

14 December 2009

Hazel O'Sullivan
Project Director
The Auditing Practices Board Limited
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Dear Ms O'Sullivan

Consultation on audit firms providing non-audit services to listed companies that they audit

I am replying to the letter of 23 November in my capacity as Chairman of the Stagecoach Plc audit committee.

We believe that the current guidance in relation to non-audit services is sufficient and we would not like to see any further restrictions. We consider that the trend to assume that all relationships are potentially dishonest, and to seek to regulate from outside an organisation on this basis, is one that leads ultimately to the emasculation of company Boards - to the detriment of investors and other genuine stakeholders.

We do not believe that auditors should be prohibited from providing any non-audit services to their audit clients. As is presently the practice, the audit committee should police these services on behalf of the Board. Accordingly we do strongly support the current APB approach to such services.

The current list of prohibitions is, in our opinion, sufficient as is the level of disclosure in the financial statements. We would not support a requirement for further disclosure.

We do believe that a further unnecessary burden would be placed - for no apparent real benefit - if the UK stepped out of line on this issue. The principal negative would be the restriction of choice available to a Board to run the business of the company in the way it best sees fit. In many circumstances the use of a company's auditors is the best choice. We do not believe there would be any impact on the quality of audit services if further prohibitions were introduced, nor on the concentration in the FTSE350 audit market.

Stagecoach does use firms other than its auditors, based on a range of considerations largely unaffected by the disclosure requirements.

Yours sincerely

Garry Watts