

Ms Carol Page
Financial Reporting Review Panel
Aldwych House
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WC2B 4HN

23 May 2008

Dear Madam

Operating procedures

We set out below our views in relation to your proposed revised operating procedures.

We are broadly content with the current operations of the Panel and with the seven changes highlighted in Press Notice 110. Nevertheless we have the following comments, some of which relate to existing Operating Procedures rather than proposed changes.

Scope and application

The draft procedures say at paragraph 9: "The Panel may, where it deems necessary and appropriate, depart from any provision of these Operating Procedures." This is a surprising provision. Whilst we do not imagine that the Panel would use it in a cavalier manner, it might be better expressed in terms of, "having consulted the chairman of the Financial Reporting Council".

Annual accounts

We find paragraph 11 rather confusing. The first sentence says that the Panel's authority extends to all companies that prepare accounts under the Companies Act. However, the last sentence, including the bullets, defines the Panel's remit as being public and large private companies. The second sentence starts by describing the Panel's remit in a similar way. But it goes on to say that the Panel may exercise its authority in a wider way. We believe that this could be expressed in a simpler, clearer way.

Panel enquiry

Paragraph 19 notes that "where ... the Chairmen form the view that there may have been a breach of relevant reporting requirements ... the Chairmen will open an enquiry". We are not sure if this is the intention, and we do not believe that it is necessary. We are aware of a case where the Panel took the view that the company failed to comply with the relevant accounting standard. The company, after discussion, did not dispute this and agreed to change its accounts. A Panel press notice was issued. No Panel group was formed and, in the Panel's terms, the case did not become a formal enquiry. This seemed to work: the desired accounting change was made; regulatory action

was seen to be taken; yet the case was handled with little formality. It would seem unnecessary to require that a Panel Group be formed, and a case regarded as formal, in such cases in future.

Meetings

Paragraph 30 notes that "at any stage during an enquiry, the Panel may invite the entity to a technical meeting". Elsewhere in the document (for example, at para 19) the word "enquiry" is used to mean a formal enquiry, involving a Group. However, in practice technical meetings are sometimes held before a case becomes a formal enquiry. These meetings are often effective and we believe that they should continue to be available at all stages.

Voluntary revision

Paragraph 33 refers to a corrective statement in the next interim report but appears to overlook the most common way of reflecting agreed accounting changes, namely by making amendments to the next annual report and accounts. We assume this is an oversight rather than an intended change of significance.

Confidentiality

The first sentence of paragraph 49 presumably means that the Panel treats information confidentially. It would be helpful if this could be stated straightforwardly.

Detailed points

In para 17, line 1, "chairman" should read "chairmen".

In para 48: the word "under" should be deleted.

Please call Peter Holgate on 020 7213 5675 if you wish to discuss this letter.

Yours faithfully

PricewaterhouseCoopers LLP