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Dear Ms Trickett

Reporting on Audit Quality Monitoring

I refer to the letter sent to me on 21 August 2006 by John Grewe seeking our views on Reporting on Audit Quality Monitoring and how it might be updated in the light of experience since adoption and from guidance issued elsewhere in the world.

SABMiller is one of the world's largest brewers with a presence in 40 countries, and outside of the USA one of the largest bottlers of Coca Cola products. We are listed on the London and Johannesburg stock exchanges and a member of the FTSE100 index.

Question 1 - To which of the arguments set out in Part 5, for and against extending public reporting of AIU inspections, do you attach most weight and why?

We attach most weight to the argument that any change in process may result in the inspection process becoming more compliance focused and will almost certainly result in a more "tick-box" approach to auditing. We are also concerned there is a risk that the process becomes more legalistic and result in fewer points being raised with the audit firms.

Question 2 – Which of the options set out do you favour, and why? Do you share our view that the nature of weaknesses at a named firm should be disclosed only after the firm, in the opinion of the Oversight Board, has failed to respond positively and promptly to recommendations made to them by the AIU?

We do not favour options F-H where the reports or summaries on individual reports are published. We would not favour at all any indication of which client audits had resulted in the findings being reported upon.

We do agree that some change in current procedure may now be appropriate and the large audit firms are used to such enhanced reporting in other parts of the world. We agree with Option C whereby a section of the Public report by the Oversight Board addresses where audit firms have made insufficient progress in addressing AIU recommendations or have failed to cooperate with the AIU. We do agree that it would be most appropriate to publish these matters at one agreed time in the year rather than on a case by case basis.

Question 3 - Do you think that information from AIU inspections on individual audit firms and/or their audits of individual companies should be made available privately to audit committees? If so, what do you think is the most appropriate way of achieving this?

We are pleased the Consultation group has recognised the linkage with management and audit committees' responsibility to review the effectiveness of their auditors and that AIU findings could be a helpful part of the review. We do not believe that our management or audit committee needs a summary of generic matters noted about a particular audit firm. Such findings may not be appropriate to our audit. We believe, if serious, such generic findings would have been made public through Option C in any case where inherent weaknesses were not being addressed. We do however believe that any AIU findings (both positive and negative) on a reviewed audit undertaken on a company should be shared with that company, both with its Finance Director and the Chairman of the Audit Committee, on a private and prompt basis. This would best be undertaken after the AIU review had been finalised or within a set time period where a dispute was ongoing between the AIU and the audit firm as to the findings. Where such a dispute was ongoing we feel that the Company would have a valid input/view to/on the resolution of that dispute.

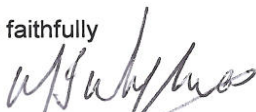
Question 4 - How would you quantify the costs and/or benefits of the options?

We broadly agree with the assumptions noted around costs and benefits of each option. We would also suggest there is an unquantifiable cost if following any change in reporting by the Oversight Board the current audit approach adopted became more "tick-box" and mechanistic as is evidenced in other parts of the world. The UK governance model is very much principle and not rules based and the audit inspection and the audits on which it opines should mirror this.

Transparency Reporting by Auditors of Public Interest Entities

We are also taking the opportunity within this letter to comment on the Consultation document sent at the same time by John Grewe on Transparency Reporting by Auditors of Public Interest Entities. We have little to add to the debate except that the current voluntary arrangements adopted by large audit firms seem appropriate to us and that the Directive should be implemented as simply as possible with the intention to conform with the manner in which the big firms have voluntarily complied with these rules and without adding any further unnecessary burdens.

Yours faithfully



M I Wyman
Chief Financial Officer

Cc John Grewe – Professional Oversight Board