

## Hazel O'Sullivan

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**From:** Rick Medlock [rmedlock@inmarsat.com]  
**Sent:** 27 January 2010 12:47  
**To:** Hazel O'Sullivan  
**Subject:** APN Consultation - Provision on Non-Audit Services by Auditors

Dear Ms O'Sullivan

I am writing to you in my position as Chief Financial Officer of Inmarsat plc, a member of the FTSE100, as well as Audit Committee Chair for three private companies, two of whom may be coming public on the LSE this year. I was also, until November 2008, Audit Committee Chair at Thus plc.

We would strongly argue that there should be no further changes made to restrict our auditors from offering non-audit services. There are a number of reasons why we believe that the current status quo is perfectly fine and why change would be detrimental.

1. The current rules are very clear; there is very good scrutiny by boards and audit committees today and disclosure is clear. This is evidenced by the reduction in non-audit fees over the last few years.
2. We need freedom of choice; in many cases it is only the big four firms who can offer these services - tax advice, transaction support etc; We are already limited in what one of those firms, our auditors, can offer and in many acquisition or merger situations, other firms are conflicted. Therefore there will be a restriction of choice and flexibility. In essence, it would reduce competition for both audit and non-audit services.
3. The auditors are best placed to offer many of these non-audit services. It clearly makes no sense to have to use a completely separate firm of accountants to prepare, for example, the long-form reports or review listing particulars for an equity or debt offering. I will have to educate a second firm and face much higher costs, both internally and externally, as a result. This simply would be separation for separation's sake and would be a disservice to investors.
4. If these changes go ahead, I worry about the long term quality of the audit profession. If audit firms can only undertake audits, how will they attract the best graduates to perform those audits? It is the variety and experience of working on many different facets of accounting work that allow the audit firms to attract and develop their staff and offer the best service to clients. If you go down this route, we may as well nationalise the audit industry or get the Inland Revenue to do the audit. The consequence of that will be a relocation of many companies out of the UK and London will be seen as a very unattractive place to list your company.

I sincerely hope that the APB will reject these proposed changes.

Yours sincerely

Rick Medlock  
Chief Financial Officer  
Inmarsat plc

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