



**The Quoted
Companies Alliance**

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1 August 2008

Dear Chris,

**CHOICE IN THE UK AUDIT MARKET: PROGRESS REPORT AND FURTHER
CONSULTATION**

The QCA, representing small and mid-cap quoted companies, welcomes the FRC's progress report. However, as the data in Appendix 2 demonstrates, concentration among the "Big 4" is not a particularly significant issue, other than for the largest (FTSE-250) companies and thus is not a major concern for those represented by the QCA.

With the exception of the small number of very large and complex multinational corporates where the sheer scale of the audit task requires an audit firm with commensurate resources, there is generally sufficient choice of audit firms. However the QCA welcomes further progress on implementation of the MPG recommendations aimed at removing impediments to using a non-"Big 4" firm by increasing confidence amongst companies and market participants that sufficient capacity and quality exists outside the "Big 4". The FRC draft guidance makes a positive contribution to this objective. Whilst progress in this regard will have most immediate benefit for large and medium size companies when choosing an auditor, it should also promote increased market efficiency and enable some corporates to reduce their audit costs.

To identify whether sponsors/nomads have any influence on auditor selection, especially at the smaller end of the market, it would be useful if an analysis was prepared showing the auditors used when sponsors/nomads bring a company to market.

We hope you find these comments helpful, and if you require any further information or views, please let me know.

Yours sincerely,

John Pierce
Chief Executive

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*Reviewer and author of paper