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Hazel O'Sullivan
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25 January 2010

Dear Hazel,

I attach our response to the APB Discussion Paper on "Audit Firms Providing Non Audit Services to Listed Companies they Audit."

Yours sincerely



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25 January 2010

Dear Sirs,

Response to APB Discussion Paper “Audit Firms Providing Non Audit Services to Listed Companies that they Audit”

In recent years the governance framework around the provision of audit and non-audit services has been significantly enhanced. The current governance framework is effective and gives companies the flexibility and choice that they need to decide on the right providers for non audit services. Furthermore, audit committees are more conscious than ever of their fiduciary and moral responsibilities, with existing requirements being well understood and managed. Company policy is consistent with the Ethical Standard 5 and with the Sarbanes-Oxley Act. The policy outlines those services that external auditors are permitted and prohibited from providing. It also outlines a rigorous approval process for audit and non audit services.

There are many examples where the use of an auditor in the provision of non audit services is considered logical. In particular, in an increasingly complex global business environment, the auditor’s knowledge and experience of the business can be utilised to the Group’s advantage in many areas thus ensuring efficiency in costs to the Group. There is, in place, independent regulatory inspection of firms’ audit work and we strongly believe that these safeguards – along with the professional application of their duties - do not compromise auditor independence when providing non audit services.

We believe that the Company is best placed to decide which firms provide non audit services. The Board applies rigorous criteria to the selection of firms for the performance of non audit work. The appointed auditors are subject to the same diligence process as any other potential vendor, including, but not limited to, capability, subject knowledge and value for money. Clearly there are situations where the use of an auditor may not be deemed applicable, for example on the grounds of capability or where an alternative view may be required. In either case, it is the Board that is best placed to make this judgement.

Concerns regarding the appointment of an auditor in the provision of non audit services can be managed via greater disclosure in the Annual Report and Accounts. This allows a framework where a Board can explain its decision making should external stakeholders raise any issues or concerns.

In light of the improved governance in place, we are of the opinion that no further restrictions are necessary to companies in deciding on the choice of firms for the provision of audit services.

Should you wish to discuss our response in any more detail than please contact me so that we can arrange a suitable time.

Yours sincerely

A handwritten signature in black ink, appearing to be 'A. S.', with a long horizontal stroke extending to the right.