



LETTER OF COMMENT NO. 26

December 8, 2008

Financial Accounting Standards Board
Attn: Technical Director— File Reference No. 1650-100
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

RE: File Reference No. 1650-100
Exposure Draft on *Going Concern*

Dear Technical Director, Board Members and Staff,

The Accounting and Auditing Committee of The Ohio Society of Certified Public Accountants is pleased to express its views on the exposure draft, "*Going Concern*."

In general we concur with the views expressed in the Draft, with the following exceptions:

Time Horizon over Which an Entity Should Evaluate Its Ability to Continue as a Going Concern

Question: Do you agree with the Board's decision to remove the bright-line time horizon in AU Section 341 in favor of the guidance in IAS 1? If not, why?

Response: While we appreciate the theoretical basis for removing the bright-line time horizon from the guidance, practical situations when the bright-line time horizon has been abused seem to be rare. Accordingly, an alternative to eliminating the bright-line time horizon might be to lengthen it to a timeframe considered more likely to avoid the concerns regarding events or conditions occurring just beyond the one-year time horizon.

Also, we believe the change could expose both management and auditors/accountants to additional litigation. Specifically, we are concerned that financial statement users will expect those preparing and reporting on financial statements to alert them to events or conditions they did not know existed, but claim they should have known.

Question: Do you believe that this time horizon is helpful and operational? If not, why?

Response: We are concerned how this standard will be applied in practice by management, and how underlying affirmation will be audited by the auditor. Going concern typically involves a high level of subjective judgment about current ability, future events and the company's competitive positioning in the marketplace.



We also are concerned that the revised guidance could become a point of contention between management and auditors, with a possible outcome being management's assertion of going concern and an auditor's opinion reflected in the form of a qualified opinion on that issue. While such friction likely exists today, it typically is expressed in a going concern opinion by the auditor, and not in a form that evidences a direct and very public disagreement over going concern between auditor and management.

Further, we are concerned that the requirement in IAS 1 to consider "all available information about the future" will not be used consistently. For example, the nature, type and volume of information available will vary from company to company. Some companies may prepare detailed cash flow projections, while others may not. Are these detailed cash flow projections required? Will they be expected by users of financial statements? If so, how many years should be prepared?

Other Matters

We recommend that the FASB obtain views from the ASB, ARSC and PCAOB regarding the impact on auditing, review and compilation standards. It appears there will be some inconsistency with existing guidance that could cause further confusion.

Further, we believe the FASB should establish a specific effective date rather than after ratification of the FASB Accounting Standards CodificationTM. Presently, the effective date is for financial statements ISSUED after the ratification of the codification. Given the Board's present intention to ratify the Codification in the March/April 2009 timeframe causing the entire going concern paradigm to change near the date many financial statements will be issued, which doesn't seem operational.

We appreciate the opportunity to provide feedback to this exposure draft and welcome any opportunities to discuss further our responses above.

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