

CAD-03257

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SCOTLAND

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19 December 1990

BY HAND

Dear Sir Adrian

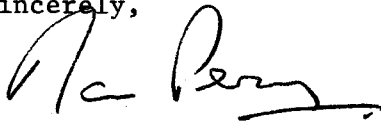
I am delighted that you are able to join me for dinner on Tuesday 8 January 1991. The dinner will take place in the small Reception Room at The Institute of Chartered Accountants in England & Wales, Moorgate Place, at 7 for 7.30pm.

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.

Alc's. Statements of key judgments

(Continuing

① Report & Alc's. too much discretion.. logical base.

② Impte of auditors to mgt.

③ Role of analysts. ④ Structural.