

CAD-03257

# THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SCOTLAND

HEAD OFFICE: 27 QUEEN STREET EDINBURGH EH2 1LA TELEPHONE: 031-225 5673 TELEX: 727530 TELEFAX: 031-225 3813

19 December 1990

BY HAND

*Dear Sir Adrian*

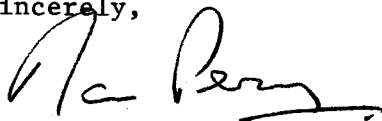
I am delighted that you are able to join me for dinner on Tuesday 8 January 1991. The dinner will take place in the small Reception Room at The Institute of Chartered Accountants in England & Wales, Moorgate Place, at 7 for 7.30pm.

I have prepared a paper for discussion and have pleasure in enclosing a copy. Its purpose is to act as a catalyst for discussion. I would also like to consider with you a way forward for mature consideration of the views and other matters that arise from our debate.

I look forward to seeing you on 8th January and in the meantime, I wish you a very enjoyable Christmas and New Year.

Kind regards.

Yours sincerely,



Professor J P Percy  
President

Mrs Sarah Brown  
Sir Adrian Cadbury  
Andrew Hugh Smith  
Penn Kent  
Michael Lickiss  
Geoffrey Maitland Smith  
Mick Newmarch  
Christopher Swinson  
Ian Tegner

Department of Trade & Industry  
Pro-Ned  
International Stock Exchange  
Bank of England  
President of ICAEW  
Member of the Financial Reporting Council  
Prudential Group  
BDO Binder Hamlyn  
Immediate Past Chairman of the 100 Group and  
Senior Vice President of ICAS  
Ernst & Young, Chairman of the Business  
Legislation Unit of ICAS and Junior Vice  
President nominate  
Secretary & Chief Executive of ICAS

Nigel Macdonald

Peter Johnston



1) Integrity of info. Analysts' role.  
Base info on which statements publicly made  
Resp of bd. espec of Fin Dir.

2) Fifth Dir. majority non-execs.  
Board structure. Impte. m.e.d's. Clmn. independt.  
Clmn's role.

3) Audit Ettee. resulting in abnegation by others.  
Need to ensure that while board understand figures & statements.

4) Fraud.  
Board resp.

5) Info. to institns, / pens funds  
Self-regulation. ask ?'s.  
Auditors & other services.

Info-system.

Strengthen audit function.

Improved shades of grey  
Some back-up Review Panel,  
Professional Practice Ettee.

Impte. of auditors to mgt.

Alcs. Statements of key judgments

(Continuing

① Report & Alcs. too much discretion.. logical base.

② Impte of auditors to mgt.

③ Role of analysts. ④ Structural.