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To whom it may concern,

The Institute of Certified Public Accountants in Ireland welcomes the opportunity to comment on:

‘ED Going Concern & Liquidity Risk Guidance for Directors of UK Companies’

At the outset, the FRC should consider whether the brief of the ED should be widened to cover **all entities** whose financial statements are required to show a true and fair view and not just companies. The guidance should be relevant to non incorporated entities.

Additionally, the ED makes reference only to UK companies and UK companies legislation and makes no reference to Irish companies and Irish companies legislation.

In response to specific questions asked, we would like to make the following comments:

Question 1: Do you agree that the FRC should provide guidance on going concern relevant for directors of all companies? If so, do you believe that the Exposure Draft achieves this in a reasonably balanced way?

Yes (Subject to the above). We would also like to point out that the IFRS for SME's, UK GAAP and companies using IFRS should emphasise more that the requirements also apply to very large unquoted companies, some of whom may have adopted IFRS.

Question 2:

Do you agree with the principles as drafted? If not how would you amend them?

Principle Two outlines the Review Process. There are a number of references to forecasting. We feel that the standard should make reference to the increased difficulties in forecasting in the current environment.

Paragraph 36 suggests that directors should seek confirmations from lenders in relation to future funding. We feel that it may not be practical in certain circumstances to request a lender to confirm the availability of funding into the future, particularly over a 12 month period, as many of these facilities may be repayable on demand or repayable in full on breach of banking covenants.

We feel that **paragraph 46** should be expanded to include more triggers that require a revaluation of the going concern assumption.

Principle Three: This refers to concerns in relation to going concern at the date the financial statements are approved. By definition, the financial statements will include historical information.

Question 3:

A substantial majority of commentators argued that the Guidance should provide for three rather than four conclusions, being:

- “clean” going concern conclusion, i.e. there are no material uncertainties;
- “qualified” going concern conclusion where the directors believe there are material uncertainties; and
- use of a basis of accounting other than going concern.

Do you agree with the three conclusions? If not, please explain what alternative you would suggest?

Yes we agree with the 3 conclusions approach and note that better convergence with IFRS.

Question 4:

Do you agree that the directors should disclose when the period they have considered is less than twelve months from the date of approval of half yearly and interim financial statements that give a true and fair view?

Yes we agree

Question 5:

Do you believe that it would be appropriate to replace the existing Guidance for directors with this document for periods ending on or after 31 December 2009? If not, what alternative application date would you suggest?

We agree with the proposed implementation arrangements

The Institute of Certified Public Accountants in Ireland hopes that these comments are beneficial to you and we would be happy to discuss any of the above with you.

Yours sincerely,

Declan Nestor
Chairperson, Financial Reporting Sub - Committee