31 March 2025 and of the net income for the year then ended;
- have been properly prepared in accordance with the UK adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), applicable law and Practice Note 10 *'Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024)'*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2024*. I am independent of the FRC in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

The framework of authorities described in the table below has been considered in the context of my opinion on regularity.

## Framework of Authorities

### Authorising legislation

Companies Act 2006

Statutory Audit and Third Country Auditor Regulations (SATCAR) 2013, 2016 and 2017

Local Audit (Delegation of Functions) and Statutory Audit (Delegation of Functions) Order 2014

Local Audit and Accountability Act 2014

### HM Treasury and related authorities

Managing Public Money

## Conclusions relating to going concern

In auditing the financial statements, I have concluded that the FRC's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

My evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included review of management's forecasts and sensitivity analysis, and obtaining and reviewing a signed letter of financial support that has been provided by the Department for Business and Trade.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the FRC's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the entity's reporting on how it has applied the UK Corporate Governance Code, I have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Overview of my audit approach

### Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters.

This is not a complete list of all risks identified though the course of my audit but only those areas that had the greatest effect on my overall audit strategy, allocation of resources and direction of effort. I have not, for example, included information relating to the work I have performed on management override of controls, an area where my work has not identified any significant matters to report.

The key audit matters were discussed with the Audit and Risk Committee; its report on matters that it considered to be significant to the financial statements is set out on pages 66 to 68.

In this year's report the following changes to the key audit matters reported have been made compared to my prior year report:

- I have included information relating to the work that I have performed on the FRC's first-time adoption of International Financial Reporting Standards (IFRS). This includes the work that I have performed on the restatement of prior period information and the work that I have performed on the lease contracts that were entered into during the year ended 31 March 2025. I have also included information on related work I have performed on provisions made for dilapidations on current and exited leases.
- As previously noted, I have not included information relating the work that I have performed on the risk of management override of control that is presumed by ISAs (UK), an area where my work has not identified any significant matters to report.
- I have not included information on the audit work I have performed in relation to the recognition of income, except as it relates to the first year of preparation of the financial statements under International Financial Reporting Standards, because I have rebutted the risk of fraud in revenue recognition that is presumed by ISAs (UK) due to their being limited incentive or opportunity to manipulate the revenue recognised by FRC.

#### **Key audit matter 1 – First-time adoption of IFRS (restatement of prior period information)**

##### **Description of risk**

The FRC previously prepared its accounts in accordance with UK Generally Accepted Accounting Practice (GAAP) Financial Reporting Standard 102. In agreement with the Department for Business and Trade, the FRC has prepared these financial statements in accordance with International Financial Reporting Standards (IFRS), and in accordance with the Government Financial Reporting Manual insofar as this does not conflict with the requirements of the Companies Act 2006.

There is a significant difference in accounting for several areas relevant to the FRC's financial statements. Including:

- IFRS 15 *Revenue from Contracts with Customers*
- IFRS 16 *Leases*
- IFRS 9 *Financial Instruments (specifically in relation to expected credit loss measurement)*

In addition, there are requirements of IFRS 1 *First-time adoption of IFRS* which require specific disclosures and prevent the use of transitional provisions within each of the specific accounting standards.

Whilst I did not consider there to be a significant risk of material misstatement of the restatement of prior period information or related disclosures, this was an area of focus for my audit and as such I have identified it as a key audit matter.



## Key audit matter 1 – First-time adoption of IFRS (restatement of prior period information)

### How the scope of my audit responded to the risk

My team obtained and reviewed management's assessment of the impacts of applying the IFRS to prior period accounts. This included management's assessment of:

- Agreements for the occupation of properties at 125 London Wall, 10 South Colonnade and 1 Victoria Street against the requirements of IFRS 16 *Leases*;
- Revenue contracts and levy arrangements against the requirements of IFRS 15 *Revenue Recognition* and its 5-step model; and
- The impact of IFRS 9 *Financial Instruments* on the impairment of trade receivables.

As part of its work, my team:

- Considered the completeness of management's assessment.
- Specifically considered the application of IFRS to levies which are neither contractual nor statutory.
- Independently re-calculated the value of lease liabilities and right-of-use assets in respect of the properties at 125 London Wall and 10 South Colonnade at 1 April 2023 (the date of transition to IFRS) and at 31 March 2024 as appropriate.

My team also reviewed the draft financial statements for the completeness of disclosures required as part of the first-time adoption of IFRS.

### Key observations

I have obtained sufficient assurance over this risk through my substantive testing. I did not identify significant misstatements in the comparative information, restated in accordance with the requirements of IFRS 1 *First Time Adoption of IFRS*, as a result of the work I have performed.

## Key audit matter 2 – Accounting for new leases

### Description of risk

During 2024-25 the FRC entered into new arrangements for the occupation of office premise at Harbour Exchange (London) and at 3 Arena Central (Birmingham). The FRC has applied IFRS 16 to both leases and has recognised new lease liabilities and right-of-use assets that are material to the financial statements. I identified the recognition and valuation of these assets and liabilities as an area of significant risk of material misstatement.

### How the scope of my audit responded to the risk

My team has assessed the design and implementation of controls relevant to the identification and accounting for new leases. These controls were not relied upon for audit assurance.

My team have obtained and reviewed management's assessment of the new leases and as part of their work, my team:

- Reviewed the underlying contracts against the requirements of IFRS 16;
- Independently recalculated the value of the lease liabilities and right-of-use assets in respect of the new leases; and
- Evaluated the reasonableness of key judgements, such as the rate of interest used to discount the lease liability, and assumptions regarding the applicable lease term.

### Key observations

I have obtained sufficient assurance over this risk through my substantive testing. I did not identify significant misstatements in the recognition and measurement of new leases, under IFRS 16, as a result of the work I have performed.

## Key audit matter 3 – Provisions for dilapidations

### Description of risk

The FRC has identified its provisions for dilapidations (totalling £1,286k at 31 March 2025) as an area of significant estimate and judgement. As explained in Note 1(d) to the accounts, the FRC made use of third-party surveyor reports to estimate the amounts likely to be payable to the landlord for dilapidations at the end of the lease term. In the case of 125 London Wall, where the lease came to an end in March 2025 and a claim from the Landlord has been received, management has determined its provision by applying a probability weighting to possible settlement values considering both the surveyor's report and the detail of the claim received.

Whilst I did not consider there to be a significant risk of material misstatement of the dilapidation provision, due to the estimation uncertainty and significant assumptions made by management this was an area of focus for my audit and as such I have identified it as a key audit matter.

### How the scope of my audit responded to the risk

My team obtained and reviewed the third-party surveyor's estimates, and the landlords claim for 125 London Wall. As part of their work, my team:

- Assessed the independence, objectivity and competence of the third-party valuer to ascertain whether their work was reliable;
- Compared the estimates to independent industry benchmarks;
- Specifically considered the application of IAS 37 to the calculation of the provision; and
- Reviewed management's assessment of the probability of the identified settlement values for 125 London Wall and considered the reasonableness of these in the context of information obtained over the course of the audit.

My team also reviewed the draft financial statements for the completeness of disclosures in relation to the dilapidation provisions and the estimation uncertainty.

### Key observations

I have obtained sufficient assurance over this risk through my substantive testing. I did not identify significant misstatement in the dilapidation provision or related disclosures as a result of the work I have performed.

## Application of materiality

### Materiality

I applied the concept of materiality in both planning and performing my audit, and in evaluating the effect of misstatements on my audit and on the financial statements. This approach recognises that financial statements are rarely absolutely correct, and that an audit is designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement or irregularity. A matter is material if its omission or misstatement would, in the judgement of the auditor, reasonably influence the decisions of users of the financial statements.

Based on my professional judgement, I determined overall materiality for the FRC's financial statements as a whole as follows:

Audited Entity	
<b>Materiality</b>	£1 million
<b>Basis for determining materiality</b>	1.5% of gross expenditure of £67m (2023-24: 1.5% of total expenditure of £63m)
<b>Rationale for the benchmark applied</b>	I considered several benchmarks for materiality, including comprehensive net income, revenue, asset measures and equity. Given that the FRC is a regulator, it incurs costs in fulfilling its responsibilities and collects funds sufficient to cover those costs. Consequently, users of the financial statements will principally be interested in the cost of the FRC discharging its responsibilities. Mindful of this I identified gross expenditure as the key driver.

### Performance Materiality

I set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 75% of materiality for the 2024-25 audit (2023-24: 75%). In determining performance materiality, I have considered the uncorrected misstatements identified in the previous period, and the FRC's overall control environment for the risk of misstatements in the period.

### Other Materiality Considerations

Apart from matters that are material by value (quantitative materiality), there are certain matters that are material by their very nature and would influence the decisions of users if not corrected. Such an example is any errors reported in the Related Parties note in the financial statements. Assessment of such matters needs to have regard to the nature of the misstatement and the applicable legal and reporting framework, as well as the size of the misstatement.

I applied the same concept of materiality to my audit of regularity. In planning and performing audit work to support my opinion on regularity and in evaluating the impact of any irregular transactions, I considered both quantitative and qualitative aspects that would reasonably influence the decisions of users of the financial statements.

### Error Reporting Threshold

I agreed with the Audit and Risk Committee that I would report to it all uncorrected misstatements identified through my audit in excess of £20,000, as well as differences below this threshold that in my view warranted reporting on qualitative grounds. I also report to the Audit and Risk Committee on disclosure matters that I identified when assessing the overall presentation of the financial statements.

Total unadjusted audit differences reported to the Audit and Risk Committee relate solely to the comparative information. If corrected these differences would decrease reported net assets at 1 April 2023 by £72,000, and increase reported net assets reported at 31 March 2024 by £36,000.

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## Audit scope

The scope of my audit was determined by obtaining an understanding of the FRC and its environment, including the entity wide controls, and assessing the risks of material misstatement. This included consideration of the risks of material misstatement arising from FRC's first-time adoption of International Financial Reporting Standards (IFRS). This resulted in the identification of a significant risk associated with the accounting for new leases under IFRS 16, which is shown in the key audit matters above.

Our planning and audit work procedures were undertaken both remotely and in person. My team discussed the framework of authorities with management and reviewed the results of testing to determine whether any evidence of material irregularity was noted.

## Other Information

The other information comprises the information included in the Annual Report but does not include the financial statements and my auditor's report thereon. The directors are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## Opinion on other matters prescribed by the Companies Act 2006

In my opinion the part of the Remuneration Framework to be audited has been properly prepared in accordance with the Companies Act 2006 and HM Treasury's Financial Reporting Manual.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes, and about share capital structures, in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- Information about the FRC's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

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## Matters on which I report by exception

In the light of the knowledge and understanding of the FRC and its environment obtained in the course of the audit, I have not identified material misstatements:

- in the Strategic Report or the Directors' Report; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA rules.

I have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the 'Remuneration Framework' section to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made.

## Corporate Governance Statement

The Listing Rules require me to review the Directors' statement in relation to going concern, longer-term viability and that part of the Governance Section relating to the FRC's compliance with the provisions of the UK Corporate Governance Code specified for my review.

Based on the work undertaken as part of my audit, I have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or my knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 78;
- Directors' statement on fair, balanced and understandable set out on page 79;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 40 to 43;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 38 to 39; and
- The section describing the work of the Audit and Risk Committee set out on page 66.

The directors have not provided an assessment of the entity's prospects, the period this assessment covers and why this period is appropriate as required by provision 31 of the UK Corporate Governance Code. The directors have set out the reasons for omitting these disclosures on page 48.



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## Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the FRC from whom the auditor determines it necessary to obtain audit evidence.
- preparing financial statements, which give a true and fair view, in accordance with the Companies Act 2006;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- preparing the Annual Report, which includes the Remuneration Framework, in accordance with the Companies Act 2006; and
- assessing the FRC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and report on the financial statements in accordance with the applicable law and International Standards on Auditing (UK) (ISAs (UK)).

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud**

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

### **Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud**

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the FRC's accounting policies, and key performance indicators;
- inquired of management, FRC's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the FRC's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the FRC's controls relating to the FRC's compliance with the Companies Act 2006, and Managing Public Money;
- inquired of management, the FRC's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations; and
  - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the FRC for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the FRC's framework of authority and other legal and regulatory frameworks in which the FRC operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the FRC. The key laws and regulations I considered in this context included Companies Act 2006, Managing Public Money, employment law, and pensions legislation.

### **Audit response to identified risk**

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports; and
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my report.

### **Other auditor's responsibilities**

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.



**Susan Clark** (Senior Statutory Auditor)

For and on behalf of the

**Comptroller and Auditor General** (Statutory Auditor)

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

## 26. Financial Statements

### The Financial Reporting Council Limited

Registered number: 02486368

#### Statement of comprehensive net income for the year ended 31 March 2025

	Note	2024/25 £'000	Restated 2023/24 £'000
Income	3	69,946	58,396
Operating expenses	4	(67,777)	(59,565)
<b>Net operating income/(expenditure)</b>		<b>2,169</b>	<b>(1,169)</b>
Finance charge	13 & 14	(158)	(105)
<b>Net income/(expenditure) for the year</b>		<b>2,011</b>	<b>(1,274)</b>
<b>Comprehensive net income/(expenditure) for the year</b>		<b>2,011</b>	<b>(1,274)</b>

## Statement of financial position as at 31 March 2025

	Note	31 March 2025 £'000	Restated 31 March 2024 £'000	Restated 1 April 2023 £'000
<b>Non-current assets</b>				
Intangible assets	8	62	4	25
Property, plant and equipment	9	6,069	1,980	2,721
<b>Total non-current assets</b>		<b>6,131</b>	<b>1,984</b>	<b>2,746</b>
<b>Current assets</b>				
Trade and other receivables	10	9,343	8,866	11,304
Cash and cash equivalents	11	13,721	11,104	13,329
<b>Total current assets</b>		<b>23,064</b>	<b>19,970</b>	<b>24,633</b>
<b>Total assets</b>		<b>29,195</b>	<b>21,954</b>	<b>27,379</b>
<b>Current liabilities</b>				
Trade and other payables	12	(6,699)	(5,065)	(8,822)
Lease liabilities	13	(922)	(1,198)	(474)
Dilapidation provisions	14	(718)	(418)	0
<b>Total current liabilities</b>		<b>(8,339)</b>	<b>(6,681)</b>	<b>(9,296)</b>
<b>Total assets less current liabilities</b>		<b>20,856</b>	<b>15,273</b>	<b>18,083</b>
<b>Non-current liabilities</b>				
Lease liabilities	13	(3,502)	(431)	(1,629)
Dilapidation provisions	14	(568)	(67)	(405)
<b>Total non-current liabilities</b>		<b>(4,070)</b>	<b>(498)</b>	<b>(2,034)</b>
<b>Net Assets</b>		<b>16,786</b>	<b>14,775</b>	<b>16,049</b>
<b>Capital and reserves</b>				
<b>Accounting, auditing and corporate governance:</b>				
- General reserve		6,198	4,230	5,697
- Corporate reporting review legal cost fund		2,000	2,000	2,000
<b>Actuarial standards and regulation:</b>				
- General reserve		6,588	6,545	6,352
- Actuarial case cost fund		2,000	2,000	2,000
<b>Total</b>		<b>16,786</b>	<b>14,775</b>	<b>16,049</b>

The financial statements and notes on pages 94-118 were approved by the Board of Directors on 25 June 2025 and signed on its behalf by:



**Richard Moriarty**  
Chief Executive Officer  
and Accounting Officer



**Sir Jan du Plessis**  
Chair

## Statement of changes in equity for the year ended 31 March 2025

	Accounting, auditing and corporate governance		Actuarial standards and regulation		
	General reserve	Corporate reporting review legal cost fund	General reserve	Actuarial case cost fund	Total
	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 April 2023</b>	5,654	2,000	6,352	2,000	16,006
IFRS opening adjustments (note 2)	43	-	-	-	43
<b>Restated balance at 1 April 2023</b>	5,697	2,000	6,352	2,000	16,049
Restated comprehensive net expenditure for the year	(1,467)	-	193	-	(1,274)
<b>Restated balance at 31 March 2024</b>	<b>4,230</b>	<b>2,000</b>	<b>6,545</b>	<b>2,000</b>	<b>14,775</b>
Comprehensive net income/(expenditure) for the year	1,968	-	43	-	2,011
<b>Balance at 31 March 2025</b>	<b>6,198</b>	<b>2,000</b>	<b>6,588</b>	<b>2,000</b>	<b>16,786</b>



## Statement of cash flows for the year ended 31 March 2025

	Note	2024/25 £'000	Restated 2023/24 £'000
<b>Cash flows from operating activities</b>			
Comprehensive income/(expenditure) for the year		2,011	(1,274)
Adjustments for:			
- Depreciation and amortisation	4	2,219	1,494
- Interest on lease liabilities	13	134	89
- Increase in dilapidation provisions	14	24	16
- (Increase)/decrease in trade and other receivables	10	(477)	2,438
- Increase/(decrease) in trade and other payables	12	1,634	(3,757)
- Other non-cash adjustments		(21)	34
Net cash inflow/(outflow) from operations		5,524	(960)
Corporation tax paid		0	0
<b>Total cash inflow/(outflow) from operating activities</b>		<b>5,524</b>	<b>(960)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment and intangible assets	8 & 9	(1,160)	(76)
Disposal of property, plant and equipment and intangible assets	8 & 9	0	0
Payment of stamp duty		(48)	0
<b>Total cash outflow from investing activities</b>		<b>(1,208)</b>	<b>(76)</b>
<b>Cash flows from financing activities</b>			
Payment of lease liabilities	13	(1,699)	(1,189)
<b>Total cash outflow from financing activities</b>		<b>(1,699)</b>	<b>(1,189)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,617</b>	<b>(2,225)</b>
Cash and cash equivalents at the beginning of the period	11	11,104	13,329
<b>Cash and cash equivalents at the end of the period</b>	11	<b>13,721</b>	<b>11,104</b>

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## 27. Notes to the Financial Statements

### 1. Principal accounting policies

The FRC is a company limited by guarantee, incorporated in the United Kingdom. During the reporting period, the company's registered office changed from 8th Floor, 125 London Wall, London, EC2Y 5AS to 13th Floor, 1 Harbour Exchange Square, London, E14 9GE. The company's registered number is 02486368.

The ultimate controlling party of the FRC is the Secretary of State for the DBT.

The FRC has one subsidiary, the UKEB. It is a company limited by guarantee of which the FRC is the sole member. Its registered office is 13th Floor, 1 Harbour Exchange Square, London, E14 9GE. The subsidiary has not traded during the year and has no assets or liabilities. Therefore, it is not material to the financial performance and position of the FRC. Consequently, no consolidated set of financial statements has been prepared because they fall within the exclusions provided in section 405 of the Companies Act 2006.

#### a) Basis of preparation

These financial statements for the period ended 31 March 2025 are prepared in accordance with the IFRS as adapted or interpreted by the HM Treasury 2024/25 Government Financial Reporting Manual (FReM), where the requirements are appropriate and do not contradict with the Companies Act 2006 for the public sector context. Where the FReM permits a choice of accounting policy, the FRC has applied the policy deemed to be most appropriate to its particular circumstances for the purposes of giving a true and fair view.

#### First-time adoption of IFRS

The FRC previously prepared its accounts in accordance with 'the Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The periods up to and including the year ended 31 March 2024 that were prepared in accordance with FRS 102 have been restated to comply with IFRS, with the most significant financial impact of the FRC's first-time adoption of IFRS being IFRS 16 Leases. Refer to Note 2 for more information on the impact of the FRC's first-time adoption of IFRS.

#### b) Accounting conventions

These financial statements are prepared under the historical cost convention.

#### c) Going concern

The directors have performed a going concern review considering income and costs, and the Board are satisfied that the FRC will continue as a going concern for a period of not less than 12 months after the approval of these financial statements. Whilst performing their review, the Board were also cognisant that DBT has also provided a letter of financial support to the directors, confirming that it will provide funding such that the Company can meet its liabilities as they fall due for a period of not less than 12 months from the date the financial statements are approved.

#### d) Significant accounting estimates, judgements and assumptions

The preparation of financial statements requires the use of estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates and associated assumptions are based

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on historical experience and management's best knowledge of current events and actions, the actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis.

### **Provisions for dilapidations**

Provisions for dilapidations is an area involving estimates and judgements where there is the greatest potential risk of a material adjustment in future years. The FRC assesses provisions for dilapidations using third party surveyor reports, except for the lease at 125 London Wall where the Landlord has submitted a claim that is under negotiation. In this case, the provision represents management's best estimate of the future settlement value applying a probability weighting to possible future outcomes. It is possible that the final settlement will differ from management's estimate.

## **e) Presentation of financial statements**

The presentational and functional currency of the financial statements is the British Pound Sterling and rounded to the nearest thousand. Accordingly, there may be minor differences due to rounding adjustments.

## **f) Standards issued but not yet effective**

IFRS 18 Presentation and Disclosure in Financial Statements was issued in April 2024 and becomes effective for annual reporting periods beginning on or after 1 January 2027. IFRS 18 replaces IAS 1 Presentation and Disclosure in Financial Statements and introduces new requirements aimed at improving the structure of financial statements.

Management is currently assessing the impact of IFRS 18 on the changes in the presentation of the FRC's financial statements when the standard becomes effective and endorsed for use in the UK.

## **g) Income**

As per IFRS 15 Revenue from Contracts with Customers, revenue is recognised based on the amount of consideration expected to be received in exchange for the transfer of goods or services. Revenue is measured at the fair value of the consideration received or receivable.

The FRC follows the five-step model under IFRS 15 for revenue recognition:

1. Identify a contract with a customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations and;
5. Recognise revenue when or as performance obligations are satisfied

With the exception of the preparers levy, all FRC's income streams fall within the scope of IFRS 15. As it is not enforceable, the preparers levy is outside the scope of IFRS 15. The levy is therefore recognised when probable and reliably measurable in accordance with the Conceptual Framework for Financial Reporting, which is assessed to be when the contributions are received. The table below sets out the FRC's approach to income recognition for all income streams in scope of IFRS 15.

Income stream	Nature and performance obligation	Timing of income recognition
Audit firms	Delivery of AQR, Audit Market Supervision and Audit Firm Supervision functions	Recognised evenly over time to match costs incurred (invoiced monthly)
Accountancy professional bodies	Regulatory oversight and AQR	Recognised evenly over time to match costs incurred (invoiced quarterly)
NAO and Crown Dependencies	Delivery of statutory function	Recognised over time as services are rendered
Local audit	Delivery of system leadership responsibilities for local audit.	Recognised evenly over time to match costs incurred
Third country audit	Registration of Third Country Audit firms enabling them to perform audits for UK listed entities	Recognised over time upon registration approval
Actuarial profession	Review and regulation of the actuarial professional function	Recognised over time based on agreed invoicing periods and performance
Publications	Provision of licensed access to FRC electronic publications	Recognised over time over the licence period (invoiced annually)
Government	Delivery of a toolkit that allows exploration of data collected by Companies House or the FCA	Recognised over time based on achievement of delivery milestones
XBRL taxonomy	Provision of XBRL taxonomies to support efficient corporate reporting	Recognised over time based on achievement of delivery milestones

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## h) Non-current assets

### Property, plant and equipment

Property, plant and equipment are initially recognised at cost, including the purchase price, directly attributable costs to bring the asset to its intended use, and the estimated cost of dismantling and removing the asset, if applicable. After initial recognition, property, plant and equipment are carried at cost less accumulated depreciation at the reporting date. The FRC's threshold for capitalising property, plant and equipment is £1,000 (including irrecoverable VAT).

Depreciation is calculated on property, plant and equipment at rates calculated to write off the cost, less estimated residual value, on a straight-line basis over the shorter of the asset's useful life or the lease term, if applicable:

Office equipment	3 years
Fixtures, fittings & furniture	Lease term
Leasehold improvements	Lease term

### Intangible assets

The FRC's intangible assets comprise of purchased software and licences and are initially measured at cost. After initial recognition, intangible assets are carried at cost less accumulated amortisation at the reporting date. The FRC's threshold for capitalising intangible assets is £1,000 (including irrecoverable VAT).

Intangibles are assumed to have nil residual value and amortisation is calculated at rates calculated to write off the cost on a straight-line basis over the asset's expected useful life as follows:

Capitalised software	3 years
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### Impairment

At the end of each reporting period, the FRC assesses whether there is any indication of impairment on assets, i.e. whether its carrying amount is higher than the recoverable amount. The recoverable amount is the higher of the asset's fair value less costs of disposal and its value in use. Any impairment losses are charged to the Statement of Comprehensive Net Income (SoCNI) and during 2024/25, the FRC did not recognise any impairment losses.

## i) Leases

The FRC has applied IFRS 16 in accordance with IFRS 1 First-time Adoption of IFRS, whereby at the date of transition to IFRS, 1 April 2023, the cumulative impact of the prior period has been adjusted through general reserves to the opening balance of the current period and comparative information for 2023/24 has been restated.

As per IFRS 16, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed by having both the right to direct the use of the identified asset and obtain substantially all the economic benefits from its use.

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The right-of-use (ROU) asset is measured at cost less accumulated depreciation and accumulated impairment, if applicable. The ROU asset is depreciated over the shorter of the asset's useful life or the lease term.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted using the HM Treasury discount rate. As the interest rate implicit in the lease is not readily determinable, and the FRC does not have borrowings, the HM Treasury rate has been used as a proxy for the incremental borrowing rate. The discount rates applied are based on the calendar year that the lease has been recognised for leases held at transition and the lease commencement date for new leases, as follows:

- 1 January 2023 to 31 December 2023: 3.51%
- 1 January 2024 to 31 December 2024: 4.72%

Low value leases (£5,000 or below) and short-term leases (12 months or less) are exempt from recognition in the Statement of Financial Position (SoFP). During 2024/25, the FRC did not have any leases that met these criteria.

### **Leases held at transition**

As at the date of transition to IFRS, the FRC held two lease agreements: 125 London Wall and 1 Victoria Street. The lease at 125 London Wall ended on 22 March 2025 and the lease at 1 Victoria Street ended 31 July 2023.

A ROU asset has been recognised for the lease at 125 London Wall and was initially measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments, less any lease incentives received, plus an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset to the condition required by the terms and conditions of the lease as recognised in the SoFP immediately before the date of transition.

As per IFRS 1, a first-time adopter that is a lessee may elect not to apply the requirements to leases for which the lease term ends within 12 months of the date of transition to IFRSs. Therefore, no adjustments have been made for the lease at 1 Victoria Street under this election and it has been recognised on a straight-line basis.

### **New Leases**

During 2023/24, the FRC obtained a new lease at 10 South Colonnade, London and during 2024/25, the FRC obtained new leases at 3 Arena Central, Birmingham and 1 Harbour Exchange Square, London.

A ROU asset has been recognised for these leases at the lease commencement date and comprises of an amount equal to the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset to the condition required by the terms and conditions of the lease.

The lease at 1 Harbour Exchange Square is for five years and the lease at 3 Arena Central is for 22 years, with a five-year break clause. As at the reporting date, the lease for 3 Arena Central has been recognised as five years, based on the most likely term of occupation.



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## **Modifications and terminations of leases**

Any changes to lease terms, including early terminations or extensions, are accounted for as lease modifications under IFRS 16. When a lease is terminated early, the ROU asset and lease liability are adjusted to the effective date of termination, and any resulting gains or losses are charged to the SoCNI. When a lease is terminated, the ROU asset and lease liability are derecognised at the effective date of termination.

During 2024/25, the lease at 125 London Wall ended and therefore, the ROU asset and the corresponding lease liability have been de-recognised at the effective date of termination, 22 March 2025.

The lease at 10 South Colonnade was terminated early and therefore, the ROU asset and lease liability have been re-measured using the effective date of termination, 6 June 2025, and a discount rate of 4.72% (refer to note 19).

## **j) Financial instruments**

Financial assets and financial liabilities are recognised when the FRC becomes a party to the contractual provisions of the financial instrument.

The FRC's basic financial instruments comprise of cash in hand, trade and other receivables, and trade and other payables that arise directly from its operations. The carrying amounts approximate their fair values due to the short maturities of the instruments. All FRC funds are kept in Government Banking Service (GBS) bank accounts, that have been open since 2019.

The FRC's financial instruments include surplus funds which, subject to DBT approval, will be used to fund future operating costs including case costs.

### **Financial assets**

Financial assets are held at amortised cost. As per IFRS 9 Financial Instruments, receivables are shown net of any impairment losses if material. The FRC assesses expected credit losses (ECL) for trade receivables using the simplified approach. Based on historical payment patterns and absence of credit losses in prior periods, management's view is that the ECL is considered immaterial.

The FRC's threshold for prepaid expenses is £1,000 (including irrecoverable VAT), whereby if the prepaid amount is below this threshold, the cost is charged directly to the SoCNI.

### **Financial liabilities**

Financial liabilities are recognised at their nominal value and subsequently measured at amortised cost (the transaction price minus any amounts settled). The FRC does not have any borrowings.

## **k) Staff costs**

Staff costs are recognised as expenses when the FRC becomes obligated to pay them. An accrual is made for any untaken employee annual leave as at year end using data from leave records.

## **l) Pension costs**

The FRC operates a defined contribution scheme for its employees and recognises contributions payable as an expense in the year it is incurred. There is no further obligation once the contributions have been paid.

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## m) Provisions, contingent liabilities and contingent assets

The FRC recognises provisions and discloses contingent liabilities and contingent assets in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets. A provision is recognised in the SoFP when there is a present obligation (legal or constructive) arising from a past event which can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the time value of money is material, the provision is measured at present value using discount rates issued by HM Treasury.

Contingent liabilities and contingent assets are not recognised in the SoFP. Contingent liabilities are disclosed when there is a possible obligation that depends on uncertain future events, or when a present obligation exists but is not recognised because an outflow of resources is not probable or cannot be reliably measured (refer to note 18). Contingent assets are disclosed when an inflow of economic benefits is probable.

## n) Taxation

Although the FRC submits annual corporation tax returns, revenues generated by the FRC fall outside of the scope for corporation tax. Therefore, there are no temporary differences between the recognition of that income in the financial statements and the tax computation. Accordingly, there is no provision for deferred tax.

## o) Case costs and financial sanctions

### Case costs

The legal and professional costs of accountancy and actuarial disciplinary cases and Corporate Reporting Review cases incurred in the period are included in the financial statements on an accruals basis. Provision is made for the future costs of any disciplinary cases only where the contract is onerous, the costs are unavoidable, and they represent a present obligation at the SoFP date.

### Financial sanctions and cost awards receivable

Case costs awards received in respect of accountancy disciplinary cases, which are due to the relevant participant body under the Accountancy Scheme, are included in the SoCNI of the FRC, as a reduction to case costs incurred and associated revenue receivable. Fines received are not included in the financial statements as the FRC acts only as a mechanism whereby the fines are transferred from one party to another.

Any fine income received or legal costs awarded to the FRC in relation to actuarial disciplinary cases are used to replenish the actuarial case cost fund. Should the fund exceed the target level, the excess is used to meet the FRC's actuarial operating costs, thereby reducing the costs to the funding groups.

The fund is used to fund investigations into potential misconduct by actuaries and any subsequent prosecutions.

## p) Components of equity

As set out in the Statement of Changes in Equity, equity comprises the general reserves (separating those that arose from actuarial activities) of the FRC and two costs funds.

### General reserves

As the FRC is a public body, the use of cash represented by general reserves is subject to approval by DBT.

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## **Costs funds**

The FRC has two costs funds: the Corporate Reporting Review Legal Costs Fund and the Actuarial Case Costs Fund.

Contributions have been received to enable the Conduct Committee to take steps to pursue compliance with certain requirements of the Companies Act 2006 and applicable accounting standards, and to investigate departures from those requirements and standards. Those funds may be used only for this purpose and may not be used to meet other costs incurred by the FRC. The FRC retains the Legal Costs Fund while it continues to be authorised by the Secretary of State for DBT for the purposes of section 456 of the Companies Act 2006.

The Legal Costs Fund is currently maintained at £2m. Where use is made of these funds in the year, the funds are replenished the following year from the levies. DBT have confirmed that if the Legal Costs Fund falls below £1m in any one year, they will make a grant to cover legal costs subsequently incurred in that year.

The Actuarial Case Costs Fund consists of contributions received from the Institute and Faculty of Actuaries, and through levies on pension schemes and insurance companies. The fund is used to fund investigations into potential misconduct by actuaries and any subsequent prosecutions.

## 2. Summary of first-time adoption of IFRS from FRS102

### Reconciliation of Statement of Financial Position as at 1 April 2023 (date of transition to IFRS)

	FRS102 1 April 2023 £'000	Effect of transition to IFRS £'000	Restated IFRS 1 April 2023 £'000
Intangible assets	25	0	25
Property, plant and equipment	1,230	1,491	2,721
Trade and other receivables	11,304	0	11,304
Cash and cash equivalents	13,329	0	13,329
Trade and other payables	(9,477)	655	(8,822)
Lease liabilities	0	(2,103)	(2,103)
Dilapidations provisions	(405)	0	(405)
<b>Net assets</b>	<b>16,006</b>	<b>43</b>	<b>16,049</b>
<b>Capital and reserves</b>	<b>16,006</b>	<b>43</b>	<b>16,049</b>

### Reconciliation of Statement of Financial Position as at 31 March 2024

	FRS102 31 March 2024 £'000	Effect of transition to IFRS £'000	Restated IFRS 31 March 2024 £'000
Intangible assets	4	0	4
Property, plant and equipment	646	1,334	1,980
Trade and other receivables	8,866	0	8,866
Cash and cash equivalents	11,104	0	11,104
Trade and other payables	(5,370)	305	(5,065)
Lease liabilities	0	(1,629)	(1,629)
Dilapidations provisions	(429)	(56)	(485)
<b>Net assets</b>	<b>14,821</b>	<b>(46)</b>	<b>14,775</b>
<b>Capital and reserves</b>	<b>14,821</b>	<b>(46)</b>	<b>14,775</b>

## Reconciliation of net comprehensive expenditure for the year ended 31 March 2024

	FRS102 31 March 2024 £'000	Effect of transition to IFRS £'000	Restated IFRS 31 March 2024 £'000
Income	58,396	0	58,396
Operating expenses	(59,581)	16	(59,565)
<b>Net operating expenditure</b>	<b>(1,185)</b>	<b>16</b>	<b>(1,169)</b>
Finance charge	0	(105)	(105)
<b>Net expenditure for the year</b>	<b>(1,185)</b>	<b>(89)</b>	<b>(1,274)</b>
<b>Comprehensive net expenditure for the year</b>	<b>(1,185)</b>	<b>(89)</b>	<b>(1,274)</b>

## Reconciliation of cash flows for the year ended 31 March 2024

	FRS102 31 March 2024 £'000	Effect of transition to IFRS £'000	Restated IFRS 31 March 2024 £'000
<b>Comprehensive expenditure for the year</b>	<b>(1,185)</b>	<b>(89)</b>	<b>(1,274)</b>
Cash outflow from operating activities	(2,149)	1,189	(960)
Cash outflow from investing activities	(76)	0	(76)
Cash outflow from financing activities	0	(1,189)	(1,189)
<b>Net decrease in cash and cash equivalents</b>	<b>(2,225)</b>	<b>0</b>	<b>(2,225)</b>
Cash and cash equivalents at the beginning of the period	13,329	0	13,329
<b>Cash and cash equivalents at the end of the period</b>	<b>11,104</b>	<b>0</b>	<b>11,104</b>

## Reconciliation of prior year operating lease commitments to lease liabilities

	£'000
<b>Opening operating lease commitments at 1 April 2023</b>	<b>1,809</b>
Adjustments for:	
Deferred lease incentive	492
Rent review	20
Short-term lease	(107)
<b>Restated opening balance</b>	<b>2,214</b>
Interest on lease liabilities at 1 April 2023	(111)
<b>Discounted lease liabilities at 1 April 2023</b>	<b>2,103</b>

### 3. Income

	2024/25 £'000	2023/24 £'000
<b>Levy income</b>		
Preparers levy	25,126	21,271
Insurance and pension levies	3,367	3,217
<b>Sub total</b>	<b>28,493</b>	<b>24,488</b>
<b>Other income</b>		
Audit firms	18,112	16,217
Accountancy professional bodies	14,700	13,800
NAO and Crown Dependencies	1,219	1,086
Local audit	1,102	1,212
Third country audit	216	220
Actuarial profession	230	237
Publications	594	665
Government	630	182
XBRL taxonomy	314	325
<b>Sub total</b>	<b>37,117</b>	<b>33,944</b>
<b>For accountancy disciplinary case costs</b>		
Accountancy professional bodies	7,339	7,650
less cost awards recovered	(3,003)	(7,686)
<b>Sub total</b>	<b>4,336</b>	<b>(36)</b>
<b>Total</b>	<b>69,946</b>	<b>58,396</b>



## 4. Operating Expenses

	2024/25 £'000	Restated 2023/24 £'000
<b>Core operating expenses</b>		
Staff and related people costs (note 6)	51,421	48,059
IT and facility costs	6,281	5,808
Lease expense*	(20)	60
Depreciation and amortisation costs	2,219	1,494
External audit fees**	114	95
XBRL taxonomy development costs	314	325
<b>Sub total</b>	<b>60,329</b>	<b>55,841</b>
<b>Other operating expenses</b>		
Travel and conferences	535	601
Legal and professional fees	1,634	1,244
All other costs	943	1,915
<b>Sub total</b>	<b>3,112</b>	<b>3,760</b>
<b>Accountancy disciplinary case costs</b>		
Accountancy professional bodies	7,339	7,650
Less cost awards recovered	(3,003)	(7,686)
<b>Sub total</b>	<b>4,336</b>	<b>(36)</b>
<b>Total</b>	<b>67,777</b>	<b>59,565</b>

\* Relates to a short-term lease at 1 Victoria Street recognised on a straight-line basis (refer to note 1(i)).

\*\* The external audit fee of £95k (plus VAT) is for external audit services performed by the National Audit Office. It does not include any fees for non-audit services as no such work was undertaken during the year.

## 5. Taxation

During 2024/25, the FRC had no corporation tax due (2023/24: £0).

## 6. Staff and related people costs (including Directors)

	2024/25 £'000	2023/24 £'000
<b>Permanent staff:</b>		
Salaries	43,489	40,660
Social security costs	5,084	4,784
Pension costs	4,554	4,197
<b>Total permanent staff costs</b>	<b>53,127</b>	<b>49,641</b>
<b>Other people related costs:</b>		
Seconded staff and contractors	340	920
Fees paid to Board, Committee and Council members	942	878
Other costs	913	840
<b>Total staff and related people costs</b>	<b>55,322</b>	<b>52,279</b>
Staff costs transferred to cases*	(3,901)	(4,220)
<b>Total core staff and related people costs</b>	<b>51,421</b>	<b>48,059</b>

\* Based on staff time spent on enforcement cases recharged to the sponsoring RSB

### Average staff numbers by division

	Permanent	Other*	2024/25	Restated 2023/24
Strategy, Governance and Stakeholder Engagement	54	-	54	30
Corporate Services	62	2	64	82
Enforcement	67	-	67	69
Regulatory Standards	71	-	71	80
Supervision	189	2	191	189
UK Endorsement Board	28	2	30	27
<b>Total</b>	<b>471</b>	<b>6</b>	<b>477</b>	<b>477</b>

\* Other category relates to agency staff, consultants and inward secondments where FRC is paying their costs

### Directors' emoluments

	2024/25 £'000	2023/24 £'000
Fees (included in staff costs)	601	561
Other pension costs	35	22
<b>Sub total (see page 73)</b>	<b>636</b>	<b>583</b>
Social security costs	72	59
<b>Total</b>	<b>708</b>	<b>642</b>

Total Directors costs amounted to 1.3% (2023/24 1.2%) of total staff and members costs.

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## 7. Financial risk management

The FRC's operations expose it to some financial risks which require disclosure in accordance with IFRS 7 Financial Instruments: Disclosures. Management continuously monitors these risks with a view to protecting the FRC against the potential adverse effects of these financial risks. There has been no significant change in these financial risks since the prior year.

### **Credit risk**

The FRC is exposed to credit risk primarily from trade receivables in the normal course of business activities. These receivables do not contain any significant financing component and are typically due within 30 days. As at the reporting date, the FRC's exposure to credit risk in respect of trade receivables was £4.4m (refer to note 10).

The FRC manages credit risk by monitoring outstanding balances regularly and historically, trade receivables are settled promptly. The FRC considers the risk of default to be low due to the nature of its customers and historical payment patterns.

At 31 March 2025, all FRC cash was held within the GBS bank accounts, where funds are backed by HM Treasury.

### **Interest rate risk**

Funds held in GBS bank accounts do not generate receivable interest but do incur bank charges for payment services.

### **Liquidity risk**

The FRC assesses the inherent risk of its preparers levy, as it is a significant source of income for the FRC and is voluntary in nature. To manage the liquidity risk associated with levies, the FRC uses historical data to forecast cash inflows which aids in setting realistic expectations for levy collections and the levy rate used is based on those historical rates and market conditions.

The FRC maintains sufficient levels of cash and cash equivalents and manages its working capital by carefully reviewing forecasts on a regular basis to meet the requirements for its day-to-day operations.

## 8. Intangible assets

<b>2024/25</b>	<b>Software £'000</b>
Cost at 1 April 2024	66
Additions	62
Disposals	0
<b>Cost at 31 March 2025</b>	<b>128</b>
Amortisation at 1 April 2024	62
Charge for year	4
Disposals	0
<b>Amortisation at 31 March 2025</b>	<b>66</b>
<b>Net book value at 31 March 2025</b>	<b>62</b>
<b>Net book value at 31 March 2024</b>	<b>4</b>

<b>2023/24</b>	<b>Software £'000</b>
Cost at 1 April 2023	161
Additions	0
Disposals	(95)
<b>Cost at 31 March 2024</b>	<b>66</b>
Amortisation at 1 April 2023	136
Charge for year	21
Disposals	(95)
<b>Amortisation at 31 March 2024</b>	<b>62</b>
<b>Net book value at 31 March 2024</b>	<b>4</b>
<b>Net book value at 31 March 2023</b>	<b>25</b>

## 9. Property, plant and equipment

<b>2024/25</b>	<b>Leasehold improvements £'000</b>	<b>Office equipment £'000</b>	<b>Fixtures, fittings and furniture £'000</b>	<b>Right- of-use assets £'000</b>	<b>Total £'000</b>
Cost at 1 April 2024	2,467	957	1,137	2,182	6,743
Additions*	522	302	274	5,618	6,716
Remeasurement**	0	0	0	(539)	(539)
Disposals***	(2,467)	(141)	(747)	(1,778)	(5,133)
<b>Cost at 31 March 2025</b>	<b>522</b>	<b>1,118</b>	<b>664</b>	<b>5,483</b>	<b>7,787</b>
Depreciation at 1 April 2024	2,237	747	931	848	4,763
Charge for year	230	169	208	1,608	2,215
Remeasurement**	0	0	0	(127)	(127)
Disposals***	(2,467)	(141)	(747)	(1,778)	(5,133)
<b>Depreciation at 31 March 2025</b>	<b>0</b>	<b>775</b>	<b>392</b>	<b>551</b>	<b>1,718</b>
<b>Net book value at 31 March 2025</b>	<b>522</b>	<b>343</b>	<b>272</b>	<b>4,932</b>	<b>6,069</b>
<b>Net book value at 31 March 2024</b>	<b>230</b>	<b>210</b>	<b>206</b>	<b>1,334</b>	<b>1,980</b>

\* New leases were taken during the year at 3 Arena Central and 1 Harbour Exchange Square.

\*\* Remeasurement of 10 South Colonnade lease due to early termination.

\*\*\* Disposal of 125 London Wall lease that ended during the year.

<b>Restated 2023/24</b>	<b>Leasehold improvements £'000</b>	<b>Office equipment £'000</b>	<b>Fixtures, fittings and furniture £'000</b>	<b>Right- of-use assets £'000</b>	<b>Total £'000</b>
Cost at 1 April 2023	2,467	1,031	1,137	1,491	6,126
Additions*	0	76	0	691	767
Disposals	0	(115)	0	0	(115)
Non-cash adjustment	0	(35)	0	0	(35)
<b>Cost at 31 March 2024</b>	<b>2,467</b>	<b>957</b>	<b>1,137</b>	<b>2,182</b>	<b>6,743</b>
Depreciation at 1 April 2023	2,007	676	722	0	3,405
Charge for year	230	186	209	848	1,473
Disposals	0	(115)	0	0	(115)
<b>Depreciation at 31 March 2024</b>	<b>2,237</b>	<b>747</b>	<b>931</b>	<b>848</b>	<b>4,763</b>
<b>Net book value at 31 March 2024</b>	<b>230</b>	<b>210</b>	<b>206</b>	<b>1,334</b>	<b>1,980</b>
<b>Net book value at 1 April 2023</b>	<b>460</b>	<b>355</b>	<b>415</b>	<b>1,491</b>	<b>2,721</b>
<b>Net book value at 31 March 2023</b>	<b>460</b>	<b>355</b>	<b>415</b>	<b>0</b>	<b>1,230</b>

\* A new lease was taken during the year at 10 South Colonnade.



## 10. Trade and other receivables

	2024/25 £'000	2023/24 £'000
Trade receivables	4,419	4,269
Prepayments	2,274	1,761
Accrued income*	2,643	2,304
Enforcement sanctions	0	524
Other receivables	7	8
<b>Total</b>	<b>9,343</b>	<b>8,866</b>

\* £2,261k (2023/24: £1,508k) of revenue has been recognised from performance obligations satisfied in previous periods.

## 11. Cash and cash equivalents

	Cash 2025 £'000	Cash 2024 £'000
Actuarial Case Costs Fund	2,000	2,000
Corporate Reporting Review Legal Costs Fund	2,000	2,000
General Accounts	9,721	7,104
<b>Balance at 31 March *</b>	<b>13,721</b>	<b>11,104</b>

\* Note 1(p) - Cash is subject to utilisation only upon receiving approval from DBT.

## 12. Trade and other payables

	2024/25 £'000	Restated 31 March 2024 £'000	Restated 1 April 2023 £'000
Trade payables	1,505	462	447
Other taxation and social security	1,507	1,504	1,374
Accruals	2,625	2,154	2,334
Deferred income	413	390	633
Deferred lease incentive	0	0	0
Enforcement fine and cost awards	0	524	3,980
Other payables	649	31	54
<b>Total</b>	<b>6,699</b>	<b>5,065</b>	<b>8,822</b>

### 13. Lease liabilities

	2024/25 £'000	Restated 2023/24 £'000
<b>Office accommodation</b>		
Balance at 1 April	1,629	2,103
Additions*	4,756	626
Remeasurement**	(396)	0
Finance charge	134	89
Lease repayments	(1,699)	(1,189)
<b>Balance at 31 March</b>	<b>4,424</b>	<b>1,629</b>

\* New lease taken during 2023/24 at 10 South Colonnade and during 2024/25 at 3 Arena Central and 1 Harbour Exchange Square.

\*\* Remeasurement of 10 South Colonnade lease due to early termination.

	2024/25 £'000	Restated 2023/24 £'000
<b>Current and non-current</b>		
Current	922	1,198
Non-current	3,502	431
<b>Balance at 31 March</b>	<b>4,424</b>	<b>1,629</b>

	2024/25 £'000	Restated 2023/24 £'000
<b>Maturity analysis</b>		
Not later than one year	1,157	1,255
Later than one year and not later than five years	3,836	463
Later than five years	0	0
Discounted using the incremental borrowing rate	(569)	(89)
<b>Total lease liabilities</b>	<b>4,424</b>	<b>1,629</b>

## 14. Dilapidation provisions

	2024/25 £'000	Restated 2023/24 £'000
<b>Office accommodation</b>		
Balance at 1 April	485	405
Additions*	817	64
Remeasurement**	(40)	0
Unwinding of discount	24	16
<b>Balance at 31 March</b>	<b>1,286</b>	<b>485</b>

\* New lease taken during 2023/24 at 10 South Colonnade and during 2024/25 at 1 Harbour Exchange Square.

\*\* Remeasurement of 10 South Colonnade lease due to early termination.

	2024/25 £'000	Restated 2023/24 £'000
<b>Current and non-current</b>		
Current	718	418
Non-current	568	67
<b>Balance at 31 March</b>	<b>1,286</b>	<b>485</b>

	2024/25 £'000	Restated 2023/24 £'000
<b>Maturity analysis</b>		
Not later than one year	747	432
Later than one year and not later than five years	660	78
Later than five years	0	0
Discounted using the incremental borrowing rate	(121)	(25)
<b>Total dilapidation provisions</b>	<b>1,286</b>	<b>485</b>

## 15. Related party transactions

### Transactions with related parties

The FRC is an executive non-departmental public body of DBT. DBT is therefore regarded as a related party. During 2024/25, DBT provided £8,800 (2023/24: £32,800) of funding towards the Recognition Arrangements Grant Programme and Companies House (an Executive Agency of DBT) contributed £118,000 (2023/24: £123,000) towards the XBRL Taxonomies project.

There were no related party transactions undertaken by key management personnel with the FRC during the year.

### Total key management personnel compensation

	2024/25 £'000	2023/24 £'000
Fees & Staff Costs	1,802	1,816
Other pension costs	129	97
<b>Sub total</b>	<b>1,931</b>	<b>1,913</b>
Social security costs	206	184
<b>Total</b>	<b>2,137</b>	<b>2,097</b>

## 16. Significant transactions with other standard setters

With the agreement of HM Treasury, DBT and the FCA, the FRC has, since 2008, taken the responsibility for collecting the UK contribution to the IFRS Foundation alongside its preparer's levy. The FRC acts as an intermediary collection agent and the amounts do not go through its financial statements. The FRC makes a small charge for providing this service. During 2024/25, the FRC raised £921,000 (2023/24: £844,000), of which £21,000 (2023/24: £19,000) remained to be paid to the IFRS Foundation as at 31 March 2025.

## 17. Liability of directors

The directors of the FRC have undertaken to contribute a sum not exceeding £1 each to meet the liabilities of the Company if it should be wound up.

## 18. Contingent liabilities

The FRC has no contingent liabilities to disclose at the reporting date.

## 19. Events after the reporting period

The FRC served notice to terminate its lease at 10 South Colonnade on 1 July 2024 in accordance with the terms of the lease agreement. Although an effective termination date of 6 June 2025 was agreed after the reporting date, it confirms conditions that existed as at the reporting date and therefore, the FRC has recognised it as an adjusting event under IAS 10 Events After the Reporting Period.





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**Financial  
Reporting Council**

London office:  
13th Floor, 1 Harbour  
Exchange Square,  
London, E14 9GE

Birmingham office:  
5th Floor, 3 Arena  
Central, Bridge Street,  
Birmingham, B1 2AX

+44 (0)20 7492 2300  
[www.frc.org.uk](http://www.frc.org.uk)

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