

10 January 2011

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SO7

Abbreviations commonly used in 7 Days

Alert/News: Sackers Extra publications (available from the client area of our website or from your usual contact)

DB: Defined benefit

DC: Defined contribution

DWP: Department for Work and Pensions

ECJ: European Court of Justice

FRC: Financial Reporting Council

HMRC: HM Revenue & Customs

NEST: National Employment Savings Trust

PPF: Pension Protection Fund

TPR: The Pensions Regulator

FINANCIAL REPORTING COUNCIL

Enhancements proposed to company reporting and audit

On 7 January 2011, the FRC published a report: "[Effective Company Stewardship: Enhancing Corporate Reporting and Audit](#)" which contains recommendations aimed at improving the dialogue between company boards and their shareholders.

The report contains seven key recommendations:

- Directors should take full responsibility for ensuring that an Annual Report, viewed as a whole, provides a fair and balanced report on their stewardship of the business.
- Directors should describe in more detail the steps that they take to ensure:
 - the reliability of the information on which the management of a company, and therefore directors' stewardship of the company, is based; and
 - transparency about the activities of the business and any associated risks.
- The growing strength of Audit Committees in holding management and auditors to account should be reinforced by greater transparency through:
 - fuller reports by Audit Committees explaining, in particular, how they discharged their responsibilities for the integrity of the Annual Report and other aspects of their remit (such as their oversight of the external audit process and appointment of external auditors); and
 - an expanded audit report that:
 - includes a separate new section on the completeness and reasonableness of the Audit Committee report; and
 - identifies any matters in the Annual Report that the auditors believe are incorrect or inconsistent with the information contained in the financial statements or obtained in the course of their audit.
- Companies should take advantage of technological developments to increase the accessibility of the annual report and its components.
- There should be greater investor involvement in the process by which auditors are appointed.
- The FRC's responsibilities should be developed to enable it to support and oversee the effective implementation of its proposals.

- The FRC should establish a market participants group to advise it on market developments and international initiatives in the area of corporate reporting and the role of assurance and on promoting best practice.

FRC Press Release

PENSION PROTECTION FUND

Overfunded Schemes: Guidance on applications for reconsideration or closed scheme status

The PPF published guidance for trustees (on 7 January 2011), to help them when making an application for reconsideration under section 151 of the Pensions Act 2004 and/or an application for closed scheme status under section 153 of that Act.

The PPF notes that trustees should seek advice from their own legal and actuarial advisers when making such applications. The PPF is, however, willing to consider draft applications to check if they are in the correct form where such a request is made sufficiently in advance of the deadline.