



TRANSPARENCY REPORT

2013 - 2014

United Kingdom



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INTRODUCTION

I am pleased to introduce our 2013-14 transparency report for Mazars in the United Kingdom.

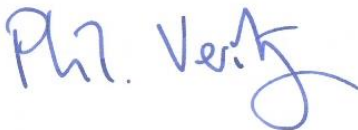
Mazars in the UK is part of a global integrated partnership providing professional services in the areas of audit, tax and advisory services to businesses, not for profits, governments and individuals. As of 31 August 2014, Mazars is present in 72 countries around the world, with more than 14,500 highly qualified professionals. Our consolidated turnover for the year 2013-2014 is €1,080m, a year-on-year increase of 3.4%.

Mazars has a long-standing and tangible commitment to transparency: we remain the only globally significant firm to produce audited, consolidated group accounts across the global organisation. In doing so we are voluntarily demonstrating the same level of transparency required of all our publicly listed clients. In early 2015 we will publish our tenth annual report and consolidated accounts, marking a decade of leadership within the profession. An enduring commitment to audit is a principal feature of the firm's culture and strategy.

Audit remains our largest activity and our global partnership is proud to occupy a distinctive place in the market alongside the four dominant players, acting as group auditors to some of the largest companies in the world.

A strong sense of duty to society – remembering the fundamental responsibility it has conferred on the audit profession in determining the trustworthiness of financial reports – has always been at the heart of our business. This year saw the launch of our new Code of Conduct, *Our Commitment to Quality and Integrity*, which sets out our approach to achieving the highest standards in our work for the benefit of our clients, the firm and society. As the audit profession faces a period of unprecedented change driven partly by audit reform in Europe and the UK, and also by the challenge that society places on it to justify its “license to operate”, we are committed to responding positively and constructively to this challenge while continuing to build on the strong values that have made Mazars the quality firm that it is today.

London, 28 November 2014



Phil Verity

UK Senior Partner

I. MAZARS AT A GLOBAL LEVEL

Mazars is an international, integrated and independent organisation specialising in audit, advisory, accounting, tax and legal services. As at 31 August 2014, the organisation operates in 72 countries through member entities, and draws on the expertise of over 14,500 professionals to assist companies – major international groups, SMEs, private investors – and public bodies, at every stage in their development. Mazars also has correspondents and representative offices with the capacity to serve clients to the same high quality standards in a further 15 countries.

1.1 Institutional and operational integration

The Mazars organisation is comprised of all the member entities who have signed a cooperation agreement with Mazars Scrl, a Limited Responsibility Cooperative Company headquartered in Belgium, which 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 the implementation of these objectives at the member firm level. The organisation also has the specific responsibility of 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 entities can, in principle, only be owned by the partners of Mazars Scrl. The consolidated financial results of Mazars Scrl include those of the member entities and are prepared in compliance with International Financial Reporting Standards (IFRS) and are jointly audited by two independent auditors, BDO and Crowe Clark Whitehill.

The integrated international partnership permeates every aspect of the Mazars organisation:

- Each global or international assignment is managed and carried out by an integrated team and coordinated by an engagement partner in charge who takes final responsibility for reporting to the client.

- 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 Group.

All the entities of the Mazars integrated international partnership are thus committed to enhancing the quality of services provided to large, cross-border groups in an increasingly complex and global environment.


1.2 Governance of Mazars Scrl

The General Assembly of partners is held at least once a year within six months following the closing of the accounting period and is a pivotal point in the governance and decision making processes of Mazars Scrl. It is at this meeting that, collectively, the Mazars partners elect Mazars' governing bodies, the Group Executive Board and the Group Governance Council (every four years) and approve the major strategic directions and operations of the Group, the admission of new partners and the Group's yearly audited financial statements.

The Group Executive Board (GEB), directly elected by the partners, the GEB concentrates its efforts on the management of operations and on growth. The GEB works under the supervision of the Group Governance Council (GGC), which decides on the remuneration of the GEB members. It is comprised of 3 to 9 members.

The GEB meets twice a year with the Country Executives at the Country Forums. The GEB is supported in its day-to-day tasks by the leaders of the Global Business Units (GBU) and Global Support Units (GSU).

The Group Governance Council (GGC) exercises a general supervisory function over the management actions of the GEB, decides or jointly decides on certain matters (for example: approving mergers, acquisitions and other transactions, as well as projects with significant impact on the Group). The GGC reports to the General Assembly of partners. It meets at least once every four months. It is composed of 8 to 16 members appointed by the General Assembly of partners for a four-year mandate, with the introduction in December 2011 of two external independent



members. One independent GGC member also chairs the Audit Committee.

The Country Executives have the responsibility of managing the member entities and leading local business on a daily basis, providing strategic and operational coordination. They are elected by the partners of the member entity, their candidacy being subject to the agreement of the Group Executive Board.

II. MAZARS IN THE UK

2.1 Legal structure and ownership of Mazars

The UK firm of Mazars is part of the Mazars worldwide organisation as set out in Section 1. The structure of Mazars internationally and its relationship with the UK firm is governed by agreements at two levels.

- As of 31 August 2014, 76 of the 124 UK partners were shareholders in Mazars Scrl.
- The UK Mazars firm has a “co-operation agreement” with Mazars Scrl which sets out the terms of the relationship between Mazars Scrl and the firm.

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 2014, Mazars LLP had 124 partners and over 1450 employees working in 20 UK offices.

2.2 Governance structure

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

The UK Executive Board has responsibility for setting and implementing the UK strategy, within the framework of the international strategy.

The UK firm is led by the Senior Partner, who is elected for a four-year period. Any UK partner is able to put himself/herself forward for the position. Once nominated, the Senior Partner (Phil Verity, as at the date of this report and appointed in September 2012) then nominates other partners to become members of the Executive Board. The choice of Senior Partner, whose candidacy having been submitted for the consideration of the Nomination Committee and the GEB, is decided by a vote among the UK partners.

The UK Executive Board currently comprises the following members:

- Phil Verity (Senior Partner);
- Tim Davies;
- Alistair Fraser;
- Nigel Grummitt;
- David Herbinet;
- David Smithson; and
- Glyn Williams.

At 31 August 2014, there were six Management Units (MUs): Four of these covered geographical areas – North, Central, South, and London; and the other two are sector focused – Insurance and Banking. On 1 September 2014 changes to this structure came into effect: a Financial Services MU combined and replaced the former Insurance and Banking MUs, and a new Public Services MU was created to focus on this specialist sector.

The MUs are responsible for managing results, developing growth strategies and supporting our people. They are also responsible for balancing short-term profitability and long-term strategy.

The firm’s business is divided into three service lines, which operate on a national basis – Audit & Assurance; Tax and Advisory.

Each service line is responsible for setting the service line strategy; quality, standards and risk management; talent management and development, technical training, business model definition and implementation; and innovation.

The Audit & Assurance Service Line operates through a national Head of Audit and an audit leader in each Management Unit. The Head of Audit, Andrew Goldsworthy, is responsible to David Herbinet, the member of the Executive responsible for the service line and Global Audit Leader.

In meeting its obligations for quality, the service line 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 actions arising from the quality control review findings and recommendations.

The Governance Council reviews the process for setting the strategy and budgets. It also approves the process for the appointment and remuneration of partners, ensures the Executive has appropriate management structures in place and has identified, and is managing, major risks. It also encompasses the Audit Committee, made up of three members of the Governance Council and attended by one member of the Executive.

The members of the Governance Council are elected for a three year term and at 31 August 2014 comprised the following members:

- Tim Hudson (Chair);
- Jac Berry;
- Richard Bott;
- Greg Hall;
- John Holroyd;
- Bob Neate
- Lorraine Olley; and
- Rod Weston.

The Appendix provides details of the job titles and biographical details of members of the firm's governance structures and its management team.

2.2.1 Public Interest Committee

Oversight at Group level

As a global integrated partnership, Mazars has chosen to implement the oversight principle at Group level. The Public Interest Committee (PIC) was created in 2012.

We have positioned the committee as an integrated part of our international oversight structure.

Two independent non executives, Denise Fletcher and Francois de Carbonnel, are the sole members of the PIC and are also fully involved in the functioning of the Group Governance Council.

Denise Fletcher chairs the Governance and Remuneration Committee and Francois de Carbonnel is the Chair of the Audit Committee and the Financial Performance Committee. As such they have a good insight into the firm's governance structure and can use this knowledge and experience in exercising their functions at the PIC.

Terms of reference of the PIC are available on our website.

These terms of reference include general oversight on aspects of the firm's management including:

- Quality control systems
- Remuneration policies
- Risk management and processes for handling complaints and whistle-blowing

Activities in 2013-14

The PIC commenced its role and activities in relation to the UK firm on 30 June 2013. Since then the following meetings have taken place:

- Meeting with the UK Senior Partner and Chair of UK Governance Council on 21 November 2013
- Meeting with the UK Senior Partner and UK Standards & Risk Partner on 11 September 2014

In relation to its international role and activities, including the UK partnership, the Committee has addressed the following subjects:

- Review of partner remuneration / base point setting 2013/2014 and evaluation of the evolution of the base point value for the fiscal year 2012/ 2013
- Review of the new partner co-optations as from 1 September 2013
- Discussion on quality oriented processes as found necessary by the committee (annual surveys on large PIE and sensitive clients, whistleblowing processes)
- Discussion on sanctions for regulatory problems encountered and related internal communication

During the year the PIC has challenged the group and country executives, made recommendations and ensured appropriate responses to specific situations that have arisen. These recommendations have included:

- a more systematic approach to conducting client surveys as an input to improving quality
- enhanced communication amongst all partners and team members of the responses to and actions arising from regulatory reports

- better coordination and harmonisation of whistleblowing policies across the group

the work of the Centre for Audit Committee and Investor Dialogue.

2.2.2 Governance code

Mazars in the UK has voluntarily committed to applying the Audit Firm Governance Code published by the Financial Reporting Council and the Institute of Chartered Accountants in England & Wales. This report discusses how we have implemented some of the provisions of the Code, including those specifically required to be disclosed in the transparency report. At the date of publication of the transparency report, we comply with the requirements of the code in all material respects.

A key element of the role of the independent members of GGC is to enhance clients' and other investor's confidence in the public interest aspects of the firm's decision-making, stakeholder dialogue and management of reputational risks.

In terms of criteria for assessing their independence, the independent members of GGC are not, and will not become, an executive director or member of the Audit Committee of any of the firm's audit clients and do not have any significant shareholdings or other interests in them.

Dialogue

Mazars maintains regular contact with those involved in governance at leading institutional investors. A meeting is being organised with leading institutional investors to take place in December 2014, following on from the last meeting in November 2013. Denise Fletcher is due to participate in this meeting. The meeting will provide an opportunity to discuss the business performance of the firm in the UK and for investor participants to raise firm-specific issues with regards to matters covered by the Audit Firm Governance Code. It will also enable Denise Fletcher to discuss the role of the independent members of the GGC, and to answer any related questions.

Mazars is also willing to engage in dialogue with institutional investors on an individual basis on matters covered by the Audit Firm Governance Code. In addition, Mazars participates from time to time in multi-firm meetings with institutional investors and, alongside a number of these investors, co-operates in

Performance evaluation

A review has been undertaken of the effectiveness of the Executive Board and is in the process of being finalised at the time of publication.

III. MAZARS' QUALITY ASSURANCE AND RISK MANAGEMENT POLICY

The GEB of Mazars takes overall responsibility for internal quality control and the carrying out of a periodic review of its effectiveness. The GEB is supported by the Technique and Innovation Global Support Unit (T&I GSU).

This Technique and Innovation Global Support Unit:

- defines the quality assurance system and procedures that all business and management units must implement in order to meet the defined standards. These standards are presented in the Mazars Quality Assurance Manual and Risk Management Manual, both of which constitute the benchmark for all integrated entities ;
- supervises the monitoring of the quality assurance system alongside the GEB. This monitoring is organized by an International Quality Control Committee (IQCC), which relies on globally coordinated inspections to monitor the firm's compliance with the International Standards on Auditing (ISAs), the IFAC Code of Ethics and the International Standard on Quality Control (ISQC1). Each year there is a follow-up of the action plans that have been drawn up jointly with the Mazars firm's Risk Management and Quality Leaders and approved by the Managing Partners. There is also a review of each member firm's own annual self-assessment and of the results of their internal and national external quality assurance reviews.

Each member entity's management is responsible for the implementation of the quality assurance system. They must promote the Mazars' internal culture of quality and reinforce this culture with clear, consistent and frequent messages and initiatives. They must remind all levels 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 accepting and carrying out new assignments.

The Mazars quality assurance and risk management policies are based on the standards of the International Federation of Accountants (IFAC). The Mazars policies

are available online and regularly updated to reflect changes in regulations.

Mazars is a member of the Forum of Firms, an association of international networks of accounting firms that undertake transnational audits. Members of the Forum have committed to adhere to and promote the consistent application of high-quality audit practices worldwide. Since 2007, Mazars has annually declared that it meets the membership criteria set out by the Forum. These criteria are: the implementation of a global quality control programme and the application of the IFAC Code of Ethics and ISAs to all transnational audits.

Mazars is actively involved in the IFAC with a strong presence on three of its boards and committees:

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

3.1. Independence

As of 31 August 2014, Mazars is the statutory auditor of approximately 450 listed companies in the 72 integrated and 15 non-integrated countries where Mazars operates.

Maintaining independence is of the utmost importance to all Mazars firms.

3.1.1 Mazars' independence practices

Mazars' Code of Conduct for Objectivity and Independence

In order to form a basis for the widespread adoption of the Group's core values, Mazars has adopted a Code of Conduct for Objectivity and Independence (CCOI), which is in compliance with the IESBA Code.

Each Mazars entity must compare its country's national rules with the measures contained in the CCOI, and communicate to the other member firms

any national measures which are more restrictive. These measures are then documented as Country Specific Provisions.

Ethics form an integral part of the entities' professional training programmes and the Code is distributed to all partners and staff.

Systems to safeguard independence

These systems involve the following:

- A procedure for acceptance and continuance of clients and engagements that enables an evaluation of the client's related risks, the entity's ability to perform the engagement and any ethical risks in terms of independence and global conflicts of interest. The provision of additional services to an audit client is subject to prior authorization from the lead group audit partner and, in some cases, the head of ethics. This provision is also subject to authorization by the client's audit committee, when required by auditing standards or when the client has put in place procedures for the prior approval of such services.
- A complete list of non-audit services rendered to audit clients. For group audits, this list must be contained in the audit instructions sent out by the coordination team. These non-audit services are subject to a priori communication and a posteriori inventory and confirmation of independence by the group audit engagement team and the partner who signs the audit report on the group accounts.
- An annual declaration of independence by partners and staff and a thorough review of any situations that could compromise independence. In this respect, neither Mazars partners nor their immediate family can hold a direct or indirect financial interest in a listed assurance client of the organisation. Personal or family relationships between a member of the audit team and a member of either the audited company's management or any person holding a key position in the audit are also prohibited. Lastly, all firms, partners and staff working on the audit engagement must not have any financial or commercial relations with an audit client beyond 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 the organisation's ethical procedures.
- Consultation with experts on technical matters, ethics and other areas.
- Limits on client fees in order to avoid financial dependence on one or several clients.
- Clear rules regarding conflicts of interest. When there is a potential threat, either the assignment is refused, or appropriate safeguards are implemented.
- A method of remunerating partners that takes into consideration the quality of the engagement and not only the level of fees billed, number of clients obtained, additional engagements performed, or financial performance.

The Ethics and Acceptance Committee, under the supervision of the T&I GSU Board, is responsible for considering any potential problems that are brought to its attention, reviewing any proposed departures from the CCOI by country and verifying that all changes in international ethical standards are taken into account by the organisation.

The T&I GSU Board ensure that risk management procedures are in place and are monitored by each member entity.

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

The Group's largest engagements are placed under the responsibility of at least two partners, one of whom naturally assumes leadership of the engagement.

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

Within Mazars, rotation is applied to Public Interest Entity engagements on which key audit partners rotate after seven years (and more frequently when required by local regulations) and do not return to the audit

team for at least two years, in compliance with the European Directive on Statutory Audit and the IESBA Code of Ethics. This rotation reduces the risk of “closeness” to the audited company which may impair independence. It enables the auditor to have greater independence of mind in dealing with client issues and in expressing opinions on financial statements. The allocation of partner responsibilities on recurring audit engagements and major special engagements is decided by the entity’s Executive Committee and ensures that partners have the ability to effectively conduct and supervise engagements under their responsibility. This allocation is reviewed annually as well as when there are any changes in the partner’s situation or when any difficulties have been encountered.

In the rare case of disagreements with the technical department’s positions, the Executive Committee is called upon to arbitrate. The two-partner team in charge remains the final decision maker within the context of the organisation’s quality assurance and procedures. This point is of paramount importance in preserving each partner’s personal commitment and sense of responsibility as well as in responding effectively to each client’s specificities.

3.1.2 Statement on the effectiveness of the independence safeguards of Mazars LLP

The internal systems described above were established to identify circumstances where Mazars LLP’s independence could be impaired and to take appropriate safeguarding measures in these instances. The operation and effectiveness of these procedures form part of the quality control system review. Based on all the evidence collected, the management of Mazars LLP confirms, with a reasonable level of assurance, that the independence procedures and practices have been implemented and the system is effective in maintaining independence. Furthermore, management confirms that the practices have been subjected to internal review.

3.2. UK risk management

Mazars LLP has an Enterprise Risk management framework, in accordance with the Turnbull principles. The framework covers all areas of the business and is split into four distinct categories:

- Strategy and corporate;
- Clients and markets;
- Finance and operations; and
- People

Supporting the four categories of risk set out above are separate areas of risk, each of which is assessed and evaluated. The design and operational effectiveness of the key controls in respect of each of the risks is assessed and monitored by a member of the Executive.

Any risk considered to be operating outside tolerance levels is identified and referred to the responsible executive for remedial action to be agreed and implemented. The Executive reviewed the full risk register during the second half of 2014.

The firm has set up an internal audit function, reporting to the Audit Committee. The internal audit team used a review of the risk register, alongside a discussion with key stakeholders, to formulate a three year risk-based audit plan.

During the year the Executive established a Quality Steering Group (QSG) to allow more focused executive time and attention on all matters of compliance, risk management and quality. The QSG will undertake a review of all these areas on an annual basis and ensure that communication on quality and tone at the top is at the right level.

The QSG, which comprises at least three Executive members plus the Head of Audit and the Head of Standards and Risk, also considers any issues of concern arising, such as complaints or claims, particularly those matters affecting the public interest. The QSG has formal terms of reference that are reviewed annually.

3.2.1 Quality control as prescribed 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 appropriately trained. The RIs to be reviewed, and any special areas to be targeted in

reviews, are agreed upon each year by the UK Head of Audit, who 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 and licensing.

A summary report is prepared at the end of the season of reviews and this is sent to the UK Head of Audit and the Audit Service Line leaders within each Management Unit who will review and approve the proposed actions to be taken in response to the findings therein. Action may include immediate remedial action, changes in the firm's guidance or additional training and support. The results are communicated to the firm's Executive.

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

Non-audit service lines are subject to an equivalent 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.

On a cyclical basis, Mazars in the UK is subject to a review by the Mazars Group. The review carried out in 2012 showed 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

The firm has major audits which fall within the remit of the Financial Reporting Council (the 'FRC'). The most recent review by the FRC's Audit Quality Review team was carried out during 2014 and their report is expected to be published in 2015.

As a large firm auditing listed companies, Mazars LLP is reviewed also by the Quality Assurance Department (QAD) of the ICAEW each year. The last review was carried out in December 2013.

3.3. Quality control system

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The policies and procedures adopted by Mazars are in compliance with the IFAC's quality control standards: ISQC1 "Quality control for firms that perform audits and reviews of financial statements and other assurance and related services engagements" and Revised ISA 220 "Quality control for an audit of financial statements." These procedures are documented in a Quality Assurance Manual available on the intranet.

These policies and procedures are complemented by audit methodology and support techniques which are shared among members of the organisation and by joint training initiatives. Specific audit software is in place, which has been developed to allow a structured audit approach in accordance with the most recent and comprehensive auditing standards (IFAC clarified standards, supplemented by national requirements).

Compliance with the organisation's policies and procedures is regularly monitored through reports by the entities on the results of their internal and external quality control procedures and through periodic quality assurance reviews by trained and experienced reviewers from other countries.

3.3.1 Internal quality control system

Maintaining quality

Quality of people: Our high standards require that we recruit highly talented individuals with the ability to take on ever-increasing responsibilities. Our ability to attract and retain talent is one of the key elements in maintaining these standards.

Mazars' strategy in terms of training (refer to section 5.4), counselling and compensation strongly emphasizes this high standard of audit quality.

As explained in our Quality Assurance Manual; the Quality Control System includes policies and procedures in the following areas:

- responsibility and leadership
- independence and objectivity
- audit policies and methodology
- acceptance and continuance of engagements
- human resources
- engagement performance, including
 - o planning and supervision of engagements
 - o technical consultation
 - o audit documentation
 - o independent review
- confidentiality
- quality control system supervision
- managing cross-border engagements
- complaints and allegations.

In order to improve the effectiveness and the relevance of the Quality Control System, these processes are regularly updated to encompass changes in international standards and the suggestions of users.

A Global Assurance Programme and internal inspections

Mazars has developed an International Quality Control System that applies to all of the organisation's entities, regardless of whether they are integrated members or correspondents.

Operationally, quality control at Mazars is managed by an International Quality Control Committee (IQCC) which reports to both the Group Executive Board and the T&I GSU Board.

Two types of quality assurance reviews are in place:

- a report including a self-assessment by the countries on their compliance with IFAC standards, supported by the results of internal and external quality control, and an action plan regarding the areas which have been identified for improvement. This report, which is called ReQAR (Report on Quality Assurance Review), covers aspects

relating to audit methodology, ethics and the internal Quality Assurance and Control System;

- a periodic inspection called IQAR (International Quality Assurance Review), which is performed by trained and experienced Mazars reviewers from various countries.

Each reviewer prepares an action plan addressing the findings of the IQAR or the ReQAR. The action plan is submitted for approval to the entity's Executive Committee and the partners in charge of monitoring geographical zones are then informed of these action plans. Then, with the help of the IQCC, the partners follow up on the implementation of the action plans.

Each year, Mazars entities critically assess their Quality Control System through a monitoring programme involving an assessment of the adequacy and effectiveness of the entity's procedures and a review of the entity's engagement files. Each partner is reviewed at least every three years. The results of the engagement file reviews are taken into account when determining partners' compensation.

Once a year, the entity communicates the results of the internal and external quality control reviews (ReQAR/IQAR/national oversights and peer reviews) to partners and managers as well as the entity's Executive Committee. This communication is detailed enough to enable any necessary corrective measures, both at the entity level and by the partners in question.

As a minimum, this summary includes:

- a description of the procedures applied and of the scope of the quality control review ;
- conclusions of the reviews of the entity's procedures and audit engagements ;
- action plans, if required.

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

3.3.2 Statement on the effectiveness of the quality control system

Commitment to the obligations of membership in the Forum of Firms 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 quality control standards in accordance with the IFAC International Auditing and Assurance Standards Board's (IAASB) International Standards on Quality Control, relevant national quality control standards and, to the extent not prohibited by national regulation, regular globally coordinated internal quality assurance reviews ;
- implementing policies and methodologies based, as far as practicable, on the ISAs concerning the conduct of transnational audit assignments ;
- implementing policies and methodologies which comply with the IFAC Code of Ethics for Professional Accountants and applicable national ethical codes.

On the basis of its Quality Control monitoring conclusions, Mazars confirmed in December 2013 that it met the membership obligations of the Forum of Firms in all material respects.

3.4. Our contribution to the standard setting process

We believe that the voice of the audit profession brings value to the standard setting debate. As a consequence, at Group level, we are committed to the improvement of financial reporting, corporate governance and overall confidence in the capital markets on a global level. For example:

- Mazars responds to consultations on a variety of topics including auditing, corporate governance, financial reporting and relevant regulation changes issued by professional bodies such as the European Commission, IFAC and its committees and boards, FEE, EAIG, PCAOB, IASB ;

- as stated above, Mazars takes part directly in international bodies such as the IFAC, FEE, ESMA, EFRAG, IASB.

Our professional staff receives regular training in both actual and potential regulation developments. This helps our audit teams to anticipate these changes and better serve their clients.

Our Mazars firms are also active in the professional accounting and auditing organisations present in their countries. In the UK, Mazars is represented by partners and senior professional staff in:

- ICAEW Audit and Assurance Faculty Committee
- ICAEW Technical and Practical Auditing Committee
- ICAEW Audit Registration Committee
- ICAEW Professional Standards Board
- ICAEW Financial Services Faculty (Insurance Committee)
- ICAEW Corporate Governance Advisory Group
- ICAS Technical Policy Board
- ICAS Accounting Standards Committee
- ICAS Training Authorisation Committee
- FRC Financial Reporting Lab Steering Group
- EFRAG Working Group for SMEs
- Financial Reporting Council – Technical Advisory Group
- Quoted Companies Alliance Executive and various committees
- ICGN Integrated Business Reporting Committee

IV. CLIENTS

4.1. Service offering and turnover

4.1.1 Global service offering

As previously mentioned, Mazars' services fall into four global business units, two of which are focused on clients and two of which are defined by services. This structure is mirrored by each member entity.

The four Global Business Units are:

- **GBU PIE (Public Interest Entities)** covers statutory and contractual auditing as well as other advisory or compliance services mainly targeted to listed companies
- **GBU OMB (Owner Managed Businesses)** covers advisory and audit services for privately-owned companies of all sizes
- **GBU Tax** covers a complete range of tax advisory services
- **GBU Law** covers legal counseling in some countries.
-

Turnover per Global Business Unit for the year ended 31 August 2014, according to the consolidated accounts of Mazars Scrl to be published in early 2015, was as set out in the table below.

Turnover per Global Business Unit (€ million)		
	2013/2014	2012/2013
PIE	560.2	537.8
OMB	393.8	380.6
Tax & Law	126.8	127.2
TOTAL	1,080.8	1,045.6

4.1.2 UK turnover

The turnover of Mazars in the UK was £131.0 million for the year ended 31 August 2014 (£120.4 million for year ended 31 August 2013).

	2013/2014	2012/2013
Audit including statutory audit & compatible services and other assurance services	47.1	44.4
Accounting & financial support	7.2	6.2
Other services	76.7	69.8
Total	131.0	120.4

4.2. List of public interest entities for which the firm has issued an audit report during the preceding financial year

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

The list of engagements for which statutory audit reports have been issued during the Transparency Report period (from 1 September 2013 to 31 August 2014):

London Stock Exchange

Allied Domecq Financial Services Limited
Anglesey Mining PLC
CBO Investments Jersey Limited
Grand Union Group Funding PLC
Guardian Royal Exchange PLC
Housing Association Funding PLC
Knightstone Capital PLC
Premiertel PLC
Taliesin Property Fund Limited
Thrive Homes Finance PLC
WM Treasury PLC

ICAP Markets

Hydro Hotel, Eastbourne, PLC

Irish Stock Exchange

CBO Investments Jersey Limited

Claris Limited

Claris 2 Limited

Claris III Limited

Ukraine Issuance PLC

AIM quoted

21st Century Technology PLC

Access Intelligence PLC

Byotrol PLC

Hunter Resources PLC

MCB Finance Group PLC

Mind + Machines Group Limited

Northern Bear PLC

Pennant International Group PLC

Portmeirion Group PLC

Pro Global Insurance Solutions PLC

Reabold Resources PLC

Taliesin Property Fund Limited

Vatukoula Goldmines PLC

Other markets

ASIF III (Jersey) Limited

Cathedral Capital (Investments) Limited

Claris Limited

Claris 2 Limited

Max Two Limited

MCB Finance Group PLC

Natixis Structured Products Limited

Persia International Bank PLC

4.2.2 Credit Institutions

The list of engagements for which statutory audit reports have been issued during the Transparency Report period (from 1 September 2013 to 31 August 2014):

BMCE Bank International PLC

FCMB (UK) Limited

ICBC (London) PLC

Persia International Bank PLC

Sonali Bank (UK) Limited

4.2.3. Insurance companies

The list of engagements for which statutory audit reports have been issued during the Transparency Report period (from 1 September 2013 to 31 August 2014):

Asta Managing Agency, Syndicate 2015

Atlantic Mutual International Limited

AXA Insurance UK PLC

AXA Isle of Man Limited

AXA PPP Healthcare Limited

AXA Wealth Limited

Beaufort Underwriting Agency Limited, Syndicates 318, 1318 and 2318

Cathedral Underwriting Limited, Syndicates 2010 and 3010

CX Reinsurance Company Limited

Electrical Contractors Insurance Company Limited

English & American Insurance Company Limited

Family Assurance Friendly Society Limited

London and Leith Insurance Company Limited

Metropolitan Police Friendly Society Limited

Moorgate Insurance Company Limited

Polygon Insurance Company (UK) Limited

Portman Insurance Limited

SCOR UK Company Limited

Sportscover Underwriting Limited, Syndicate 3334

Teachers Assurance Company Limited

Teachers Provident Society Limited

The Mediterranean Insurance & Reinsurance Company Limited

Typroth Limited

V. HUMAN RESOURCES

5.1. Professional and support staff

5.1.1 International staff

As of 31 August 2014, Mazars employs more than 15,000 people across 72 countries. This includes over 800 people who joined Mazars in 2013/2014.

5.1.2 Personnel in the UK

During the year 2013/2014, the average number of Mazars personnel in the UK amounted to 1,383 (full-time equivalent).

5.1.3 Personnel dedicated to statutory audit in the UK

During the year 2013/2014, 484 professionals from all of the Mazars' offices in the UK and within all of the service lines, were assigned to audit services.

5.2. Partners

5.2.1 Our partners on an international level

As of 31 August, 2014, Mazars Scrl had a total of 741 partners in 72 countries.

5.2.2. UK partners

For the year ended 31 August 2014, there were 124 partners in the UK.

5.2.3. UK partners dedicated to statutory audit

In 2014 51 UK partners and 4 employees had Responsible Individual status.

Mazars LLP is regulated by the ICAEW. Mazars' Responsible Individuals are members of the ICAEW, ICAS or ACCA.

5.2.4. Information concerning the basis for partner remuneration

Partners who are also shareholders in Mazars Scrl are remunerated in equal proportion according to the performance of the national member entity to which

they contribute, and to the overall performance of the Mazars organisation. Partners who are not shareholders in Mazars Scrl are allocated a fixed profit share and may be allocated a further profit share based on the performance criteria set out below.

At Group level, the partner remuneration measure is the "operational performance," excluding any extraordinary expenses such as litigation, which remain 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 proportionality as the division of profits.

Several countries have also opted for a bonus system based on individual performance, the awards being withdrawn from a pot representing up to 12% of the profits of the country concerned.

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

5.3. Quality through talent

The quality we bring to our clients and to the market depends on the talent of our people. Our Our talent development strategy is built on strong foundations:

- our culture;
- our sense of commitment;
- our diversity of talent;
- our transparent and effective assessment system.

Based on our common values, management principles and a fulfilling work environment, our talent management policy has three main principles:

- recruit the most talented individuals;
- develop long-term training, on both technical and managerial issues (refer to § 5.4. continuing education);
- offer attractive career opportunities, particularly internationally, within our fast-growing organisation.

All our professionals have clear objectives, receive feedback and have their performance reviewed. Our Global Talent and Performance Management Programme monitors our employees' development at all levels, in all Mazars countries. It provides us with qualitative information on the expectations and competencies of our professionals, which in turn allows us to gauge our progress towards our long-term development ambitions.

Every employee is encouraged to understand the importance of their own role and take ownership of their contribution to the overall success of the firm.

Mazars is strongly committed to enforcing the objectivity of our teams and the ethical conduct of each individual. Recent studies have shown that traditional approaches to ethics training do not address the root causes of unethical behavior. We strive to fully understand these complex issues and implement effective strategies to ensure an ethical approach to sustainable growth.

As a global organisation, we recognise that gaining international experience is an important element in the development of our teams and leaders. Employees wishing to enhance their careers with an international experience may choose from a range of strategic mobility opportunities, including various high-level projects ranging from three to five years in length, as well as permanent transfers. Short-term assignments are also available through the MOVE programme, in which high-potential Seniors and Managers can work abroad on two to six month long projects. Both our short-term and long-term programmes play a key role in the flow of ideas between our 72 countries and support the firm's future global growth.

5.4. Mazars' policy regarding the continuing education of statutory auditors

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

Each Group entity keeps a record of all the training courses attended by each partner and member of staff. This is done in order to ensure that each individual benefits from the complete training programme and that the training received is in line with their responsibilities and work.


Each member entity's training programme must include a general syllabus to be followed by all staff and at each level. The objective of this programme is to encourage each staff member's development and expertise in auditing standards, accounting standards, auditing techniques and engagement management principles.

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

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

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

The internal training programme is enhanced with complementary external seminars which focus on client requirements or specific economic environments.



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

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

- to position Mazars as one of the key players in future markets;
- to instill a focus on the Mazars values (Mazars Way);
- to strengthen Mazars' commitment to social issues.

Mazars University coordinates all the Group-wide training and promotes the sharing of professional knowledge experience and best practices.

Statement of compliance with the professional training obligations in the UK

Mazars in the UK complies with Continuing Professional Development (CPD) policies of the ICAEW, ICAS and ACCA which are, in turn, compliant with IES 7. Partners and all audit personnel have to make an annual declaration that they have complied with the relevant requirements.

Registered statutory auditors have to complete at least 120 hours or equivalent learning units of relevant professional development activity in each rolling three-year period, of which 60 hours or equivalent units should be verifiable. They also have to complete at least 20 hours or equivalent learning units of relevant professional development activity each year.

Mazars has established a professional education programme which includes the organisation and delivery of technical in-house and external seminars, the active involvement of professional staff in major national and international professional accounting and auditing organisations and the development of extensive opportunities for staff to attend technical seminars and conferences.

VI. MAZARS' PRESENCE IN THE UK

- Birmingham
- Brighton
- Bristol
- Cardiff
- Durham
- Edinburgh
- Glasgow
- Gloucester
- Leeds
- Leicester
- Liverpool
- London
- Manchester
- Milton Keynes
- Nottingham
- Perth
- Poole
- Southampton
- Sutton
- Wolverhampton

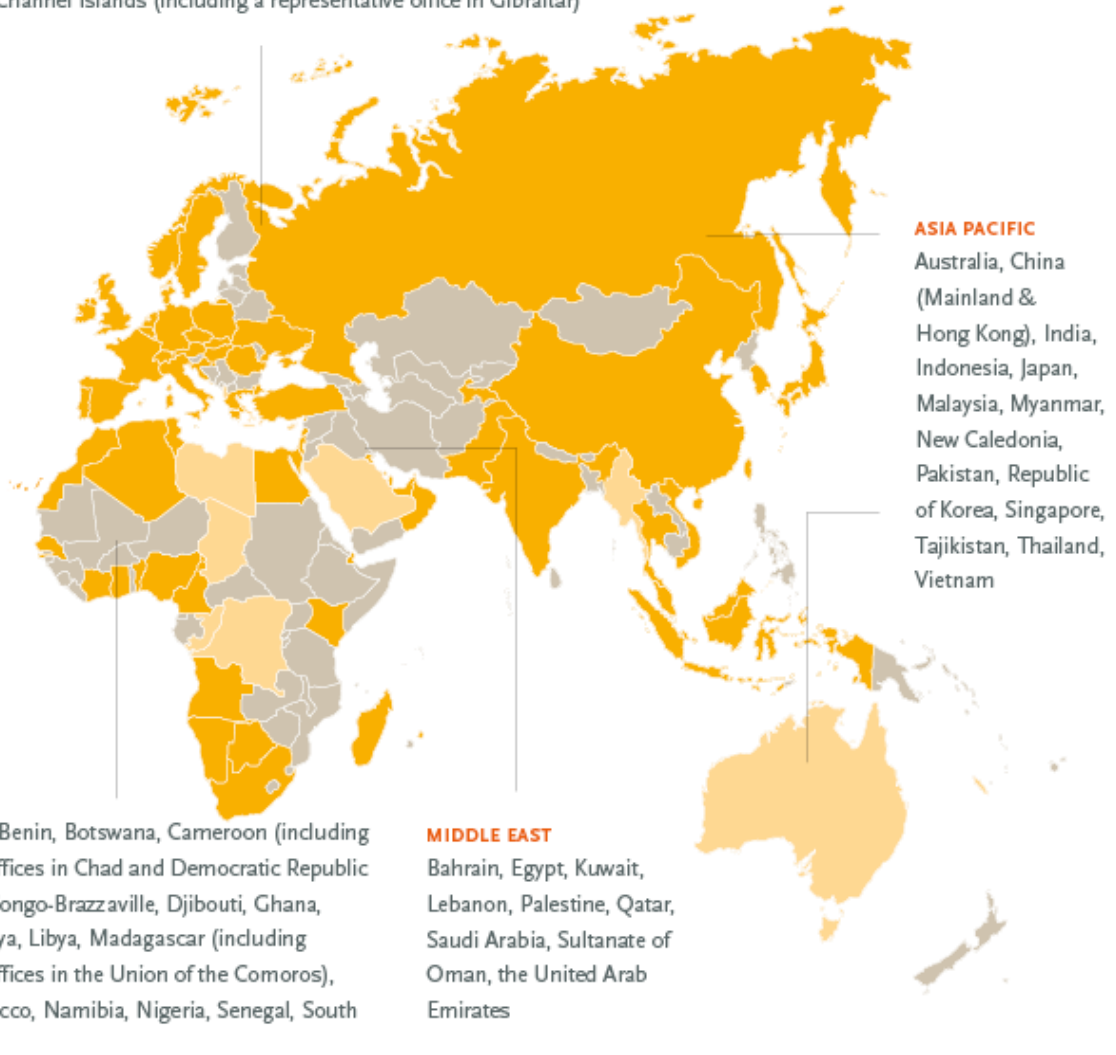


MAZARS GLOBAL PRESENCE AS OF AUGUST 31, 2014



EUROPE

Albania, Austria, Belgium, Croatia, Cyprus, Czech Republic, Denmark, France, Greece, Germany, Hungary, Ireland, Israel, Italy, Luxemburg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Russia, Slovakia, Spain, Sweden, Switzerland, Turkey, Ukraine, United Kingdom and Channel Islands (including a representative office in Gibraltar)



APPENDIX - UK EXECUTIVE, GOVERNANCE COUNCIL AND AUDIT COMMITTEE AS AT 31 AUGUST 2014

UK Executive

Name	Job Title	Biography	Date of first appointment
Phil Verity	UK Senior Partner	Phil was elected as the UK Senior Partner from September 2012 and has been co-CEO of the Group since December 2012. He is responsible for the management of the Owner-Managed Businesses (OMB) activity within the Group. Phil is based in the London office and continues to be actively involved with key clients.	2010
Tim Davies	Head of Tax	Tim has been Head of Tax in the UK since February 2011. He is also a member of Mazars' Global Tax Board. As well as his management responsibilities, Tim provides tax advice to businesses and entrepreneurs and has particular expertise in complex corporation tax issues, shareholder planning and transaction tax.	2012
Alistair Fraser	Head of Talent	Alistair is the firm's head of Talent. Alistair trained with the firm, and has been a partner since 1999. He continues to work with clients as an audit and advisory partner. He particularly works with entrepreneurial businesses and charities.	2012
Nigel Grummit	Head of Financial Advisory Services	Nigel heads up Financial Advisory Services in the UK. In particular, he leads on the provision of Forensic and Investigation Services both in London and nationally and is chairman of the group coordinating the provision of these services internationally.	2012
David Herbinet	UK Head of PIE	David heads up Mazars' PIE team in the UK and is a key Mazars spokesperson particularly on issues affecting audit competition or audit quality. He acts as client service partner for some of our largest international clients with significant expertise in group audits and cross-border due diligence.	2007



David Smithson	UK Head of OMB	David is Mazars' UK Head of OMB. Specialising in non-listed businesses, he provides audit and accounting services, and advises on issues relating to mergers, acquisitions, disposals and general corporate finance activities.	2012
Glyn Williams	Head of Country Support Unit (CSU)	Glyn is the Chief Financial Officer and leads the UK Country Support Unit with responsibility for operational infrastructure and performance improvement. Glyn has been a partner in the firm since 1990 and has worked with a portfolio of audit clients and handled many forensic and investigation assignments.	2002

Governance Council

Name	Job Title	Biography	Date of appointment
Jac Berry	Partner	Jac is an audit partner and member of the UK Standards and Risk Management team, where her responsibilities include developing the UK firm's methodology in respect of audit quality. In addition she provides technical assistance at a UK firm level and sits on the international team developing the Mazars Group audit methodology. She is based in London.	2009
Richard Bott	Partner	Richard is an audit partner and heads the firm's Corporate and Business Services Group in Bristol.	1999
Greg Hall	Partner	Greg specialises in transaction services, and is Head of Financial Due Diligence. He also has an audit portfolio focussed around property and investment funds. He is based in Milton Keynes.	2009
John Holroyd	Partner	John Holroyd is business advisory partner to a wide range of industry sectors. He is based in Leeds.	2009

Tim Hudson	Partner and Chair	Tim is an audit partner specialising in large UK and international groups. He also has experience of advising on acquisitions and fund raisings, including AIM listings. He is based in Manchester. Tim is an elected member of the Group Governance Council and sits on the Group Audit Committee.	2000
Bob Neate	Partner	Bob is an audit partner based in London with extensive experience of working with large and complex international groups. He is an engagement partner to both full list and AIM clients.	2014
Lorraine Olley	Partner	Lorraine is a partner in Mazars LLP and a Director of Financial Planning in Mazars Financial Planning Ltd. She is based in Milton Keynes.	2013
Rod Weston	Partner	Rod is a specialist business recovery partner. He acts as advisor, receiver/administrator to distressed businesses of all sizes across a range of sectors and is based in London.	2009

Note:

In January 2014, Bob Neate replaced Mark Grice, who stood down after taking over responsibility for leadership of the firm's insurance management unit.

Independent members of the Group Governance Council

Name	Job Title	Biography	Date of appointment
Denise Fletcher	Independent Member	Denise Fletcher is an Operations and Finance Executive who has been a leader in both public and private organisations. She has extensive experience in operating, finance, brand building, consumer and retail strategy, along with extensive investment and acquisition experience.	2012
Francois de Carbonnel	Independent Member	Francois de Carbonnel is a director of corporations and a consultant/corporate finance advisor. He was Chairman of the Board of Thomson SA (TMS). He is on the boards of Pages Jaunes S.A., Ecofin Hedge Fund, Ecofin Special Situations Fund (Irish public companies), Quilvest S.A. and Amgen Inc.	2012

Audit Committee

The Audit Committee is a sub-committee of the Governance Council and its members are set out below:

- Richard Bott (Chair);
- Jac Berry; and
- Greg Hall.

Meeting attendance

Name	UK Executive	Governance Council	Audit Committee
Phil Verity	36/41		
Tim Davies	31/41		
Alistair Fraser	40/41		
Nigel Grummitt	31/41		
David Herbinet	33/41		
David Smithson	35/41		
Glyn Williams	38/41		
Jac Berry		4/4	3/3
Richard Bott		3/4	3/3
Mark Grice		2/2	
Greg Hall		4/4	3/3
John Holroyd		4/4	
Tim Hudson		4/4/	
Bob Neate		2/2	
Lorraine Olley		3/4	
Rod Weston		3/4	



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