

James Ferris
Project Director
Financial Reporting Council
8th Floor
125 London Wall
London
EC2Y 5AS

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By e-mail: AAT@frc.org.uk

Dear Mr Ferris

Discussion Paper Auditors and Preliminary Announcements

We welcome the opportunity to comment on the above discussion paper. We have not commented on the individual options outlined in the discussion paper as, in our view, it is not clear that this is an area of concern to investors.

We believe the current system works well and is fit for purpose. In our experience, the Preliminary Announcement (and all other external financial communications, including trading statements), are reviewed by the Audit Committee before being published. The Audit Committee seeks to ensure that all communications issued are 'Fair, Balanced and Understandable' not just the Annual Report and Accounts.

Whilst we are aware that some investor groups are unclear of the work undertaken by the auditors, and that this can vary from company to company, we believe that the content of the audit report is not usually their primary interest. The discussion paper makes reference to other investor concerns, such as the delay in publishing Annual Reports following preliminary announcements, and certain options seeks to address this directly. However, there is no analysis of the reasons for such 'delays'. Whilst the majority of our members issue their Annual Report and Accounts alongside the Preliminary Announcement, we recommend that the FRC assesses the practicality of mandating auditors to sign their audit opinion on the Financial Statements before the Preliminary Announcement is issued as this may not be feasible in practice for those companies which do not publish simultaneously.

Furthermore, whilst we note that the discussion paper makes reference to some legislative and regulatory requirements, these are again focused on the interactions with auditors and not the responsibilities of Directors in relation to preliminary announcements. We do not consider this list to be comprehensive, and omit a number of material matters which Directors must take into account. The practical implications of the interaction of these requirements and the FRC's proposals is far from clear. We also encourage the FRC to consider the requirements of other listing regimes; a number of our members (and non-FTSE 100 companies) are not only listed on the UK Main market. Any divergence between UK and other requirements could unintentionally reduce the relative attractiveness of the UK for investment and new listings.

We note that in paragraph 6 you comment "Our discussion paper is intended to identify some of the options which have been identified in the course of our initial outreach, and to encourage a wider group of stakeholders to contribute to the discussion". However, from engagement with certain of our stakeholders, we understand that they do not intend to respond to the FRC on the basis that, in their view, the discussion paper is predominately aimed at the corporates and auditors. As such, we are concerned that by presenting

stakeholders concerns as being predominately addressed by changes to auditor requirements you may have unintentionally narrowed stakeholder engagement and therefore the response received may not be representative of the investor community, whose concerns you are seeking to address.

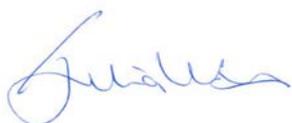
Finally, we encourage the FRC to review the suggested options against the government's commitment to cut red-tape and lower the burden of regulation, which we support. The majority of the options outlined in the paper seek to increase regulation and therefore will increase the burden on our members as preparers.

Who we are

The 100 Group of Finance Directors represents the views of the finance directors of FTSE 100 and several large UK private companies. Our member companies represent almost 90% of the market capitalisation of the UK FTSE 100 Index. Our aim is to contribute positively to the development of UK and international policy and practice on matters that affect our businesses, including taxation, financial reporting, corporate governance and capital market regulation. Whilst this letter expresses the views of The 100 Group of Finance Directors as a whole, those views are not necessarily those of our individual members or their respective employers

Please feel free to contact us through the 100 Group's website, www.the100group.co.uk, should you wish to discuss our comments.

Yours sincerely,



Julia Wilson
Chairman
Investor Relations & Markets Committee