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By email: s.leonard@frc-apb.org.uk

28 August 2009

Dear Steven

FRC EXPOSURE DRAFT – GOING CONCERN AND LIQUIDITY RISK: GUIDANCE FOR DIRECTORS OF UK COMPANIES

The Institute of Chartered Accountants of Scotland's Audit and Assurance Committee welcomes the opportunity to comment on the above Consultation Paper.

The Institute is the first incorporated professional accountancy body in the world. The Institute's Charter requires the Audit and Assurance Committee to act primarily in the public interest, and our responses to consultations are therefore intended to place the general public interest first. Our Charter also requires us to represent our members' views and protect their interests, but in the rare cases where these are at odds with the public interest, it is the public interest which must be paramount.

General Comments

We support the development of this guidance and welcome the principles-based format. We are pleased that the guidance is intended to be applicable to all UK companies and support the 'think small first' approach.

Our responses to the questions in the consultation paper are set out below.

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?*

We agree that the FRC should provide guidance on going concern relevant for directors of all companies, and believe that this has been achieved in a balanced way in this Exposure Draft.

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

We agree with the principles as drafted.

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

In our response to the FRC's 2008 consultation paper on going concern and financial reporting, we expressed support for the inclusion of four categories of going concern disclosure i.e. including both a 'doubt' and 'significant doubt' conclusion. While we would still prefer to retain this approach, we understand the FRC's rationale in moving to three categories and believe that this is a practical solution.

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?*

We agree that 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 as this will provide greater consistency.

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 believe that the proposed implementation date is appropriate.

I hope our comments are useful to you. If you wish to discuss any of them, please do not hesitate to contact me.

Yours sincerely



AMY HUTCHINSON
Assistant Director, Accounting and Auditing
Secretary to the Audit and Assurance Committee