

CAO-01/35
Adrian

Spades.

COMMITTEE
ON
THE FINANCIAL ASPECTS
OF CORPORATE GOVERNANCE

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13th December, 1991

Andrew Hugh Smith, Esq.,
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Dear Andrew,

As we work towards our long meeting on 20-21 January, I would like to be quite sure that I have a clear view about why our sponsors set us up, and what they want us to address. I am thus writing to you, Sir Ron Dearing, and Mike Lickiss.

We shall be discussing at next week's meeting a revised version of my note on 'Standards of Financial Reporting and Auditing'. This reflects discussion at the last meeting of the Committee and comments received subsequently from Andrew Likierman. I would be considerably reassured if I had your confirmation that it reflects your perception of the problems we were set up to address. Please let me know if you think that the rationale on the first four and a half pages can be improved. I should also be glad of your views generally about the issues on which you think the Committee should be focussing, and those you think we should leave alone.

I know that Andrew Likierman takes the view that, without entering an academic debate, we should counter the views of those who would say that the problems of creative accounting and so forth do not matter because the market will see through them. My note will need expansion when we have aired the issue further, and any views which you yourself have will be very welcome.

With best wishes

Yours

Adrian

Adrian Cadbury
Chairman