

Minutes of the QCA Financial Reporting Expert Group



Held on: Tuesday 5 June 2018

Venue: Deloitte LLP, Hill House, 1 Little New Street, London, EC4A 3TR

Present:

Matt Howells (Chair)	Smith & Williamson	MH
Jonathan Compton	BDO LLP	JC
Rochelle Duffy	PKF Littlejohn LLP	RD
David Hough	RSM	DH
Peter Westaway	Deloitte LLP	PW
Anthony Robinson	Quoted Companies Alliance	AR
Callum Anderson (minutes)	Quoted Companies Alliance	CA

In attendance:

Anthony Appleton	Financial Reporting Council	AA
Ian Charles	Emile Woolf	IC
Rumyana O'Hagan	Western Selection Plc	RO

1. WELCOME TO IAN CHARLES, EMILE WOOLF

MH welcomed IC to the meeting.

IC briefly summarised his professional background and the role Emile Woolf plays in providing tuition in accounting and business skills.

IC explained that the 2008 global financial crisis exposed the deficiencies in boards' understanding of accounts and financial statements – particularly by non-executive directors – and how that can influence their ability to effectively scrutinise the actions of a company's executive team.

IC also noted that a recent House of Commons report regarding Carillion had also noted that non-executive directors had been culpable in that company's demise due to their inability to properly scrutinise the financial statements.

IC compared and contrasted the composition of boards, with a distinct focus on non-executive directors and how this was likely to continue changing in the coming years. He noted that with fewer non-executive directors coming from a finance background, it was necessary to equip this new generation of directors with the skills required to be able to hold a company's executive team to account. The Expert Group noted that this was particularly required in small and mid-size quoted companies.

IC and the Expert Group exchanged views on a wide range of topics including the need for non-executive directors to understand the Conceptual Framework, whether there should be a bespoke segment of non-

executive directors' duties to accompany Section 172 of the Companies Act 2006 and the best way to effectively train individuals to be effective and responsible non-executive directors.

IC left the meeting.

2. APOLOGIES

Apologies were received from Edward Beale, Gary Jones, Claire Needham, Matthew Stallabrass and Tim Ward.

3. MINUTES OF LAST MEETING (10 April 2018)

The minutes were approved.

4. ISSUES FOR DISCUSSION

	ITEM	ACTION
a)	<p>Independent Review of the FRC</p> <p>MH explained that Sir John Kingman had been appointed by the Department for Business, Energy and Industrial Strategy (BEIS) to lead an independent review of the FRC. He noted that a terms of reference had been published outlining the scope of the review.</p> <p>CA mentioned that he, AR and Tim Ward had met with Claire Hardgrave, Head of the Review Secretariat to offer some initial thoughts on the FRC. He added that Claire had explained that the Review would issue a Call for Evidence in the coming days.</p> <p>The Expert Group briefly exchanged views on the FRC with respect to the terms of reference.</p>	<p>None at this stage.</p> <p>CA to liaise with FREG regarding receiving views on the Call for Evidence.</p>
b)	<p>Brexit</p> <p>CA explained that the QCA had hosted a discussion roundtable with Philip Rycroft, Permanent Secretary of the Department for Exiting the European Union (DExEU), which gave small and mid-size quoted company directors the opportunity to share their insights into how Brexit is affecting their businesses. CA added that the major theme to come from the discussion was regarding skills shortages, especially in the services sector.</p> <p>He added that he and Tim Ward had also met with Kyle Galler of the European Commission Representation in the UK to discuss the UK's ongoing negotiations with the EU from a Commission perspective.</p>	<p>None.</p>

5. COMMUNICATIONS – FOR INFORMATION ONLY

	ITEM	ACTION
a)	Policy Update (May 2018) This was tabled for information only and was not discussed.	None.
b)	Guest invitations to future meetings This was not discussed.	None.

6. NEXT MEETING

Tuesday 18 September 2018, 4.30pm – 6.00pm (Venue: Grant Thornton UK LLP, 30 Finsbury Square, London, EC2A 1AG).