

Dear Audit Committee Chair,

Stephen Haddrill  
Chief Executive Officer

I wrote in the latter part of 2015 to provide some pointers for the 2016 corporate reporting season which is now in train against a backdrop of increased uncertainty and/or volatility. For example, asset prices have been volatile, oil prices have moved further, in certain jurisdictions interest rates have fallen and the UK's referendum on EU membership has been announced.

Recognising that not all businesses are affected by the same uncertainties nor to the same degree, we have been asked if we could give further guidance on how such matters should be dealt with in the annual report and accounts. We highlight that:

- The Strategic Report in particular provides an opportunity to provide the most current view of prospects. Your business may be very close to reporting and so the Strategic Report may need careful review by the board before it is issued to ensure that statements which may have been drafted some time ago in preparation for the reporting season remain pertinent.;
- Key to an understanding of the company's prospects will be disclosure of the directors' judgements as to the principal risks and their potential impact. It is for directors to determine which are the principal risks and why. In some cases the range of potential outcomes may be wider than previously and accordingly you may need to provide more disclosure as to sensitivities to aid understanding;
- Accounts should be drawn up on the basis of the conditions existing at the balance sheet date. Events or information coming to light at a later date which affect valuations need careful consideration and may need to be disclosed. The range of outcomes you have considered to be reasonably possible may need to be revisited;
- Financial Reporting Standards require companies to disclose material post balance sheet events including the nature of each event and its estimated financial impact or a statement that such an estimate cannot be made; and
- You may also need to consider whether the events have a material effect on the preparation of the accounts on a going concern basis of accounting and/ or whether there are material uncertainties relating to that assessment requiring disclosure.

I would welcome your feedback as to whether my writing to you in this way is helpful in promoting high quality corporate reporting.

Yours sincerely



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