

Financial Reporting Council
Annual Report 2009/10



The Financial Reporting Council is the UK's independent regulator responsible for promoting high quality corporate governance and reporting to foster investment.

We promote high standards of corporate governance through the UK Corporate Governance Code. We contribute to high quality corporate reporting, and set standards for auditing and actuarial practice, and monitor accounting and auditing standards. We also oversee the regulatory activities of the professional accountancy and actuarial bodies and operate independent disciplinary arrangements for public interest cases involving accountants and actuaries.

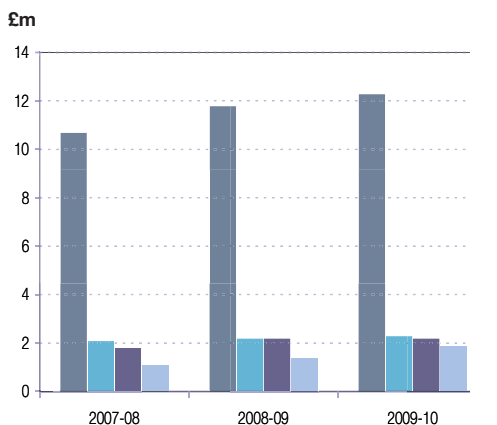
We believe that good corporate governance and reporting is essential to the effective operation of a free capital market. Good governance improves boards' ability to enhance performance effectively as well as providing accountability to shareholders. Good reporting meets the needs of investors for relevant and clearly communicated information on governance, business models and company performance.

The FRC's Annual Report is intended for our many stakeholders, including investors, auditors, accountants, actuaries and other financial professionals and preparers and users of financial reports. The FRC's audited accounts for the reporting year ended 31 March 2010 are included in section 3.

Key Performance Indicators

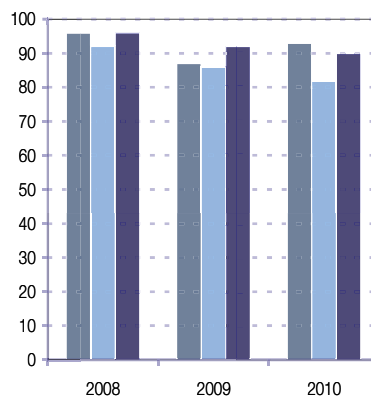
Net core operating costs

(source: Annual Accounts 2007/08 – 2009/10)



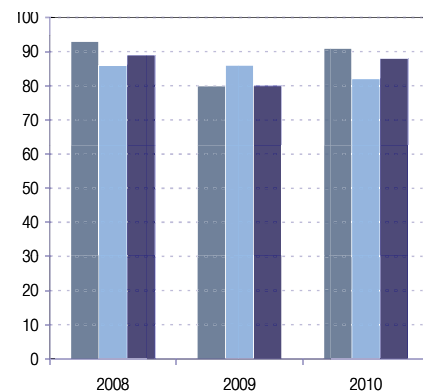
Confidence in corporate reporting (%)

(source: Ipsos MORI survey 2010)



Confidence in corporate governance (%)

(source: Ipsos MORI survey 2010)



- Accounting, auditing and corporate governance
- Audit inspection
- Actuarial standards and regulation
- Accounting and actuarial disciplinary core costs

- Directors
- Investors
- Auditors

- Directors
- Investors
- Auditors

HIGHLIGHTS:

The FRC demonstrated a very high level of compliance with Hampton principles of effective regulation.

The FRC took responsibility for the new Stewardship Code for Institutional Investors.

The FRC initiated changes to the Corporate Governance Code.

The FRC published a project to promote reduced complexity and increased relevance of corporate reports.

The Board for Actuarial Standards issued the first independent standards in the world for actuarial practice.

The Accountancy and Actuarial Disciplinary Board issued an amended Accountancy Disciplinary Scheme.

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Effectiveness of the FRC

How effectively is the FRC performing in its role as a regulator?
(source: Ipsos MORI survey of key stakeholders 2010)

Our stakeholder survey: (source: Ipsos MORI survey 2010)

81%

of our stakeholders feel we are very or fairly effective. Only 4% think we are very or fairly ineffective.

Our staff survey:

96%

of staff **feel proud** to work at the FRC.

Section 1 Business Review

The FRC at a glance

FRC Board and Corporate Governance Committee

Provides strategic direction and oversight of the FRC's operating bodies and, through its Committee on Corporate Governance, promotes high standards of corporate governance through the UK Corporate Governance Code.

Standards

Accounting Standards Board (ASB)

Contributes to the establishment and improvement of standards for financial reporting, in particular through influencing the setting of standards by the IASB. The ASB also continues to set UK accounting standards.

Auditing Practices Board (APB)

Issues standards and guidance for auditing, for the work of reporting accountants in connection with investor circulars and for auditors' integrity, objectivity and independence. The APB is also active in influencing the setting of international standards on auditing by the IAASB.

Board for Actuarial Standards (BAS)

The UK's independent setter of technical actuarial standards.

Monitoring and Enforcement

Financial Reporting Review Panel (FRRP)

Aims to improve the quality of financial and corporate reporting. It reviews the reports of publicly traded and private companies for compliance with the law and

other reporting requirements and, where appropriate, seeks corrective action from directors.

Professional Oversight Board (POB)

Provides statutory oversight of the regulation of the auditing profession and independent oversight of the regulation of accountants and actuaries by their respective professional bodies.

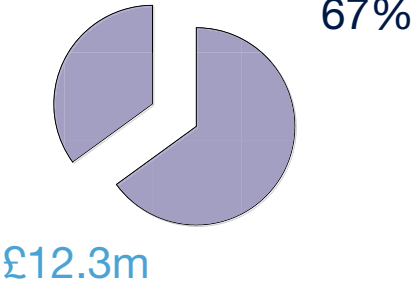
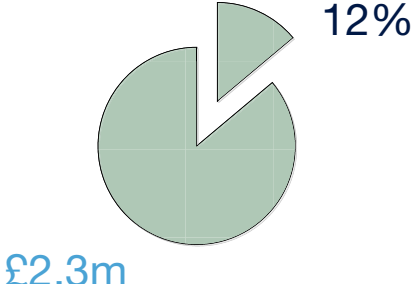
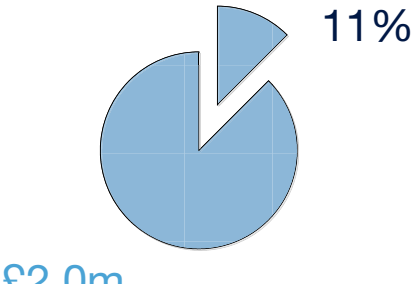
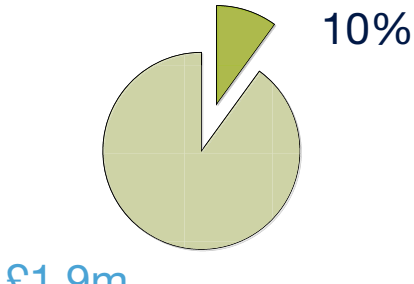
Audit Inspection Unit (AIU) as part of POB

Monitors the quality of the audits of economically significant entities.

Accountancy and Actuarial Discipline Board (AADB)

The UK's independent investigative and disciplinary body for accountants and actuaries. It is responsible for operating and administering disciplinary schemes for these two professions.

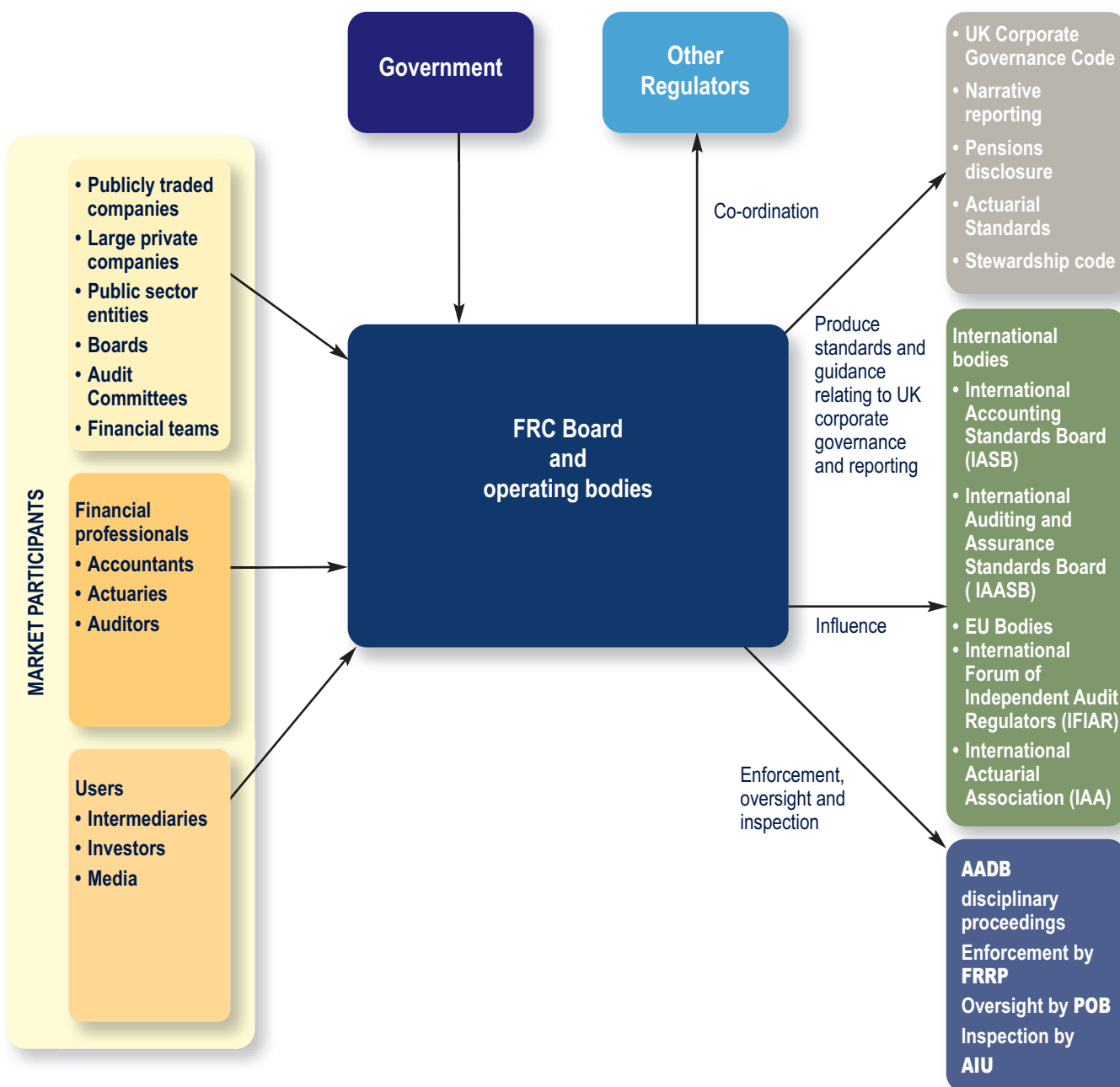


	Net core operating cost 2009/10	Staff headcount 2009/10
Accounting and Auditing Standards and Corporate Governance	 <p>67% £12.3m</p>	57
Audit Inspection Unit	 <p>12% £2.3m</p>	19
Actuarial Standards and Regulation	 <p>11% £2.0m</p>	8
Accountancy and Actuarial Disciplinary Case Costs	 <p>10% £1.9m</p>	6



How we operate

As with all organisations, we have our abbreviations, see Section 4 for an explanation of these.



Chairman's Statement



My predecessor, Sir Christopher Hogg, was Chairman of the Financial Reporting Council until the end of April 2010, and I would like to start my first statement by paying tribute to his leadership during a period of great turbulence in markets and challenges to company boards, auditors, actuaries, standard-setters and regulators.

During his Chairmanship we made progress in a number of essential tasks: beginning to strengthen the framework for corporate governance; promoting more focused and useful corporate reporting, including actuarial reporting; addressing the quality and usefulness of audit; and enhancing our own effectiveness and efficiency. The revised Corporate Governance Code, which we published on 28 May 2010, is, in particular, the product of Chris's guiding work. He listened to – and when appropriate challenged – boards and shareholders, and I believe that his consistent and persuasive emphasis on the need for effective governance and shareholder engagement will prove an enduring legacy.

I am also grateful to Stephen Haddrill as the FRC's new CEO, and to the members of our Operating Bodies and the executive team, for their hard work in implementing the activities and projects in the Plan for 2009/10, in close consultation with our diverse stakeholder community and in the interests of all those with an interest in the quality of governance and reporting in the UK.

However, more remains to be done to ensure we learn lessons from the crisis, and reflect on what we can do to enhance defences against its repetition.

High standards of governance and reporting are essential to the efficiency of the capital markets and therefore crucial to their role in financing productive investment. The FRC's role is to help equity markets – which have played a critical part over the past 18 months in refinancing UK companies – work well. To do so we need to be sure that we are fully responsive to the views of the investors, while at the same time we take on the responsibility of sponsorship of a new Stewardship Code of Conduct with respect to investors' responsibilities as owners. We need to strengthen our interaction with the investor community and have already taken steps in that direction.

We will set a course for the FRC which builds on the strengths which the organisation has developed since it was given its new role in 2004. But above all we need to work to make the whole greater than the sum of the parts: to ensure coherence between our regulatory function and guidance.

In fulfilling our regulatory role, independence from our stakeholders is essential. Where this needs to be made clearer, we will not hesitate to do so and will look to government to provide the necessary powers. But we will remain closely in touch with the market participants and professions and seek, where appropriate, to operate with their support. Responding to the lessons of the financial crisis will, in some areas, require us to give a lead on contentious issues; we will seek to do so on the basis of rigorous analysis published and debated openly in advance.

Neither the FRC nor its stakeholders can afford to be complacent about the challenges we face, which will continue to require us to raise our game. But the prize – well-functioning capital markets, through which businesses can secure equity funding and investors share in business growth – is one in which we will all share. Improving corporate governance and reporting to foster investment is the FRC's fundamental objective.

Baroness Hogg
Chairman
27 May 2010

Our thanks to those who stood down

I would like to thank the following FRC Board and Operating Board Members for their valuable contribution, experience and knowledge they brought to our work:

Board Members

Paul Boyle
 Paul Seymour

Operating Board Members

Mike Arnold
 Mike Ashley
 Sarah Brown
 Norval Bryson
 Roger Davis
 Stella Fearnley
 Jon Grant
 Anne Maher
 Stuart McKee
 James Miller
 Simon Peerless
 Graham Pimlott
 Minnow Powell
 Tom Ross
 David Thomas
 Tom Troubridge
 Geoffrey Whittington

Chief Executive's Report

Our response to the financial crisis

Responding to the crisis dominated our work throughout 2009/10 and is the first objective in our new plan.

Guidance for market participants

To assist those struggling with the implications of the crisis for their business we published guidance for audit committees, directors, auditors, and users of actuarial information on a number of fundamental issues.

Our updated guidance on going concern covered key principles and processes which directors should follow. It emphasised the importance of balanced, proportionate and clear disclosures about the key assumptions being made.

Our guidance to audit committees focused on the challenges facing them in the current economic conditions, covering risk, assumptions and models for cash flow and valuation information.

Our guidance for auditors outlined their responsibilities in reviewing listed companies' financial statements to determine whether the business is a going concern.

We also highlighted the challenges for users of actuarial information and issued a list of questions for governing bodies, designed to stimulate discussion and improve understanding of issues facing pension schemes, insurance companies and other financial institutions that rely on actuarial information.



Reviewing company accounts

The Financial Reporting Review Panel concluded that the current standard of corporate reporting in the UK is generally good. However, it also concluded that companies need to continue to improve their disclosures of financial risks, of how they have applied accounting policies and sources of uncertainty. Many markets remain highly volatile and the impact on accounts should be disclosed.

AIM companies were required to use IFRS for the first time from December 2007. They have benefitted from the experience of their listed peers in effecting this transition. However, further quality improvements are necessary if they are to match that of their fully listed counterparts.

Audit inspection

Responding to the issues arising in the crisis, the Audit Inspection Unit (AIU) focused its inspections on going concern, fair value accounting estimates and disclosures and impairment of assets. Its public reports identified where further improvements need to be made by the audit firms. These include the firms' approach to the sale of non-audit services to audit clients, the identification of significant risks and the assessment of going concern judgements. We also look for firms to analyse the underlying causes of any weaknesses identified by the AIU.

Learning the longer-term lessons of the financial crisis

We have also seen a need to learn from and address longer term lessons of the crisis.

Corporate Governance

Companies should be well-run in the interests of those who invest in them. This starts and finishes with corporate governance. Good risk management, effective Board stewardship and transparent and accurate reporting are as much components of good governance as the principles of the Code.

The code as a whole, including the latest changes, remains subject to the principle of 'comply or explain.' The FRC continues to put the greatest weight on this principle which gives companies flexibility where that is in the interests of, and endorsed by, their shareholders.

Our recent survey (MORI 2010) shows that confidence in corporate governance from the perspective of directors and auditors has increased; confidence in corporate governance from the perspective of investors, however, has decreased. In order to remain credible and help to restore investors' confidence, the Code must continue to represent leading practice, and companies and investors must adhere to the spirit of 'comply or explain'.

In reviewing the Code two main themes have emerged. These are the importance of getting proper challenge in the boardroom and the need for better engagement between boards and investors. These themes are reflected in the revised UK Corporate Governance Code, which was issued in May 2010 and applies from 29 June 2010. The main changes are as follows:

- To ensure the board is **well balanced**, there are new principles on the composition of the board and the need to take account of the benefits of diversity when making board appointments.
- To ensure **proper debate** in the boardroom, there are new principles on the leadership of the chairman and the responsibility of the non-executive directors to provide constructive challenge.
- To enhance the **board's performance** and awareness of its strengths and weaknesses, board evaluation reviews for FTSE 350 companies should be externally facilitated at least every three years and the chairman should hold regular development reviews with each director.
- To **increase accountability** to shareholders, directors of FTSE 350 companies should be re-elected every year.

Stewardship Code for UK Institutional Investors

For 'comply or explain' to work, engagement between companies and investors must be strong. There is scope for improvement on both sides. That is why we welcomed the Government's request that we take ownership of a Stewardship Code setting out the responsibilities of institutional shareholders, as recommended by Sir David Walker.

We believe that the Stewardship Code can have a significant impact on developing and encouraging adherence by institutional investors to best practice in stewardship of listed companies. If it succeeds in this objective it will contribute to sustainable and enduring improvements in the governance and performance of UK listed companies and greater clarity in the respective responsibilities of asset managers and asset owners.

Consultation on the Stewardship Code closed in April 2010 and we hope to publish the Code during June 2010.

Usefulness of audit

Audit is a key part of high quality governance, and its effectiveness, along with other forms of assurance, are essential underpinnings for high-quality reporting. We have started to review whether the value of audit can be enhanced. Some of the key issues to be addressed will be how we achieve a strong alignment between the auditor and the interests of the shareholder; whether to change the form of the audit report to make it more useful; whether more needs to be said in the front of the report about risk and the business model and whether the auditor should provide greater assurance about such matters; and whether auditors should have a closer dialogue with financial regulators and how to avoid conflicts of interest in doing so.

Actuarial standards

The quality of actuarial assessments is a key component in the assessment of risk. To enhance actuarial work, we have issued a number of technical actuarial standards (TAS), the first standards of their kind in the world. These are part of a series of new, principle-based standards focusing on the needs of users of actuarial information.

Reporting Actuarial Information, which came into effect in April 2010, is fundamental to better risk management for pension fund trustees, insurance company boards, risk committees and other decision makers, and can contribute to avoiding the kinds of errors seen in banks in recent times. The TAS on data, which comes into effect in July 2010, builds on this by aiming to ensure data on which actuarial information is based is reliable and includes principles on the checking and preparation of data. The modelling TAS will promote the reliability and usefulness of actuarial methods.



Looking ahead, we will during 2010/11 issue a TAS on Pensions, to complement a TAS on Insurance, which will provide the best possible support to those who use actuarial information to make decisions, such as trustees, governing bodies, policy holders and shareholders of insurers.

Influencing and responding to international developments

International accounting standards

Accounting standards were the subject of much discussion last year with politicians and regulators in particular becoming involved in the debate. Most notably, accounting standards were a feature of both the G20 Economic Summits held during 2009, where the leaders have called upon the International Accounting Standards Board (IASB) and the US Financial Accounting Standards Board (FASB) to 'redouble their efforts to achieve a single set of high quality, global accounting standards within the context of their independent standard setting process'. The ASB, for example, responded to 27 IASB consultations during 2009, with at least another 15 anticipated for 2010.

The ASB work with the European Financial Reporting Advisory Group (EFRAG) and other major national standard-setters to help develop the case for global standards and contributed significantly to the work by the IASB on standards themselves.

International standards on auditing

In October, the APB issued new International Standards on Auditing (ISAs) for the UK and Ireland, which were developed with significant input from regulators and stakeholders. We believe them to be more rigorous and clearer than existing auditing standards in any country. The standards are to come into effect in relation to the audits of financial statements for periods ending on or after 15 December 2010.

We continue to take an active role in influencing the work of the International Auditing and Assurance Standards Board (IAASB) and work towards the adoption of ISAs in the EU.

The enhancement of European and global audit regulation

The Oversight Board has taken a leading role with its regulatory colleagues in Europe to strengthen internal cooperation between EU audit regulators and to develop common arrangements across the EU for registering and regulating the auditors of companies from outside the EU that list on EU regulated markets. Further, the executive director, Paul George, of the Oversight Board is vice-chair of the International Forum of Independent Audit Regulators, which seeks to share knowledge and best practice in audit regulation to improve global audit quality.

Efficiency and effectiveness

Meeting the principles of good regulation

We welcomed the very positive outcome of the Better Regulation Executive's assessment of the FRC's regulatory performance against the Hampton Principles of effective regulation. The FRC is committed to working closely with all stakeholders to develop its policies. We are therefore pleased that the review recognised this and found the FRC to be demonstrating a very high level of compliance with the Hampton Principles, as well as adopting a positive approach to the principles of better regulation. Being described as 'world class' in our approach to corporate governance is particularly relevant as we continue to develop our focus on this central component of our activity.

Better regulation is in part about better policy making. It is also central to effective and fair supervision and enforcement. The AADB reviewed and amended the Accountancy Scheme and the supporting Accountancy Regulations in 2010. The changes that have been made underline our commitment to the principles of independence, fairness and transparency in our disciplinary arrangements. We believe they will further strengthen the disciplinary process in public interest cases.

Our finances

In relation to our responsibilities for accounting, auditing and corporate governance our net core operating costs were £12.3m. In relation to our responsibilities for actuarial standards and regulation our net core operating costs were £2 million. Overall we seek to discharge our wide ranging and significant responsibilities with the greatest attention to efficiency.

Our system of internal control is designed to manage risk to a level acceptable to the FRC Board. The risk to the FRC's policies, aims and objectives are kept under close review. The system of internal control has been in place at the FRC for the year ending 31 March 2010 and up to the date of approval of the annual report and accounts.

People

Our effectiveness as a regulatory authority crucially depends on the people that serve on the boards of our Operating Bodies and their committees, as well as in the FRC Executive.

On behalf of the Board as a whole I take this opportunity to commend our staff for their hard work and dedication in a challenging year.

Stephen Haddrill
Chief Executive Officer
27 May 2010

Principal risks

There continue to be heightened risks in relation to corporate governance and reporting associated with the on going problems arising from the economic crisis. There are also political uncertainties at a European and global level that may create further challenges for those responsible for corporate governance and reporting in the UK. In order to mitigate these risks, we must be alert to relevant developments in the markets, including at EU and global level, and ensure that we respond appropriately.

In finalising our Plan 2010/11 (**available at: <http://www.frc.org.uk/about/plans.cfm>**), we have updated our assessment of the risks to confidence. The Plan describes how we will work with market participants and other agencies to address the risks.

A significant risk to the adequacy of our resources would arise if there was an award of substantial costs against the FRC in relation to our enforcement activities. There is also a risk that we may be unable to collect sufficient funds to meet our funding requirement, particularly during a period when the Government is further reducing its annual grant and we are continuing to implement new funding arrangements. In 2010 large private entities with a turnover of between £500 million and £1 billion will, for the first time, fall within the scope of the FRC's levy on organisations which prepare financial statements ("the preparers levy").

The Directors keep these risks and uncertainties under review and believe that appropriate steps to mitigate them have been taken or are planned.

Financial Review

Our Financial Management and Reporting Framework at www.frc.org.uk provides the framework within which we manage and report on the costs of our activities and how they are funded. We endeavour to secure value for money in all our expenditure.

Total operating expenditure was £19,780,000 (2008/09 £18,459,000). We did not incur any investigation costs to be charged to the Legal Costs Fund during the year (2008/09 £nil). The Legal Costs Fund may be used only to meet legal, professional and other costs of the FRRP's investigations.

The FRC obtained funding for the year from the following organisations:

- Department for Business Innovation and Skills
- Consultative Committee of Accountancy Bodies
- Publicly traded companies
- Large private entities
- Public sector organisations
- Actuarial Profession
- Insurance companies
- Pension schemes

Revenue received towards operating costs and the purchase of property, plant and equipment for accounting, auditing and corporate governance amounted to £13,589,000 (2008/09 £11,810,000). In accordance with IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) £120,000 (2008/09 £376,000) of the income relating to property, plant and equipment, was deferred. £304,000 of the deferred income has been released in the year (2008/09 £237,000).

Audit inspection costs and accounting, auditing and discipline case costs were funded entirely by the relevant CCAB bodies.

Revenue received towards operating costs and the purchase of property, plant and equipment for actuarial standards and regulation amounted to £2,066,000 (2008/09 £2,207,000).

£680,000 (2008/09 £279,000) was received during the year towards actuarial case costs. Actuarial case cost expenditure of £165,000 (2008/09 £29,000) was incurred during the year, leaving £515,000 (2008/09 £250,000) earmarked for the actuarial case cost fund.

There was a surplus for the year on general activities of £1,218,000 (2008/09 £76,000). The accumulated general surplus as at 31 March 2010 was £2,242,000 (2008/09 £1,024,000).

The FRC's policy and practice are to make payments to creditors on a weekly basis. No contributions were made for political or charitable purposes. The FRC is not listed; there are no directors' shareholdings and no acquisition by the FRC of its own shares.

Summary of Net Operating Expenditure

	Actual 2009/10 £m	Budget 2009/10 £m	Actual 2008/09 £m
Accounting, auditing and corporate governance			
Core operating costs	12.3	12.5	11.8
Audit inspection costs	2.3	2.6	2.2
Accountancy disciplinary case costs	1.7	1.8	1.4
Total	16.3	16.9	15.4
Actuarial standards and regulation			
Core operating costs	2.0	2.3	2.2
Actuarial disciplinary case costs	0.2	0.5	-
Total	2.2	2.8	2.2
Total (see page 15)	18.5	19.7	17.6

Accounting, auditing and corporate governance

Funding analysed by category of funding group was:

Funding groups	Actual 2009/10 £m		Budget 2009/10 £m		Actual 2008/09 £m	
	£m	%	£m	%	£m	%
Preparers of financial statements						
Publicly traded companies	4.6	25	4.4	26	4.1	26
Large private entities	1.7	10	1.0	6		
Public sector organisations	0.4	3	0.5	3		
Total	6.7	38	5.9	35	4.1	26
Accountancy profession						
Professional bodies						
- Core operating costs	4.5	25	4.5	26	4.2	27
- Inspection costs	2.5	14	2.6	15	2.2	15
- Disciplinary case costs	1.7	10	1.8	11	1.4	9
Total	8.7	49	8.9	52	7.8	51
Government	2.3	13	2.3	13	3.5	23
Total	17.7	100	17.1	100	15.4	100

Our audited financial statements are on pages 27 to 42. The summary of net operating expenditure can be reconciled to the audited financial statements as follows:

	£m
Total net operating expenditure (see page 14)	18.5
Deduct: Purchase of property, plant and equipment included in core operating costs	(0.1)
Add: Depreciation not included in core operating costs	0.3
Net operating expenditure per audited financial statements (see page 27)	18.7
Other income plus interest income	1.1
Total operating expenditure (see page 27)	19.8

Accounting, auditing and corporate governance

Core operating costs, analysed by category of expenditure were as follows:

	Actual 2009/10 £m	Budget 2009/10 £m	Actual 2008/09 £m
Staff costs	9.6	9.3	9.2
Accommodation costs	0.9	1.0	0.9
Professional fees	0.7	0.6	0.5
IT costs	0.6	0.6	0.5
Other costs	0.9	0.9	0.9
Contingency	-	0.5	-
	12.7	12.9	12.0
Sundry income	(0.5)	(0.5)	(0.6)
Purchase of property, plant and equipment	0.1	0.1	0.4
Total	12.3	12.5	11.8
Staff numbers	63	64	59

Core operating costs, analysed by operating unit, were as follows:

	Actual 2009/10		Budget 2009/10		Actual 2008/09	
	£m	Staff	£m	Staff	£m	Staff
ASB	2.8	13	2.8	13	2.7	13
APB	1.0	5	1.0	5	1.0	5
FRRP	2.1	12	2.2	12	2.0	10
POB	1.4	7	1.4	8	1.3	6
AADB	1.3	6	1.4	7	1.3	5
CGU	0.2	2	0.1	1	0.1	1
Planning & Resources	2.1	13	2.1	12	2.0	13
Corporate	1.4	5	1.5	6	1.4	6
Total	12.3	63	12.5	64	11.8	59

These amounts represent the core operating costs of each operating unit plus an allocation of the central overheads based on the number of full time equivalent staff members in each operating unit.

Audit Inspection Unit

The costs of the AIU represent the costs of the programme of independent audit inspections. The costs in 2009/10 were £2.3m compared to a budget of £2.6m and £2.2m in 2008/09. The average number of AIU staff was 19. For 2009/10, total costs are reduced by £0.4m (£0.2m in 2008/09) of fee income received from the Audit Commission and National Audit Office in respect of inspection work undertaken by the AIU.

Investigation and disciplinary case costs

During the year, the AADB incurred costs of £1.7m in relation to investigating and prosecuting individual cases.

Expenditure

Funding primarily meets our expenditure requirement and maintains our reserves at an appropriate level. Our costs were as set out below:

	Actual 2009/10 £m	Budget 2009/10 £m	Actual 2008/09 £m
Total expenditure	16.3	16.9	15.4
Movement in general reserves	1.2	-	-
Adjustments for depreciation and capital expenditure	0.2	-	(0.2)
Total	17.7	16.9	15.2

Actuarial standards and regulation

Core operating costs

Core operating costs comprise the cost of BAS, the cost of the work undertaken by POB and AADB in relation to actuarial matters, and a fair apportionment of the cost of our support services and corporate costs (£0.7m in 2009/10). The average number of staff working on actuarial standards and regulation in 2009/10 was 8 (6 in 2008/09).

Actuarial disciplinary case costs

During the year the AADB incurred costs of £0.2 in relation to investigating and prosecuting individual cases. These costs are not susceptible to firm budgetary limits because the number and complexity of cases is unpredictable.

Expenditure

Funding primarily meets our expenditure requirement and maintains our reserves at an appropriate level. Our costs were as set out below:

	Actual 2009/10 £m	Budget 2009/10 £m	Actual 2008/09 £m
Core operating costs	2.0	2.3	2.2
Actuarial disciplinary case costs	0.2	0.5	0.2
Movement in general reserves	0.5	(0.2)	0.1
Total	2.7	2.6	2.5

Funding

Our work on actuarial standards and regulation is funded by the actuarial profession (10%), insurance companies (45%) and pension funds (45%).

Funding groups	Actual 2009/10 £m	Budget 2009/10 £m	Actual 2008/09 £m
Actuarial profession	0.3	0.3	0.2
Pension levy	1.2	1.2	1.2
Insurance levy	1.2	1.1	1.1
	2.7	2.6	2.5

Reserves

The Directors believe it is prudent to maintain reserves to meet unforeseen circumstances in recognition of the fact that the FRC has entered into a number of long-term commitments. The target level of reserves is kept under review by the Directors.

At 31 March 2010 our General Fund showed a surplus of £2.2m of which £0.1m relates to actuarial standards and regulation (Note 18 to the Financial Statements, page 42). The Directors have decided to aim to increase the level of reserves during 2010/11.

Section 2 Governance

Directors' Report

The Directors have pleasure in presenting their report and financial statements for the year ended 31 March 2010.

Incorporated in England & Wales, the Financial Reporting Council Limited is a not-for-profit organisation, with its primary operations based at Aldwych House, 71-91 Aldwych, London WC2E 4HN.

Principal Activity

The aim of the FRC is to promote high quality corporate governance and reporting to foster investment. The functions we carry out in pursuit of this aim are exercised principally by our Operating Bodies (the Accounting Standards Board, the Auditing Practices Board, the Board for Actuarial Standards, the Professional Oversight Board, the Financial Reporting Review Panel and the Accountancy and Actuarial Discipline Board) and by the Board. The Operating Bodies and the Board are supported by the FRC's professional staff (the "Executive").

DIRECTORS OF THE FRC

Sir Christopher Hogg	CN	Chair
Baroness Hogg	CNR	Deputy Chair
Stephen Haddrill	C	Chief Executive - from 16 November 2009
Paul Boyle	C	Chief Executive - to 15 November 2009
Eric Anstee	NA	Former Chief Executive of The ICAEW
Peter Chambers	CR	Former Chief Executive Officer at Legal & General Investment Management
Richard Fleck		Chair, APB
Bill Knight		Chair, FRRP
Ian Mackintosh		Chair, ASB
Rudy Markham	CA	Former Financial Director, Unilever
Dame Barbara Mills		Chair, POB
Sir Michael Rake		Chairman, BT Group plc
Sir Steve Robson CB	CN	Former Second Permanent Secretary, HM Treasury
Paul Seymour		Chair, BAS - to 12 June 2009
Sir John Sunderland	CNR	Former Chairman, Cadbury Schweppes
Jim Sutcliffe		Chair, BAS - from 15 June 2009
Lindsay Tomlinson	CA	Managing Director, BlackRock
Timothy Walker		Chair, AADB

Key to symbols:

- C** member of the Committee on Corporate Governance;
- N** member of the Nominations Committee;
- R** member of the Remuneration Committee;
- A** member of the Audit Committee.

Under the terms of the FRC's Memorandum and 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.



Board Meetings

Attendance at Board meetings during the year is shown below, with the attendance shown as a proportion of the numbers of meetings individual Directors were eligible to attend:

Sir Christopher Hogg	6/6
Baroness Hogg	6/6
Stephen Haddrill	2/2
Paul Boyle	4/4
Eric Anstee	5/6
Peter Chambers	5/6
Richard Fleck CBE	5/6
Bill Knight	6/6
Ian Mackintosh	5/6
Rudy Markham	5/6
Dame Barbara Mills	5/6
Sir Michael Rake	3/6
Sir Steve Robson CB	6/6
Paul Seymour	2/2
Sir John Sunderland	5/6
Jim Sutcliffe	3/4
Lindsay Tomlinson	6/6
Timothy Walker	5/6

During the year the Board instructed the Institute of Chartered Secretaries and Administrators to conduct an evaluation of its effectiveness. The conclusion of the evaluation was that the FRC's current governance structure is a significant improvement on the previous Council and Board regime but that an increased time commitment was required from directors. Recommendations in relation to an increased time commitment of directors have been effected through changed meeting times, and directors' meetings in addition to the Board meetings. The establishment of the Board's proper role in determining the FRC's strategy and in exercising oversight of the FRC's Operating Bodies has been addressed during a review conducted by the Chief Executive.

Directors' Emoluments

The remuneration of Directors, including the Chair and Deputy Chair, is determined and reviewed by the Board. The total remuneration and benefits received, excluding pension contributions, is shown in the following table, which has been subject to audit.

	2009/10 £	2008/09 £
Sir Christopher Hogg	150,000	142,512
Baroness Hogg	30,000	30,000
Stephen Haddrill (from 16 November 2009)	142,083 ¹	-
Paul Boyle (to 15 November 2009)	371,868 ^{1,2}	364,778
Eric Anstee	20,000	20,000
Peter Chambers	20,000	20,000
Richard Fleck CBE	70,000	-
Bill Knight	70,000	70,000
Ian Mackintosh	321,750	308,750
Rudy Markham	20,000	20,000
Dame Barbara Mills	70,000	35,000
Sir Michael Rake	20,000	20,000
Sir Steve Robson CB	20,000	20,000
Paul Seymour (to 12 June 2009)	25,000	99,167
Sir John Sunderland	20,000	20,000
Jim Sutcliffe (from 15 July 2009)	47,692	-
Lindsay Tomlinson	20,000	20,000
Timothy Walker	60,000	50,000
Total	1,498,393	1,240,207

If the Directors were appointed during the year the amounts payable are for the period from the date of their appointment. The amounts paid to Richard Fleck, Bill Knight, Ian Mackintosh, Dame Barbara Mills, Paul Seymour, Jim Sutcliffe and Timothy Walker include the remuneration payable in respect of their roles as Chairs of Operating Bodies.

¹ The only Director who is entitled to receive pension benefits is the Chief Executive, in respect of whom contributions were paid to a personal pension arrangement (see note 4).

² Amount paid includes remuneration during 12 month notice period in accordance with the provisions upon which Paul Boyle was appointed. The notice period ended on 15 May 2010.

Committees of the Board

Committee on Corporate Governance

The Committee on Corporate Governance assists the Board in fulfilling its responsibility for promoting confidence in corporate governance by monitoring the operation of the Combined Code on Corporate Governance by listed companies and shareholders, and by keeping under review developments in corporate governance generally.

The Committee on Corporate Governance met four times during the year.

Attendance was as shown below:

Baroness Hogg (Chair)	4/4
Sir Christopher Hogg	4/4
Stephen Haddrill	2/2
Paul Boyle	2/2
Peter Chambers	4/4
Rudy Markham	2/4
Sir Steve Robson CB	4/4
Sir John Sunderland	3/4
Lindsay Tomlinson	4/4

During the year the Committee oversaw the review of the effectiveness of the Combined Code and made recommendations to the Board on revisions to the Code and other follow up action.

The Committee also considered and made recommendations on the Government's request that the FRC take ownership of a Stewardship Code for institutional investors.

Nominations Committee

The Nominations Committee is responsible for leading the selection process and making recommendations to the Board for Directors of the FRC (except for the Chair and the Deputy Chair who are appointed by the

Secretary of State). The Committee is also responsible for overseeing the selection process for members of the Operating Bodies and of the FRC's senior management and for appointing and reappointing members of the Operating Bodies.

In addition to conducting business by correspondence, the Nominations Committee met twice during the year.

Attendance was as shown below:

Baroness Hogg (Chair)	2/2
Sir Christopher Hogg	2/2
Eric Anstee	2/2
Sir Steve Robson CB	2/2
Sir John Sunderland	1/2

During the year the Committee led the selection process for the Chief Executive and made recommendations to the Board. It made recommendations to the Board in relation to the reappointments of the Chairs of the ASB, the APB and the FRRP and monitored and participated in the selection process for the recruitment of various members to several of the FRC's Operating Bodies and approved their appointments. The Committee approved 51 appointments and reappointments to the Operating Bodies and approved the appointments of the FRC's Chief Operating Officer and the APB's Executive Director.

Remuneration Committee

The Remuneration Committee is responsible for determining and reviewing the remuneration policy for the FRC. It sets the remuneration of the Chief Executive and the Chairs and members of the Operating Bodies, and reviews and/or approves the remuneration recommendations of the Chief Executive for the senior management team.

The Remuneration Committee met three times during the year.

Attendance was as shown below:

Sir John Sunderland (Chair)	3/3
Peter Chambers	3/3
Baroness Hogg	2/3

During the year the Committee approved the budgetary limits for the salary review and bonus pool in relation to all FRC Staff, approved and reviewed the remuneration of the Chief Executive and approved the salary and bonus recommendations in relation to the Senior Management Team. The Committee considered and approved proposals to amend the timetable for reviewing salaries and determining bonus payments in order that the timetable is aligned with the FRC



accounting period. It considered the remuneration of the FRC Chair with effect from appointment on 1 May 2010 and made recommendations to the Board.

Audit Committee

The Audit Committee assists the Board in fulfilling its responsibility for monitoring the quality and integrity of the accounting, auditing and reporting practices of the FRC. The Committee's purpose is to scrutinise the accounting and financial reporting processes of the FRC and the audits of the FRC's financial statements. The Committee met twice during the year.

Attendance was as shown below:

Rudy Markham (Chair)	2/2
Eric Anstee	2/2
Lindsay Tomlinson	2/2

During the year the Committee reviewed:

- The independence of the auditor
- The potential costs to the FRC arising out of AADB cases and proposed safeguards
- The FRC's funding arrangements and treatment of contributions in the FRC's accounts
- The FRC's information systems

The Committee also commenced a review of the FRC's internal controls.

Going Concern

The FRC's activities, together with the business and financial review are set out above. The financial position of the FRC, its cash flows and liquidity position are shown later in the financial statements. In addition, note 11 to the financial statements includes the FRC's financial risk management approach.

The FRC has adequate financial resources and reserves. As a consequence, the directors believe that it is well placed to manage its liquidity risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the FRC has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Staff

Feedback from staff on FRC affairs and performance is encouraged through regular team and staff meetings held by their senior manager and the Chief Executive respectively. Staff participate in HR policy development.

The FRC recruits staff on the basis of fair and open competition and selection on merit. Applications are invited from suitably qualified people without regard to gender, disability, ethnicity, sexual-orientation, nationality, age or religion. The FRC strives towards best practice in its HR policies and tries to ensure a reasonable work-life balance.

The FRC appreciates its responsibilities to protect the health and safety of its employees and to enhance their potential through targeted training, professional and personal development. The FRC regards it as a fundamental right for everyone to be able to work in an environment which is free of harassment and discrimination.

Impact on the environment

We aim to maintain procurement policies which favour sustainable products and services in order to reduce our environmental impact.



Disclosure to auditors

The Directors, at the date of this report, confirm that, as far as each Director is aware, there is no relevant audit information of which the FRC's auditors are unaware. Each Director has taken all steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the FRC's auditors are aware of that information.

BY ORDER OF THE BOARD

Anne McArthur
Company Secretary

27 May 2010

Section 3 Financial statements and notes

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and applicable law.

Under company law the directors must not approve the financial statements unless they are 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 that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Independent Auditor's Report to the Members of The Financial Reporting Council Limited

We have audited the financial statements of The Financial Reporting Council for the year ended 31 March 2010 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement and the related notes numbered 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement,

whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its surplus for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Nigel Bostock
Senior Statutory Auditor
For and on behalf of
Horwath Clark Whitehill LLP
Statutory Auditor
London

27 May 2010

Statement of Comprehensive Income for year ended 31 March 2010

	Notes	2009/10			2008/09		
		Accounting auditing & corporate governance	Actuarial standards and regulation	Total	Accounting auditing and corporate governance	Actuarial standards and regulation	Total
		£'000	£'000	£'000	£'000	£'000	£'000
Operational expenditure	3	17,548	2,232	19,780	16,261	2,198	18,459
Other operating income	7	(1,038)	-	(1,038)	(896)	-	(896)
Interest income	8	(31)	(1)	(32)	(256)	(17)	(273)
NET OPERATING EXPENDITURE		16,479	2,231	18,710	15,109	2,181	17,290
REVENUE	9	17,704	2,746	20,450	15,198	2,486	17,684
Surplus before taxation		1,225	515	1,740	89	305	394
Taxation	10	(7)	(-)	(7)	(64)	(4)	(68)
SURPLUS FOR THE YEAR NET OF TAX AND COMPREHENSIVE INCOME		1,218	515	1,733	25	301	326

The notes on pages 30 to 42 form part of these financial statements.
All operations are continuing.

THE FINANCIAL REPORTING COUNCIL LIMITED

REGISTERED NUMBER: 2486368

Statement of Financial Position at 31 March 2010

	Notes	2010 £'000	2009 £'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	893	1,092
Trade and other receivables	13	3	-
		896	1,092
CURRENT ASSETS			
Trade and other receivables	13	1,518	1,066
Cash and cash equivalents	14	6,590	5,672
		8,108	6,738
TOTAL ASSETS		9,004	7,830
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	(2,591)	(3,081)
Current tax liabilities	10	(7)	(68)
		(2,598)	(3,149)
TOTAL ASSETS LESS CURRENT LIABILITIES		6,406	4,681
NON-CURRENT LIABILITIES			
Trade and other payables	16	(903)	(934)
Long term provisions	17	(246)	(223)
		(1,149)	(1,157)
NET ASSETS		5,257	3,524
EQUITY			
RETAINED EARNINGS			
Accounting, auditing & corporate governance	18	4,156	2,938
Actuarial standards & regulation	18	1,101	586
		5,257	3,524

Approved by the Board and authorised for issue on 27 May 2010 and signed on its behalf by:

Baroness Hogg
Chairman

Stephen Haddrill
Chief Executive Officer

The notes on pages 30 to 42 form part of these Financial Statements.

Statement of Changes in Equity for the year ended 31 March 2010

	Accounting, auditing and corporate governance		Actuarial standards and regulation		Total £'000
	General £'000	FRRP Legal Costs Fund £'000	General £'000	Actuarial Case Costs Fund £'000	
At 31 March 2008	913	2,000	35	250	3,198
Surplus for 2008/09	25	-	51	250	326
At 31 March 2009	938	2,000	86	500	3,524
Surplus for 2009/10	1,218	-	-	515	1,733
At 31 March 2010	2,156	2,000	86	1,015	5,257

Cash Flow Statement for the year ending 31 March 2010

	Notes	2010 £'000	2009 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	20	1,111	57
Corporation tax paid		(68)	(109)
		1,043	(52)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(280)	(262)
Contributions from funding groups towards property, plant and equipment		123	376
Interest received		32	273
		(125)	387
NET INCREASE IN CASH AND CASH EQUIVALENTS			
		918	335
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD		5,672	5,337
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	14	6,590	5,672

Cash and cash equivalents comprise cash at bank and other short-term highly liquid bank deposits with an original maturity of three months or less.

The notes on pages 30 to 42 form part of these financial statements.

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the FRC's financial statements.

a) Basis of Preparation

The FRC has prepared its financial statements in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board (IASB) as adopted by the European Union.

These financial statements are prepared on an historical cost basis except where otherwise stated.

During the year, the FRC applied the revised IAS 1 Presentation of Financial Statements (2007). Comparative information has been presented in conformity with this standard.

As at the date of approval of these financial statements, the following standards and interpretations were in issue but not yet effective:

- IFRS 3 (revised) Business combinations (effective 1 July 2009)
- IFRIC 17 Distributions of Non-cash Assets (effective 1 July 2009)
- IFRIC 18 Transfers of Assets from Customers (effective 1 July 2009)
- IAS 27 (amendment) Consolidated and Separate Financial Statements (effective 1 July 2009)
- IAS 39 (amendment) Eligible Hedged Items (effective 1 July 2009)
- IFRS 2 (amendment) Share-based Payment (effective 1 January 2010)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective 1 February 2010)
- IAS 32 (amendment) Financial Instruments: Presentation – Classification of Rights Issues (effective 1 February 2010)
- IAS 24 Related Party Disclosures (revised 2009) (effective 1 January 2011)
- IFRS 9 Financial Instruments (effective 1 January 2013)

The Directors expect that the adoption of these standards and interpretations in future accounting periods will not have a material impact on the FRC's results.

b) Presentation of Financial Statements

In order to reflect more fairly that the FRC's expenditure is met by contributing organisations, the Directors have presented the Statement of Comprehensive Income to focus initially on the FRC's net operational expenditure and thereafter on the various contributions received from its funding groups. Further categories have been included to provide a fairer representation of the FRC's income and expenditure.

The presentational and functional currency of the FRC is the British Pound.

c) Consolidation

The FRC has one subsidiary, The Accountancy and Actuarial Discipline Board Limited (AADB). AADB Limited has no surplus or deficit for the year and has no retained earnings or net assets. Consolidated financial statements have not been prepared because they would not be materially different to the accounts of the Financial Reporting Council Limited.

d) Revenue Recognition

The FRC has a variety of sources of revenue, some of which becomes receivable in respect of financial years and some of which becomes receivable as a result of expenditure incurred by the FRC.

Sources of revenue receivable in respect of financial years are:

- In respect of accounting, auditing and corporate governance, revenue in respect of core operating costs is determined by reference to the annual funding requirement.
- In respect of actuarial standards and regulation, revenue in respect of core operating costs and contributions to the actuarial case costs fund is determined by reference to the annual funding requirement.

Sources of revenue as a result of expenditure incurred by the FRC are:

- Revenue which contributes towards the purchase of property, plant and equipment is accounted for as deferred income and is credited to the Statement of Comprehensive Income over the expected useful life of the relevant fixed assets on a basis consistent

with the depreciation policy applied in respect of the related assets.

- Revenue in respect of AIU inspection costs is set at a level which matches the costs incurred in each financial year.
- Revenue in respect of AADB accountancy disciplinary case costs is set at a level which matches the costs incurred in each financial year.
- Revenue in respect of FRRP legal costs is set at a level which meets the costs incurred in the preceding financial year.

e) Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Office equipment includes cost of software that is an integral part of the asset function. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, over their expected useful lives, as follows:

Office equipment	3 years	straight line basis
Fixtures fittings & furniture	10 years	straight line basis
Leasehold improvements	shorter of lease term and useful life	straight line basis

If events or changes in circumstances indicate the carrying value may not be recoverable then the carrying values of tangible fixed assets are reviewed for impairment.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

f) Impairment of Tangible Assets

At each Statement of Financial Position date, the FRC reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset

is estimated in order to determine the extent of the impairment loss.

Recoverable amount is the higher of fair value less costs to sell, and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

g) Leases

Leases of property, plant and equipment where the lessee has substantially all the risks and rewards of ownership are classified as finance leases. Any interest elements under a finance lease are charged to the Statement of Comprehensive Income over the period of the lease to produce a constant rate of charge on the balance of capital repayments outstanding.

All other leases are treated as operating leases. Total rentals payable under operating leases are charged to the Statement of Comprehensive Income over the term of the lease on a straight line basis.

The benefits from lease incentives including rent free periods are spread over the lease term on a straight line basis.

h) Taxation

The FRC is only subject to Corporation Tax on its interest receivable and analogous income. There are no temporary differences between the recognition of that income in the financial statements and the tax computation, and no temporary differences arise. Accordingly, there is no provision for deferred tax.

i) Collection of the UK share of the IASB funding requirement

The FRC raises the UK contribution to the cost of the International Accounting Standards Board (IASB) by issuing invoices and collecting monies on its behalf. The FRC pays over to the IASB the amount it requires up to the amount collected. Accordingly, these amounts are not accounted for within revenues and costs of the FRC. (See note 19).

j) Financial Instruments

Financial assets and financial liabilities are recognised on the FRC's Statement of Financial Position when it becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and other short-term highly liquid bank deposits with an original maturity of three months or less.

Trade receivables

Trade receivables do not carry any interest and are stated at their nominal value. Appropriate allowances for estimated irrecoverable amounts are recognised in the Statement of Comprehensive Income when there is objective evidence that the asset is impaired.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Trade payables

Trade payables are not interest bearing and are stated at their nominal value.

k) Employee Benefits

Pension Costs

The FRC makes contributions to personal pension schemes. The amount charged to the Statement of Comprehensive Income in respect of these schemes is the total contributions payable in the year. Differences between the contributions payable and those paid are shown as accruals or prepayments in the Statement of Financial Position.

Holiday Pay

The FRC accrues for holiday pay to recognise the employee benefits to be paid in exchange for the holiday allowance which is permitted, but not taken, by the employees as at the year end.

l) Provisions and contingencies

Provisions are recognised when the following three conditions are met:

- (i) the FRC has a present obligation (legal or constructive) as a result of a past event;
- (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (iii) a reliable estimate can be made of the amount of the obligation.

The amount of the provision represents the best estimate of the expenditure required to settle the

obligation at the end of the reporting period. Contingent liabilities, including liabilities that are not probable or which cannot be measured reliably are not recognised, but are disclosed unless the possibility of settlement is considered remote.

Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

Dilapidations

Provision is made for the estimated costs of dilapidation repairs. Estimated costs of removing leasehold improvements are provided and capitalised, such expenditure being amortised over the term of the lease.

Case costs

The legal and professional costs of AADB and FRRP cases cannot be estimated with reasonable certainty until the investigation is substantially complete. Provision is made to the extent that costs have been incurred at the Statement of Financial Position date. Legal and professional costs of FRRP cases are charged to the Legal Costs Fund.

2. Significant judgements and key sources of estimation uncertainty

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 on historical experience and the 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 ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements and estimates have been made in the following areas:

Provision for dilapidations

Provision for dilapidations is calculated by estimating costs of removing leasehold improvements and related

repairs which may arise at the end of the lease. This estimation is carried out by an independent chartered surveyor. See Note 17 for further details.

Corporation tax provision

Management believes that it has adequately provided for the corporation tax based on all of the information that is currently available. There were no material changes to the estimates made in the past two years. See note 10 for further details.

Litigation cost provision

Management has considered the likelihood of potential litigation costs and believes that a provision is not required.

3. Operational Expenditure

	2009/10			2008/09		
	Accounting auditing & corporate governance	Actuarial standards and regulation	Total	Accounting auditing and corporate governance	Actuarial standards and regulation	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Staff & related people costs (note 4)	12,368	1,284	13,652	11,408	1,280	12,688
Other operating charges (note 5)	3,515	783	4,298	3,494	889	4,383
AADB case costs	1,665	165	1,830	1,359	29	1,388
	17,548	2,232	19,780	16,261	2,198	18,459

4. Staff and related people costs (including directors)

	2010 £'000	2009 £'000
Permanent staff:		
Salaries	9,514	8,386
Social security costs	1,141	1,033
Other pension costs	652	589
	11,307	10,008
Other people related costs:		
Seconded staff and contractors	758	1,196
Fees to operating body and committee members	1,325	1,248
Other costs	262	236
	13,652	12,688

The FRC does not operate a pension scheme. Other pension costs comprise payments to personal pension schemes.

The average number of employees during the year was 90 (2008/09: 82).

Directors' emoluments

	2009/10 £'000	2008/09 £'000
Fees (included in staff costs)	1,498	1,240

The only Director who is entitled to receive a pension benefit is the Chief Executive. In the year ended 31 March 2010 there was a change of CEO (in November 2009). The contributions were paid to a personal pension arrangement: Paul Boyle £31,600 (2008/09 £31,225) and Stephen Haddrill £14,208. Details of the emoluments of the directors are contained in the Directors' Report on page 21. An interest-free loan of £3,472 (2008/09 £3,691) was made to one Director (Ian Mackintosh) in regard to his health insurance. The amount was fully repaid during the year resulting in a £nil balance outstanding at the year-end (2008/09 £nil).

5. Other operating charges

	2009/10 £'000	2008/09 £'000
Other operating charges include:		
Depreciation (note 12)	322	254
Operating leases		
- land and buildings	420	500
- office equipment	9	7

The auditor's remuneration is as follows:

	2009/10 £'000	2008/09 £'000
Fees payable to the FRC's auditors for the audit of the FRC's annual accounts	26	29
Total audit fees	26	29
Other services		
- Tax services	3	5
- Payroll services	10	9
- Expenses review	-	1
- IFRS transition	-	12
Total non-audit fees	13	27

6. FRRP legal costs fund

Contributions have been received to enable the Financial Reporting Review Panel to take steps to ensure compliance with the accounting requirements of the Companies Act 2006, including applicable Standards, and to investigate departures from those standards and requirements. Those funds may be used only for this purpose and may not be used to meet other costs incurred by the FRC. The FRC may be liable to repay the balance on the Legal Costs Fund to the contributors if it ceases to be authorised by the Secretary of State for BIS for the purposes of section 456 of the Companies Act 2006.

Since the costs of Review Panel investigations in a financial year cannot be forecast with sufficient certainty, funding contributions to make good expenditure on the Legal Costs Fund are sought in the financial year following the expenditure.

	2010 £'000	2009 £'000
The fund is represented by:		
Cash at bank and in hand	2,000	2,000
Debtor	-	-
At 31 March	2,000	2,000

7. Other operating income

	2009/10 £'000	2008/09 £'000
Income from publications	564	721
Professional fee income	474	175
	1,038	896

Income from publications relates to royalties, copyright and electronic rights income from publications produced by the ASB and APB.

Professional fee income relates to AIU Income from the Audit Commission and AIU and POB income from the National Audit Office. It also includes income received from the third country audit licensing.

8. Interest income

Interest on the FRRP Legal Cost Fund and the Actuarial Case Cost Fund is used to offset core operating costs.

	2009/10 £'000	2008/09 £'000
Bank interest – Accounting, auditing and corporate governance	31	256
Bank interest – Actuarial standards and regulation	1	17
	32	273

9. Revenue

Revenue analysed by category of cost is as follows:

	2009/10			2008/09		
	Accounting auditing & corporate governance	Actuarial standards and regulation	Total	Accounting auditing and corporate governance	Actuarial standards and regulation	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Core operating costs	13,770	2,066	15,836	11,671	2,207	13,878
AIU inspection costs	2,269	-	2,269	2,168	-	2,168
AADB case costs	1,665	165	1,830	1,359	29	1,388
FRRP case costs	-	-	-	-	-	-
Actuarial case cost fund	-	515	515	-	250	250
	17,704	2,746	20,450	15,198	2,486	17,684

Revenue relating to core operating costs includes £304,000 (2008/09 £237,000) of deferred income released in accordance with note 1(d).

10. Taxation

	2009/10 £'000	2008/09 £'000
Corporation Tax at an effective rate of 21% (2008/09: 25%) on general interest received	7	68
	7	68

Tax is payable only on interest and analogous income.

The total charge for the year is reconciled to the interest earned as follows:

	2009/10 £'000	2008/09 £'000
Interest earned	32	273
Tax @ 21% (2008/09: 28%)	7	76
Marginal Relief	-	(8)
Current year tax charge as above (payable in the year following the charge)	7	68

11. Financial risk management

The FRC's operations expose it to some financial risks. The 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.

Fair value of financial instruments

In the Directors' opinion, the carrying value of the trade receivables and trade payables, cash and cash equivalents approximate to their fair value.

Credit Risk

It is the FRC's management policy to assess its trade receivables for recoverability on an individual basis and to make provisions where considered necessary. In assessing recoverability the management takes into account any indicators of impairment up until the reporting date.

The age analysis of trade receivables not impaired is:

	2010 £'000	2009 £'000
Not past due date	80	201
Past due date by no more than three months	-	56
Past due date by more than three months but not more than six months	-	-
Past due date more than six months but not more than one year	287	74
Past due date more than one year	1	-
	368	331

The average debtor receivable period is 38 days (2009: 35 days). The trade receivables that are neither impaired nor past due date are made up of two balances (2009: two). No trade receivables balances have been renegotiated during the year or in the prior year. The FRC does not hold any collateral or other credit enhancements as security for its trade receivables.

The amount shown above as due more than six months arises due to the timing of the invoice process and has substantially been received since the year end.

Interest rate risk

The FRC invests the majority of its surplus funds in highly liquid short term deposits with an original maturity no greater than three months. To reduce the risk of loss, these bank deposits are spread across a range of major UK Banks. The average interest rate on short term deposits is 0.56% (2009: 3.9%) and none of the deposits have an original maturity of more than three months.

For a change in interest rates of 1%, the gross interest earned would change by approximately £60,000.

Liquidity risk

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

The age analysis of trade payables is as follows:

	2010 £'000	2009 £'000
Not past due date	258	521
Past due date by no more than three months	6	141
Past due date by more than three months but not more than six months	-	-
	264	662

The average creditor payment period is 25 days (2009: 22 days).

12. Property, plant and equipment

2010	Leasehold improvements £'000	Office equipment £'000	Fixtures, fittings & furniture £'000	Total £'000
Cost at 1 April 2009	692	1,067	563	2,322
Additions	-	102	21	123
Disposals	-	-	-	-
Cost at 31 March 2010	692	1,169	584	2,445
Depreciation at 1 April 2009	311	655	264	1,230
Charge for year	72	201	49	322
Disposals	-	-	-	-
Depreciation at 31 March 2010	383	856	313	1,552
Net book value at 31 March 2010	309	313	271	893

2009	Leasehold improvements £'000	Office equipment £'000	Fixtures, fittings & furniture £'000	Total £'000
Cost at 1 April 2008	655	843	463	1,961
Additions	37	276	100	413
Disposals	-	(52)	-	(52)
Cost at 31 March 2009	692	1,067	563	2,322
Depreciation at 1 April 2008	239	565	224	1,028
Charge for year	72	142	40	254
Disposals	-	(52)	-	(52)
Depreciation at 31 March 2009	311	655	264	1,230
Net book value at 31 March 2009	381	412	299	1,092

13. Trade and other receivables

	2010 £'000	2009 £'000
Non-Current:		
Prepayments and accrued income	3	-
Current:		
Net Trade receivables	368	331
Other receivables	625	340
Prepayments and accrued income	525	395
	1,518	1,066

14. Cash and cash equivalents

	General Accounts £'000	Actuarial Case Cost Fund £'000	FRRP Legal Costs Fund Accounts £'000	Total £'000
At 31 March 2009	3,172	500	2,000	5,672
Net cash inflow for 2009/10	403	515	-	918
At 31 March 2010	3,575	1,015	2,000	6,590

The amount in the Actuarial Case Cost Fund may only be used for actuarial disciplinary case costs. The amount in the FRRP Legal Costs Fund accounts may be used only for the purposes described in note 6.

15. Trade and other payables: current

	2010 £'000	2009 £'000
Trade payables	264	662
Other taxation and social security	34	13
Accruals	1,428	1,683
Deferred income	340	377
Other payables	525	346
	2,591	3,081

16. Trade and other payables: non-current

	2010 £'000	2009 £'000
Accruals	373	236
Deferred income	530	698
	903	934

17. Long term provisions

Leasehold Improvements and dilapidations	£'000
Balance at 31 March 2009	223
Amount charged to Statement of Comprehensive Income	23
Balance at 31 March 2010	246

A provision has been made for obligations under the lease at Aldwych House. These obligations are to remove the leasehold improvements and return the property at the end of the lease in August 2014 to its original state and to meet the tenant repairing clause for dilapidations.

This provision is based on an estimate by an independent surveyor of the cost of the obligations, and the liability in relation to the provision which is likely to arise at the end of the lease agreement. This provision has not been discounted as the effect of discounting is not material.

18. Retained earnings

Changes in capital and reserves were as follows:

	Accounting, auditing & corporate governance		Actuarial standards & regulation		Total £'000
	General	FRRP Legal Costs Fund	General	Actuarial Case Costs Fund	
	£'000	£'000	£'000	£'000	
At 31 March 2009	938	2,000	86	500	3,524
Surplus for 2009/10	1,218	-	-	515	1,733
At 31 March 2010	2,156	2,000	86	1,015	5,257

Contributions from government in 2009/10 were £2,300,000 (2008/09: £3,467,000).

Differences between the actual and planned contribution receivable from each funding group are taken into account in planning the contribution receivable from each funding group in future years. As at 31 March 2010 the differences were: £135,000 (31 March 2009: £63,000) more than planned from publicly listed companies subject to FRC's levy in respect of accounting, auditing and corporate governance; £110,000 (31 March 2009: £13,000) more than planned from the insurance levy in respect of actuarial standards and regulation; and £64,000 (31 March 2009: £64,000) less than planned from the pension levy in respect of actuarial standards and regulation. Two new groups were set up and invoiced for the first time in the year ended 31 March 2010: large private companies (£683,000 over collection) and Public Sector Organisations (£2,000 under collection).

19. Significant transactions with other standard setters

The FRC raises the UK contribution to the cost of the IASB by issuing invoices and collecting monies on its behalf. The FRC does not make a charge for providing this service. The amount of monies collected during the year was £848,000 (2009: £699,000), of which £60,000 (2009: £12,000) remained to be paid over by the FRC to IASB as at 31 March 2010.

During 2009/10, payments were made to the value of £331,000 (2008/09: £162,000) which related to EFRAG.

20. Cash flow statement – cash generated from operations

	2009/10 £'000	2008/09 £'000
Surplus on ordinary activities before taxation	1,740	394
Adjustments for:		
- Interest income	(32)	(273)
- Depreciation	322	254
- Release of deferred income	(304)	(237)
- Provision for dilapidation	23	(4)
- (Increase) / Decrease in trade and other receivables	(455)	27
- (Decrease) in trade and other payables	(183)	(104)
Net cash inflow from operations	1,111	57

21. Commitments

There were no capital commitments outstanding at 31 March 2010 (2009: nil).

The commitments for the FRC under operating leases relating to the leasehold property for each of the following periods are as follows:

	2009/10 £'000	2008/09 £'000
Not later than one year	442	500
Later than one year but not later than five years	1,492	2,000
Leases which expire after more than five years	-	188
	1,934	2,688

Total commitments for the FRC under operating leases other than those relating to leasehold property are as follows:

	2009/10 £'000	2008/09 £'000
Leases which expire within one year	-	7
Leases which expire within two to five years	6	-
Leases which expire after more than five years	3	-
	9	7

22. Subsidiary undertaking

The FRC has only one wholly owned subsidiary, The Accountancy and Actuarial Discipline Board Limited (a company incorporated in England & Wales) which as explained in note 1(c) has not been consolidated. AADB Limited has no surplus or deficit for the year and has no retained earnings or net assets as at 31 March 2010.

23. Related party transactions

Key Management Compensation

The Directors represent key management personnel for the purposes of the FRC's related party disclosure reporting and their compensation is as disclosed in note 4.

Transactions with subsidiary entities

The FRC entered into the following transactions with the Accountancy and Actuarial Discipline Board Limited (AADB) during the year:

- Amounts receivable from AADB £2,825,000 (2008/09: £2,516,000)
- Contributions made by FRC towards costs of the AADB £2,825,000 (2008/09 : £2,516,000)

At the year end, there were no amounts due from or to the AADB.

Richard Fleck, a director of the FRC is a Non-Executive member of the NAO Board. The AIU of POB carried out an independent review of the financial audit practice of the NAO. In 2009/10 payments received by the FRC in respect of those consultancy services amounted to £198k inclusive of VAT.

24. Liability of members

The members 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.

Section 4 Other Information

Membership of Operating Bodies

Accounting Standards Board		
Chair	Ian Mackintosh	
Members	Nick Anderson	Head of Equity Research, Insight Investment
	Mike Ashley	Partner, KPMG – to 31 December 2009
	Edward Beale	Chief Executive, City Group plc
	Marisa Cassoni	Group Finance Director, John Lewis Partnership
	Peter Elwin	Head of Accounting and Valuation Research, Cazenove
	Ken Lever	Chief Financial Officer and Senior Vice President Numonyx BV
	David Loweth	Technical Director ASB
	Robert Overend	Technical Partner, Ernst & Young LLP
	Andy Simmonds	Partner, Deloitte
	Pauline Wallace	Head of UK Public Policy and Regulatory Affairs, PricewaterhouseCoopers – from 1 January 2010
	Professor Geoffrey Whittington CBE	Emeritus Professor, Senior Associate of the Judge Business School, University of Cambridge – to 30 September 2009
Observers	Mike Ashley	(EFRAG TEG Observer), Partner KPMG
	Ken Beeton	Director Financial Management & Reporting, HM Treasury
	Richard Carter	Company Law and Investigations, BIS
	Ian Drennan	Chief Executive, The Irish Auditing and Accounting Supervisory Authority
	Bob Garnett	IASB Board Member & IFRIC Chair

Auditing Practices Board		
Chair	Richard Fleck CBE	Former Partner, Herbert Smith
Members	Alison Coates	Vice Chair of South Central Strategic Health Authority
	Russell Frith	Director of Audit Strategy for Audit Scotland
	Marek Grabowski	Executive Director
	Jon Grant	Executive Director – to 28 February 2010
	John Hughes	Partner KPMG
	Paul Lee	Director of Hermes Equity Ownership Service
	Ronan Nolan	Partner, Deloitte Ireland
	Ian Pickering	Chair of the Audit Committees for Coventry Building Society and Bedford Hospital Trust
	Graham Pimlott	Chairman of Export Credits Guarantee Department – to 31 March 2010
	Minnow Powell	Partner, Deloitte LLP – to 31 March 2010
	David Thomas	Senior Vice President Business Risk, Invensys plc
	Tom Troubridge	Partner, PricewaterhouseCoopers LLP
	Stuart Turley	Professor of Accounting, Manchester Business School, University of Manchester
	Martin Ward	Partner, Dodd & Co
	Allister Wilson	Partner, Ernst & Young
Observers	Jim Bellingham	BIS
	Ian Drennan	Irish Auditing & Accounting Supervisory Authority
	Jon Grant	International Auditing and Assurance Standards Board (IAASB) representative
	Richard Thorpe	Financial Services Authority

Board for Actuarial Standards

Chair	Paul Seymour	Director BGI Endowment Fund II, SCOR Global Life Reinsurance UK Limited – <i>to 12 June 2009</i>
	Jim Sutcliffe	<i>from 15 June 2009</i>
Members	Mike Arnold	Principal in the London office of Milliman – <i>to 30 September 2009</i>
	David Blackwood	Group Finance Director, Yule Catto & Co plc
	Lawrence Churchill	Chairman, Pension Protection Fund, Senior Independent Director, The Children's Mutual & Monkton Group
	Harold Clarke	Director, (European Actuarial Services); Ernst & Young, Non-executive Director, Medical Defence Union
	Christopher Daws	Former Financial and Deputy Secretary, Church Commissioners; Trustee, Action for Children; Chairman, Action for Children Pension Fund
	Steven Haberman	Professor of Actuarial Science and Director and Deputy Dean of Cass Business School, City University
	David Hare	Fellow of the Faculty of Actuaries – <i>from 1 February 2010</i>
	Dianne Hayter	Chair, Consumer Panel of the Bar Standards Board and Property Standards Board; member, Insolvency Practices Council and Determinations Panel of the Pensions Regulator
	Julian Lowe	Independent General Insurance Consultant; former Aviva General Insurance Actuarial Director
	Dr Oonagh McDonald CBE	Complaints Commissioner, London Metal Exchange, ICE Futures and ICE Clearing – <i>from 1 February 2010</i>
	Mukesh Mittal	Fellow of the Institute of Actuaries – <i>from 1 February 2010</i>
	Jerome Nollet	Corporate Finance Advisor in Risk and Capital Management for the insurance industry
	Louise Pryor	Director, Actuarial Standards
	Tom Ross	Senior Independent Director, Royal London Mutual Ins. Society – <i>to 31 October 2009</i>
	Sir Derek Wanless	Chairman, Northumbrian Water Group plc
	Martin Weale	Director, National Institute of Economic and Social Research
Observers	Jon-Paul Brett	Private Pensions Policy, Department for Works and Pensions
	Seamus Creedon	Groupe Consultatif Actuariel European
	Richard Maconachie	The Actuarial Profession
	Will Price	Pensions Regulator
	Paul Sharma	Director, Wholesale and Prudential Policy, FSA
	James Templeton	Head of Institutional Investment, HM Treasury
Secretary	Peter Dingwall	

Professional Oversight Board

Chair	Dame Barbara Mills DBE QC	Adjudicator, HM Revenue and Customs; member of the Competition Commission. Director of the Serious Fraud Office (1990-1992) Director of Public Prosecutions and Head of the Crown Prosecution Service (1992-1997)
Members	Richard Barfield	A director of a number of investment trusts and adviser to two pension funds. Formerly Chief Investment Manager of Standard Life in Edinburgh
	Lillian Boyle	Lawyer and Chartered Insurer
	Anthony Carus	Consulting Actuary; Director, Royal Liver Assurance Limited. Formerly Appointed Actuary, NFU Mutual Life Insurance Society
	Iain Cheyne	Lawyer
	David Crowther	Member of the Board and Audit Committee Chair of TT Electronics plc and of the Treasury Solicitor's Department. Formerly a senior partner of PricewaterhouseCoopers LLP
	Hilary Daniels	Board Member and Chair of Audit Committee, Olympic Lottery Distributor; Independent Member, Professional Services Board of the Institute of Legal Executives. Formerly Chief Executive, West Norfolk Primary Care Trust
	Roger Davis	Member of the Competition Commission. Formerly a partner and Head of Professional Affairs PricewaterhouseCoopers LLP – to 31 December 2009
	Stella Fearnley	Professor of Accounting, the Business School, University of Bournemouth – to 31 December 2009
	Paul George	Director of Auditing, FRC, and Director, POB
	John Kellas	Recently retired Chairman of the IAASB
	Anne Maher	Director, Allied Irish Banks plc and of Retirement Planning Council of Ireland. Formerly Chief Executive, The Pensions Board for Ireland – to 31 December 2009
	Mick McAteer	Consumer Advocate
Secretary	John Grewe	

Financial Reporting Review Panel

Chair	Bill Knight	Former Senior Partner, Simmons & Simmons
Deputy Chairs	David Lindsell	Former Partner, Ernst & Young
	Ian Wright	Director of Corporate Reporting, FRC
Members	Daniel Abrams	Chief Financial Officer, Fiberweb plc
	Charles Allen-Jones	Former Senior Partner, Linklaters
	Rupert Beaumont	Former Partner, Slaughter and May
	David Cairns	IFRS consultant; Visiting Professor, London School of Economics and former Secretary General of the IASC
	Anthony Carey	Partner, Mazars LLP
	Jim Coyle	Divisional Finance Director, Lloyds Banking Group
	Jimmy Daboo	Partner, KPMG. Vice Chairman of KPMG's Global Energy and Natural Resources Practices
	Martin Eadon	Partner, Deloitte & Touche LLP
	Christopher FitzGerald	Former Chairman, Regulatory Decisions Committee, FSA
	Gordon Hamilton	Former Partner, Deloitte & Touche LLP
	Eric Hutchinson	Chief Financial Officer and Group Finance Director, Spirent Communications plc – <i>from 5 May 2009</i>
	Alun Jones	Former Partner, PricewaterhouseCoopers LLP
	Dame Mary Keegan	Former Head of the Government Finance Profession, HM Treasury
	David Mabb QC	Erskine Chambers – <i>from 5 May 2009</i>
	Desmond McCann	Former Risk & Quality Partner, PricewaterhouseCoopers LLP
	Richard Meddings	Group Finance Director, Standard Chartered plc – <i>from 5 May 2009</i>
	Barbara Moorhouse	Director General, Corporate Resources, Department for Transport
	Chris Moulder	Partner, KPMG
	Richard Murley	Managing Director, NM Rothschild & Sons
	John Nicholas	Non-executive Director and Audit Committee Chairman of Rotork plc, Ceres Power plc and Mondi Group. Non-executive Director of Hunting Plc – <i>from 5 May 2009</i>
	Andrew Palmer	Formerly Group Director, Legal and General Group plc – <i>from 1 July 2009</i>
	Richard Pinckard	Partner, KPMG
	Richard Piper	Partner with Restoration Partners Limited – <i>from 5 May 2009</i>
	Brian Pomeroy	Management Consultant; Former Senior Partner, Deloitte Consulting
	John Reizenstein	Managing Director, Corporate & Markets Division, Co-operative Financial Services
	Colin Walklin	Finance Director, Standard Life Investments
Secretary	Carol Page	Director, Panel Operations

Accountancy and Actuarial Discipline Board

Chair	Timothy Walker	Third Church Estates Commissioner, a non-executive director, London Strategic Health Authority; Trustee Prostate Cancer Charity and the De Morgan Foundation; member Scientific Council of the International Risk Governance Council
Members	Graham Aslet	Fellow of the Institute of Actuaries
	Jeremy Barnett	Barrister
	Sarah Brown OBE	Lay member, Bar Standards Board; non-executive director; Revenue and Customs Prosecutions Office – <i>to 31 March 2010</i>
	Dr Norval Bryson	Fellow of the Faculty of Actuaries and Non-Executive Director, Scottish Widows Group plc – <i>to 1 August 2009</i>
	James Gemmell	Member of ICAS, former Chairman of Horwath Clark Whitehill – <i>from 1 July 2009</i>
	Jan Kamieniecki	Formerly Partner at Bacon & Woodrow and Deloitte – <i>from 1 September 2009</i>
	James Kellock	Barrister – <i>from 1 April 2009</i>
	Neil Lerner	Former partner of KPMG, former Chair of ICAEW and CCAB Ethics Committee – <i>from 1 April 2009</i>
	Stuart McKee	Corporate Finance Partner, PricewaterhouseCoopers LLP – <i>to 31 March 2010</i>
	James Miller	Member of the ICAS – <i>to 1 July 2009</i>
	Paul Smith	Former Finance Director of Ford, member of Audit Committees of several public sector bodies – <i>from April 2009</i>
	David Thomas	Corporate Director and Principal Ombudsman of the Financial Ombudsman Service – <i>to 30 June 2009</i>
	Stephen Walzer	Solicitor, member of Solicitors Regulation Authority and Competition Commission – <i>from 1 July 2009</i>
Secretary	Anna Colban	

Abbreviations

AADB	Accountancy and Actuarial Discipline Board
ACCA	Association of Chartered Certified Accountants
AIU	Audit Inspection Unit
APB	Auditing Practices Board
ASB	Accounting Standards Board
BAS	Board for Actuarial Standards
BIS	Department for Business, Innovation and Skills
CCAB	Consultative Committee of Accountancy Bodies
CEIOPS	Committee of European Insurance and Occupational Pension Supervisors
CGU	Corporate Governance Unit
CIMA	Chartered Institute of Management Accountants
CIPFA	Chartered Institute of Public Finance & Accountancy
CPD	Continuing Professional Development
EFRAG	European Financial Reporting Advisory Group
ES	Ethical Standard
EU	European Union
FASB	Financial Accounting Standards Board
FRC	Financial Reporting Council
FRRP	Financial Reporting Review Panel
FRS	Financial Reporting Standard
FRSSE	Financial Reporting Standard for Smaller Entities
FSA	Financial Services Authority
GAAP	Generally Accepted Accounting Practice
HMT	Her Majesty's Treasury
IAASB	International Auditing and Assurance Standards Board
IAS	International Accounting Standard
IASB	International Accounting Standards Board
ICAEW	Institute of Chartered Accountants in England and Wales
ICAI	Institute of Chartered Accountants in Ireland
ICAS	Institute of Chartered Accountants of Scotland
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standard
IFRIC	International Financial Reporting Interpretations Committee
IFIAR	International Forum of Independent Audit Regulators
ISA	International Standard on Auditing
OB	Operating Body
POB	Professional Oversight Board
PAAinE	Proactive Accounting Activities in Europe
SME	Small and Medium sized Enterprises
TAS	Technical Actuarial Standard
UK GAAP	UK Generally Accepted Accounting Practice

Supporting material published on the FRC website

This Annual Report 2009/10 is supported by the following material which is available on the 'About the FRC' section of the FRC website:

Supplementary Report on our Activities and Projects 2009/10 at <http://www.frc.org.uk/about/>

Plan 2010/11 at
<http://www.frc.org.uk/about/plans.cfm>

The 'About the FRC' section of the website also gives details of:

Our organisation

Activities of our Operating Bodies
Funding arrangements

Our annual planning cycle

- Annual Plans
- Quarterly Strategic Progress & Planning Reports
- Annual Reports

In addition, the FRC website provides details of all our publications, including:

- Standards and related guidance
- Press Notices
- Consultation and discussion papers
- Reports



Contact Details

Questions about the Annual Report should be sent to:

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For general information about the work of the FRC, please see our website at: **www.frc.org.uk**

For any further enquiries, please contact us at the above address.



A stack of gold coins is positioned on the right side of the image, resting on a financial chart. The chart features a grid with numerical values such as 3,950 and 4,000. The background is a soft, warm-toned gradient, suggesting a professional and financial context.

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