

## STATUTORY AUDIT SERVICES MARKET INVESTIGATION

### Datasets in the Market Investigation for Statutory Audit Services

#### Introduction

1. As part of its information gathering process, the CC issued two data requests to all firms<sup>1</sup> that audited a FTSE 350 or Top Track 100 company during the period 2006 to 2011. This paper provides a description of the data and explains the work undertaken by the CC to check and clean the data, the assumptions made and limitations of the data.
2. The remainder of the document is organized as follows: the first section explains what data the CC requested; the second describes the data cleaning process; and the third sets out the main caveats that apply to data.

#### Scope and coverage of data

3. The data gathered consists of two separate work streams. The first is data sourced from the internal records of audit firms (the engagement dataset) whilst the second is data from publicly available sources (the public dataset). These are discussed in turn.

#### *Engagement dataset*

4. The CC issued a client data request to all UK firms that audited a FTSE 350 or a Top Track 100 company in the past six years. This initially included BDO, Baker Tilly (BT), Deloitte (DEL), Ernst & Young (EY), Grant Thornton (GT), KPMG, PKF and PWC. After further research, we extended the request to firms that audit a small number of companies in the Top Track 100.<sup>2</sup> A copy of the client data request, which was developed following a series of data meetings with firms, is included in Annex 1.

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<sup>1</sup> For the remainder of this document, 'firm' refers to an audit firm and 'company' refers to an audited entity.

<sup>2</sup> The firms are: RSM Tenon (RSM); Crowe Clark Whitehill (CCW); Chantry Vellacott (CV); Moore Stephens (MS); Elman Wall (EW); Cooper Parry (CP); and Beaver & Struthers (BS).

In order to ensure consistency, it was necessary to exclude information that was not held by all firms, for example staff costs at the client level. The information obtained can be summarized as follows:

- (a) General—company name, industry and audit tenure.
- (b) Audit team information—number of staff and hours worked by grade as well as scale rates (sometimes known as charge-out or billing rates).<sup>3</sup>
- (c) Financial information—total audit fee, UK audit revenue, revenue recovery rate,<sup>4</sup> non-staff engagement-specific costs and UK revenue from non-audit services.
- (d) Other information—lead office, number of UK offices used by the firm in the audit, number of countries in which the company operates, number of countries where audit activity took place, firm's risk assessment of the company and the latter's market segment (ie FTSE 100, FTSE 250, Other listed or Private).

5. The CC requested data on all companies that have been listed in the FTSE 350 during the period 2006 to 2011.<sup>5</sup> Reviews of the FTSE 350 index are published quarterly on the Wednesday after the first Friday of the month in March, June, September and December.<sup>6</sup> We also requested the same data for all companies that have been in the Top Track 100<sup>7</sup> for at least one year in 2006 to 2011.<sup>8</sup>
6. The request for data encompassed 154 private companies, based on the Top Track lists, and 577 FTSE listings. However, the latter is not equivalent to 577 companies as some list more than one type of share (eg Royal Dutch Shell issues Class A and

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<sup>3</sup> The scale rate is what firms seek to recover from their clients for work carried out by staff. It is not the same as staff cost because it includes other overheads and (usually) some profit margin.

<sup>4</sup> The revenue recovery rate is defined as the proportion of engagement team costs (*using the firm's scale rates*) that is recovered from the client. In the data request, it is calculated by dividing the UK audit fee by the engagement cost (the latter equals hours worked multiplied by the scale rate for each staff grade).

<sup>5</sup> A list is provided in Annex 2. The six-year period was chosen based on the availability of the data held by firms. Whilst it would have been preferable to gather data over a longer period, 2006 was the earliest year for which all firms could supply data.

<sup>6</sup> [www.ftse.com/Media\\_Centre/press\\_packs/uk\\_review.jsp](http://www.ftse.com/Media_Centre/press_packs/uk_review.jsp).

<sup>7</sup> The Top Track 100 ranks Britain's biggest private companies by sales. Further details can be found in the 2011 research report [www.fasttrack.co.uk/fasttrack/downloads/2011toptrack100rep.pdf](http://www.fasttrack.co.uk/fasttrack/downloads/2011toptrack100rep.pdf) whilst historic lists can be found at [www.fasttrack.co.uk/fasttrack/leagues/top100programme.html](http://www.fasttrack.co.uk/fasttrack/leagues/top100programme.html).

<sup>8</sup> A list is provided in Annex 3.

Class B shares, meaning it is listed twice) whilst others have separate listings for certain subsidiaries. Using data submitted as part of the public dataset (see next section), we now know that there have been 542 companies in the FTSE 350 during the period 2006 to 2011. Further, there were some duplicates in the FTSE 350 and Top Track lists, meaning that the original data request actually encompassed 675 companies (542 FTSE plus 133 Top Track).

7. The CC has received submissions for 664 unique companies. The remaining companies are omitted for primarily two reasons: not all of the smaller firms with a Top Track client were able to respond to the CC data request; and some firms do not have historic records of companies that have been acquired (see paragraph 19).

Table 1 shows the number of submissions by audit firm.

TABLE 1 **Number of audit clients submitted**

<i>BDO</i>	<i>BS</i>	<i>BT</i>	<i>CCW</i>	<i>CP</i>	<i>CV</i>	<i>DEL</i>	<i>EY</i>	<i>GT</i>	<i>KPMG</i>	<i>MS</i>	<i>PKF</i>	<i>PWC</i>	<i>RSM</i>
23	1	2	3	1	1	175	131	22	178	2	3	227	2

*Source:* CC data request. Note that this table sums up to more than 664 due to auditor switching and firms providing data on non-statutory audit services.

8. Some companies in the dataset are audited by a non-UK member of a firm's network, which means that the UK firm does not hold any engagement data. In these cases, we received partial data responses which include general company information and the total audit fee but there is no information on staff numbers/hours.

### ***Public Dataset***

9. In addition to the data request above, it has been necessary for the CC to gather publicly available data on large listed and unlisted companies. The reasons for this are:

- (a) the need for company-specific information, such as turnover and assets. Such information is not systematically and routinely held by all audit firms;
- (b) the CC data request only goes back to 2006; and
- (c) firms only hold data at the UK level, so the engagement dataset provides a partial picture for the large companies that have global operations.

10. There are a number of sources that provide the required company-level information, including Bloomberg, Thomson Reuters, FAME and ICC.<sup>9</sup> It was the CC's intention to use one or more of these sources. However, a number of parties raised concerns about the reliability of these datasets including PwC,<sup>10</sup> Deloitte<sup>11</sup> and KPMG,<sup>12</sup> while the problems with FAME were discussed in the OFT's econometric analysis.<sup>13</sup> The CC was told that publicly available data on audit fees is particularly prone to inaccuracies. For example, PwC found that 33 per cent of audit fee entries in a sample of FAME entries that it examined showed significant inaccuracies.<sup>14</sup>

11. Using ICC rather than FAME, and based on a small number of checks, the CC found that data on audit fees are not always the same as the figures in companies' annual accounts. This is likely to be due a combination of keying errors and inconsistent data entry. With regard to the latter, publicly listed firms may report the following information in their annual accounts:

- (a) fees payable to the auditor(s) for the audit of the Company's annual accounts;
- (b) fees payable to the auditor(s) for the audit of the Company's subsidiaries;

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<sup>9</sup> FAME and ICC are privately maintained databases that contain financial information on companies in the UK and Ireland. The information is collated from a variety of sources, including companies' filings with Companies House.

<sup>10</sup> Section 4 of Response to Issues Statement [www.competition-commission.org.uk/assets/bispartners/competitioncommission/docs/2011/statutory-audit-services/pwc\\_response\\_to\\_is\\_non\\_confidential\\_version.pdf](http://www.competition-commission.org.uk/assets/bispartners/competitioncommission/docs/2011/statutory-audit-services/pwc_response_to_is_non_confidential_version.pdf). Review of Oxera report [www.pwc.co.uk/assets/pdf/pwc-competition-and-choice-in-the-uk-audit-market-a-review-of-the-oxera-report.pdf](http://www.pwc.co.uk/assets/pdf/pwc-competition-and-choice-in-the-uk-audit-market-a-review-of-the-oxera-report.pdf).

<sup>11</sup> Paragraph 3.4 of Response to Issues Statement [www.competition-commission.org.uk/assets/bispartners/competitioncommission/docs/2011/statutory-audit-services/am\\_deloitte\\_issues\\_statement\\_response.pdf](http://www.competition-commission.org.uk/assets/bispartners/competitioncommission/docs/2011/statutory-audit-services/am_deloitte_issues_statement_response.pdf).

<sup>12</sup> Annex 3 of Response to Issues Statement [www.competition-commission.org.uk/assets/bispartners/competitioncommission/docs/2011/statutory-audit-services/kpmg\\_amended\\_issues\\_statement\\_response.pdf](http://www.competition-commission.org.uk/assets/bispartners/competitioncommission/docs/2011/statutory-audit-services/kpmg_amended_issues_statement_response.pdf).

<sup>13</sup> [www.of.gov.uk/shared\\_of/freedom\\_of\\_information/audit-econometric-summary.pdf](http://www.of.gov.uk/shared_of/freedom_of_information/audit-econometric-summary.pdf).

<sup>14</sup> PwC's response to the Issues Statement, p79, fn177.

(c) total audit fees (equal to a+b); and

(d) fees payable to the Company's auditors and its associates for other services (this is often split between key services, eg tax and 'other').

12. Where the CC found errors in the ICC data, it was due to the information being inconsistently recorded. For example, in one year the audit fee may include (a) + (b) but in the following year it only includes (a). The treatment of audit-related services is also inconsistent, as it is sometimes incorporated in the fees paid to the auditor for non-audit services.
13. There are other problems with public databases as well, for example some only record single auditors for companies that have shared or joint audits. The identity of the auditor may also be inaccurate due to companies operating under different financial years.
14. Both the CC and the parties agreed on the need for a dataset that is reliable and accurate, within the time and resource limitations of the CC's inquiry. We therefore met with the relevant firms to discuss potential options for producing a better quality database.<sup>15</sup> The firms submitted a joint proposal to construct a common dataset consisting of companies that have been members of the FTSE 350 in the period 2001 to 2011, some 712 companies. All audit firms who have had FTSE 350 clients within this period were responsible for collating and checking the information in relation to their own clients. Where a company was not audited by one of the relevant firms, the CC obtained the data. A template to form the basis of the collection exercise was submitted by Deloitte.

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<sup>15</sup> By 'relevant firms' we refer to the audit firms that accounted for the vast majority of FTSE 350 audits during the period 2001 to 2011. These are: Baker Tilly, BDO, Deloitte, Ernst & Young, Grant Thornton, Kingston Smith, KPMG, Mazars, PKF and PWC. All of these firms were invited to a meeting with the CC. Baker Tilly, Kingston Smith and PKF did not attend.

15. The CC accepted this proposal but extended the coverage of the dataset by including members of the Top Track 100 in the period 2006 to 2011. Following further comments from audit firms we then circulated a revised template, which included some additional variables, for firms to complete.<sup>16</sup> The data includes:
- (a) General information: company name, industry, company status in each quarter (ie FTSE 100, FTSE 250, Other Listed, Private or Inactive) and financial year end.
  - (b) Audit information: auditor name, year of first engagement, fees for audit and audit-related services (split by parent and subsidiaries where possible<sup>17</sup>) and non-audit fees.
  - (c) Information on income: total turnover, UK turnover (where available), profit/loss before tax.
  - (d) Information on balance sheet: current and non-current assets and liabilities,<sup>18</sup> equity and inventories.<sup>19</sup>
  - (e) Qualification in the audit opinion.
  - (f) Information on changes to the company (eg mergers and acquisitions, name changes).

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<sup>16</sup> The template is provided in Annex 4. It includes an 'Instructions' sheet that firms used to ensure data was gathered on a consistent basis.

<sup>17</sup> Where the information was available, fees were also provided for audit-related services only.

<sup>18</sup> For financial services companies' total assets and total liabilities are recorded under 'non-current'.

<sup>19</sup> The CC also requested information on receivables and payables but, upon receiving the data, it was found to be unreliable. This is mainly due to the fact that companies do not report these items in the same way in their financial statements.

## Engagement data—processing and cleaning

16. With regards to the engagement dataset, each firm submitted data using the template in Annex 1. The CC developed Excel macros to extract the data into one file per firm before combining everything into a panel dataset. This is illustrated in Table 2 below.

TABLE 2 **Illustration of CC dataset**

<i>Auditor</i>	<i>Client</i>	<i>Industry</i>	<i>Engagement</i>	<i>Year</i>	<i>Partner numbers</i>	<i>Partner hours</i>	<i>Partner scale rates</i>	<i>Market</i>
Auditor A	Client A	Industrials	2001	2006	a	b	c	Other listed
Auditor A	Client A	Industrials	2001	2007	d	e	f	FTSE 250
Auditor A	Client A	Industrials	2001	2008	h	i	j	FTSE 250
Auditor A	Client A	Industrials	2001	2009	k	l	m	FTSE 250
Auditor A	Client A	Industrials	2001	2010	n	o	p	FTSE 100
Auditor A	Client A	Industrials	2001	2011	q	r	s	FTSE 100
Auditor A	Client B	Financials	1997	2006	t	u	v	Private
Auditor B	Client C	Oil & Gas	2005	2006	w	x	y	Other listed

Source: [ ].

17. Various checks were taken to ensure that the data was successfully imported from Excel into Stata, for example comparing averages and summations of certain variables in both formats. The data checking process also required the CC to look at individual companies throughout, allowing us to compare the information in Stata with the raw data submitted in Excel.

18. Having combined the data received from individual firms, the CC carried out a combined checking and cleaning exercise. During this process, we encountered a number of issues that required further information or clarification. These are set out below.

### **Missing companies**

19. The CC compared the companies for which it received data with the original list it circulated to identify any missing entries. The majority were subsequently included but it has not been possible to obtain historic data on all companies due to the way

some audit firms maintain their information systems. Specifically, in instances where a company is acquired by another entity, records for the former are often transferred to the acquirer, meaning that all historic information for the target is subsumed into the acquirer's history. In this case, it is not possible to separate the two. This has implications when looking at changes in audit fees and staff hours.

### ***Missing data***

20. We identified a number of companies for which a data sheet had been submitted but where some of the data was missing for certain years. This was identified primarily by looking at observations where the UK audit fee is less than £20,000, as this is unlikely to represent a realistic amount for an audit of a large company.<sup>20</sup> Further checks were carried out to remove from the list of missing records those where there was a valid reason for a small fee, for example in the case of particularly small audits (mostly investment trust clients) and when firms just started or ended their auditor relationship (eg due to a switch, the company being taken over, newly-incorporated business etc). In the latter case, a small amount of audit work is recorded due to differences in the client's and firm's financial years.
  
21. Once these valid observations were excluded, we were left with the missing or incomplete entries. After putting these back to the relevant firms, a number were subsequently updated whilst others could not be completed due to the reasons discussed in paragraph 19. Also, as discussed in paragraph 8 we do not have detailed data on companies that are audited by a non-UK firm.

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<sup>20</sup> We considered applying another filter based on hours worked but due to the differences in year-ends, this was not an appropriate method.

### ***Non-statutory audit work***

22. Due to the way some firms manage their business lines, there are instances where data has been submitted because the firm carried out audit-related work for a company but was not the statutory auditor. It is difficult to filter the observations out due to the differences in financial year-ends. We will therefore combine the engagement data with the public dataset in order to identify the statutory auditor in a given year.

### ***Initial engagement***

23. The data request includes the year in which the firm first audited the company. For a number of clients, this has either not been specified or a range has been given (eg 'pre-1990' or '1970s'). The CC acknowledged that such information is unlikely to have been maintained for long-term clients. It therefore asked firms, as part of the public dataset, to specify the exact year for any audit appointment that started during the past 20 years. For earlier periods, a more general approximation was provided using five-year bands (ie 1985–89, 1980–84 etc). Where such estimates are given, the CC has created an 'Approximate Date' (DA) variable that takes a value of one when the initial engagement year is not precise.

### ***Staff hours***

24. The CC identified outliers in the data by looking at maximum and minimum values for each firm, in addition to observations that were less/greater than the 10<sup>th</sup> and 90<sup>th</sup> percentiles respectively. The majority of these appear valid, for example fewer hours in the audit of investment trusts and a large number of hours in the audit of large financial institutions. However, in some cases, hours take a negative value.
25. Having clarified this with the relevant firms, it appears that negative hours are observed when the firm's staff record audit hours on to their timesheet but

subsequently transfer it to another engagement or service line (or to another year). This can be because they logged hours on to an incorrect record or because the engagement was set up under the wrong service line. After the transfer takes place, it can leave hours as negative. However, there are very few observations where this occurs and so it does not materially affect the dataset as a whole. We did not therefore make any adjustments to the data provided.

### ***Scale rates***

26. The CC identified outliers in the data by looking at maximum and minimum values for each firm, in addition to observations that were less/greater than the 10<sup>th</sup> and 90<sup>th</sup> percentile. The majority of these appear valid, but there are some cases where scale rates are negative or take exceptionally large values.
27. Having clarified this with the relevant firms, it seems that negative scale rates can arise for the same reason as hours, ie time being incorrectly recorded and transferred to another engagement. This can also result in negative revenues and a negative revenue recovery rate. As with staff hours, there are very few observations where this occurs and so it does not materially affect the dataset as a whole.
28. There are also some observations where scale rates for 'Administrative' staff are high compared to professional staff on the audit engagement. The reason for this is that the grade occasionally captures a senior member of non-client service staff, for example an employee from the Consulting or Corporate Finance service line.

### ***Missing and zero values***

29. When analysing the data, it is important to correctly distinguish between missing and 'zero' entries. In the engagement dataset, data on staff numbers, hours and scale

rates should be missing only in years where the auditor did not carry out any audit work. If this is not the case, there should be no missing values.

30. In order to achieve this, the CC applied the following rule—where the variable ‘Total Hours’ (E7 in the template—see Annex 1) is missing or takes a zero value, we have removed the latter and made all staff information blank (ie P1–P4 and E1–E6). We have also made F4 (Direct non-staff costs) and F5 (International firm costs) blank as well as everything in the ‘Other information’ section. If E7 does not equal zero, then any missing value in P1–P4, E1–E6, F4 and F5 has been converted to zero. With regards to revenues from non-audit services (F6), these always take a numerical value unless the firm has been unable to classify certain services in the categories provided by the CC. Fee data (F1 and F2) has not been changed due to the differences in financial year-ends.

### **Public dataset—processing and cleaning**

31. The public dataset represents a collaborative effort by the relevant firms and the CC. The template includes a set of instructions that defines each variable and each contributor was responsible for collecting and verifying their data. Where a company was audited by more than one firm during the past 11 years, the second firm also conducted a check of the data. A description of steps undertaken during cleaning of the data is provided in Annex 5.

### **Engagement data—limitations**

32. This section explains some important caveats to be kept in mind when using the engagement data.

### ***Accuracy of hours***

33. Our expectation is that all individuals working on an audit have completed their timesheet with the number of hours worked on that client. Academic research has indicated that auditors are affected by different incentives to both over- and under-record the number of hours worked on an audit.<sup>21</sup> As audits are largely fixed-fee engagements, there is limited incentive to increase chargeable hours beyond any target metric required by the firm to meet performance objectives. However, there may be pressure to under-report hours if firms have strict revenue recovery targets. As we have no method of controlling for under- or over-reporting, we assume that all firms are affected equally.<sup>22</sup>

### ***International audits***

34. As discussed earlier, the data request is restricted to audit activities carried out in the UK as firms do not have data on staff inputs for their international networks. There is a line for International Firm Costs (F5), which reports the amount of fees billed by the UK firm on behalf of non-UK firms. However, these invoices are only submitted if the client does not engage the non-UK audit firm directly; in many cases the non-UK firms will bill the client directly for work they perform. Therefore, the main use of this variable is that it can be subtracted from the UK audit fee<sup>23</sup> (F1) to calculate the revenue generated by UK work in cases where the former includes work performed by international firms.

35. We also requested data on the number of countries in which the company has business operations (O3) and the number of countries in which an overseas network

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<sup>21</sup> See, for example, Breda Sweeney, Bernard Pierce, (2006) 'Good hours, bad hours and auditors' defence mechanisms in audit firms', *Accounting, Auditing & Accountability Journal*, Vol 19 Iss: 6, pp858–892; Agoglia, Christopher P, Hatfield, Richard C and Lambert, Tamara A, When do Audit Managers Prefer Staff to Underreport Time? (June 09, 2011). Available at SSRN: <http://ssrn.com/abstract=1625510>.

<sup>22</sup> This is particularly the case if employees are not compensated for additional hours beyond contracted working patterns through either overtime or time off in lieu.

<sup>23</sup> Except for PwC and Deloitte, which did not include work performed by non-UK audit firms (regardless where it is billed from) in the UK audit fee (F1).

firm contributed to the audit engagement (O4). The purpose of these variables was to have a better understanding of the international scope of the audit. O4 was obtained from firms' internal audit files whilst O3 had to be drawn from a variety of sources, for example audit files, companies' annual returns and marketing documents. In some cases, the number of countries in which a company operates may not be precise but it still provides a reasonable indicator of international scale. The public dataset also includes separate fields for UK and total turnover but, as companies are not required to report country-specific turnover, the UK data is not comprehensive.

### ***Different year-ends***

36. The firms have provided data on the basis of their financial years, the ends of which are presented in Table 3.

TABLE 3 **Financial year-ends**

BDO	1 Jul
BS	30 Sep
BT	31 Mar
CCW	31 Mar
CP	30 Apr
CV	30 Jun
DEL	31 May
EY	1 Jul
GT	30 Jun
KPMG	30 Sep
MS	30 Apr
PKF	31 Mar
PWC	30 Jun
RSM	30 Jun

*Source:* Analysis of financial statements.

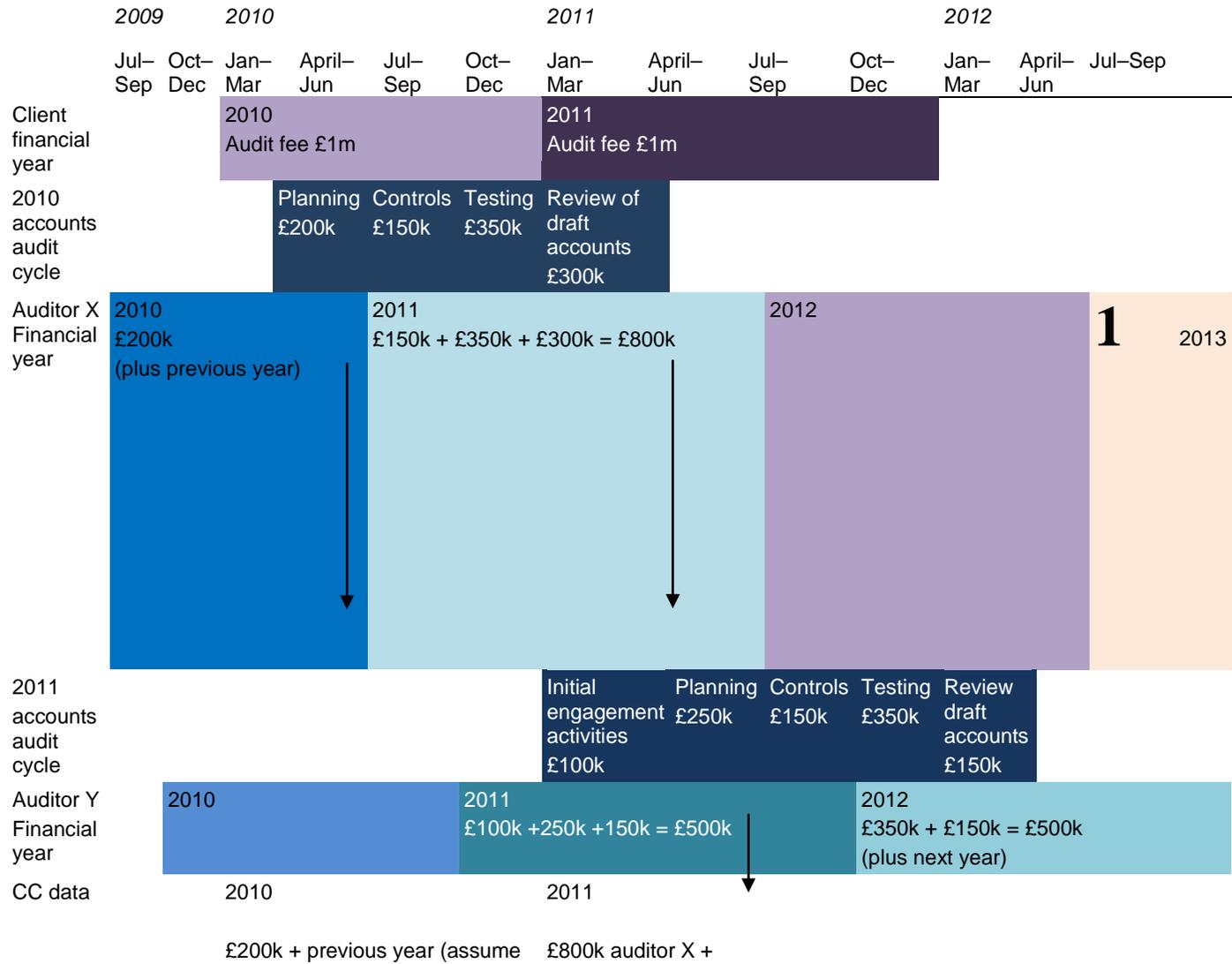
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37. The fact that firms often operate on different year ends to their clients can make it difficult to interpret the data because an audit is carried out over a 12-month cycle, with the timing of staff hours recognized by the firms' systems as they are recorded on timesheets. Due to the nature of the audit, this work will span either side of the client's year-end and potentially the firm's. Further, some costs related to the next year's audit may be incurred before completion of the current year.

38. For example, if an auditor has a year-end of 30 June and the company has a year-end of 31 December, then the audit of the 31/12/2010 financial statement will mostly be captured by auditor data for 2011. However, some of the audit work (for example audit planning) will take place in the first half of 2010 and so will be recorded in the auditor's data for 2010. Where the company has a year-end that just precedes the auditor year-end, the split will be even sharper.
  
39. This is unlikely to be a significant problem where a company has used the same auditor for more than six years as the audit work should level out, though in some cases this assumption may not hold (eg if the audit scope changes due to a merger or the sale of a valuable asset). However, it represents a more significant issue when a company switches auditor because the incumbent may record hours before or after the switch takes place.
  
40. For example, if a company has a year-end of 31 December and its auditor X has a year-end of 30 June, most of the work for the 2010 financial statement will be done after 30 June 2010, meaning it is recorded under X's 2011 financial year. However, some work will need to be carried out before this date, which will be recorded under X's 2010 financial year. If the company then switches to auditor Y, with a year-end of 30 September, for its 2011 audit then most of the work will be done in Y's 2012 financial year. However, there will be some work carried out between January to September 2011 (for example planning, controls testing, review of interim statements) which would fall in Y's 2011 financial year. Therefore the company has two different auditors recording statutory audit work in the same year (2011). In this case, it is extremely difficult to accurately identify the staff time (both number and hours) engaged in the company's 2011 audit. Figure 1 below provides an illustration of this problem. This will need to be carefully considered in any analysis of the data.

FIGURE 1

Implications of differing year-ends



£800k)  
= £1,000k (all auditor X)

£500k auditor Y  
= £1,300k

*Note:* The audit activities described in this figure are not comprehensive. For example, there will be controls and testing work beyond the client financial year as well.

## **Staff costs**

41. The majority of firms do not record staff costs on an engagement basis and so it was not possible to obtain consistent information. As an alternative approach, the CC asked that firms estimate an hourly cost rate for each staff grade for the past six financial years. The rationale behind this is that the cost rate could be multiplied by the number of hours (by grade) on an engagement to estimate the direct staff cost, which accounts for the majority of costs in delivering an audit. Once we received submissions on this, it became apparent that the calculation of the cost rate depended on an assumption of the number of hours worked.
42. All firms therefore estimated three average hourly staff cost estimates by using the average annual cost of each staff grade. This included salary, pensions, national insurance contributions and other staff-specific bonuses and benefits. The cost is then divided by the average number of hours worked during the year. This can be calculated on three different bases, using:
- (a) standard contract working hours;
  - (b) chargeable hours, ie total hours in the year that are billed to a client; and
  - (c) total hours, ie all hours recorded on the employee's timesheet (includes chargeable and non-chargeable hours such as business development and training).
43. All firms urge caution in using this information with the client data provided on staff hours as it masks differences within grades, for example regional pay differentials and performance-related pay. The hours reported also do not always distinguish between the function of employee, for example some audit work requires specialist advice from tax experts or actuaries. Furthermore, some firms have had to aggregate separate internal grades into one overall grade for the CC request (eg 'Other qualified'). We have noted these limitations, in addition to the fact that our data does

not include other fixed and common costs, and they will be taken into account in any analysis.

### **Public data—limitations**

44. This section explains the main caveats associated with the public dataset.

### ***Audit fees***

45. Data for Company Audit Fee, Subsidiary Audit Fee and Audit Related Fees are only populated where data is available in companies' financial statements. Many companies do not report audit fees at this level and so data for these variables is not comprehensive. Furthermore, it is difficult to make comparisons across time and between companies due to changes in financial reporting standards and differences in the way companies report their payments to auditors. The variable 'Total Audit and Audit Related Fees' is, however, considered to be consistent.

### ***Turnover***

46. For investment companies, turnover has been recorded as income plus investment gains (or losses). In terms of insurance companies, turnover has been calculated as gross written and earned premiums less any reinsurance premium paid.

47. With respect to UK turnover, companies do not have to report this on a country-by-country basis and so the data is not comprehensive. Where segmentation has been provided on both destination and origin bases, the origin basis has been recorded.

### ***Non-current liabilities***

48. This variable includes provisions and charges for some companies in certain industries.

## ***Equity***

49. Although the CC requested that equity data include share capital, retained earnings, minority interests and other reserves, some of the firms recorded the 'total' equity figure. The dataset has not been amended for this variation but we do not believe this will lead to material differences.

## ***Inventories***

50. Most of the firms included Work in Progress (WIP) in the inventories data where it is clear from the financial statements that the WIP relates to physical inventories. However, some of the firms included WIP wherever it was identified in the annual accounts. Whilst the dataset has not been amended for this, there are relatively few instances where it has occurred and so we do not believe that it will lead to a material error.

## ***Receivables and payables***

51. Although data on these variables was part of the final template, collecting the information on a consistent basis proved to be difficult. This was because financial statement reporting requirements have changed during the past 11 years and the way in which current liabilities and assets may be broken down varies between companies over time. Given the concerns over the reliability of the data, the CC decided that the data on receivables and payables should be disregarded.

## ***Treatment of companies post acquisition***

52. In the public dataset, once a company has been acquired there is no data for subsequent years because the financial results have been consolidated into that of the acquirer. This is consistent with the engagement dataset.

## Client data request template

1	Name of Audit Client							
2	SE Code/TIDM							
3	Contact							
4	Industry							
5	Year of initial engagement							
6								
7	Partner information	Comments	2006	2007	2008	2009	2010	2011
8								
9	P1: Number							
10	P2: Hours worked							
11	P3: Scale Rate (£)							
12	P4: Experience							
13								
14	Information on engagement team	Comments	2006	2007	2008	2009	2010	2011
15								
16	E1: Director							
17	E1(a) Number							
18	E1(b) Hours worked							
19	E1(c) Scale Rate (£)							
20	E2: Senior Manager							
21	E2(a) Number							
22	E2(b) Hours worked							
23	E2(c) Scale Rate (£)							
24	E3: Manager							
25	E3(a) Number							
26	E3(b) Hours worked							
27	E3(c) Scale Rate (£)							
28	E4: Other qualified							
29	E4(a) Number							
30	E4(b) Hours worked							
31	E4(c) Scale Rate (£)							
32	E5: Unqualified							
33	E5(a) Number							
34	E5(b) Hours worked							
35	E5(c) Scale Rate (£)							
36	E6: Administrative							
37	E6(a) Number							
38	E6(b) Hours worked							
39	E6(c) Scale Rate (£)							
40	E7: Total Hours							
41								
42	Financial Information	Comments	2006	2007	2008	2009	2010	2011
43								
44	F1: UK Audit Fee (£000)							
45	F2: Total Audit Fee (£000)							
46	F3: Revenue Recovery Rate (%)							
47	F4: Direct non-staff costs (£000)							
48	F5: International firm costs (£000)							
49	F6: Fees from non-audit services (£000)							
50	F6(a) Tax							
51	F6(b) Transactions							
52	F6(c) Corporate Finance							
53	F6(d) Restructuring (including Forensics and Business Recovery Services)							
54	F6(e) Consulting							
55	F6(f) Risk Assurance Services							
56	F6(g) IT							
57	F6(h) Other							
58								
59	Other information	Comments	2006	2007	2008	2009	2010	2011
60								
61	O1: Lead Office							
62	O2: UK Offices (number)							
63	O3: Client International							
64	O4: Audit International							
65	O5: Client Risk Assessment							
66	O6: Audit-related services							
67	O7: Market							

### List of FTSE 350 companies included in the Engagement data request.

SE code/ TIDM	Company name
888	888 Holdings
3IN	3i Infrastructure
AAL	Anglo American
AB.	Alliance Boots
ABF	Associated British Foods
ABG	African Barrick Gold
ABG	Abbot Group
ABP	Associated British Ports Hldgs
ABR	Absolute Return Trust
ADD	Advance Developing Markets
ADM	Admiral Group
ADN	Aberdeen Asset Management
AFR	Afren
AGA	Aga Foodservice Group
AGK	Aggreko
AGR	Assura
AGS	Aegis Group
AHT	Ashtead Group
AIS	Alternative Investment Strategies
AL.	Alliance & Leicester
ALD	Allied Gold Mining
AMEC	Amec
AML	Amlin
ANTO	Antofagasta
APF	Anglo Pacific Group
AQP	Aquarius Platinum
ARI	Arriva
ARM	ARM Holdings
ASHM	Ashmore Group
ASL	Aberforth Smaller Companies Tst
ATK	Atkins (WS)
ATST	Alliance Trust
AU.	Autonomy Corporation
AUN	Alliance UniChem
AV.	Aviva
AVE	Avis Europe

AVV	Aveva Group
AVZ	Amvescap
AWG	AWG
AXO	Axon Group
AZEM	AZ Electronic Materials
AZN	AstraZeneca
BA	BAE Systems
BAA	BAA
BAB	Babcock International Group
BABS	Bluecrest Allblue Fund (GBP)
BAG	Barr (A.G.)
BARC	Barclays
BATS	British American Tobacco
BAY	British Airways
BB.	Bradford & Bingley
BBA	BBA Aviation
BBAY	BlueBay Asset Management
BBPP	Babcock & Brown Public Partnerships
BBY	Balfour Beatty
BDEV	Barratt Developments
BEE	Baring Emerging Europe
BET	Betfair Group
BEZ	Beazley
BFD	Benfield Group
BG	BG Group
BGC	BTG
BGY	British Energy Group
BHGE	BH Global (EUR)
BHGG	BH Global (GBP)
BHGU	BH Global (USD)
BHME	BH Macro (EUR)
BHMG	BH Macro (GBP)
BHMU	BH Macro (USD)
BI	Brambles Industries
BIFF	Biffa
BKG	Berkeley Group Holdings
BLND	British Land Co

BLT	BHP Billiton
BNKR	Bankers Investment Trust
BNZL	Bunzl
BOC	BOC Group
BOK	Booker Group
BOOT	Boots Group
BOS	Body Shop International
BOY	Bodycote
BP	BP
BPP	BPP Holdings
BPTY	Bwin.Party Digital Entertainme
BRBY	Burberry Group
BRE	Brit Insurance Holdings
BRSN	Berendsen
BRW	Brewin Dolphin Holdings
BRWM	BlackRock World Mining Trust
BSET	British Assets Trust
BSY	British Sky Broadcasting Group
BT.A	BT Group
BTEM	British Empire Sec & General Tst
BTSM	BSS Group
BUMI	Bumi
BUR	Burren Energy
BVIC	Britvic
BVS	Bovis Homes Group
BWNG	Brown (N.) Group
BWY	Bellway
BXTN	Brixton
BYG	Big Yellow Group
CAL	Capital & Regional
CAPC	Capital & Counties Properties
CAT	Cambridge Antibody Tech Group
CBG	Close Brothers Group
CBRY	Cadbury
CCC	Computacenter
CCL	Carnival

CDI	Candover Investments
CEY	Centamin
CGL	Catlin Group Ld
CHG	Chemring Group
CHLD	Chloride Group
CHTR	Charter International
CHU	Chaucer Holdings
CIU	Cape
CKSN	Cookson Group
CLDN	Caledonia Investments
CLI	CLS Holdings
CLLN	Carillion
CLST	Collins Stewart
CNA	Centrica
CNE	Cairn Energy
CNT	Connaught
COB	Cobham
COLT	Colt Group SA
CPG	Compass Group
CPI	Capita Group
CPP	CPPGroup
CPR	Carpetright
CPW	Carphone Warehouse Group
CRDA	Croda International
CRH	CRH
CRST	Crest Nicholson
CS	Corus Group
CSCG	Capital Shopping Centres Group
CSR	CSR
CSTL	Collins Stewart Tullett
CTM	Colt Telecom Group
CTT	Cattles
CTY	City of London Investment Trust
CW.	Cable & Wireless Worldwide
CWC	Cable & Wireless Communications
CWD	Countrywide
CWK	Cranswick
DAB	Dexion Absolute Ld (Ord sterling)
DCA	Detica Group
DCG	Dairy Crest Group
DDT	Dimension Data Holdings

DEB	Debenhams
DGE	Diageo
DGG	Domestic & General Group
DIG	Dunedin Income Growth Inv Tst
DJAN	Daejan Hdg
DLAR	De La Rue
DLN	Derwent London
DMGT	Daily Mail & General Trust (A Shs)
DNLM	Dunelm Group
DNO	Domino Printing Sciences
DNX	Dana Petroleum
DOM	Dominos Pizza
DPH	Dechra Pharmaceuticals
DPLM	Diploma
DRX	Drax Group
DSGI	DSG International
DTY	Dignity
DVO	Devro
DVR	De Vere Group
DVSG	Davis Service Group
DWV	Derwent Valley Hldgs
DXNS	Dixons Retail
EAGA	Eaga
ECM	Electrocomponents
ECWO	Ecofin Water & Power Opportunities
EDIN	Edinburgh Investment Trust
EEN	Emerald Energy
EFM	Edinburgh Dragon Trust
ELM	Elementis
ELTA	Electra Private Equity
EMA	Emap
EMG	Man Group
EMI	EMI Group
ENO	Enodis
ENQ	EnQuest
ENRC	Eurasian Natural Resources Corporation
ERM	Euromoney Institutional Investors
ESSR	Essar Energy
ETI	Enterprise Inns

ETR	Enterprise
EUK	Edinburgh UK Tracker Trust
EUS	Edinburgh US Tracker Trust
EVG	Evolution Group
EVR	Evraz
EXI	Exillon Energy
EXPN	Experian
EXR	Expro International Group
EZJ	Easyjet
FCAM	F&C Asset Management
FCD	First Choice Holidays
FCPT	F&C Commercial Property Trust
FCSS	Fidelity China Special Situations
FCU	Foreign & Colonial Eurotrust
FDL	Findel
FDSA	Fidessa Group
FENR	Fenner
FEV	Fidelity European Values
FGP	FirstGroup
FKI	FKI
FLTR	Filtrona
FOSE	Foseco
FP	Friends Provident Group
FPT	Forth Ports
FRCL	Foreign & Col Invest Trust
FRES	Fresnillo
FSJ	Fisher (James) & Sons
FSV	Fidelity Special Values
FUT	JPMorgan Fleming Cont Eur IT
FWP	Finsbury Worldwide Pharmaceutical
FXPO	Ferrexpo
GCAP	GCAP Media
GEMD	Gem Diamonds
GFRD	Galliford Try
GFRM	Galiform
GFS	G4S
GKN	GKN
GLEN	Glencore International

GLH	Gallaher Group
GMG	Game Group
GND	Gondola Holdings
GNK	Greene King
GNS	Genus
GOG	Go-Ahead Group
GPOR	Great Portland Estates
GRG	Greggs
GRI	Grainger
GRT	Gartmore Group
GSDE	Goldman Sachs Dynamic Opps (Euro)
GSDO	Goldman Sachs Dynamic Opportunities
GSDU	Goldman Sachs Dynamic Opps (USD)
GSK	GlaxoSmithKline
GSS	Genesis Emerging Markets Fund
GUS	GUS
GYG	Gyrus Group
HAMP	Hampson Industries
HAS	Hays
HBOS	HBOS
HDY	Hardy Oil & Gas
HEAD	Headlam Group
HFD	Halfords Group
HGG/HGI	Henderson Group
HHR	Helphire Group
HICL	HICL INFRASTRUCTURE COMPANY
HICL	HSBC Infrastructure Company
HIK	Hikma Pharmaceuticals
HL	Hargreaves Lansdown
HLCL	Helical Bar
HLMA	Halma
HMSO	Hammerson
HMV	HMV Group
HNS	Hanson
HOC	Hochschild Mining
HOIL	Heritage Oil
HOME	Home Retail Group
HRI	Herald Investment Trust
HSBA	HSBC Hldgs
HSD	Hansard Global

HSN	Hansen Transmissions
HSTN	Hansteen Holdings
HSV	Homeserve
HSX	Hiscox
HTG	Hunting
HWDN	Howden Joinery Group
IAG	International Consolidated Airlines Group
IAP	ICAP
ICI	Imperial Chemical Industries
ICP	Intermediate Capital Group
IEC	Imperial Energy Corp
IEM	Impax Environmental Markets
IFD	Invista Foundation Property Trust
IFL	International Ferro Metals
IGG	IG Group Holdings
IHG	InterContinental Hotels Group
III	3i Group
IMG	Imagination Technologies Group
IMI	IMI
IMT	Imperial Tobacco Group
INCH	Inchcape
INF	Informa
INPP	International Public Partnership
INVP	Investec
IOT	iSOFT Group
IPF	International Personal Finance
IPR	International Power
IRV	Interserve
ISAT	Inmarsat
ISYS	Invensys
ITE	ITE Group
ITRK	Intertek Group
ITV	ITV
IVZ	Invesco
JAI	JPMorgan Asian Investment Trust
JAM	JPMorgan American IT
JD	JD Sports Fashion

JDW	Wetherspoon(J D)
JESC	JPMorgan Euro Small Co. Trust
JETG	JPMorgan European Invest Tst (Gwth Shs)
JFF	JPMorgan Eur Fldgng Inv Trust
JFJ	JPMorgan Japanese Inv. Trust
JFJ	JPMorgan Fleming Japanese IT
JFM	JPMorgan Fleming Mercantile IT
JII	JPMorgan Indian Inv Trust
JJB	JJB Sports
JKX	JKX Oil & Gas
JLIF	John Laing Infrastructure Fund
JLT	Jardine Lloyd Thompson Group
JMAT	Johnson Matthey
JMG	JPMorgan Emerging Mkts Inv Trust
JMO	JPMorgan Fleming Overseas IT
JPR	Johnston Press
JRS	JPMorgan Russian Secs
JUP	Jupiter Fund Management
KAZ	Kazakhmys
KCOM	KCOM Group
KEL	Kelda Group
KENZ	Kentz Corporation
KESA	Kesa Electricals
KFX	Kofax
KGF	Kingfisher
KGN	Kensington Group
KIE	Kier Group
KLR	Keller
KMR	Kenmare Resources
LAD	Ladbroke
LAM	Lamprell
LAND	Land Securities Group
LARD	Laird Group
LGEN	Legal & General Group
LII	Liberty International
LLOY	Lloyds Banking Group
LMI	Lonmin

LMR	Luminar
LMSO	London Merchant Securities
LNGO	Laing (John)
LOG	Logica
LRD	Laird
LRE	Lancashire Holdings
LSE	London Stock Exchange Group
LSP	London & Stamford Property
LWDB	Law Debenture Corp
MAB	Mitchells & Butlers
MARS	Marstons
MAY	Mapeley
MCA	McAlpine (Alfred)
MCB	McBride
MCHL	Mouchel Group
MCRO	Micro Focus International
MCTY	McCarthy & Stone
MEC	Mecom Group
MFI	MFI Furniture Group
MGCR	Morgan Crucible Co
MGGT	Meggitt
MGNS	Morgan Sindall
MKS	Marks & Spencer Group
MLC	Millennium & Cophorne Hotels
MLW	Merrill Lynch World Mining Tst
MNDI	Mondi
MNKS	Monks Investment Trust PLC
MNR	Minerva
MONY	Moneysupermarket.com Group
MPI	Michael Page International
MRC	Mercantile Investment Tst (The)
MRCH	Merchants Trust
MRO	Melrose PLC
MRS	Melrose Resources
MRW	Morrison (Wm) Supermarkets
MSLH	Marshalls
MSY	Misys
MT.S	MyTravel Group

MTC	Mothercare
MTN	Matalan
MTO	MITIE Group
MUT	Murray Income Trust (Ord)
MYI	Murray International Trust (Ord)
NEX	National Express Group
NFDS	Northern Foods
NG	National Grid
NIS	Northgate Information Solutions
NRK	Northern Rock
NSAM	New Star Asset Management Group
NTG	Northgate
NVA	Novae Group
NWG	Northumbrian Water Group
NWR	New World Resources
NXT	Next
OCDO	Ocado Group
OML	Old Mutual
OPHR	Ophir Energy
ORE	Aricom
OXIG	Oxford Instruments
PAG	Paragon Group of Companies
PAY	Paypoint
PCT	Polar Capital Technology Trust
PDG	Pendragon
PER	Perform Group
PFC	Petrofac
PFD	Premier Foods
PFG	Provident Financial
PFL	Premier Farnell
PHNX	Phoenix Group Holdings
PHTM	Photo-Me International
PIC	Pace
PILK	Pilkington
PLI	Perpetual Income&Growth Inv Tst
PMO	Premier Oil
PNL	Personal Assets Trust
PNN	Pennon Group
POG	Petropavlovsk
POG	Peter Hambro Mining

POLY	Polymetal International
PRTY	Partygaming
PRU	Prudential
PRW	Promethean World
PSN	Persimmon
PSON	Pearson
PUB	Punch Taverns
PVCS	Pv Crystalox Solar
PZC	PZ Cussons
QED	Quintain Estates and Development
QQ	Qinetiq Group
QXL	QXL Ricardo
RAT	Rathbone Brothers
RB	Reckitt Benckiser Group
RBS	Royal Bank Of Scotland Group
RCP	RIT Capital Partners
RDSA	Royal Dutch Shell A
RDSB	Royal Dutch Shell B
RDW	Redrow
REL	Reed Elsevier
REO	Real Estate Opportunities
REX	Rexam
RGU	Regus
RHM	RHM
RIO	Rio Tinto
RMV	Rightmove
RNK	Rank Group
ROR	Rotork
RPC	RPC Group
RPS	RPS Group
RR	Rolls-Royce Holdings
RRS	Randgold Resources
RSA	RSA Insurance Group
RSL	Resolution
RSW	Renishaw
RTN	Restaurant Group
RTO	Rentokil Initial
RTR	Reuters Group
RWD	Robert Wiseman Dairies
SAB	SABMiller
SAT	Second Alliance Trust
SBRY	Sainsbury (J)

SBT	Sportingbet
SCHE	Southern Cross Healthcare
SCIN	Scottish Investment Trust
SCTN	Scottish & Newcastle
SDL	SDL
SDP	Schroder Asia Pacific Fund
SDR	Schroders
SDRC	Schroders N/V
SDY	Speedy Hire
SEG	SCI Entertainment Group
SFR	Severfield-Rowen
SGC	Stagecoach Group
SGE	Sage Group
SGP	SuperGroup
SGR.	Segro (CALL)
SGRN	Segro (NIL PD)
SGRO	Segro
SHB	Shaftesbury
SHI	SIG
SHP	Shire
SIA	Soco International
SIG	Signet Group
SKS	Shanks Group
SL.	Standard Life
SLOU	Slough Estates
SLY	Stanley Leisure
SMDR	Salamander Energy
SMDS	Smith (DS)
SMIN	Smiths Group
SMP	St.Modwen Properties
SMT	Scottish Mortgage Inv Tst
SMWH	WH Smith
SN.	Smith & Nephew
SNR	Senior
SPD	Sports Direct International
SPI	Spice
SPT	Spirent Communications
SPW	Scottish Power
SPX	Spirax-Sarco Engineering

SRP	Serco Group
SSE	SSE
SSL	SSL International
STAN	Standard Chartered
STHR	SThree
STJ	St.James Place
STOB	Stobart Group
SVI	SVG Capital
SVS	Savills
SVT	Severn Trent
SXS	Spectris
SYR	Synergy Health
TALK	TalkTalk Telecom Group
TALV	Talvivaara Mining Company
TATE	Tate & Lyle
TCG	Thomas Cook Group
TCY	Telecity Group
TEM	Templeton Emerging Markets IT
TEP	Telecom Plus
TLNT	Telent
TLPR	Tullett Prebon
TLW	Tullow Oil
TMPL	Temple Bar Inv Tst
TNI	Trinity Mirror
TNN/TNS	Taylor Nelson Sofres
TOMK	Tomkins
TOPE	MW Tops (EUR)
TOPS	MW Tops (GBp)
TPK	Travis Perkins
TPT	Topps Tiles
TRAD	Tradus
TRIL	Thomson Reuters
TRMA	THAMES RIVER MULTI HEDGE PCC (GBP)
TRY	TR Property Investment Trust
TRYS	TR Property Investment Trust (Sigma shs)
TSCO	Tesco
TT	TUI Travel
TW	Taylor Wimpey
TWOD	Taylor Woodrow

UBM	UBM
UKC	UK Coal
UKCM	UK Commercial Property Trust
ULE	Ultra Electronics Holdings
ULVR	Unilever
UTG	Unite Group
UU.	United Utilities Group
VCT	Victrex
VEC	Vectura Group
VED	Vedanta Resources
VMOB	Virgin Mobile Holdings (UK)
VOD	Vodafone Group
VPC	Venture Production
VRD	Viridian Group
VTG	VT Group
WEIR	Weir Group
WG	Wood Group (John)
WHM	Whatman
WIN	Wincanton
WKP	Workspace Group
WLB	Wilson Bowden
WLF	Wolfson Microelectronics
WLW	Woolworths Group
WMH	William Hill
WMPY	Wimpey(George)
WNER	Warner Estate Hldgs
WOLV	Wolverhampton & Dudley
WOS	Wolseley
WPP	WPP
WSH	WSP Group
WSM	Wellstream Holdings
WTAN	Witan Inv Tst
WTB	Whitbread
WUN	Wellington Underwriting
XCH	Xchanging
XTA	Xstrata
YELL	Yell Group
YULC	Yule Catto & Co

### List of Top Track companies included in the Engagement data request.

<i>Company name</i>		
2 Sisters Food Group	Countrywide	Keepmoat
20:20 Mobile Group	CPL Industries	Kelda Group
AA	Crest Nicholson	Kwik-Fit
Acromas	DFS	Laing O'Rourke
AF Blakemore & Son	Doncasters	LINPAC
Alliance Boots	Dunbia	Listers
AMC Group	Dyson	Lucite International
Anglian Water Group	Edwards	Mace
Arcadia	EMI	Malthurst
Arnold Clark Automobiles	Enterprise	Marshall Group
Arqiva	European Metal Recycling	Martin McColl
Arup	EWS Railway	Matalan
ASCO	Expro International	Merlin Entertainments Group
Associated British Ports	Findus Group	MFI Retail
Aurora Fashions	Farmfoods	Miller Group
Balli Holdings	Firth Rixson	Monarch Holdings
Baxi Group	First Quench Retailing	Monsoon
Bernard Matthews Farms	Fitness First	Moto
Bestway Group	flybe	Mott MacDonald
bet365	Formula One	MRH (GB)
Betfred	Focus DIY	Murray International
BHS	Four Seasons Health Care	NDS Group
Bibby Line Group	Gala Coral	New Look
Biffa	Gladedale	NG Bailey
Birds Eye Iglo Group	Grampian Country Food Group	Northgate Information Solutions
Bloor Holdings	Greenergy	Northern & Shell Media Group
bmi	Greenhous Group	OCS Group
BOCM PAULS (Agricola Group)	Guardian Media Group	Odeon & UCI Cinemas Group
Booker	Hanover Acceptances	Palmer and Harvey
Bourne Leisure	Harrods	Peacock Group
Bowmer and Kirkland	Healthcare at Home	Pentland Group
Brakes Group	House of Fraser	Perrys
Bristol Street Group	Iceland	Phones 4u
Camden Motor Group	Infinis	PSN
Caparo Group	Ineos Chlor	River Island
Caudwell Holdings	INEOS Group	Ryland Group
City Electrical Factors	JCB	Samworth Brothers
Clarks	JCT600	SCH Group
Coats	John Laing	Seton House Group
Costcutter	John Lewis Partnership	Shepherd Group
	KCA Deutag Group	Shop Direct Group

Sir Robert McAlpine
Somerfield
Southern Water
Specsavers
Spire Healthcare
Sports World International
SSP
Stemcor
Swire
Telereal Trillium
Thames Water
TI Automotive

TJ Morris
Trailfinders
Travelex
Unipart Group
United Biscuits
Vasanta Group
Vestey Group
Vetco International
Virgin Atlantic
Virgin Trains
Viridian
Vita Group

Wates
Watson Petroleum
Welcome Break
Westcoast
Wilkinson
William Grant & Sons
Willmot Dixon Group
Zavvi

## Public data request template

							Company Status (FTSE100, FTSE250, Other listed, Private, Inactive)		
#	Company name per Bloomberg	SE Code/ TIDM	Industry	Primary checker	Secondary checker	Unique identifier	Dec-00	...	Dec-11
Data	Data	Data	Data	Data	Data	Data	Data	Data	Data
			Total	Company	Subsidiary	Audit-Rel.		Total	UK
Year end	Auditor		Audit and Audit Related Fees	Audit Fee	Audit Fee	Fee	Non-audit fees	Turnover	Turnover
Date	Name	Year of first audit engagement	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Columns for 2000–2011	Columns for 2000–2011		Columns for 2000–2011	Columns for 2000–2011	Columns for 2000–2011	Columns for 2000–2011	Columns for 2000–2011	Columns for 2000–2011	Columns for 2000–2011

Table continued

Data									
Current	Non-current	Current	Non-Current						
Assets	Assets	Liabilities	Liabilities	Equity	Profit (loss)	Audit	Inventories	Receivables	Payables
£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	Qualification	£'000s	£'000s	£'000s
Columns for 2000–2011									

*Note:* Each column with heading 'Data' represents an array of columns for years 2001–2011. Every array of data was followed by 'Comments' columns for each variable, for years 2000–2011, which are omitted above for brevity.

# Instructions

Data	Source	Instructions	General comments
Company Name	Combination of Bloomberg, Datastream and Top Track.	Please do not amend any company names. If the company changed its name or you believe a different name should be used, please use the 'Company changes' work sheet.	
SE Code/TIDM	FTSE Lists provided by the CC and/or the LSE website*	Does not apply to Top Track companies	
Industry	FTSE Lists provided by the CC and/or the LSE website* **	Please classify companies using the ICB classification system (see attached worksheet 'ICB' for a full list of categories). For listed companies it should be possible to provide the full four-digit code. For Top Track companies, it will be necessary for the audit firm to classify the company. In this case, a three digit-code (to identify sector) will suffice. Firms should particularly refer to the ICB worksheet where the source data is more than 3 years old as some of the classifications have changed (for example Real Estate).	
Unique identifier	Companies house, Bloomberg, ICC or other company databases ***	This should be the company registration number.	Propose to record the company registration number for each period as a check to ensure that the same entity is being used.
FTSE 350 listing/company status	Company lists provided by the CC and/or the LSE website	This should take one of the following categories: FTSE100; FTSE250; Other listed; Private, or; Inactive.	Please record this on a QUARTERLY basis
Financial year end	Company annual statutory accounts and/or audit firm records		Use the 'Comments' array to indicate any unusual periods (e.g. accounting years less or more than 12 months)
Auditor name	Company annual statutory accounts and audit firm records		
Year of first audit engagement	Company annual statutory accounts and audit firm records	If the engagement started in 1990 or after, please give the exact year. If it is not possible to identify the exact year before 1990, please respond with a five-year band (i.e. 1985-1989, 1980-84, 1975-1979 etc). For engagements starting before 1970, ten-year bands will suffice (i.e. 1960-1969, 1950-1959 etc).	The year of initial engagement applies to the current auditor. If the company has switched auditor during the period 2001-2011 please provide the year of initial engagement for the previous auditor in the Comments array. For example, in the case of A.G. Barr the year of initial engagement will be 2010 for KPMG. However, we would also like to know the year of the first engagement for Baker Tilly, which was the previous auditor. This should be provided under 'Comments: Year of first audit engagement'.
Total audit fee and audit related fees	Company annual statutory accounts	Audit and audit related fees should be recorded together. We have agreed a list of 12 services which will be designated as "audit and audit related" services. All other services for which fees are recorded in the financial statements (which are not clearly audit fees) will be recorded in the dataset as non-audit fees. As such, in this revised template the audit and audit related fee columns are combined, leaving one column for each year (i.e. there is one column encompassing Group Fees, Subsidiary Fees and Audit Related Fees). A list of these 12 services can be found at the bottom of this spreadsheet.  If the company's accounts provide data distinguish between fees for the statutory audit and audit-related fees, please provide this in the Comments array.	
Company Audit Fee	Company annual statutory accounts and audit firm records	This refers to the audit fees payable to the auditor for the audit of the Parent company (it may also include Group financial Statements). Include this when it is provided in the company's annual accounts.	
Subsidiary Audit Fee	Company annual statutory accounts and audit firm records	This refers to the audit fees payable to the auditor for the audit of the the company's subsidiaries. Include this when it is provided in the company's annual accounts.	
Audit Related Fees	Company annual statutory accounts	Include this when it is provided in the company's annual accounts.	
Non-audit fees	Company annual statutory accounts	This should only include non-audit fees paid to the auditor.	
Total Turnover	Company annual statutory accounts		
UK Turnover	Company annual statutory accounts	Non-FS: Total revenue as per the face of the income statement. Record total rather than that derived from continuing operations. FS: Total income as per the face of the income statement. Record total rather than that derived from continuing operations Include this when it is provided in the company's annual accounts. If UK turnover is given as £0, please insert '0' (do not leave blank).	
Current Assets	Company annual statutory accounts	Non-FS: current assets. FS: Leave blank	
Non-current Assets	Company annual statutory accounts	Current and non-current assets as specified by the CC. FS: record TOTAL ASSETS as per the group balance sheet in the 'Non-current assets' columns.	
Current Liabilities	Company annual statutory accounts	Non-FS: current liabilities. FS: Leave blank	Please record "n/a" where any of this data is not available.
Non-current Liabilities	Company annual statutory accounts	Non-FS: Non-current liabilities. FS: record TOTAL LIABILITIES as per the group balance sheet in the 'Non-current liabilities' columns.	
Equity	Company annual statutory accounts	This includes share capital, retained earnings and other reserves.	
Profit (or loss)	Company annual statutory accounts	This should be profit before taxation.	
Audit Qualification	Company annual statutory accounts	Responses should be a number 1-7. Please use the following key:  1. Clean/unqualified 2. Emphasis of matter 3. Qualified opinion - limitation of scope 4. Qualified opinion - disagreement 5. Disclaimer of opinion 6. Adverse opinion 7. Multiple	
Inventories	Company annual statutory accounts	This parameter may not be applicable to FS companies. Please record n/a if the data is not available.	
Receivables	Company annual statutory accounts	Includes both trade and other receivables. This parameter may not be applicable to FS companies. Please record n/a if the data is not available.	
Payables	Company annual statutory accounts	Includes both trade and other payables. This parameter may not be applicable to FS companies. Please record n/a if the data is not available.	

\* LSE website with SE Codes

\*\* LSE website with historic company data

\*\*\* Companies House website with registration numbers

FS - financial services. Non-FS - non-financial services.

### Public dataset—processing and cleaning<sup>24</sup>

1. One observation in the dataset represents one report (set of accounts).
2. The variable 'year' represents the year to which the last day of the report belongs (eg a report with a year ending on 31/12/2007 will have 2007 in the 'year' column). Due to changes in financial year ends in some calendar years there were no reports filed, and in some calendar years there were two reports.
3. In some cases there were duplicate entries (the same company was mentioned once in FTSE350 sheet, and once in Top Track sheet)—in these cases only one record was kept and the other was removed. In two cases two records were combined (it was same company but was listed in one line before a certain year and in another line after that)—companies #610 and #830, and #802 and #792.
4. 'Auditor\_name'—in order not to overstate the amount of auditor switching, in cases when an auditor changed its name at some point, or became a part of another firm, the auditors' names were standardized. To identify the names of auditors as submitted please refer to column 'auditor\_name\_original'.
5. Joint audit -the column 'auditor name' contains the name of only one auditor. Cases of joint audit are flagged in column 'joint\_audit'. To identify the names of the joint auditors please refer to column 'auditor\_name\_original'.
6. 'Gaps' in auditor names—in some cases auditor names were missing for certain years. If the auditor was the same before and after the gap we assumed that the same auditor was the auditor during the gap. Otherwise we checked 'year of initial

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<sup>24</sup> Please also see the published dataset and variable descriptions.

engagement' in the Public dataset, engagement dataset, as well as publicly available sources. Such cases are flagged in column 'auditor\_name\_note'.

7. Missing year-ends and empty entries. It was not always clear if a company was inactive, or accounts were missing. We used the following approach:
  - (a) If a report's year end was missing, but this was a 'gap' (so there were accounts before and after such a report)—we kept such an observation.
  - (b) Otherwise the observation was dropped.
8. Calendar years—we matched each report to a calendar year in which the largest portion of the report's period falls. If a report covered an odd number of days, the calendar year to which the 'middle day' of the report belonged to, was assumed to be the calendar year for this report. If a report covered an even number of days, the calendar year to which the last day of the first half of the report belonged to, was assumed to be the calendar year for this report.
9. In a small number of cases (usually due to a change in financial year end of a company) there were two reports belonging to the same calendar year—we merged these reports into one so that there is only one report per calendar year.
10. Also, in a small number of cases (due to a change in financial year-end of a company) there were calendar years without any reports belonging to them—this happened when the change in financial year-end led to an unusually long reporting period. We split such reports into two so that there is only one report per calendar year. Such cases are flagged in column 'special case'.
11. Company status (Inactive, Private, Other listed, FTSE100, FTSE250). For each report columns 'status\_q1', 'status\_q2', 'status\_q3', and 'status\_q4' indicate the

status of the company in quarters 1, 2, 3 and 4 of the relevant calendar year (identified according to paragraph 8 above), respectively.

12. Industry—for the cases where a company ceased to exist before the 4-digit industry codes were introduced, we assigned a 4-digit industry code consistent with the company's industry, sector or supersector codes under the old classification.
13. Year of first engagement—for each company we ordered its auditors since the year 2000 (auditor #1, #2 etc) according to the first year of the audit engagement. If the auditor was number 2, 3 or 4 we took the year of its first occurrence in the dataset as the first year of the engagement. For the 'first' auditors for each company we used the main Public dataset submissions, as well as the engagement dataset to determine the year of first engagement. In a small number of cases when this information was missing, the year of first audit engagement for the 1st auditor was assumed to be the year of its first occurrence in the dataset (eg 2000 if the data for that company starts in the year 2000).
14. Confidentiality—in a small number of cases certain data points were deleted before the dataset was circulated, when such data was marked as confidential by the audit firm that provided the information.