

Transparency Report
2008/2009
Mazars LLP



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“ Introduction ”



I am very pleased to introduce the transparency report for Mazars LLP in the United Kingdom as of 31 August 2009.

At the end of our last financial year (31 August 2009), Mazars had offices in 50 countries across five continents with a workforce of more than 11,300 professional staff around the world. Our consolidated turnover was €M 773.6, an increase of nearly 4% on the previous year. In the UK, we had a total of 105 partners and over 1,100 staff.

In the UK, the last financial year was one of consolidation following a number of years of rapid growth but we were pleased that turnover remained almost stable at £101m after allowing for the sale of a small non-core office the previous year.

Committed to sustainable growth

In the UK and internationally Mazars remains committed to a policy of sustainable growth in order to meet our clients' needs and during the year we continued, for example, to expand our taxation and business recovery teams with senior appointments in these areas.

In September 2009, we announced two major development initiatives. The first was the launch of a new actuarial services practice, part of a wider initiative aimed at building on our already strong position in the financial services sector both in the UK and globally. We also announced we were joining together with Chadwick LLP, a well respected long-established practice in Manchester and Liverpool, in order to strengthen our presence in the North West of England.

Large Firm of the Year Award, 2008

Mazars was delighted to be named 'Large Firm of the Year' at the Accountancy Age Awards in November 2008. The judges commented that 'the firm has shown a terrific performance and has moved into a new space through acquisition. The firm makes a huge contribution to the profession and has won some very impressive work. There's clearly innovation underway and this was an entry that just could not be ignored.'

Helping quoted companies

As a leading player in the listed market in the UK we are committed to providing assistance to quoted companies in the form of relevant events and publications.

Our publications included a survey of FTSE 250 companies on 'IFRS 3 and Impairment reviews' and a major survey 'IPO Inside out: the business leader's guide to AIM'. Following their successful launch the previous year, we organised the second series of seminars in 2009 with the Quoted Companies Alliance for finance directors of smaller listed and AIM companies. The seminar series is one of a variety of ways in which we work with QCA: a number of our partners serve on QCA technical committees and we also sponsor the annual QCA Finance Directors' Dinner. In addition, we organised a dinner with the London Stock Exchange in Glasgow in June 2009 for directors of leading Scottish companies which was chaired by Lord Smith of Kelvin and with Ian Marchant of Scottish and Southern Energy making the keynote speech on how to emerge from the recession as leaner, fitter competitors.

Our 'threesifty' joint venture with Warwick Business School on leading-edge boardroom issues proceeded in 2008/9 with dinners with senior corporate speakers and the publication of 'Strategy and the board'.

Governance of audit

Mazars is strongly supportive of effective governance for businesses and for audit firms as we believe it has a pivotal role to play in both protecting and enhancing value. We are therefore pleased to be contributing actively to the work of the FRC/ICAEW Audit Firm Governance Working Party as well as the review of governance for banks and other financial institutions and listed companies generally. As



practical evidence of our commitment to good governance, we also undertook thorough board evaluations within the firm at both national and global levels of Mazars and are implementing action plans based on the findings of the evaluations.

The need for more competition and choice in the listed audit market

We are also pleased to have actively contributed to the work of the FRC's Market Participants Group. We believe the need to increase competition and choice in relation to the audit of listed companies remains a pressing one and we are committed both to highlighting our strong credentials in the marketplace and to helping promote the changes needed in order for there to be a more level and active playing field between different firms.

The partners look forward to the year ahead and are grateful for the tremendous efforts our teams make to help our clients cope successfully in these difficult economic times.

November 2009

David Evans, Senior Partner

Kim Hurst, Standards & Risk Management Partner

1 Mazars' description



1.1. Mazars in the UK

1.1.1. Description of the legal structure and ownership of Mazars LLP

The UK firm of Mazars is part of the Mazars worldwide organisation presented in Section 1.2. The structure of Mazars internationally and its relationship with the UK firm is governed by agreements at two levels.

Firstly, 61 of the 105 UK partners are shareholders in Mazars Scrl. The partners in Mazars Scrl elect the Group Executive Board (GEB) and Governance Council, approve the addition of all new shareholders and share a proportion of their profits.

Secondly, the UK Mazars firm as an entity, has a "co-operation agreement" with Mazars Scrl.

1.1.2. Description of the legal and structural arrangements of Mazars LLP

Mazars in the UK operates as a Limited Liability Partnership (LLP). Mazars LLP and its subsidiary companies provide a full range of professional services including audit and assurance, tax advisory and compliance, business advisory and accounting, actuarial, forensic and investigations, corporate recovery and insolvency and financial planning for private individuals.

As of 31 August 2009, Mazars had 105 partners and over 1,100 employees working in 17 UK offices.

1.1.3. Description of the governance structure of Mazars LLP

One of our guiding principles is that we work together as a team with the aim of providing our clients with exceptional service, and of creating a stronger firm on which future generations can build.

Our governance structure is designed to create a culture of openness and accountability.

The UK Executive Board has responsibility for setting Mazars' national strategy, within the overarching framework of the international strategy.

The UK national partnership is managed by the Senior Partner, who is elected for a three-year period. Any UK partner is able to put themselves forward for the position. Once nominated, the Senior Partner (David Evans, as of 31 August 2009) then nominates up to four other partners to become members of the Executive Board. The choice of Senior Partner is finalised by a vote among the UK partners, their candidacy having been submitted for the consideration of the Nomination Committee and the GEB.

There are three operating boards: Public Interest Entities (PIE), Owner Managed Business (OMB) and Mazars Financial Planning (MFP).

- * These operating boards are responsible for managing results, developing growth strategy, and supporting our people.
- * These boards are also responsible for balancing short-term profitability and long-term strategy in this very difficult marketplace.
- * Service line groups ensure consistency of approach where a service offering operates across PIE and OMB customer lines. The main objective of the Audit and Assurance Group is to ensure the quality of audit and assurance work as well as being the firm's voice in the marketplace and profession. The group focuses on emerging issues and how they will affect the firm, approves policies in the areas of audit and assurance quality and agrees the quality control programme and planned action arising from the quality control review findings and recommendations.

The Governance Council approves strategy and budgets, and ensures proper processes are being followed. It also approves the appointment and remuneration of partners and encompasses the Audit Committee, made up of three members of the Governance Council and one member of the Executive Board. The members of the Governance Council are elected by the partners.



1.2. Mazars at an international level

Since 1995, Mazars has built a unique integrated partnership that, today, still reflects the values and beliefs of the original founders – operating a truly democratic organisation.

The democratic partnership gives each partner the right to vote on the strategic decisions involving the future of the partnership. This kind of responsibility is central to Mazars' principles and practices. It runs throughout the organisation, and is expressed in the way we exercise our profession, and in the relationship Mazars maintains within its social and economic environment.

In order to ensure that the services offered around the world remain consistent with client expectations, Mazars has opted for an integrated model that is both institutional and operational.

1.2.1. Presentation of Mazars Scrl

✦ Institutional integration

The Mazars organisation comprises all the member entities who have signed an agreement of cooperation with Mazars Scrl, a Limited Responsibility Cooperative Company headquartered in Belgium, which in itself has no professional activity, and whose shareholders are partners in the member entities. In this respect, they are the only owners of Mazars' capital. The mission of Mazars Scrl is to define the strategic objectives of the organisation, and to coordinate their implementation at member firm level. The organisation also has specific responsibility for promoting and protecting the Mazars brand throughout the world.

Once appointed, all Mazars partners sign a contract that allows them to transfer their interests only to parties approved or designated by Mazars Scrl. The shares in member firms can, in principle, only be owned by the partners of Mazars Scrl. The consolidated financial results of Mazars Scrl include those of the member firms and are prepared to comply with IFRS standards and jointly audited by two independent auditors, BDO and Horwath.

The internal management of member firms reflects the specific characteristics of the Mazars organisation, for which the members of the Group

Executive Board, directly elected by the partners, assume ultimate responsibility. Mazars is not simply a collection of national firms, but an integrated organisation of professionals sharing risks and profits, goals relating to growth and technical excellence, and a commitment to invest, so that there is a form of equality between all countries, as well as between individual partners.

✦ Operational integration

Mazars' services are organised around four international lines, two focused on clients - Public Interest Entities and Owner Managed Businesses - and two focused on professional services, Legal and Tax.

The primary role for these international lines is to ensure consistency in developing business by clearly defining the service offering, identifying targets, managing customer relationships and consistently utilising marketing resources. Their second role is to encourage and monitor the development of teams.

Mazars has the ambition to structure itself in such a way as to ensure that the countries, the international lines and the Group are aligned. It has built a management structure which facilitates the bringing together of senior partners or managers of all integrated entities in periodic meetings taking place at least three times a year.

The international partnership extends through every dimension of the Mazars organisation:

- * Each global or international assignment is managed and carried out by an integrated team, coordinated by the partner in charge who takes final responsibility for reporting to the client.
- * Each customer or service line is represented in every country where the organisation operates in order to optimise the coordination of assignments and cross border relations between teams.
- * Partners and the national member entities in which they work are linked by a series of agreements intended to achieve maximum consistency within the Group. They all report to the elected representatives of the international partnership.



1.2.2. Governance of Mazars Scrl

Mazars has set up a governance structure that ensures the long-term security of the organisation:

✧ The management of Mazars Scrl falls upon the Group Executive Board (GEB) under the supervision of the Group Governance Council (GGC). The management of the member entities of the Mazars organisation is the responsibility of their respective Country Executives.

✧ The GEB reports to the GGC at least once every four months and to the General Meeting of partners at least once a year. At this General Meeting, partners elect the President for a three-year term and the other members of GEB, as proposed by the President. The Executive Board whose mandate expires at the end of 2009 currently comprises four members:

- * Patrick de Cambourg, President, France
- * Philippe Castagnac, France
- * David Evans, United Kingdom
- * Jos van Huut, the Netherlands.

✧ The GGC meets at least every four months. It plays a monitoring role, reviewing the way the Group is being run by the GEB, and monitoring performance of group member entities. Council members are proposed by the partners at the General Meeting for a three-year term.

✧ The GGC may include between four and 16 members. Its mandate expires at the end of 2009 and GGC currently comprises nine members:

- * Jean-Louis Lebrun, President, France
- * Michel Barbet-Massin, Vice-President, France
- * Philippe Bouillet, France
- * Patrice de Folleville, Germany
- * Tim Hudson, United Kingdom
- * Kim Hurst, United Kingdom
- * Ruud Krouwer, the Netherlands
- * Pierre Sardet, France
- * Claudio Tedoldi, Italy.

✧ Country Executive Committees have authority to manage the member entities within the framework established by the organisation and in terms of the strategic and operational coordination it provides. They are elected by the partners of each member firm, their candidacy being subject to the agreement of the GEB.

✧ The General Meeting of partners is held at least once a year and is the pivotal point in the governance and decision making processes of Mazars Scrl. It is at this meeting that, collectively, the partners of Mazars elect the governing bodies (every three years) and approve the major strategic directions and operations of the Group, the appointment of new partners and the yearly audited consolidated accounts of the Group.

1.2.3. Mazars' worldwide presence

Mazars serves its clients throughout the world via:

- * Integrated member firms in 50 countries; and
- * Correspondents in 12 countries.

In addition, Mazars Tunisia and Mazars Middle East have signed local correspondents' agreements in five countries.

Member entities and correspondents are part of the Mazars network and are committed to the risk management policy as described in Section 2 of this report.

The international coverage of the Mazars Group is presented in Section 5.

Furthermore, Mazars is a member of Praxity. Praxity is an international alliance of Independent Entities created in 2007 as a non-profit-making International Association regulated under Belgium law (AISBL).

Present in 72 countries through 109 participating firms, each Praxity participating firm delivers state-of-the-art accounting services and in-depth local knowledge, achieving exceptional results for their clients on a global scale. Participating firms bring their collective commitment to high quality and ethical accounting solutions. In line with the Praxity vision that one size does not fit all, firms



join the alliance in one of three classifications: member firm, associate firm and correspondent firm. These classifications are based on the degree to which firms satisfy criteria, among which quality is key. The Mazars Group is a member firm of Praxity.



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*... unwavering
commitment to
independence and
technical excellence.*

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2 Mazars' Quality Assurance and Risk Management policy



The Group Executive Board of Mazars integrated partnership has the leadership with regards to the guidelines and principles to be applied in terms of quality. To this effect it has set up a Risk Management and Audit Technical Excellence Steering Group (RM&ATE SG). This Steering Group:

- * defines the procedures and the quality assurance system that entities and all service lines have to implement, in order to meet the defined principles. These standards are presented in the Mazars Quality Assurance Manual and Risk Management Manual, which constitutes the benchmark for all entities;
- * supervises jointly with the GEB the monitoring of the quality assurance system. This monitoring is organised by an International Quality Control Committee (IQCC), which relies on globally coordinated inspections to monitor compliance with the relevant audit methodology, ethics policies and quality control standards. A follow-up of the action plans that have been defined jointly with the entity's Risk Management and Quality Leaders is conducted every year, as well as a close examination of the annual reporting of each country and of the results of their internal and national quality assurance reviews.

The management of each member entity has the primary responsibility for the implementation of the quality assurance system. They must promote a Mazars internal culture of quality reinforced by clear, consistent and frequent messages and initiatives, at all levels of the entity. These must remind everyone of the existence of the quality assurance system, and underline the importance of respecting legal and regulatory obligations, particularly with regards to the professional code of ethics and professional standards of practice when it comes to accepting and carrying out new assignments.

Mazars' quality assurance and risk management policies are based on the regulations and procedures defined in accordance with the ISQC1 quality assurance standard of the International Federation of Accountants (IFAC) which are available online to all our professionals and are regularly updated subject to changes in European or International regulations.

Mazars is a member of the IFAC Forum of Firms and declares annually since 2007, based on the results of the quality control system, that the organisation meets the membership criteria as set out by the Forum of Firms. These criteria are as follows: the implementation of a quality control program coordinated across the world and the application to all transnational audits of the International Auditing Standards (ISAs).

Formally established in 2002, the Forum of Firms (FOF) is an association of international networks of accounting firms that perform audits of financial statements that are or may be used across national borders. Members of the Forum voluntarily agree to meet certain requirements as detailed in the FOF Constitution. Commitment to the obligations of membership in the Forum contributes to raising the standards of the international practice of auditing in the interest of users of the profession's services. The Forum of Firms' positive and structured role has recently been brought to the European Commission's attention and the Duisburg-Essen University's attention in two published papers.

Mazars is actively involved in the IFAC with a strong presence in the following three committees:

- * The Transnational Auditors Committee (TAC), executive committee of the Forum of Firms;
- * The International Ethics Standards Board of Accountants (IESBA);
- * The Small and Medium Practices Committee (SMP).

2.1. Independence

As of 31 August 2009, Mazars is the legal auditor of over 450 listed companies in the 50 integrated countries of its international partnership.

Maintaining independence is one of the highest stakes for audit firms. For international organisations such as Mazars, it is even more important due to the geographical spread of our clients.



2.1.1. Mazars' independence practices

✦ The Mazars Code of Conduct for Objectivity and Independence

In order to form a basis for the widespread adoption of its core values throughout the Group, Mazars adopted a Code of Conduct for Objectivity and Independence (CCOI), which is compliant with the IFAC Code of Ethics and the European Directive on Statutory Audit.

Each national Mazars entity evaluates the equivalence of national rules with the measures contained in the CCOI, and communicates, if necessary, to the other members of the organisation, the more restrictive national measures, which are documented as Country Specific Provisions (CSP).

The Code is distributed to all partners and staff. Ethics form an integral part of the firm's professional training programme.

✦ Systems to safeguard independence

These systems involve the following key procedures:

- * **A procedure for acceptance and continuance of clients and engagements** which enables evaluation of the level of the client related risks, the entity's ability to perform the engagement and ethical risks in terms of independence and anticipate conflicts of interest at a global level. Provision of additional services to an audit client is systematically subject to prior authorisation from the lead group audit partner and, in some cases, to the opinion of the head of ethics. It is also subject to authorisation of the client's audit committee when the client has put in place a procedure for the prior approval of such services.
- * **An inventory of services rendered to audit clients.** For the group audits, this inventory is part of the audit instructions sent out by the coordination team. The inventory is provided to the partner who signs the client group accounts.
- * **An annual declaration of independence** by partners and staff and thorough review of all situations that could compromise independence. In this

respect, all partners of the Mazars organisation or their immediate family cannot hold a direct or an indirect financial interest in the listed assurance clients of the organisation. Personal or family relationships between a member of the audit team and a member of management of the audited company or a person holding a key position for the audit are also prohibited. Lastly all entities and partners, and staff working on the audit engagement, must not have any financial or commercial relations with an audit client except for normal financial relations with a banking client.

- * **Access for all in-house professionals to a list of clients subjected to specific ethical requirements.**
- * **Training for technical staff on ethical rules** and in the organisation's procedures in the area of ethics.
- * **Compulsory technical consultation** with the professionals on technical matters, ethics and any other areas.
- * **Limits on fees per client**, in order to avoid financial dependence on one or several clients.
- * **Clear rules regarding conflicts of interest.** When there is such a threat, either the assignment is refused, or safeguard measures are applied. These measures can be to obtain the written agreement of the concerned clients before accepting the new engagement, and/or staffing the two assignments with entirely different teams and complying strictly with confidentiality requirements.
- * A method of **remunerating partners** that is not directly related to the level of fees billed, new clients obtained or additional engagements performed for their clients and/or to financial performance.

The RM&ATE Steering Group is in charge of studying any problematic situations that may be brought to its attention, reviewing any proposed departures from the CCOI by country, verifying that all changes in international ethical standards are taken into account by the organisation and ensuring that risk management procedures exist in each member entity.

✦ Two-partner teams and rotation to strengthen both independence and quality of services



Except for specific situations which are approved by the Executive Board of each local entity, large engagements are placed under the responsibility of a **team of at least two partners**, one of whom naturally assumes the leadership of the engagement.

Having a team of partners strengthens independence and enables broader technical expertise to be available to the engagement. The responsible partners assist with all key stages of the engagement and remain the key contact for all parties and professional staff, whether internal or external to the entity.

Within Mazars, rotation is applied to Public Interest Entity engagements on which key audit partners should rotate after a maximum of seven years and not return to the audit team for at least two years, in compliance with the European Directive on Statutory Audit and IFAC Code of Ethics.

This rotation of partners is in place in order to lessen the risk of “closeness” to the audited company that may impair independence. It enables the auditor to have greater independence of mind in dealing with clients’ problems and in expressing opinions on financial statements.

The allocation of responsibilities to partners in respect of recurring audit engagements and major special engagements is decided at the level of the entity’s Executive Committee in order to ensure that partners have the ability to effectively conduct and supervise all engagements under their responsibility. This allocation is reviewed annually on the basis of changes in each partner’s situation and any particular difficulties encountered on their engagements.

The Mazars partnership model gives the two-partner team the liberty to organise the audits of their subsidiaries wherever located in the world.

2.1.2. Statement on the effectiveness of independence safeguard systems

The Standards & Risk Management team publishes detailed guidance and advises, on a day-to-day basis, on matters including audit and assurance issues, anti-money laundering policies, independence and ethical issues, compliance matters and risk management strategies.

The internal systems described above have been established so as to identify circumstances whereby Mazars’ independence could be impaired and to take appropriate safeguarding measures.

✦ Description of independence policies and procedures

Our regulatory and ethical responsibilities are ingrained into our culture. The demands of our clients and our regulators, together with the processes adopted by the firm, ensure that we consistently produce reliable and high quality work.

We continue to participate actively in the development of the regulatory agenda and consistently punch above our weight when it comes to promoting quality and change within the profession.

Our policies and procedures to safeguard our independence include:

- * **Ethics partner.** We have a dedicated ethics partner who is supported by a team of specialists.
- * **Procedures for acceptance and continuation of engagements.** Incorporating evaluation of the client related risks and of our ability to perform the engagement, including ethical risks in terms of independence and conflicts of interest.
- * **Personal confirmations.** We obtain confirmations of regulatory and independence compliance from all our partners and staff when they join the firm and also on an annual basis.
- * **Training.** Partners and staff are trained on ethical rules and quality issues.
- * **Audit team rotation.** For listed audit clients we require that the audit engagement partner and the independent partner are rotated off after five years.
- * **Partner remuneration.** The method for remunerating partners is not directly related to the level of fees billed, nor are our audit partners remunerated by



reference to selling non-audit services to audit clients.

✦ **Confirmation of internal review of independence policies and procedures**

Our policies and procedures are reviewed annually to incorporate the latest legislative, regulatory and professional developments.

The management of Mazars LLP confirm that an annual internal review of independence practices has been conducted.

2.2. Quality control system

The policies and procedures adopted by Mazars are in compliance with the IFAC standards in the area of quality control: ISQC1 “Quality Control for Audit, Assurance and Related Services Practices” and Revised ISA 220 “Quality Control for Audit Engagements”. They are documented in a Quality Assurance Manual available in electronic format to all professionals in the firm and the organisation.

These policies and procedures are complemented by audit methodology and audit support techniques that are shared among all members of the organisation and by joint training initiatives. In order to enhance the level of computerisation of audit files, the firm developed specific audit software. It allows a structured definition of the audit approach and automatic performance of certain work linked with the audit manual updated in respect of the most recent IFAC standards.

Compliance with the organisation’s policies and procedures is regularly controlled through reporting by the firms on the results of their internal and external quality control and through periodic quality assurance reviews by another member firm of the organisation.

2.2.1. Description of the internal quality control system

✦ **Maintaining quality**

Quality of people: The high standards of quality for our work require that we recruit highly talented individuals, who have the ability to take on ever increasing responsibilities. Our ability to attract

and keep talent is one of the key elements in ensuring appropriate client relationships.

Mazars’ strategy in terms of training (refer to Section 4.3), coaching and compensation strongly emphasises this high standard of audit quality.

The quality control system includes **policies and procedures** in the following areas which are set out in detail in our Quality Assurance Manual:

- * Responsibility and leadership
- * Independence and objectivity
- * Audit policies and methodology
- * Acceptance and continuance of engagements
- * Human resources
- * Monitoring of the quality control system
- * Engagement performance including:
 - o Planning and supervision of engagements
 - o Technical consultation
 - o Audit documentation
 - o Engagement quality control review
- * Confidentiality
- * Managing cross-border engagements
- * Complaints and allegations.

These processes are presented in the Mazars Risk Management and Quality Assurance Manuals and are regularly updated to include changes in international standards and users’ suggestions which have the objective of improving the effectiveness and the relevance of the Quality Control System.

✦ **A Global Assurance Programme and internal inspections**

Mazars has put in place an international quality control system covering all entities in the organisation, whether they are integrated members or linked by a correspondent agreement. Quality control is operationally managed by an International Quality Control Committee (IQCC) which reports to both the Group Executive Board and the Risk Management & Audit Technical Excellence Steering Group.

Two types of quality assurance reviews are in place:



- * A reporting involving a self-assessment by the countries on their compliance with IFAC standards, completed by the results of internal and external quality control and an action plan in respect of the main areas identified for improvement. This reporting, which is called REQAR (Reporting on Quality Assurance Review), covers aspects relating to audit methodology, ethics and the internal Quality Assurance and Control System.
- * A periodic inspection, which is called IQAR (International Quality Assurance Review), performed by Mazars reviewers from different countries.

Each reviewer in charge of quality control in the member firms prepares an action plan addressing the findings of the IQAR or the REQAR. The action plan must be submitted for approval to the country's executive. The partners in charge of monitoring by geographical zone are also informed of these action plans and follow-up the implementation with the help of the IQCC.

Each year the entities assess and supervise their quality control system by implementing a monitoring programme which involves an assessment of the adequacy and effectiveness of the firm's procedures and a review of engagement files. Each partner is reviewed at least every three years. The results of the engagement file reviews are taken into account in determining the partners' compensation. Once a year, the firm communicates the results of internal and external quality control reviews to partners and managers, including to the firm's executive board. This communication must be sufficiently detailed to enable the necessary corrective measures to be taken, both at the level of the entity and of the individuals in question. This summary includes as a minimum:

- * a description of the procedures applied and of the scope of the quality control review;
- * conclusions of the reviews pertaining to the firm's procedures and to the audit engagements; and
- * action plans where required.

Entities that are candidates for admission into the Mazars partnership must undergo a prior technical control by the IQCC. The quality control review report is included in the admission file submitted to the GEB and the GGC for approval before the vote by the partners. It can be accompanied by an action plan which is naturally monitored by the IQCC and the head of monitoring of the geographical region to which the new member belongs.

2.2.2. Statement on the effectiveness of the quality control system

Mazars has become one of the first full members of the IFACs Forum of Firms in January 2008 after reporting it had implemented a globally coordinated quality assurance programme, committed to the use of International Standards on Auditing (ISAs) and met other specific ethics requirements.

Commitment to the obligations of membership in the Forum contributes to raising the standards of the international practice of auditing in the interest of users of the profession's services. In this respect, Mazars is committed to:

- * Maintaining appropriate quality control standards in accordance with International Standards on Quality Control issued by the IFAC International Auditing and Assurance Standards Board (IAASB) and relevant national quality control standards and, to the extent not prohibited by national regulation, conduct regular globally coordinated internal quality assurance reviews;
- * Implementing policies and methodologies based, to the extent practicable, on the ISAs issued by the IAASB for the conduct of transnational audit assignments;
- * Implementing policies and methodologies which comply with the IFAC Code of Ethics for Professional Accountants and national codes of ethics.

Therefore, on the basis of its Quality Control monitoring conclusions, Mazars has confirmed in December 2008, that it met the membership



obligations of the Forum of Firms, in all material respects.

2.2.3. Quality control as required by the National Oversight Board in the UK

✧ Quality control system

It is the firm's policy that the work of every Responsible Individual (RI) will be subject to independent review at least once every three years. These reviews are conducted by independent audit partners and senior members of the Standards & Risk Management team who are all trained in this task. The RIs to be reviewed and any special areas to be targeted in reviews are agreed each year by the Audit & Assurance Group, which is charged with ensuring and promoting audit quality.

Files are selected on the basis of risk, including public interest, and reviewed using a standard checklist. Individual files are graded in terms of compliance and overall quality and a summary report and action plan is agreed with each RI. This report is taken into account in the partner performance review process and in decisions on partner remuneration.

A summary report is prepared at the end of the season of reviews and this is sent to the Audit & Assurance Group for approval and support of the action recommended prior to reporting to the boards. Action may include immediate remedial action, changes in the firm's guidance or additional training and support.

Lessons learned are communicated to the business on a timely basis.

All of our service lines are subject to the same rigorous internal quality review process. In addition, compliance matters are the subject of separate annual reviews covering the firm's compliance with regulations governing client money and money laundering, professional independence requirements and other statutory and regulatory matters.

Each year Mazars in the UK is subject to a compliance review by the Mazars Group. This review covers the internal review system outlined above and the results of external monitoring visits. This review showed in 2008/09 that the UK is considered to have systems in place to comply

with ISAs, the IFAC Code of Ethics and the provisions of ISQC1.

✧ Effectiveness of the system

The firm's system of internal quality control is designed to provide reasonable assurance that the firm, its partners and staff comply with professional standards and regulatory and legal requirements, work is performed to a consistently high standard and that reports issued by the firm are appropriate. The management of Mazars is content that the system is effective in the maintenance and improvement of audit quality.

They also consider the results of the annual external regulatory inspections in reaching this opinion.

✧ Regulatory monitoring reviews

As a large firm auditing listed companies, Mazars is reviewed by the Quality Assurance Department (QAD) of the Institute of Chartered Accountants in England and Wales (ICAEW) each year. The firm has major audits which fall within the remit of the Audit Inspection Unit of the UK's Professional Oversight Board, part of the Financial Reporting Council, and the first review by that body took place in November 2008.

Following the 2008 review, the firm's audit registration was confirmed in May 2009.



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We audit over 400 listed companies trading on more than 50 markets and indexes, across all continents.

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3 Clients



3.1. Service offering and turnover

3.1.1. Mazars' global service offering and consolidated turnover

Mazars' services fall into four international business lines, two of which focused on Clients: Public Interest Entities and privately owned companies of all sizes ("Owner Managed Business") and two on the type of services: legal counsel and tax services. This structure is mirrored by each member entity.

The four international business lines are:

- * **Public Interest Entities (PIE).** This covers statutory and contractual auditing, and other advisory or compliance services mainly for listed companies;
- * **Owner Managed Business (OMB).** This covers advisory and audit services for privately-owned companies of all sizes which are often SMEs;
- * **Tax.** This covers a complete range of tax advisory services;
- * **Law.** Legal counselling in some countries and to companies which are not audit Clients

Turnover per Business Line for 2008/2009 (k€)	
PIE	329.1
OMB	330.8
TAX	96.3
LAW	17.4
TOTAL	773.6

3.1.2. UK turnover

The turnover of Mazars in the UK is £101.2 for the year ended 31 August 2009 (£104.4m for year ended 31 August 2008).

Mazars' turnover in the UK for the financial year 2008/9 (£M)	
Audit including statutory audit & compatible services and other assurance services	43.5
Accounting & financial support	7.7
Specialised services*	50.1
Total	101.3

*"Specialised services" include the following: Tax, Transaction Services, Risk Management and Internal Control, Organisation and IT Services and Actuarial Services.

3.2. List of public interest entities for which Mazars LLP made an audit report during the preceding financial year

3.2.1. Companies that have issued transferable securities admitted to trading on a regulated market

The list of engagements as of 31 August 2009 includes engagements for which statutory audit reports have been issued during the Transparency Report period (from 1 September 2008 to 31 August 2009).

Fully listed

- * Air Partner PLC
- * Anglesey Mining PLC
- * Aseana Properties Limited
- * Total Systems PLC

AIM quoted

- * Adventis Group PLC
- * Bluestar Secutech Inc
- * Claimar Care Group PLC
- * Condor Resources PLC
- * European Equity Tranche Income Limited
- * Geong International Limited
- * Hallin Marine Subsea International PLC
- * Hightex Group PLC
- * Hollywood Media Services PLC
- * Impax Group PLC
- * Independent Resources PLC
- * Kenetics Group Limited
- * MCB Finance Group Limited
- * MediLink-Global UK Limited
- * Pennant International Group PLC
- * Pixel Interactive Media Limited
- * Praesepe PLC
- * Connectis PLC
- * Quadrise Fuels International PLC
- * Renewable Power and Light PLC
- * Sorbic International PLC
- * Sport Media Group PLC
- * Taliesin Property Fund Limited
- * THB Group PLC



- * Vatukoula Goldmines PLC
- * Velosi Limited
- * Workplace Systems PLC
- * Wren Homes Group PLC

PLUS

- * Air Touring Group PLC
- * Celtic Tankers PLC
- * Forth Tankers PLC
- * Geo Genesis Group Limited
- * Lotus Resources PLC
- * Oriental City Group PLC

IEX

- * Cathedral Capital Holdings Limited

3.2.2. Credit Institutions (other than already stated in Section 3.2.1)

The list of engagements as of 31 August 2009 includes engagements for which statutory audit reports have been issued during the Transparency Report period (from 1 September 2008 to 31 August 2009).

- * Buckinghamshire Building Society
- * Harpenden Building Society
- * Kingdom Bank Limited
- * Persia International Bank PLC
- * Sonali Bank (UK) Limited

3.2.3. Insurers (other than already stated in Section 3.2.1)

The list of engagements as of 31 August 2009 includes engagements for which statutory audit reports have been issued during the Transparency Report period (from 1 September 2008 to 31 August 2009).

- * Anglo American Insurance Company Limited
- * Argenta Syndicate Management Limited - Syndicates 1965, 2121, 6101 and 6102
- * Atlantic Mutual International Limited
- * AXA Corporate Solutions Assurance
- * AXA Assistance (UK) Limited
- * Axeria Insurance Company Ltd
- * Beaufort Underwriting Agency Limited - Syndicates 318 and 1318

- * Cathedral Underwriting Limited - Syndicates 2010 and 3010
- * Communication Workers Friendly Society Limited
- * Drake Insurance Plc
- * Duncanson & Holt Syndicate Management Ltd - Syndicate 957
- * English & American Insurance Company Limited
- * European Reinsurance Limited
- * Family Assurance Friendly Society Limited
- * Groupama Insurance Company Limited
- * Harbour Insurance Company (UK) Ltd
- * KGM Underwriting Agencies Limited - Syndicate 260
- * Pinnacle Insurance Plc
- * Polygon Insurance Company (UK) Limited
- * Rugby Sure Limited
- * Scor UK Company Ltd
- * Shelbourne Syndicate Services Limited - Syndicate 529
- * Sportscover Underwriting Ltd - Syndicate 3334
- * Teachers Assurance Company Limited
- * Teachers Provident Society Limited
- * The Mediterranean Insurance & Reinsurance Company Limited
- * UIA (Insurance) Limited



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We aim to attract and retain the best talent and develop our teams around the world.

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4 *Human resources*



4.1. Professionals and support staff

4.1.1. International staff

Over 11,300 people are working in Mazars' offices in the 50 integrated countries as of 31 August 2009 including more than 1,800 new recruits that joined the Mazars teams during the year 2008-2009.

4.1.2. Personnel in the UK

During the year 2008/2009, the average numbers of Mazars personnel in the UK amounted to 1,100 people (full time staff).

4.1.3. Personnel dedicated to statutory audit in the UK

During the year 2008/2009, 420 professionals from all of the Mazars offices in the UK and within all of the service lines were assigned to audit services.

4.2. Partners

4.2.1. Our partners at an international level

As of 31 August 2009, Mazars Scrl has a total of 562 partners in 50 countries.

4.2.2. UK partners

For the year 2008/2009, there were 105 partners in Mazars in the UK.

4.2.3. UK partners dedicated to statutory audit

As at 31 August 2009, we had 55 partners and 7 employees with Responsible Individual status.

Mazars is regulated by the ICAEW. Mazars' Responsible Individuals belong to the ICAEW, ICAS and CACA.

4.2.4. Information concerning the basis for partners' remuneration

Partners are remunerated in equal proportion according to the performance of the national member entity to which they contribute, and the performance of the Mazars organisation overall.

At Group level, the measure is the 'operational performance', after the deduction of any

unforeseen expense such as litigation, which remains the sole responsibility of the national entity concerned.

Profits are shared between partners in proportion to the number of shares or 'base points' they hold. Financing business activity depends exclusively on each national member entity and follows the same logic of proportionality as the division of profits.

Several countries have also opted for a bonus system based on individual performance, awards being made from a pot representing up to 10% of the profits of the country concerned.

Ratified by the Governance Council on advice from the Group Executive Board, base points are allocated every three years to partners according to the collective performance of their country and individual performance of each partner, which is assessed against various criteria: professionalism and technical contribution, importance and complexity of assignments, contribution to the general development of local entities and of the Group, level of managerial responsibility, performance in financial management, partnership spirit. None of the criteria listed above is evaluated in isolation, but most importance is placed on technical competence and partnership spirit.

4.3. Mazars' policy regarding continuing education of statutory auditors

The Group considers its internal training programme to be of strategic importance, not only due to its content (expertise to be shared and up to date developments), but also because it is a key means of communicating with staff in respect of requirements in the areas of professional conduct and ethics.

4.3.1. Mazars' policy regarding continuing education of statutory auditors

The Group considers its internal training program to be of strategic importance, not only due to its content (experience sharing and updating of technical knowledge), but also because it is a key means of communicating with staff in respect of requirements in the areas of professional conduct and ethics.



Each member entity of the Group keeps an inventory of all the training courses attended by each partner and member of staff, in order to ensure that each individual person progressively benefits from the complete training course and so that the training received is in line with their responsibilities and with the projects they've been assigned.

Each member entity training program has to include a general syllabus to be followed by all staff at each level. The objective of this program is to enable each staff member to obtain and develop his or her expertise in auditing standards, accounting standards, auditing techniques and engagement management principles.

The programme also includes a sector-specific syllabus (particularly insurance, banking, and the public sector).

Audit professionals involved in transnational audits learn about the following subject areas concerning the jurisdictions where the transnational audit is conducted:

- * financial information and auditing standards;
- * group audit coordination of multi-locations;
- * the standards relevant to companies listed on the stock market;
- * corporate governance standards;
- * the local and international economic and business environments.

The internal training programme is enhanced with complementary external seminars which respond to certain client requirements or to certain economic environments.

Internal technical meetings are held on a regular basis in order to raise awareness, to share experiences on specific assignments and to discuss topical issues.

Mazars University was created in 2008, with a threefold objective:

- * To position Mazars as one of the key actors of the future in its markets;
- * To focus on Mazars' values (Mazars Way);
- * To contribute to Mazars' commitment to social issues.

Mazars University coordinates all the training of the Group, while focusing on integration and the development of coherence in professional expertise. At the crossroads of all the different structures of the Group, the University promotes and encourages the sharing of professional knowledge, of professional experiences and the sharing of best professional practices.

To comply with the International Education Standard for professional Accountants IES 7, which became effective on January 1st, 2006, qualified professionals must:

- * complete at least 120 hours of professional training over a three year rolling period, of which 60 can be verified;
- * complete at least 20 hours of professional training each year.

4.3.2. Statement on the policy followed by Mazars LLP concerning the continuing education of statutory auditors

Mazars has established its own policy with regards to continuing professional education that includes the organisation and delivery of technical in-house and external seminars, the active participation and involvement of professional staff in major national and international professional accounting and auditing organisations, as well as extensive opportunities to attend technical seminars and conferences.

An inventory of the CPD credits earned by all of the partners and teams working within statutory audit is prepared each year to ensure compliance with CPD requirements.

On the basis of the CPD requirements described above, Mazars LLP has the ability to ascertain, at any given time, that all of its partners and professional staff meet the CPD requirements as defined by the ICAEW and other relevant professional bodies.



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*... serving the public
interest market across
five continents.*

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5 *UK presence*



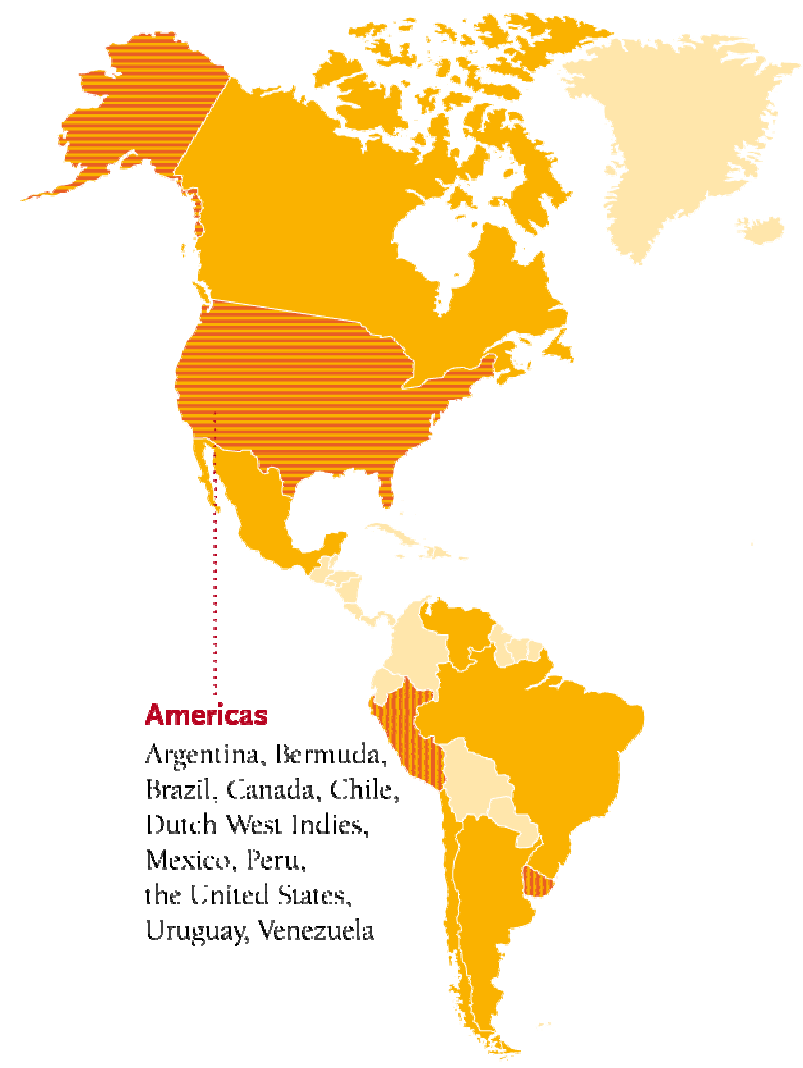
Mazars' presence in the UK as of 31 August 2009

- Bedford
- Birmingham
- Brighton
- Bristol
- Dudley
- Edinburgh
- Glasgow
- Leeds
- London
- Luton
- Manchester
- Milton Keynes
- Nottingham
- Oxford
- Poole
- Southampton
- Sutton





Global presence
Mazars' World Map as of 31 August 2009



Americas

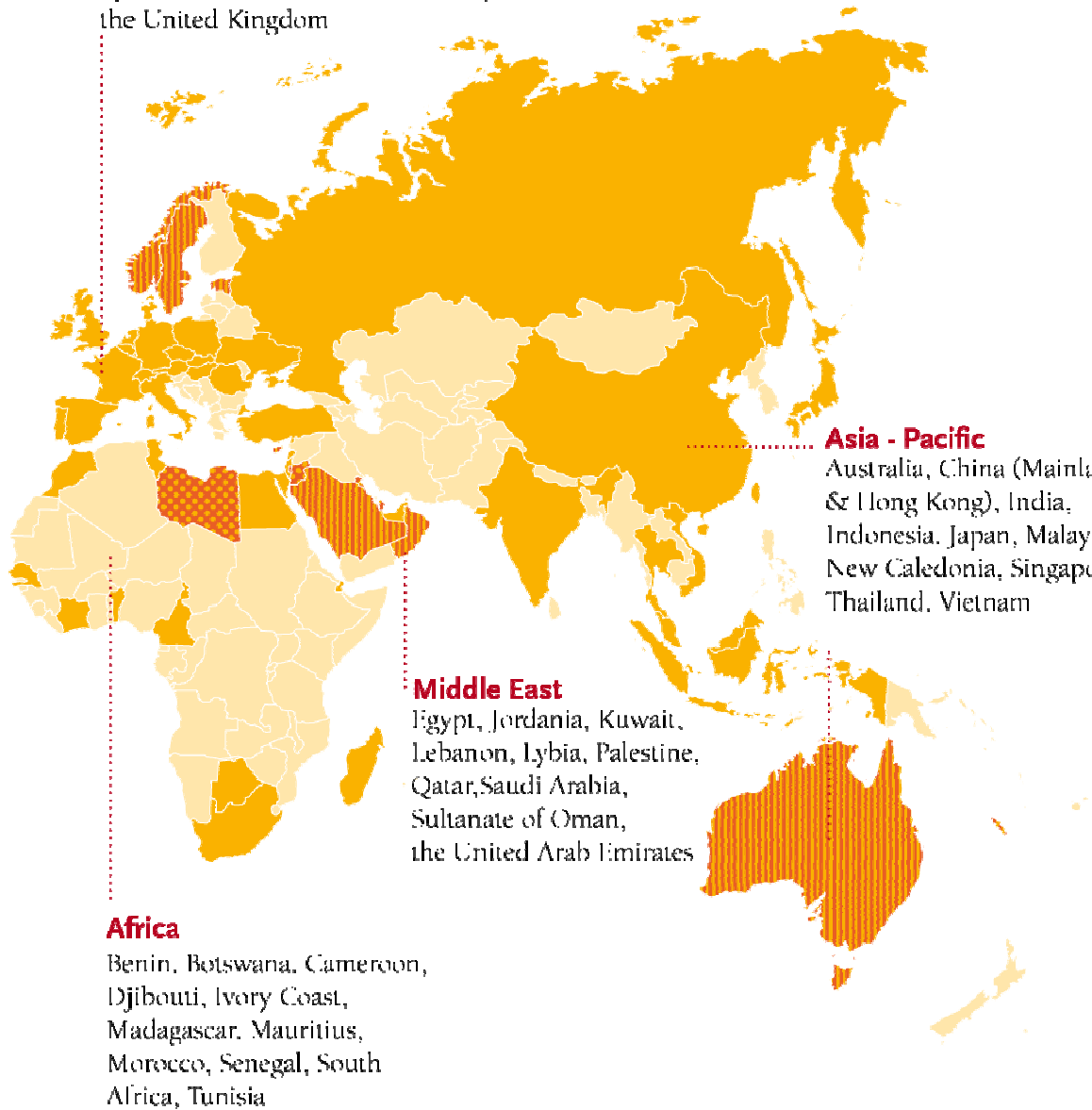
Argentina, Bermuda,
Brazil, Canada, Chile,
Dutch West Indies,
Mexico, Peru,
the United States,
Uruguay, Venezuela

- Integrated countries
- Correspondent countries & Joint-Ventures
- Mazars Team America partner firms
- Local correspondents



Europe

Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, France, Germany, Hungary, Ireland, Italy, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, Romania, Russia, Slovakia, Spain, Sweden, Switzerland, Turkey, Ukraine, the United Kingdom



Asia - Pacific

Australia, China (Mainland & Hong Kong), India, Indonesia, Japan, Malaysia, New Caledonia, Singapore, Thailand, Vietnam

Middle East

Egypt, Jordan, Kuwait, Lebanon, Libya, Palestine, Qatar, Saudi Arabia, Sultanate of Oman, the United Arab Emirates

Africa

Benin, Botswana, Cameroon, Djibouti, Ivory Coast, Madagascar, Mauritius, Morocco, Senegal, South Africa, Tunisia



www.mazars.co.uk
www.mazars.com

