

Communications with City,
Investor Relations:

Corporate reporting

Companies likely to follow.

Who are customers are?

Alct-driven

More transparency.

1/4 Reports. Auditor's subject.

Learning curve

1) Close-off diversity of presentation

2) Liston.

3) Collapses, defenses of audit

Auditors - non-exec - arbitrator.
fair view
- 2 tier board

4) Fin. disc. implics of corporate governance

5) Donaldson NYSE, internationalise.

Firm, practical, business view of auditor
scope of audit defined, fees agreed

No trade-off.

Audit Office. Cm. has mgt.

Opportunity, David Tweedie.

Act. by Inter. Stds. Office.

Higher std. UK, will lead Europe.

David Theedie

Intangibles, goodwill is solvable.

Examples, knock-on effect.

IPR. Office

Booz Tech. Office

will help if improve

future — financing in place

— outline strategy

Must have plans for future.

Give steer.

Discretionary expenditure.

From a cog. pt. of view. Focus on fin. rept. ^{quality}

1) 1/2 yearly (audit?)

Who/what to communicate

Sizes/types co — listed co's
(public interest)

Listed co's leadership example.

2) Scottish entry via internal audit well before
Case for audit coes? How developed? ^{end year}

Broad soft. for audit coes.

3) Criticism of audit reports
How apptd. paid,

4) Corporate reporting. Who? What?

Which audience? Legislative requirements?

5) Regulatory authorities

~~All in fitting line~~ let here clarity.

Insurance — compulsory indemnity insurance

Michael,

2nd May

Bank, Stock Exchge. F.R.C.,
C.B.I., Law Sec. A/cg. DTI
Under Sec

Institute Sec.

Assume s/hldrs can/will exercise
rights/reops.

? What is flow of info. Which
s/hldrs. need to enable them
to exercise these.

Report & A/c's

Conflicts of interest between duties
S/Wd.B. / mgt. → Keep things quiet
↳ services as cheaply / ~~effectively~~ ^{as}
S/Wd.B. will be telling what S/Wd.B.
to do,

Report & A/cs. Primary resp. mgt.
What is Co. for? how is it doing?
Purpose first, figs to substantiate

Auditors. — much \neq , little risk,
as many add ~~ons~~ as parts.

Responsibilities first.

Policy & Exec. Ctee → Council — Corporate Affairs Ctee.

Inv's - professions - legal posn. auditors in U.S.

Timetable?

Written submissions at outset

ASB fine.

Concerns, shldr./Bd relationship, s/term/long term

What is real meaning audit / relationship Bd.

Resp. of dir's, strengthening text, reops, Fraud.

Self-appointed body report to ourselves, FRC, S. Exchge, A/cg bodies, Bank.

Rece. addressed

1) What are today's reops? Today's realities eg. meaning of co, repts,

Comment as well as qualification, less damage,

shldr involvement in auditors.

shldr.

Sensible commercial practice vs disclosure vs, improve info.

How much do you say about investment, plans etc. disclosure competitive strengths.

Sensible plans in place.

FRC. sees that boards are funded effective. Public opinion in favour of good company reporting.
ASB.

Role of NED's. Guinness memo/articles. Specific req?
Appt. of auditors. Salaries of exec. Bd members.
Assessment of Bd's effectiveness. Stake of Co.
Resp. to board to appraise & feed in collective comments.
Develop judgements/anxieties, service to board
Indept. Jdgy. / board expece. Strategy/Risks.
Long term succession. Sensitive to situ, improve usefulness of boards.

Selection

Play stronger role, select = mgt. appts, professionally
Mentor/link?
At least 3, mass

Audit

Audit offices of non-execs, + fin/dir/int. audit present
Weakness of auditor's position. Bus. pt. of view prevails.
Panel review. No opinion shopping / consult's opinion.
Should's action in not taking up issue.

Co. limits
action that fees.

Competre tender? Removal procedure serious?

Audit/consulting? Time limit? Audit tendered on full cost basis
Septe. parts

Co Repts

Structure / emm's view / all 4 views
Best way helping shld's.

Not's impt. part expressly financ. part but words vital.
Short report on which form views \leftarrow full but informative content.

Negative report. Basically O.K.

Half yearly

Balance sheet? Othly.

Argument

Good practice - 100 Gp. Stock Exchge. ICAEW. SCA's.
Many firms

Politicians
Never forget the mts

Financial Reporting & Auditing Group

Stat. defn. auditor's resp.
Stat. reqmt. adequate internal controls

Appt. / remuneration auditors
Cagaro.

End year. First looking info.
Internal Controls

Adequate controls, adequate resources
o/s look at plans.
Preserve dir's resp. for a/c's.

Auditing Practices Bd. - Morrison

Auditor's resp.
Insolvency
Resources to

Auditors appt / remuneration

Europe? Decide on line first. Shld's. don't have to adopt a/c's.
Discharge. accept

Problem is one of co structure. Shld's. rely on auditors for clearance.
Shld's / auditors; if Bd. more supervisory.

Exit statements by auditors - needless publicity / defamatory statements.

Complaints but no guidance on future projects.
Establish dir's need to give tests.
remuneration, future etc. control systems.

Relationship auditor / clients. Audit ethics, independt. ethics.
Independt mind, objective ?'s. rather than exec.

Bad business to overstate results. - channels.

SEC. require auditor's report, as under Banking Supervision.
non-compliance,

Measured view.