

Financial Reporting Council

Summary Minutes of a meeting of the Board of Directors of the Company held on 26 May 2009 at 71 -91 Aldwych, London, WC2B 4HN

PRESENT:	Sir Christopher Hogg	Chair (Items 1-10)
	Baroness Sarah Hogg	Deputy Chair (Chair for Item 11)
	Paul Boyle	Director & Chief Executive
	Eric Anstee	Non-executive Director (Items 1-10)
	Peter Chambers	Non-executive Director
	Rudy Markham	Non-executive Director
	Sir Michael Rake	Non-executive Director
	Sir Steve Robson	Non-executive Director
	Sir John Sunderland	Non-executive Director
	Lindsay Tomlinson	Non-executive Director
	Richard Fleck	Chair APB
	Bill Knight	Chair FRRP
	Ian Mackintosh	Chair ASB (for Items 3-12)
	Dame Barbara Mills	Chair POB
	Paul Seymour	Chair BAS
	Timothy Walker	Chair AADB

IN ATTENDANCE:	Anne McArthur	Secretary
	Stephen Heathcote	Director of Planning & Resources (Items 8.2-8.5)
	David Andrews	Policy & Planning Manager (Items 8.2-8.5)
	Roger Nicklen	Note Taker

1 MINUTES

The Board approved the summary minutes of the meeting held on 21 April 2009 for publication.

2 MATTERS ARISING

The Board noted the rolling action points

3 MINUTES OF THE EXECUTIVE COMMITTEE MEETING HELD ON 12 MAY 2009

The Board noted and discussed a number of issues arising from the minutes of the Executive Committee meeting held on 12 May 2009.

4 CHAIR'S REMARKS

The Chair reported on the appointment of a new Chief Executive and gave notice that the issues on corporate governance to be addressed over the coming months would be of interest to all Board members.

5 OPERATING BODIES PERFORMANCE EVALUATION PROCEDURES

The Board approved proposals for Operating Bodies' performance evaluation procedures, subject to distinguishing the evaluations of OB Chairs, OB

members and OBs as a whole, setting out OB objectives for Board approval and requiring annual reviews.

6 MARKET CONDITIONS REVIEW

- 6.1 The Board discussed some of the issues arising in relation to updating the guidance for directors on going concern, including its application to interim financial statements.
- 6.2 The Board noted that the revised guidance would formalise existing requirements without adding anything new but would be changed to include:
- a. Presentation on lines similar to that of the Combined Code, setting out principles supported by explanatory material.
 - b. Reduction of the number of categories of going concern status from four to three.
 - c. More explicit guidance on interim financial statements, in particular a requirement to look forward 12 months from signature.
- 6.3 The Board noted the intended publication of an Exposure Draft of revised guidance, replacing the guidance issued by the ICAEW in 1994, and an accompanying Press Notice.

7 CORPORATE GOVERNANCE

- 7.1 The Board discussed further feedback obtained in the review of the Combined Code and the issues that might arise from the Walker review.
- 7.2 The Board noted the report from the Committee on Corporate Governance.

8 CHIEF EXECUTIVE'S REPORT TO THE DIRECTORS

- 8.1 The Board discussed the Chief Executive's objectives and asked for high priority to be given to supporting the Chair in the review of the Combined Code.

Annual Report 2008/09

- 8.2 The Board noted the minutes of the Audit Committee meeting held on 11 May 2009 and the Audit Committee's recommendation that the Board should approve the 2008/09 Annual Report.
- 8.3 The Board approved:
- a. a Press Notice about the Annual Report for 2008/09 for publication, subject to final editorial review by the Chair and Chief Executive,
 - b. the Annual Report for publication subject to final editorial review by the Chair and Chief Executive, and
 - c. the letter of representation to Horwath Clark Whitehill.
- 8.4 The Board approved the final rates for
- a. the 2009/10 preparers levy,
 - b. the 2009/10 insurance levy and
 - c. the 2009/10 pension levy.

- 8.5 The Chairman, noting that this was the last Board meeting at which Stephen Heathcote would be present, expressed the Board's thanks for his service to the FRC and wished him well in his future career.

Policy briefings

- *The use of IFRS in the EU*

- 8.6 The Board:

- a. Discussed the significantly increased threat to the continuing use of IFRS in the EU resulting from dissatisfaction with the IASB's response to the credit crunch.
- b. Acknowledged the causes for criticism of the IASB and the need in the longer term to address IASB governance issues.
- c. Expressed its concern about the potential damage to the objective of global standard setting from further EU departure from IFRS and of the risk of competitive disadvantage for EU companies, loss of the exemption from reconciliation to US GAAP and adverse impact on the City.
- d. Called for a pragmatic approach at the 9 June ECOFIN meeting that would maintain strong support for global accounting standards and seek an interim solution to the current impasse by allowing parallel presentation or adopting a temporary carve-out while the problems of IAS 39 'Financial Instruments: Recognition and Measurement' were properly addressed.

- *Other policy briefings*

- 8.7 The Board noted the policy briefings, with a request that agenda time be provided for a full Board discussion of:

- a. the future development of IFRS and governance of the IASB (in the light of decisions taken on 9 June),
- b. 'fair value',
- c. the measurement of pension liabilities (with particular reference to differences of approach between OBs), and
- d. corporate governance of banks and financial institutions (in the light of the latest information from the Walker review).

Report on FRC activities

- 8.8 The Board noted the report on FRC activities.

9 REPORTS FROM OPERATING BODIES

- 9.1 The Board noted and discussed a number of the issues arising from the reports from the Chairs of the Accounting Standards Board, the Auditing Practices Board, the Board for Actuarial Standards, the Financial Reporting Review Panel, the Accountancy and Actuarial Discipline Board and the Professional Oversight Board.

10 ANY OTHER BUSINESS

FRC Code of Conduct

10.1 The Board approved the FRC Code of Conduct.

Schedule of Matters Reserved to the Board

10.2 The Board approved the Schedule of Matters Reserved to the Board subject to expanding the references to OB performance evaluation to reflect the distinction between evaluation of Chairs' performance, OB members' performance and overall OB performance.

Outline Board calendar

10.3 The Board noted the outline Board calendar.

11 FRC CHAIRMANSHIP (with Baroness Sarah Hogg in the Chair)

11.1 The Board considered the issues arising in relation to the appointment of a new Chair when the present Chair's term of office expired and agreed to ask BERR to approve a six-month extension to the Chair's term of office in order to address continuity issues and to start the recruitment of a new Chair in late Autumn of 2009 with a view to a successor taking up appointment by June 2010, but noted that a gap between Chair appointments might be unavoidable.

12 NEXT MEETING

16 July 2009 at 9.30 a.m.