

**COMMENTS OF BDO LLP ("BDO") ON THE COMPETITION COMMISSION'S WORKING PAPER ON THE SUPPLIERS OF STATUTORY AUDIT SERVICES TO LARGE COMPANIES**

**1 THE STRUCTURE OF THE UK FIRMS AND THEIR INTERNATIONAL NETWORKS**

1.1 Paragraph 2 refers to the international networks "*employing between 145,000 partners and staff in total*", but partners are generally not employees of their firms.

1.2 Paragraph 3 purports to distinguish the international networks of "*other large firms*" from those of the four largest networks, in particular as to the extent of geographic coverage. It states: "*These networks have member firms in between 69 and 135 countries, compared with the 150 countries of the four largest networks.*" BDO is concerned that:

(a) this is factually incorrect, as EY's network has a presence in 145 countries, not 150; and

(b) this approach is likely to reinforce existing perceptions that the Big Four's international networks are much larger than those of all other firms, which is in fact not the case. As is clear from the more detailed analysis in Table 1, BDO's network has an international presence in 135 countries, while EY's has a presence in 145 countries. PwC's network is represented in 9 more countries (154) than EY's, while BDO's network is represented in 10 less than EY. So far as geographic coverage is concerned, it is not therefore appropriate to regard or present international networks as being in two distinct groups, one comprising the Big Four and the other comprising all other large firms.

1.3 The diagram at Figure 3 on page 15 is incorrect in several respects. In particular, it refers to Arrandco Investments Limited and to Baker Tilly Management Ltd, which are Baker Tilly companies, as shown in Figure 2 on page 12.

**2 MINOR COMMENTS**

2.1 The first sentence of paragraph 90 appears to omit "*EYGS*" between "*in 2011*" and "*changed from*".

2.2 In paragraph 92, "*EY's*" should presumably read "*EY*", "*EYGS*", or "*EY UK*".

2.3 In paragraph 120, some wording appears to have been omitted from the fourth line after "*the name of this subsidiary and not*".

2.4 In paragraph 166(c), "*sic as*" should read "*such as*".

2.5 In paragraph 168, final line, "*PwC partners*" should read "*PwC UK partners*".