



The Hundred Group
of Finance Directors

Investor Relations & Markets Committee

By email

Steven Leonard
Financial Reporting Council
5th Floor
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31 August 2009

Dear Steven

Going concern and liquidity risk: Guidance for Directors of UK companies Exposure draft

We are pleased to submit our comments on the above proposals.

Who we are

The Hundred Group is a non political, not-for-profit organisation which represents the finance directors of the UK's largest companies, with membership drawn mainly from constituents of the FTSE100. 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 Hundred Group of Finance Directors as a whole, they are not necessarily those of our individual members or their respective employers.

Summary

The Hundred Group welcomes the work of the FRC in co-defining this important area. In our experience, practice had evolved, with the guidance having become outdated.

We support the aims and conclusions of this project, and have only minor comments to make regarding the specific consultation questions and include them in Appendix 1.

We are aware of the APB's Clarity ISA project and note that one of the "UK pluses" is the period over which Going Concern is considered – be it twelve months from the balance sheet date or from the date of approving the accounts. Whilst the Hundred Group does not believe in such "bright-lines", nor would we wish to be advocating a shorter period, we suggest that this is an area where regulation might be aligned.

Please feel free to contact me if you wish to discuss our comments on the proposals.

Yours sincerely

Peter Williams

The Hundred Group – Investor Relations & Markets Committee

Appendix 1 – Responses to consultation questions

Question 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 support the FRC's aims and conclusions with regard to this project.

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

Yes.

Question 3: Do you agree with the three conclusions? If not, please explain what alternatives you would suggest.

We agree with the three conclusions.

Question 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?

Yes. We believe this will provide decision useful information to investors.

Question 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 recommend that the FRC progresses quickly to complete this project and encourage early application of the guidance.