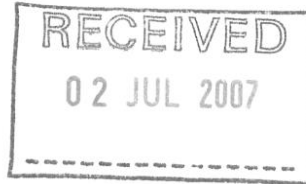


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27 June , 2007

The Secretary
Market Participants Group
Financial Reporting Council
5th Floor Aldwych House
71-91 Aldwych
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WC2B 4HN



Dear Sir or Madam,

FRC Discussion Paper - Choice in the UK Audit Market

I became especially interested in the auditing arena when Sound Diffusion, Hove went into liquidation soon after a Rights Issue and I lost all my investment in that company - along with 11,000 other investors. Surely the sole purpose of an audit is to proclaim to shareholders, investors, would-be-investors and workers the up-to-date financial position of a company? It would seem that the 1990 House of Lords Caparo Judgement was totally inadequate and should be overturned.

Answers to your provisional recommendations

Recommendation 1

The **Big Four** should become the **Medium 10 or 11** or so! At the moment the **Big Four** have too much power and too much temptation when they are producing audits for firms as well as other services. Consideration should be given to audit firms only.

Recommendation 2

Most certainly 'yes'.

Recommendation 3

Auditors must be held liable for their figures. I quote Morley Fund Management - "Further limitation of liability provides no incentive to quality and may indeed encourage auditors to cut corners and take risks."

Recommendation 4
Yes

Recommendation 5
Most certainly 'yes'

Recommendation 6
Yes

Recommendation 7
Yes

Recommendation 8
Yes

Recommendation 9
Serious consideration should be given to weaken the power of the **Big Four**.

Recommendation 10
Yes

Recommendation 11
Yes

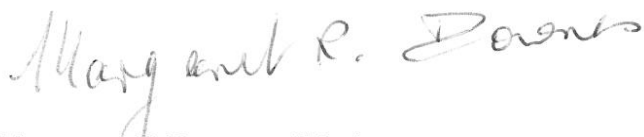
Recommendation 12
Yes

Recommendation 13
Yes

Recommendation 14
Yes

Recommendation 15
Yes

Yours faithfully,


Margaret R Downes (Mrs)