



nestoradvisors

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### **Role of Financial Reporting Council**

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# Financial Reporting Council

- Independent regulator – part funded by Government
- Oversees accounting profession and sets accounting standards
- Sets CG standards with consent of market since 2002
- Council includes representatives from companies, investors, auditors, professions

## FRC: Corporate Governance Committee

- Established 2004
- Comprises representatives from:
  - business (4)
  - professions (2)
  - investors (1)
  - Government (1)
- Terms of reference
  - Review developments in corporate governance
  - Undertake periodic reviews and make proposals
  - Monitor implementation of Code
  - Issue clarifications of Code

## Issues for FRC

- Regulation must be proportionate and not stifle enterprise
- Governance should support not constrain entrepreneurial leadership
- Principles preferable to prescriptive rules

## Code Review

- Allow new Code several years to become embedded
- No presumption of changes
- Full consultation with companies and investors
- Commission research on compliance
- Review disclosures
- Publish findings and consult again on proposed changes

## Current Review

- Does code support better board performance?
- Is comply-or-explain working effectively?
- Impact of Code on smaller companies
- Do disclosures provide useful information at proportionate cost?