

15 January 2010

Ms Hazel O' Sullivan
Project Director
The Auditing Practices Board Limited
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London WC2B 4HN

Dear Hazel

Please find below a response to the 'Consultation on Audit Firms providing Non Audit Services to Listed Companies that they Audit' questions.

1. (a) I do not believe the provision of non-audit services should impact the confidence in the independence of auditors. The most valuable asset of an accounting firm is its reputation. Very rarely will any client be of sufficient size to any firm to risk its reputation in the pursuit of fees. The ethical standards applied within the accounting firms represent an effective tool with which to safeguard the firm's reputation.
- (b) I am not aware of any instance in which the provision of non audit services has or may have impacted audit quality.
2. Not applicable.
3. I do not believe there needs to be a change in approach of the APB.


The accounting firms, as discussed above, have a vested interest in effective self regulation to maintain their reputation. The more active role of Audit Committees in conjunction with increased external reporting has, from a Company perspective, already had the desired effect of reducing the level of non-audit activity as evidenced by the significant reduction in the ratio of non-audit fees to audit fees.

To place further restrictions on the use of non-audit services will inevitably lead to increased cost for business for arguably lower quality service. A good accounting firm, through the provision of the audit, will develop a deeper understanding of the business through which to leverage a more cost effective higher quality output of non-audit services.

4. I do not believe any changes to the current arrangements are required.

5. As outlined in 3. I believe there are sufficient checks and balances in the governance framework that operate effectively rendering the regard for perceived benefits to be unnecessary.
6. I believe the current governance framework to be effective giving companies the flexibility they require. In the current challenging economic environment it is difficult to rationalise the justification for change from a framework that is working effectively to one in which there is an increase in cost and potential reduction in the quality of output.

Yours sincerely



John McConnell
Group Finance Director