

Areas suggested for consideration by the panel:

1) Internal Control elements and reporting needs scaling down for private companies because , there is no holding out to the public or sanctity in reporting on these. The lenders and private financiers have their own methodology to assess the requirements. customer, before getting into the length and breadth of committing finances-especially in current economic conditions.

2) AICPA could work hand in hand with Banking sector to push legislation or risk control in lending by every commercial lender(public or private) to insist on audited financials for at least two years , along with every loan application or request for financing facility. The private Company in liaison with banks etc, could come up with a cut off range for total assets or revenue based category for these requirements. For eg. Businesses with \$10mm in total assets or say \$ 50 million in gross revenue- need to include an audit report at least covering a complete fiscal year.

Companies above that range - requiring at least 2 years of audit report before an extension or renewal of facility could granted for commercial loans and facility.

For Companies below that range the banks could accept two years review report- in lieu of audit report.

This way, there will be a trail of verified information for commercial lending considerations at all levels of customer base for the banking institutions.

This also ties up with IRS requirement of accrual basis and GAAP statements for companies in the range of \$10mm in assets . This requirement worked well in some of Asian countries- where the economy is still financially stable and there is more accountability on the part of both lenders and consumers. They did not go for securitization and sale of paper promises or paper assets!

3) In the alternative the banks and lenders could also accept tax basis reports WITH DISCLOSURES for smaller companies or those customers with lesser spread of equity .