

IN THE MATTER OF

THE EXECUTIVE COUNSEL TO THE FINANCIAL REPORTING COUNCIL

-and-

PHILIP BLACK

SETTLEMENT AGREEMENT

1. This Settlement Agreement ("**Agreement**") is made on the day of October 2015 between Jayne Astley as the Deputy Executive Counsel of the Financial Reporting Council ("**FRC**"), of 8th Floor, 125 London Wall, London, EC2Y 5AS ("**the Deputy Executive Counsel**") of the first part, and Philip Black ("**Mr Black**") of the second part. The Deputy Executive Counsel and Mr Black together are described as "**the Parties**".
2. The Agreement is evidenced by the signatures of the Deputy Executive Counsel on her own behalf and by Mr Black on his own behalf.
3. The Particulars of Fact and Acts of Misconduct against Mr Black ("**the Particulars**") as a member of the Institute of Chartered Accountants in Ireland, were prepared by the Executive Counsel in accordance with the FRC Accountancy Scheme ("**the Scheme**") and are annexed. The Particulars relate to the conduct of Mr Black, as non-executive director of Presbyterian Mutual Society ("**PMS**") regarding the preparation and approval of the financial statements of PMS for the year ends 2007 and 2008 and, more specifically, the allegations of Misconduct relate to PMS's compliance with its own rules and applicable legislation in both 2007 and 2008 and PMS's liquidity in respect of 2008.
4. Mr Black admits the Particulars, including Allegations 1 and 2.
5. The Parties recognise that the determination to be made in this case is a matter for the Tribunal member in accordance with paragraph 8(4) (ii) of the Scheme. The Parties have agreed the following terms of settlement:
 - a. Mr Black to receive a Reprimand.
 - b. A sum of £50,000 to be paid by Mr Black as a contribution towards the Executive Counsel's costs of, and incidental to, the investigation. The costs shall be paid

not later than 28 days after the date when the Settlement Agreement takes effect.

6. In reaching this Agreement, the Deputy Executive Counsel considered the following stages and took account of the following factors in accordance with the FRC's Sanctions Guidance:

Nature and Seriousness of the Misconduct

- a. The Misconduct could undermine confidence in the standards of conduct in general of Members;
- b. The Misconduct was not dishonest, deliberate or reckless;
- c. PMS was the largest industrial and provident society in Northern Ireland;
- d. Mr Black was the only practising chartered accountant and auditor on PMS's Board, Audit Committee, and Loans Committee.

Identification of Sanction

Having assessed the seriousness of the Misconduct, the Deputy Executive Counsel has determined that a Reprimand is an appropriate sanction. Deputy Executive Counsel has then taken into account any aggravating and mitigating factors that exist (to the extent that they have not already been taken into account in relation to the seriousness of the Misconduct). Having considered those additional factors set out below, Deputy Executive Counsel has determined that no adjustment to sanction is necessary.

Aggravating Factor

The Misconduct occurred over an extended period of time.

Mitigating Factors

- a. Between the end of March 2008 and September 2008, Mr Black did ask the PMS Company Secretary to take steps to improve liquidity and the cash reserves of PMS were increased to £21.7 million in that period;
- b. Mr Black has a good compliance history and disciplinary record.

Deterrence

No adjustment for deterrence is required in this case.

Other Considerations

The Deputy Executive Counsel has taken into account Mr Black's financial resources and Mr Black has confirmed that his contribution towards costs will be paid or indemnified by insurers.

7. If the decision of the Tribunal member is to approve the Agreement, including the sanction and costs set out at paragraph 5 above, then the Agreement shall take effect


from the next working day after the date on which the notice of the decision is sent to Mr Black in accordance with paragraph 8(4) (iv) of the Scheme.

8. The Agreement and annex will remain confidential until publication in accordance with paragraph 8(6) of the Scheme.


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Jayne Astley

Deputy Executive Counsel


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Philip Black


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Date


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Date

