

Financial Reporting Council

Minutes of a meeting of the Board of Directors of the Company held on 26 September 2013 at One Aldwych, London WC2

PRESENT:	Baroness Hogg	Chairman
	Glen Moreno	Deputy Chairman
	Stephen Haddrill	Director & Chief Executive
	Richard Fleck	Chairman, Conduct Committee
	Jim Sutcliffe	Chairman, Codes & Standards Committee
	Mark Armour	Non-executive Director
	Peter Chambers	Non-executive Director
	Elizabeth Corley	Non-executive Director
	Gay Huey Evans	Non-executive Director
	Sir Steve Robson	Non-executive Director
	Keith Skeoch	Non-executive Director
	Olivia Dickson	Chairman, Actuarial Council
	Nick Land	Chairman, Audit & Assurance Council
	Roger Marshall	Chairman, Accounting Council (Items 2a and 2b)
Paul George	Executive Director, Conduct	
Melanie McLaren	Executive Director, Codes & Standards	
IN ATTENDANCE:	Anne McArthur	Secretary
	Graham Clarke	Director of Finance
	Mridul Hegde	Executive Director, Strategy

A. FRC STRATEGY

- 1.1 The Board discussed the external environment, the FRC's mission, current plan and objectives, risks to the current strategy and proposals for risk mitigation and execution and resources.
- 1.2 The Board affirmed the FRC mission and discussed the objectives and strategies supporting the mission. It was agreed that
 - these objectives and strategies would be amended to reflect the discussion and tabled at the next Board meeting;
 - a paper on the FRC's remit, exercise of its powers and the public interest would be tabled at the next meeting;
 - there was a need to communicate, clearly and cohesively, the role of the FRC externally;
 - there should be further investment in the FRC's thought leadership and influencing roles, clarification of the FRC's relationships with stakeholders (particularly the professional bodies and the audit firms), strengthening relationships with other regulators and ensuring the right balance of regulation in relation to smaller companies.

- 1.3 The Board discussed the accountability of the FRC and agreed that outcome focussed KPIs should be developed and included in the FRC Plan 2014/15.
- 1.4 The Board discussed risk and agreed that the FRC's Risk Register would be amended to reflect the discussion and tabled at the Board's next meeting.
- 1.5 The Board discussed the balance of time it spent on issues at Board meeting and agreed that it should receive quarterly reports on conduct issues i.e. oversight, corporate reporting review, audit quality review, supervisory inquiries and discipline.
- 1.6 The Chairman welcomed John Kingman of HMT to the meeting to discuss the FRC's remit and its significance to HMT. Mr Kingman noted that the FRC was regarded as a professional and balanced regulator and its functions were of significance to the economy. Discussion acknowledged that the FRC and HMT areas of focus were not the same but were not inconsistent and that there were some issues on which the HMT would welcome further discussion e.g. audit market failure and the evolution of the capital markets and the integrity of the governance of listed entities.

B. OTHER BOARD BUSINESS

2. FOR APPROVAL/AGREEMENT TO PROCEED

a. Legality of Accounting Standards

- 2.1 Mr Haddrill introduced the item. The Board discussed the opinions of Mr George Bompas QC and Mr Martin Moore QC and agreed that on the strength of the opinions of leading counsel, accounting standards were enforceable and that the focus of any debate should be on the quality of such standards rather than their legality.
- 2.2 The Board agreed to publish Mr Moore's opinion with an accompanying statement.

b. Risk and Going Concern

- 2.3 Ms McLaren introduced the paper on integrated guidance and Code requirements for listed companies to reflect the recommendations of the Sharman Panel on going concern and to update the existing guidance on risk management and internal control (known as the "Turnbull" guidance).
- 2.4 The Board
 - discussed the proposed amendments to the Code and the draft guidance and made some drafting suggestions;
 - agreed that the two documents should be issued for consultation and delegated authority to the Codes and Standards Committee to approve the covering consultation document; and
 - noted the approach being taken to the development of guidance for other companies.

c. Succession Update

- 2.5 Mr Moreno reported to the Board on the search for the Chairman's successor which was being conducted by BIS and was still at a relatively early stage.

- 2.6 The Chairman reported on the search for the Mr Fleck's successor as Chair of the Conduct Committee and on the search for non-executive Directors for appointment following the end of the terms of Mr Chambers and Sir Steve Robson.
- 2.7 The Board considered and agreed the reappointment of Mr Marshall as a Chairman of the Accounting Council and a non-executive director for a term of 3 years.

3. ANY OTHER BUSINESS

- 3.1 There was no other business.

4. NEXT MEETING

- 4.1 Thursday, 31 October 2013 at 8.30 am.