

Sharman Inquiry Secretariat
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Dear Sirs

Call for Evidence

Mazars, the international accountancy and advisory organisation which is represented by 13,000 professionals in 61 countries, is pleased to respond to your Committee of Inquiry's call for evidence.

Our overall view

We are broadly supportive of the current guidance set out in 'Going Concern and :Liquidity Risk: Guidance for Directors of UK Companies 2009'. We would not support broadening the review to deal with a more nebulous concept such as the future viability of the business.

We do, however, believe that the financial crisis raised some issues which should be addressed by the Committee of Inquiry. It is important that there should not be an expectations gap in this important area between preparers and auditors on the one hand and users on the other.

Consideration of additional disclosures when going concern only achievable through significant changes to shape of business or significant dilution of shareholders' interests

We believe that further consideration needs to be given to the disclosures that should be made when it is considered that a business may only be able to remain a going concern through, for example, significant government intervention and/or other measures such as significant dilution of shareholders' interests or disposal of a significant part of the business other than when this is intended to occur as part of the planned implementation of the strategy of the group concerned.

Information relevant to assessment of going concern should be clearly labelled

We believe it would be helpful if material issues related to the directors' conclusions on the business remaining a going concern, together with what they consider the key risks and uncertainties relating to this conclusion, were cross-referenced or disclosed in a short discrete statement relating to going concern rather than being spread throughout different parts of the annual report.

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Consideration of possible additional disclosures

A further way to strengthen going concern disclosures would be to specifically disclose short term risks to liquidity and solvency within the going concern statement referred to above. Where relevant, disclosures might include an indication of the extent to which the situation at the reporting date would need to change for going concern to become endangered.

Disclosure of the process followed by directors in their review of going concern might also be helpful.

In seeking these additional disclosures, the aim would be to provide concise meaningful additional insights to the users of financial statements whilst most definitely avoiding extensive boilerplate disclosure.

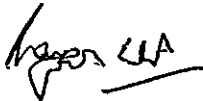
Duty to alert

The responsibility of auditors to communicate with relevant parties, such as the board or shareholders, when they become aware at any time of a situation which may call into question a company's ability to continue as a going concern varies between Member States of the European Union. We believe there would be merit in the Sharman Inquiry considering whether a 'duty to alert' should be introduced in the UK at least for larger listed companies.

Further discussion

If you would like to discuss our submission in greater detail, please do not hesitate to contact David Herbinet on 020 7063 4419 or Anthony Carey on 020 7063 4411.

Yours faithfully



Mazars LLP