

Denis Kelly  
Competition Commission  
Victoria House  
Southampton Row  
London WC1B 4AD

from the Finance Director

9 August 2013

Dear Sirs

I am writing to object to the Commission's proposal in its report of 23 July that companies should be required to retender their external audits every five years.

We do not believe it is in the best interest of the company or its shareholders to mandate retendering every five years. We consider the requirement of the FRC that audits should be retendered every ten years to be more than adequate to satisfy the need to ensure auditor independence.

For a complex organisation to devote the time and resources necessary to undertake a meaningful retendering exercise every five years is unreasonable. We believe the costs of such an exercise are significantly underestimated by the Commission and any benefit would be more than outweighed by the cost. Furthermore, we believe the Commission severely underestimates the complexity of undertaking the audit of a major multinational organisation. Preparing a meaningful tender would entail considerable expense by the firms invited to tender, which would inevitably be recovered through higher audit fees and would be extremely disruptive to all organisations concerned.

Mandatory audit tendering is presumably to be undertaken with an expectation that the frequency of rotation would also increase. That being the case, we are of the view that the Commission also severely underestimates the risks associated with rotating the auditors of major multinationals, particularly the risk that unfamiliarity with the client's organisation will lead to failure to detect material control weaknesses, or worse.

We respectfully request that the Commission withdraws its recommendation for mandatory five year audit retendering.

Yours faithfully



John Bason  
Finance Director