We have the following comments on the Exposure Draft issued related to "Going Concern."

## AU 341.11 indicates that:

When, primarily because of the auditor's consideration of management's plans, he concludes that substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time is alleviated, he should consider the need for disclosure of the principal conditions and events that initially caused him to believe there was substantial doubt. The auditor's consideration of disclosure should include the possible effects of such conditions and events, and any mitigating factors, including management's plans.

The Note to Recipients of This Exposure Draft indicates that "It would require certain disclosures when either the financial statements are not prepared on a going concern basis or when there *is* substantial doubt.

In addition, the Summary indicates that "The objective of this proposed Statement is to ...(2) require disclosures when either the financial statements are not prepared on a going concern basis or there *is* substantial doubt."

Paragraph 7 of the standard indicates that "When management is aware, in making its assessment, of material uncertainties about events or conditions that *may* cast substantial doubt upon the entity's ability to continue as a going concern, the entity shall disclose those uncertainties.

Our assumption would be that under paragraph 7 disclosures would be required even when management has concluded through their assessment that the entity is a going concern after considering management's plans and other factors to be considered according to the proposed standard.

We are a large regional public accounting firm.

We rely heavily on the language in AU 341.11 to require our clients to disclose in their financial statements relevant management plans related to their ability to continue as a going concern when we have had to devote substantial evaluation to that assessment during our audit engagement.

We would like to suggest that additional language be added to the standard to clarify that disclosure would be required under paragraph 7 even when management has concluded that the entity is a going concern when substantial consideration needed to be given to management's plans and other factors outlined in the exposure draft as to matters that lead to the need to assess management's plans in concluding about an entity's ability to continue as a going concern.

That is, we realize that an assessment needs to be made on every audit engagement. In many instances the entity's ability to continue as a going concern will usually be readily apparent.

But in those instances where an entity's ability to continue as a going concern was not readily apparent, and significant consideration of management's plans was necessary, appropriate disclosures should be required even when the conclusion is reached that the entity is a going concern.

Our interpretation is that the use of "may" in paragraph 7 would require these disclosures. However, we would appreciate the addition of clarifying language in this area indicating that

disclosures would be required even when the conclusion has been reached that the entity is a going concern.

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