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Attention of Mr J E C Grant
Financial Reporting Council
5th Floor Aldwych House
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Dear Mr Grant,

FRC Discussion Paper - Promoting Audit Quality

I am very pleased that there is to be a discussion paper on the above. I am a private investor and my interest became really focused on the auditor problem when I subscribed to a Rights Issue in a company called Sound Diffusion, Hove and just a few months later the company disappeared along with eleven thousand investors' money - not to mention redundancy for the workers, myself included. I would humbly remind you of the debacles over the years concerning Maxwell, Barings, Bank of Credit and Commerce, London United Investments, Poly Peck, Enron etc., etc., etc.

You are well aware of the 1990 Caparo Judgement. I consider this Judgement should be overturned as it seems to me to be a major stumbling block for investors in their endeavours to obtain worthwhile information on **their** companies.

Answers to some of your questions

Q3 Are there any further steps that should be taken to build confidence in the culture of audit firms and, if so, what might they be and why are they needed?

Answer: Concentrate on auditor liability that is fair and reasonable to investors.

A6 Should there be a fundamental review of the qualification and training requirements for auditors?

Answer Definitely, Yes

Q10
Q11
Q12

Answer The scandals of just a few of the companies mentioned in my first paragraph must tell you that something drastic has to be done to eliminate the despair of shareholders, investors and **employees** (Maxwell) over the reported figures. If you cannot trust the figures you are irrevocably doomed.

Q13 Are there other external factors that have the potential to adversely affect audit quality?

Answer Yes, audit liability and the Caparo Judgement

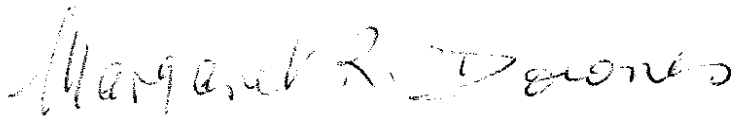
Q14 Are audit committees discharging their responsibilities in relation to audit adequately and, if not, what further steps might be taken to make their role more effective?

Answer Owners' representatives on audit committees.

I believe it is only reasonable that the Caparo Judgement should be overturned and that the monopoly of the Big 4 should come to an end.

Remember, you are not just working for shareholders and investors, you are working to protect thousands of jobs for in my time I have seen far too many companies go to the wall and it is very often the employees who suffer the most.

Yours sincerely,



Margaret R Downes (Mrs)