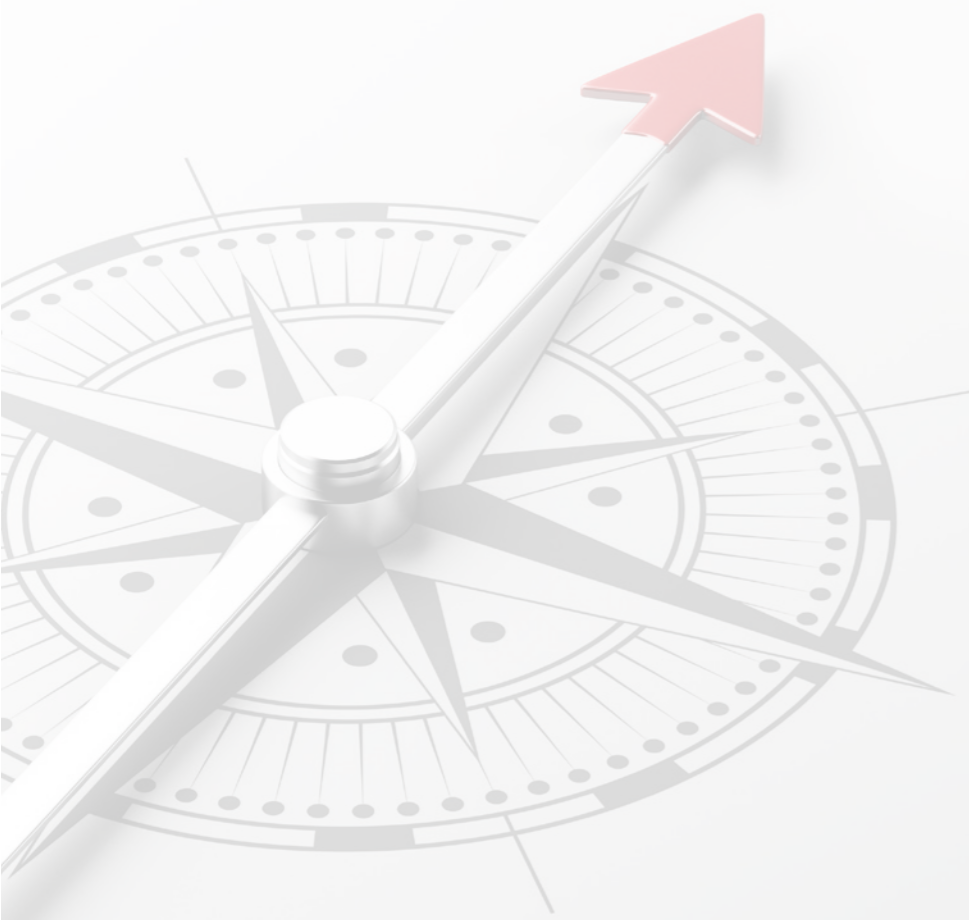


TRANSPARENCY REPORT

■ Our Quality Matters





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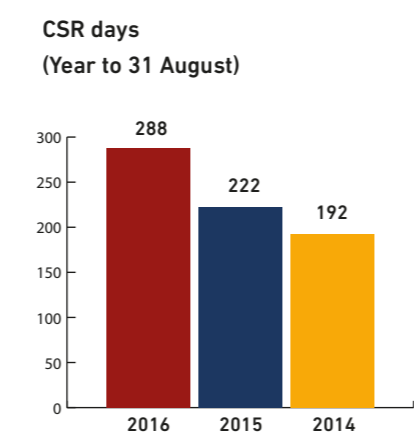
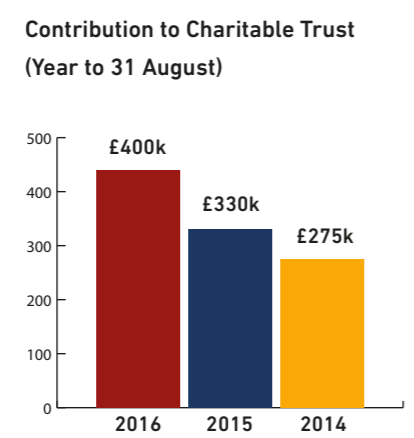
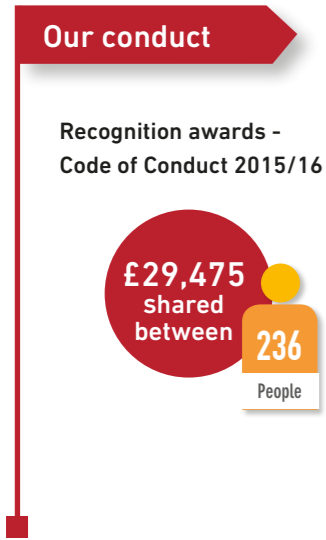
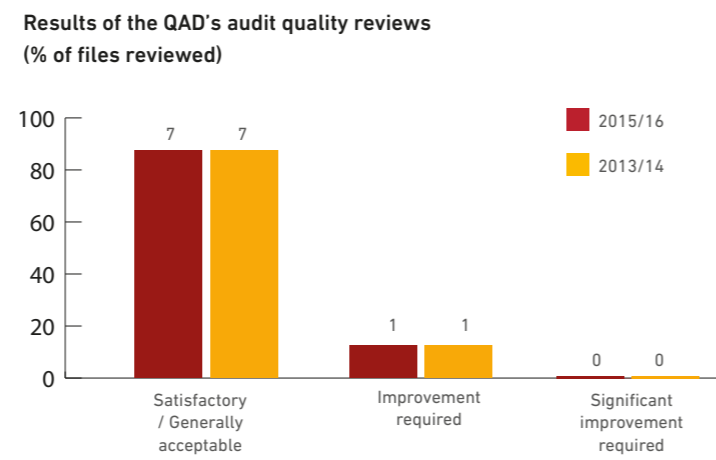
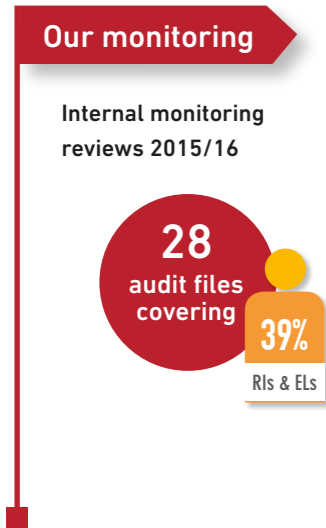
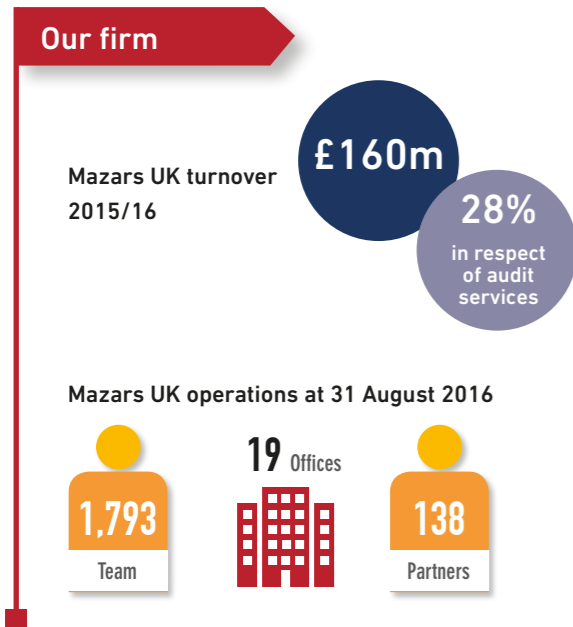
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Our quality matters

The year to 31 August 2016 was a successful year for Mazars UK; we performed well, welcomed new clients, staff and Partners and were particularly proud to be named National Firm of the Year at the British Accountancy Awards. This award is based on client feedback and is testament to our commitment to delivering high quality services and creating value for our clients.

Quality permeates every aspect of our work at Mazars. We pride ourselves on the technical excellence with which we deliver client assignments. Audit and assurance is the largest part of our business, both in terms of staff and fee income, and it remains at the core of our activity. Audit quality is therefore a pillar that supports our overall technical excellence and a focus of our ongoing investment.

Transparency is a serious matter at Mazars

We believe transparency is vital: for our clients, our people and broader society. That is why we voluntarily apply the same level of transparency required of our publicly listed clients to ourselves, and why the Mazars Group publishes an Annual Report and audited financial statements every year. We are still the only major audit firm to do so.

This is the fifth year that Mazars UK has voluntarily applied the Audit Firm Governance Code (the 'Code') published by the Financial Reporting Council (FRC) and the Institute of Chartered Accountants in England & Wales (ICAEW) in 2010. As at 31 August 2016 we complied with the requirements of the Code in all material respects. In this Transparency Report we explain how we have implemented the provisions of the existing Code and provide the disclosure required.

We welcome the ongoing developments in quality and governance promoted by the revised Audit Firm Governance Code issued in July 2016 and are in the process of determining how those changes may best be reflected within Mazars UK.

This report sets out the steps we take to ensure that the quality of our audit work is at its highest level and is consistent across all service lines and functions within the firm.

We are in a period of transformation for the audit profession; many changes are underway in the regulatory and competitive landscape. As an international, integrated and independent partnership advising some of the largest companies in the world, we believe that we have an obligation to actively participate in the debates that are shaping tomorrow's audit landscape, and are proud to do so.



Phil Verity

Phil Verity
UK Senior Partner
30 November 2016



Andrew Goldsworthy

Assurance in 2016-17 and beyond

Within the audit and assurance profession, we embrace the new world in which we find ourselves following the EU audit reform. The opportunities this presents to the market place and key stakeholders to drive transparency and audit quality makes this an exciting time within the profession.

Whilst the changing economic and political environments create uncertainties and unpredictability within the business world, these challenges also create new opportunities. In this evolving business environment we look to drive change in our techniques and working practices to enable us to continue to give assurance to our clients and their key stakeholders, allowing them to focus on steering their operations forward.

We recognise that our ability to service our clients through this period is dependent on our team and our ability to foster a culture of quality in audits. By living the Mazars core values of integrity, responsibility, diversity and respect for individuals, technical excellence, independence and continuity in how we operate, promoted through an effective tone at the top, we look to advance the quality of the work we perform and the service we give to our clients.

We recognise that changes in legislation following the EU audit reform and its impact on the quality of our reporting drives our development focus in the coming year. We welcome the ability to add value to the stakeholders of our clients through the enhanced audit reporting in relation to key audit matters specific to each company. This, combined with the Financial Reporting Council's guidance on corporate governance and going concern released in 2016, will also improve quality of reporting to those charged with governance.

Looking further ahead, we consider that the requirements of mandatory rotation of audit firms and the fair and transparent tendering process will ensure that the profession continues to focus on quality and innovation in our approach to audit and assurance engagements.

The future of audit is changing. In particular, we are moving towards a growing reliance on data analytic techniques to gain assurance, and we are embracing evolving working practices to enable us to retain and develop talent. Throughout, we strive to ensure that we continue to perform work to the high standards demanded by us.

Audit quality

Quality is embedded into our core values and culture, driven throughout Mazars by the tone at the top from the UK Senior Partner and the UK Executive. We ensure that our audit and assurance services are relevant, bring value to our clients and their many stakeholders and are delivered by experienced, committed and truly independent professionals.

We recognise the need to challenge ourselves to develop and maintain a robust risk based approach and to enhance quality in the work that we perform. We have developed tools to aid our team in delivering their work to the highest standards and invested time in supporting, developing and training them.

Quality monitoring is a key component of the investment in audit quality. Lessons learnt through our internal quality monitoring are communicated to the wider team on a timely basis, allowing them to be implemented in future work.

In the year to 31 August 2016 the Quality Assurance Department of the ICAEW (QAD) visited the firm in the UK and reported that none of the files reviewed required significant improvement. We were pleased that our report noted continued progress and we are looking to further build on this progress in the coming year.

Fostering excellence

Quality in audit and assurance is driven by professional scepticism and our ability to maintain and develop our talent. We recognise the importance of engaging the whole team and our ability to develop their individual strengths.

Our structured training programme on audit methodology for trainees has been further developed in the year through both digital and classroom content. The feedback received has shown a positive impact on the engagement of the team. Moving into 2016/17 we look to develop this further, with a continued focus on complex audit areas.

We continued to provide experienced staff with ongoing training programmes to further each team member's understanding of and expertise in auditing standards, accounting standards, auditing techniques and engagement management principles. Considerable focus in the year has been on the impact of New UK GAAP on both audit and accounting.

Investment in our team goes beyond our extensive training programme. Assessment of performance and development, providing support and encouragement, participating in mentoring schemes and being recognised for individual efforts are all important aspects of our culture and our ability to develop and engage our team. We aim to embed this culture in the trainees of today, who we expect to be the leaders of our business in the future.

Andrew Goldsworthy
Head of Audit



Jac Berry

We aim to ensure that everything we do and deliver is of the highest quality: our advice, our service levels, our outputs, our compliance and our standards. We want to make a tangible difference to our clients by combining high quality innovation with impeccable client service. How clients perceive our work very much depends upon our technical excellence, but also extends beyond this to include a range of other factors, such as ethical behaviour, being leading-edge and innovative, and building excellent client relationships with open lines of communication.

As excellence in quality is an inherent part of our way of operating as a firm, we ensure that our clients are at the forefront of our energy and focus, which is paramount to ensuring that our key activities remain of a high quality. By monitoring and managing both internal and external risks to the firm, we can ensure that the quality of our services is sustainable.

We aim to recruit, nurture and retain the best staff. We want to enable everyone to maximise their contribution to the firm's goals, to realise their full potential and achieve personal fulfilment, and so we continue to strive to build a 'best in class' team, through a culture of engagement, working together in an atmosphere of respect for each other, and by embracing high professional standards. In addition, we place a strong emphasis on all aspects of people management and especially on encouraging a coaching culture.

I have set out below two of the key activities undertaken since our 2015 Transparency Report.

Partner Conduct Framework

Our commitment to quality is rooted in our values and evidenced by our Code of Conduct.

The associated Partner Conduct Framework was revised and reissued in 2016. It recognises that the firm's reputation rests on the quality of the work that we perform, on the integrity and competency of each of the Partners as individuals, and on our control processes. Our professional advantage also rests upon the quality of our work, and we do not wish to be anything other than high-quality and technically excellent.

It is vital that we maintain the trust and confidence of our team and our clients. This requires us to:

- hold out a consistently strong tone at the top;
- maintain a positive culture of compliance, discipline, professionalism and competence;
- be seen to deal with non-compliance quickly and appropriately;
- be seen as a firm which promotes continuous improvement, learning and innovation; and
- ensure that we recruit, train and develop our staff and Partners to consistently high standards.

Our team, regulators, Independent Non Executives (INEs) and other stakeholders expect us to hold our Partners accountable to the high standards we set. In forming our views on Partner conduct, there are a number of principles which are paramount:

- every Partner is expected to uphold the highest technical, ethical, behavioural and professional standards. This is a given;
- our culture must always be both supportive and challenging. We will fully support and enable Partners to succeed. We will hold Partners accountable for their actions;
- non-compliance cannot be tolerated within the firm. Our reputation rests on the quality of what we do (and the assignments that we decline to do) and therefore there will be consequences for Partners who breach our values or risk management policies;
- we will be fair and equitable to all Partners. This framework is not used as a blunt instrument; we will always have regard to the individual circumstances of any issue or case; and
- we want to be transparent about what causes us concern and how we will deal with this.

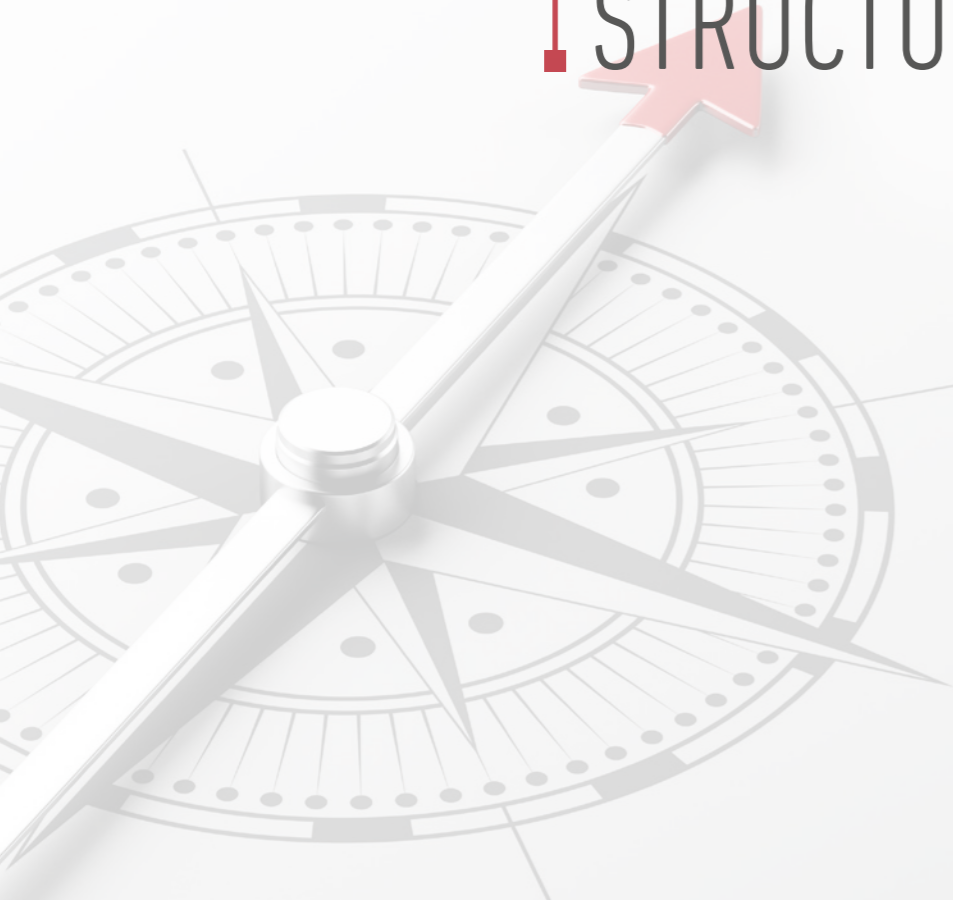
Enterprise risk management and internal control

During 2016 we appointed a Director of Risk Management. A key element of this role is to assist in determining the assurance framework and implement changes to more effectively identify, and manage, risk from internal and external factors. We have undertaken a review and revision of our Enterprise Risk Management Framework (ERMF). As part of this, our categories of risk have been extended to more explicitly report on governance, legal, information technology and management risks. This reflects the added emphasis and importance of risks in these areas and the potential impact they have on the success of the firm.

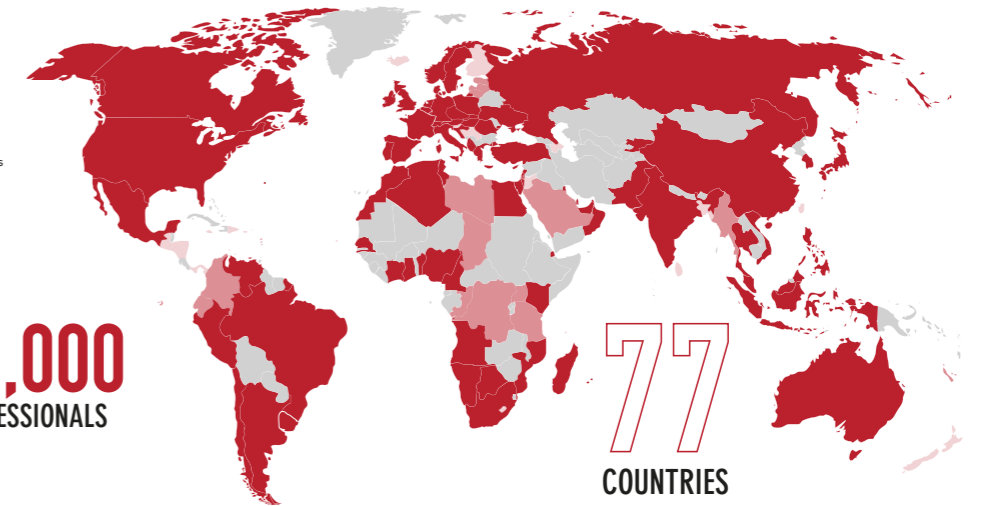
Whilst risk remains the ultimate responsibility of the UK Executive, supported by the UK Risk and Audit Committee, the leaders of our Management Units, Service Lines and internal support units are responsible for the day to day implementation of this system. To that end, we are introducing a number of tools in our ERMF to better enable our business leaders to identify and manage their risks.

Jac Berry
Head of Quality

01 | OUR UNIQUE BUSINESS STRUCTURE



■ Integrated countries
■ Correspondent and representative countries
■ Local correspondent countries



A global integrated Partnership

Mazars is a global organisation specialising in audit, accountancy, tax, legal and advisory services. As at 31 August 2016, we were able to draw on the expertise of 17,000 (2015:15,500) professionals in the 77 (2015:74) countries which make up our integrated Partnership in Europe, Africa, the Middle East, Asia Pacific, North America, Latin America and the Caribbean. With correspondent and representative offices we operate in a further 13 countries.

In each country in which we have a member of our integrated Partnership, one or more separate legal entities exist (the 'member entities'). All member entities have a cooperation agreement with 'Mazars SCRL', a Limited Responsibility Cooperative Company in Belgium. All of the shareholders of Mazars SCRL are Partners or shareholders (collectively, 'Partners') in the member entities. In certain countries there are some Partners who are shareholders or Partners in their member entity but they are not shareholders of Mazars SCRL.

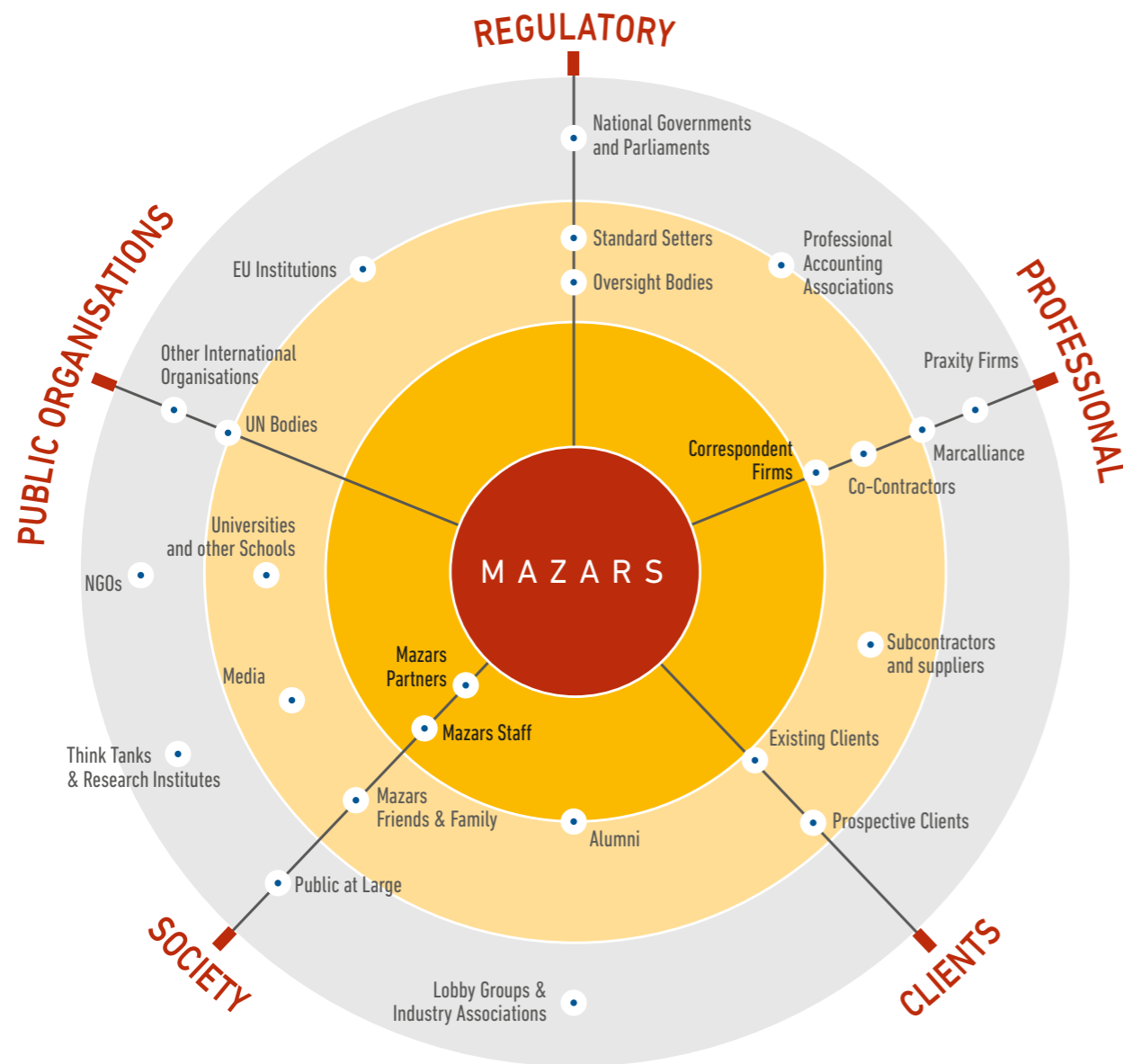
The role of Mazars SCRL is to 'define the strategic objectives of the organisation and to coordinate the implementation of these objectives at the member firm level'. It also has responsibility for promoting and protecting the Mazars brand throughout the world.

All shareholders of Mazars SCRL are required to sign a contract by which they agree that, if they are to leave Mazars, their interests will be transferred to parties approved or designated by Mazars SCRL. Mazars SCRL, member entities and Partners are therefore linked by a series of agreements entered into in order to achieve maximum consistency and standardisation within the group.

The financial statements of Mazars SCRL are consolidated with the member entities (the 'Mazars Group') and are prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements of the Mazars Group are jointly audited by two independent firms of auditors.

We are therefore unique in that we are not simply a collection of national firms, but an integrated organisation of professionals who share commitments with respect to investment in technical excellence, serving our clients and developing our teams.

Stakeholder map



Mazars in the UK



In the UK, the member entity of the Mazars Group is Mazars LLP, a Limited Liability Partnership (Mazars UK). Mazars UK provides audit, advisory, accounting and tax services.

As at 31 August 2016, Mazars UK had 138 Partners and 1,793 professionals working in 19 offices across the UK (2015: 128 Partners and over 1,650 professionals). Staff held the following roles at 31 August 2016:



Of the 138 Partners in Mazars UK, 101 were shareholders in Mazars SCRL (73%).

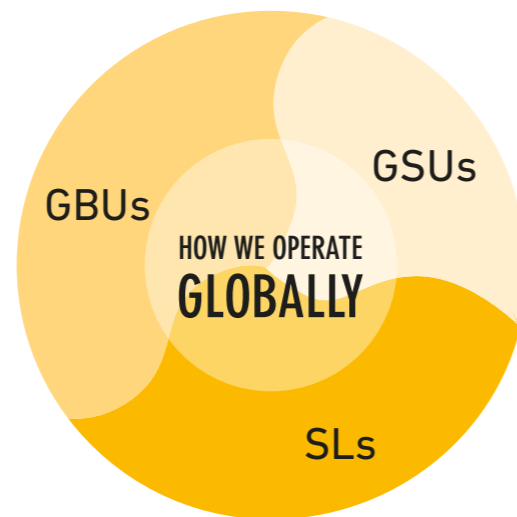
Mazars UK has a co-operation agreement with Mazars SCRL which sets out the terms of its relationship with Mazars SCRL and within the Mazars Group.

Our integrated approach to operating internationally

We are structured internationally around:

- two main market segments, referred to as Global Business Units (GBUs), being Public Interest Entities (PIE) and Owner Managed Businesses (OMB); and
- Service Lines (SLs), being Audit & Assurance, Financial Advisory (FAS), Consulting, Accounting & Outsourcing (AOS), Tax and Legal Services.

The GBUs and Service Lines are supported by Global Support Units (GSUs) that support the global business for the benefit of our clients, such as in relation to technical quality, communication and marketing, information systems, talent management and finance.



The Senior Partners and the leaders of the GBUs meet at least twice a year.

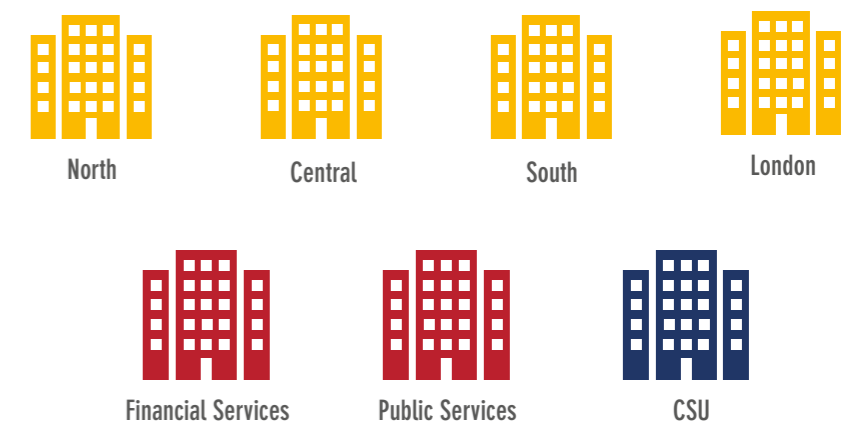
This structure ensures alignment within the Mazars Group of member entities, GBUs and GSUs. Our integrated international structure permeates every aspect of our operations:

- Partners and their member entities are linked by a series of agreements intended to achieve maximum consistency and standardisation within the Mazars Group;
- GBUs are represented in member entities, enabling coordination of assignments and cross border relations between countries; and
- each assignment requiring an international team is managed and carried out by an integrated team sharing common standards and procedures.

Our approach to operating in the UK

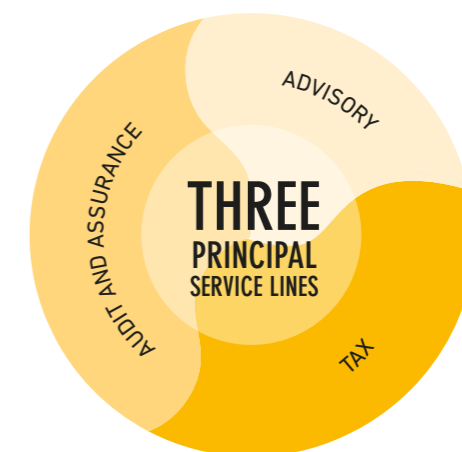
Mazars UK's business is divided into Management Units (MUs) which are responsible for managing results, developing strategies for growth and supporting our staff. As at 31 August 2016, there were seven MUs: four covering the geographical areas (North, Central, South, and London); two sector focused (Financial Services and Public Services); and one for central services (Country Support Unit (CSU)).

MANAGEMENT UNITS

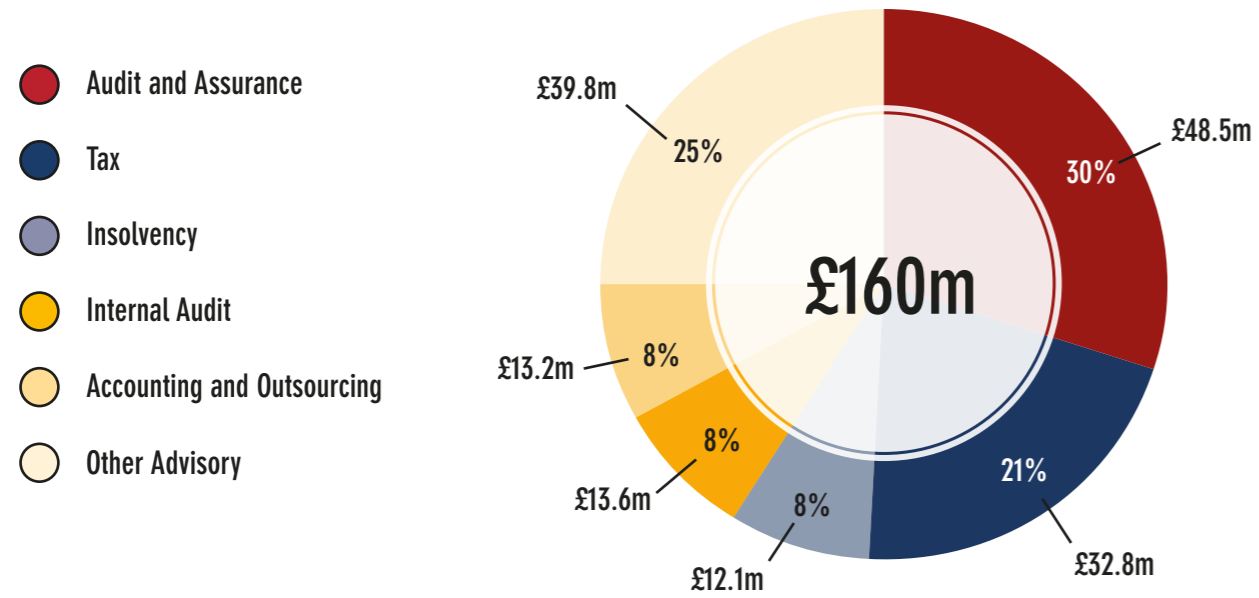


We are also divided into three principal Service Lines: Audit & Assurance, Tax and Advisory. Each Service Line is responsible for:

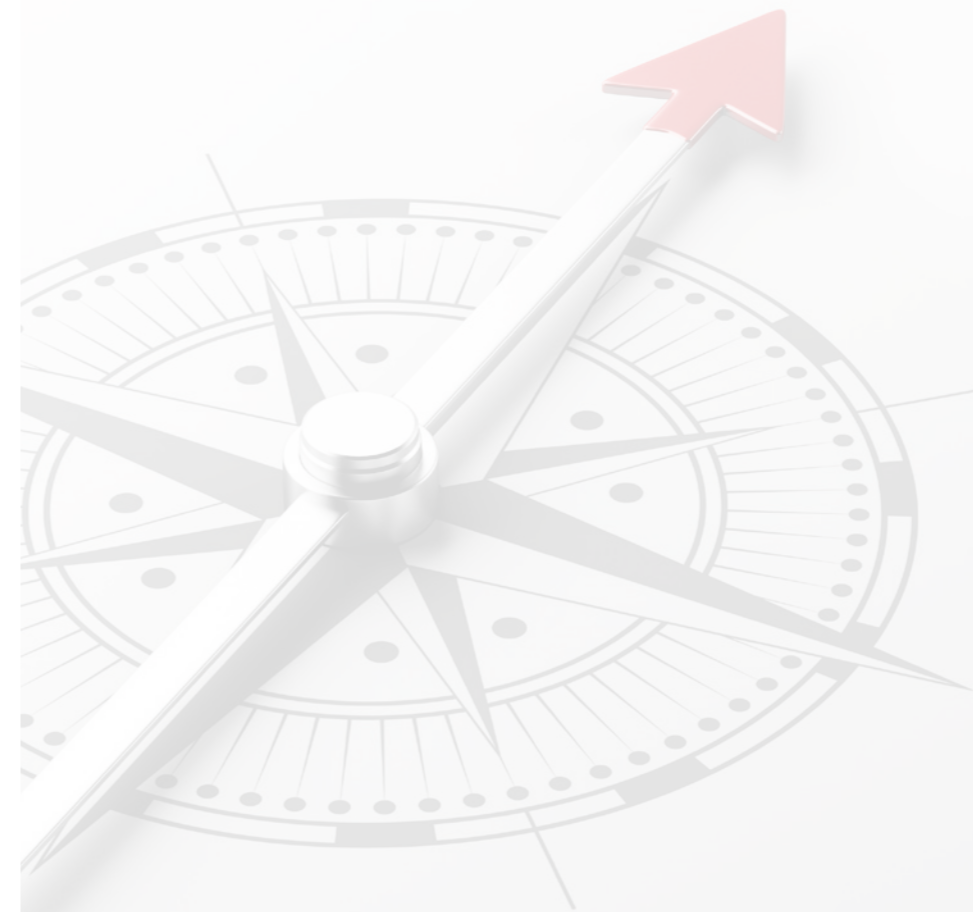
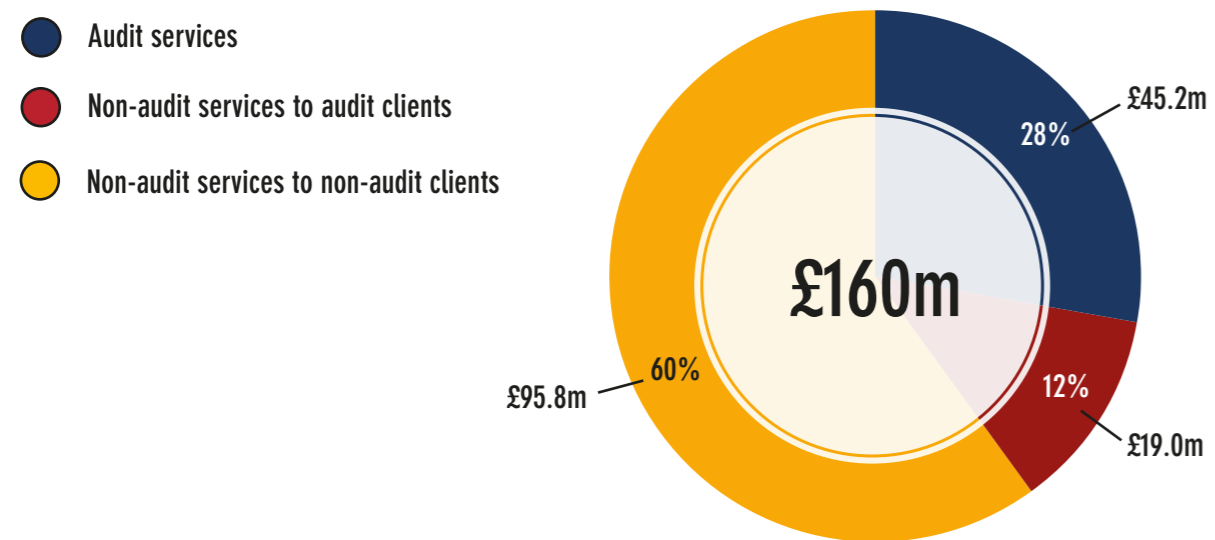
- quality, standards and risk management;
- setting the service line strategy;
- talent management and development;
- technical training;
- business model definition and implementation; and
- innovation.



Turnover by service line



Turnover by type



02 | LEADERSHIP AND GOVERNANCE



Global leadership

The executive management body of the Mazars Group is the Group Executive Board (GEB). The GEB is required to comprise of between three and nine members and is responsible for the management of the Mazars Group. It is elected every four years with the next elections due in December 2016. As at 31 August 2016 there were eight members of the GEB.

The GEB is supported in its role by:

- the GBUs and GSUs;
- global Service Line leaders, including for our audit activities; and
- Executives in each member entity. These Executives, led by a Senior or Managing Partner, have the responsibility for managing that member entity, for leading the business on a day to day basis, and for providing strategic and operational coordination. The Executives are elected by the Partners of the particular member entity, with their candidacy being subject to the consideration of the GEB.

The GEB meets at least monthly; it also meets twice a year with the Country Managing or Senior Partners at 'Country Forums'.

Biographies of the members of the GEB are provided in Appendix 2.

The General Assembly of Partners

The General Assembly of Partners is a meeting between all Partners of Mazars SCRL and is required to be held at least once a year within six months following the end of the financial year.

The General Assembly of Partners is a pivotal point in the governance and decision making processes of Mazars SCRL and the Mazars Group. It is at this meeting that the Partners elect the GEB and the Group Governance Council (every four years) and approve major strategic and operational decisions, the admission of new Partners, and the Mazars Group's audited financial statements.

The last General Assembly of Partners was held in Brussels in December 2015. The next General Assembly of Partners will be held in Madrid in December 2016.

Leadership in the UK

Mazars UK is led by the UK Senior Partner who is elected every four years. Any Partner of Mazars UK is able to stand for this position if they have been nominated by at least ten Partners. After the candidates have been submitted for consideration by the UK Nomination Committee, the UK Senior Partner is decided upon by a vote among the Partners of Mazars UK. The members of the Nomination Committee are determined by the Mazars UK Members' Agreement and include representatives from the UKGC, UK Executive and the GEB.

Once elected, the UK Senior Partner, after appropriate consultation (including with the GEB and the UKGC) nominates up to eight other Partners and up to two Non-Partners to become members of the UK Executive Board (the UK Executive).

The duties of the UK Executive include to:

- develop and implement the UK strategy, in line with the international strategy of the firm;
- ensure that the firm's services to clients and conduct in respect of staff are carried out ethically and in accordance with the principles of technical excellence and quality service;
- ensure that the firm recruits, develops, retains and appropriately rewards its team;
- ensure that appropriate policies and procedures are in place for risk and catastrophe management; and
- set Corporate Responsibility and Environmental policies.

The Audit and Assurance Service Line is led by Andrew Goldsworthy as the Head of Audit for Mazars UK, supported by a Partner responsible for Audit in each MU. The Head of Audit for Mazars UK reports to David Herbinet as the member of the UK Executive responsible for the service line.

A review of the effectiveness of the UK Executive was undertaken during 2016.

Details of the members of the UK Executive during the year ended 31 August 2016 and meeting attendance are provided in Appendix 3.

International Governance

The Group Governance Council (GGC) is the body which supervises the actions of the GEB and determines the remuneration of members of the GEB. It also has decision making powers and/or joint powers with the GEB on certain matters, such as approval of mergers and acquisitions and other projects with a significant impact on the Mazars Group.

The GGC is required to meet at least every four months. It comprises between eight and 16 members including two non-executive independent members elected every four years, with the next elections due in December 2016. As at 31 August 2016, there were 11 members of the GGC. The two non-executive independent members also constitute the Public Interest Committee (PIC), which has specific responsibility in addition to the GGC for matters arising in relation to Mazars in the UK and Ireland.

A review of the effectiveness of the GGC was undertaken during the year.

Details of the members of the GGC who served during the year ended 31 August 2016 are provided in Appendix 2.

Governance in the UK - the UK Governance Council

The UK Governance Council (UKGC) is independent of the UK Executive. It comprises eight members and is elected by the Partners of Mazars UK.

The responsibilities of the UKGC include:

- reporting on the processes for the appointment of new Partners and the determination of Partner remuneration;
- reviewing the annual budgeting process and reporting to the Partners of Mazars UK in the event that the process is deemed to be deficient;
- ensuring that the UK Executive has appropriate management structures in place and has identified, and is managing, the major risks to Mazars UK;
- appointment of members of the UK Risk and Audit Committee; and
- approval of certain matters such as proposals for the merger, disposal, acquisition or reconstruction of Mazars UK and its associated companies.

A review of the effectiveness of the UKGC was undertaken during the year.

Details of the members of the UKGC during the year ended 31 August 2016 and meeting attendance are provided in Appendix 3.

Governance in the UK - the UK Risk and Audit Committee

The UKGC is supported in its role by the UK Risk and Audit Committee (UKR&AC).

The UKGC reports to the Partners at least annually summarising the activity of the UKR&AC and any significant matters.

The terms of reference of the UKR&AC are drawn up in accordance with best practice and approved by the UKGC bearing in mind the needs of the firm. They are agreed with the UK Executive.

The UKR&AC and its Chair are appointed by the UKGC from among the Partners who have no direct executive responsibility for the management of Mazars UK. At least two members have recent and relevant experience in finance, accounting and auditing.

The UK Executive member responsible for finance and representatives of the external auditors attend meetings where business relevant to them is to be discussed. At least once a year the UKR&AC meets with the external auditors without any Partner with executive responsibility for the management of Mazars UK being present.

The UKGC and the UKR&AC have the power to seek outside legal or other independent professional advice and to secure the attendance of non-members with relevant experience and expertise if it is considered necessary.

Their duties include:

- responsibility for both the internal and the external audit process;
- to monitor annually the performance, effectiveness and objectivity of the external and internal auditors;
- to monitor the implementation of agreed audit-based recommendations, from whatever source; and
- to ensure compliance with the requirements of financial reporting and recommend the approval of the statutory accounts to the UK Executive, the UKGC and the Partners.

The UKR&AC met twice during the year, including to receive the audit planning report and audit report of the external auditors.

Details of the members of the UKR&AC who served during the year ended 31 August 2016 and meeting attendance are provided in Appendix 3.

The PIC and Mazars UK

The PIC provides oversight of Mazars UK in the following areas; encompassed in the PIC's Terms of Reference:

- decision-making by management (based upon meetings and discussions with the GEB for which the GEB makes itself available as deemed necessary by the PIC);
- the system for quality control (based upon the reports of the GEB and GGC);
- risk management, including consideration of potential or actual reputational risks (based upon the reports of the GEB and the GGC risk sub committee);
- the Group's processes for monitoring complaints related to the firm's work, including issues raised under whistle-blowing policies and procedures (based upon GEB policies reporting and monitoring); and
- stakeholder dialogue including the review and approval of the Group's transparency reporting prepared by GEB.

Procedures are in place to ensure that the members of the PIC are independent from the firm and its audit clients. PIC members must satisfy the following independence criteria:

- the independent non-executives are unrelated to any Mazars member firm;
- the independent non-executives are not, and will not, become an executive director or member of the audit committee in any of Mazars' audit clients and not have any significant shareholdings or other interests in them unless approved by both parties; and
- the independent non-executives are not, and will not, be in any other executive officer position, member of an advisory board or a Council of a competing organisation.

The PIC has had regular and direct engagement with the UK Executive, through the UK Senior Partner, during the last twelve months. The topics covered have included the further implementation of a Code of Conduct across the UK firm and the results of quality control processes, in addition to the standing agenda items of risks, claims and whistleblowing.

Biographies of members of the PIC who served during the year ended 31 August 2016 are provided in Appendix 2.

Investor dialogue

Mazars maintains regular contact with those involved in governance at leading institutional investors. A meeting with leading institutional investors took place on 4 November 2015, at which a member of the PIC was present. At this meeting, we discussed the business performance of Mazars UK and provided an opportunity for the investor participants to raise firm-specific issues with regards to matters covered by the Audit Firm Governance Code including risk management, quality and disciplinary matters.

We engage in further dialogue with institutional investors on an individual basis on matters covered by the Audit Firm Governance Code and we participate in multi-firm meetings with institutional investors. Alongside a number of these investors, we also co-operate in the work of the Centre for Audit Committee and Investor Dialogue.

Risk management at Mazars UK

Mazars UK has an Enterprise Risk Management Framework (ERMF) in accordance with the Turnbull principles.

This covers all areas of Mazars UK's business and during the year was split into four categories:

- strategy and corporate;
- clients and markets;
- finance and operations; and
- people.

Within these categories, specific risks are identified each of which is assessed and evaluated. The design and operational effectiveness of the controls in respect of each of the identified risks is assessed and monitored by a member of the UK Executive.

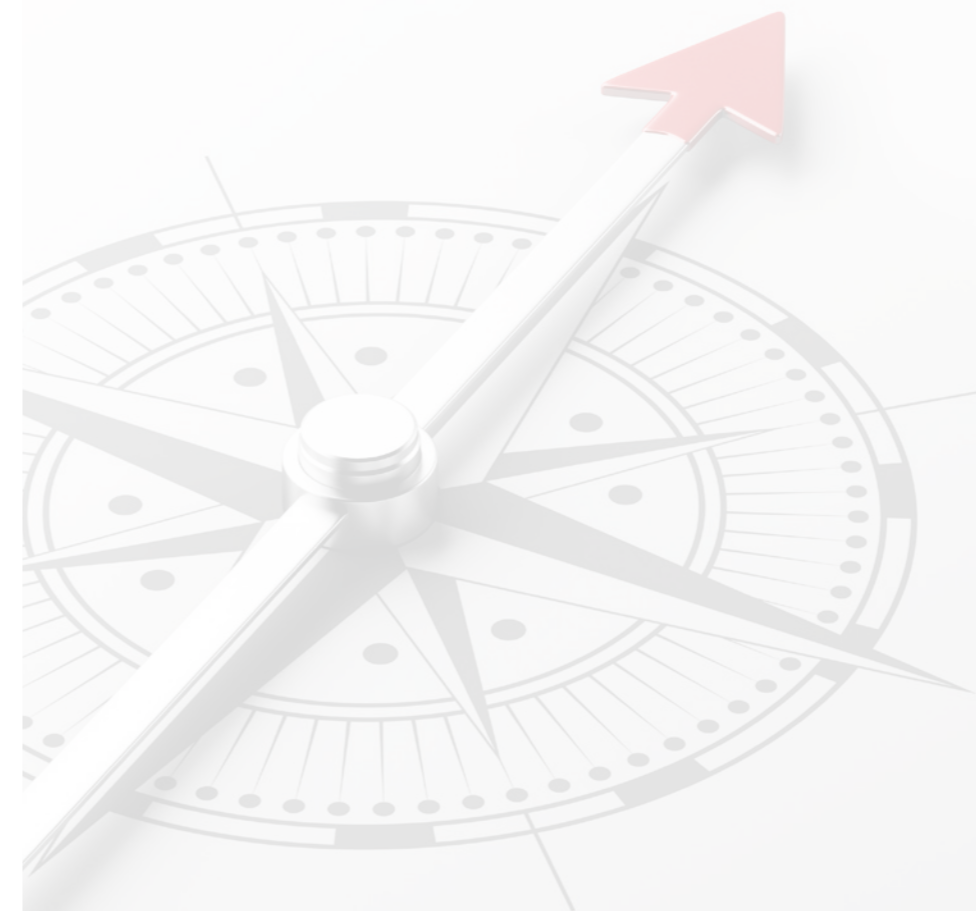
Any relevant risk identified to be operating outside tolerance levels is referred to the member of the UK Executive for remedial action to be agreed and implemented.

As explained in the message from the UK Head of Quality, during late 2016 we continued to develop the categories to facilitate the changing demands and these are now:

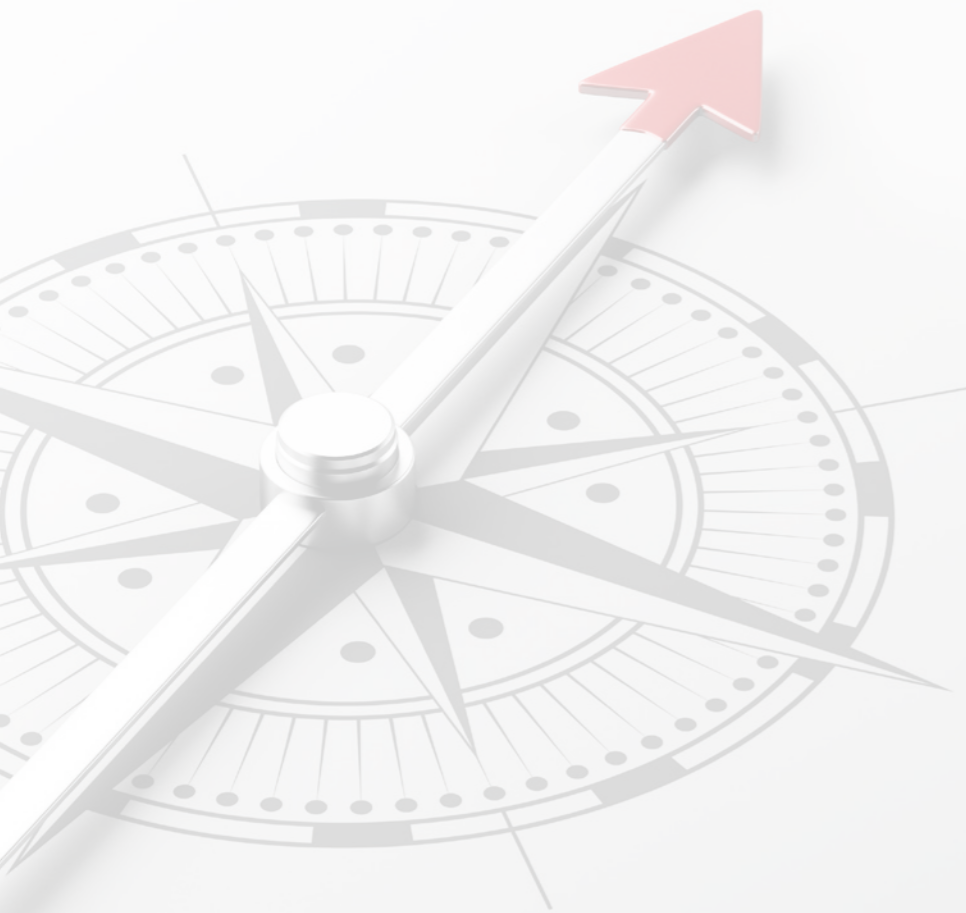
- strategy and leadership;
- governance and legal;
- client service and external operations;
- finance and internal operations;
- information technology and management; and
- people.

Mazars UK has an internal audit function reporting to the UKR&AC. In 2015, the internal audit team formulated a three year risk-based audit plan based upon the ERMF and a discussion with key stakeholders. The UK Executive and the UKR&AC have received reports on controls from both the internal and external auditors and actions are being taken to remedy any weaknesses identified.

During the year the Head of Quality reported to the UK Executive in respect of risk management. This report confirmed compliance with the risk management principle of the Audit Firm Governance Code for the year under examination and also included key areas of consideration, developments during the year and areas of focus going forward.



03 | DELIVERING AUDIT QUALITY



Mazars' Audit Manifesto

Mazars' audit manifesto, which is published in our Group Annual Report, sets out our vision of the audit profession and of Mazars' role within that profession. We aim to ensure that our audit and assurance services are relevant, bring value to companies and their many stakeholders and are delivered by experienced, committed and truly independent professionals. The delivery of audit and assurance continues to be at the heart of Mazars' business in the year ended 31 August 2016 and for the future.

In the UK, audit represents the highest proportion of fee income and the largest number of staff of any of our service lines. In 2016, Mazars UK had over 4,470 audit clients.

Responsibility for audit quality

Quality is embedded into our core values and culture, driven throughout Mazars by the overall "tone at the top". The GEB is ultimately responsible for ensuring the firm delivers technical excellence across all our service lines. It is supported in its role by the Quality and Risk Management Board (Q&RM GSU) which:

- defines the quality monitoring system and the relevant procedures that are required to be implemented. These standards are presented in our 'Quality Assurance Manual' and 'Risk Management Manual', both of which constitute the benchmark for audit quality control for all member entities of the Mazars Group; and
- together with the GEB, supervises the monitoring of our quality monitoring systems and the assessments undertaken by the International Quality Control Committee (IQCC).

The Executive of each member entity is then responsible for the implementation of the quality monitoring systems. Further, each Executive is required to:

- promote the firm's internal culture of quality and reinforce this culture with clear, consistent and frequent messages and initiatives;
- remind individuals at all levels of the existence of the quality monitoring 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.

This quality monitoring system also applies to correspondent and representative firms.

Within Mazars UK, therefore, the UK Executive is ultimately responsible for quality monitoring. It is supported in its role by the UK Risk and Audit Committee and the Quality Steering Group (QSG).

The QSG includes at least three members of the UK Executive, the Head of Audit and the Head of Quality and is chaired by the UK Senior Partner. The QSG is required to review compliance, risk management and quality on an annual basis and ensure that communication on quality and tone is appropriate and aligned to our core values. It also considers other concerns arising, such as complaints or claims, in particular matters

Quality is embedded into our core values and culture, driven throughout Mazars by the overall "tone at the top".



Delivering audit quality

affecting the public interest. The QSG has formal terms of reference that are reviewed annually and were updated in the year.

During the year to 31 August 2016, the QSG met four times. Topics discussed included monitoring of regulatory matters, quality assurance across service lines and Partner performance.

Responsible Individuals (RI)

Only Responsible Individuals (RI) can be responsible for an audit, and sign a statutory audit report.

An RI has to hold an 'appropriate qualification' commonly known as the audit qualification and be competent to conduct audit work. An appropriate qualification can be gained by holding a recognised audit qualification awarded by, inter alia, one of the Institutes (England & Wales, Ireland or Scotland) or the Association of Chartered Certified Accountants (ACCA). In Mazars UK 55 individuals held Responsible Individual status at 31 August 2016, and a further four were Engagement Leads authorised to sign public sector audit opinions.

Approval from the ICAEW is required before we are able to appoint a new RI. Before asking the ICAEW, we satisfy ourselves that the individual is competent to carry out audit work. Newly approved RIs are given a mentor who hot reviews their first assignments both to ensure quality and to assist with the transition to the RI role. Once the mentor is satisfied with the quality of the RI's audits, the mentor arrangement ends and the new RI becomes subject to the firm's normal quality monitoring review process.

RI status does not confer the right to act in relation to all audit work; an additional license is required by RIs and audit managers in relation to certain audits where specialist sector knowledge and experience is required.

A poor Quality monitoring result or failure to keep up to date would lead to a reconsideration of an RI's licensing.

We recognise that the responsibility for audit quality is also the personal responsibility of all our professionals within the Audit and Assurance service line. Each of these is set clear objectives for audit quality, appropriate to their role and responsibility, which are monitored and assessed through their performance reviews, thus ensuring a culture committed to audit quality.

Delivering quality audits underpins our core values due to its importance for all our stakeholders, including clients.

We are dedicated to delivering the highest quality audits. We invest time in understanding and participating in the evolution of quality in the profession, developing our methodology, reviewing quality recommendations and themes of regulatory inspections, and improving the skills and knowledge of our professional staff.

International Federation of Accountants (IFAC's) Forum of Firms

IFAC is the global organisation for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. The Mazars Group is actively involved in IFAC with a presence on a number of its boards and committees.

Of particular relevance to quality assurance, Mazars is a member of IFAC's Forum of Firms (FoF), an association of international networks of accounting firms that undertake transnational audits. Members of the FoF are required to commit to do the following:

- maintain quality monitoring standards in accordance with ISQC 1 in addition to relevant national quality monitoring standards;
- conduct, to the extent not prohibited by national regulation, regular globally coordinated internal quality assurance reviews;
- have policies and methodologies for the conduct of transnational audits that are based, to the extent practical, on ISAs;
- have policies and methodologies that conform to the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants (IESBA) (the 'IESBA Code') and any relevant national codes of ethics; and
- agree to submit to the Secretary of the Forum an annual report, in an approved format, indicating that it meets the membership obligations set out above.

We have declared each year from 2007 that we meet these criteria.

Cognisant with our annual declarations to the FoF, the policies and procedures adopted by Mazars are in compliance with the ISQC 1 as well as Revised ISA 220 'Quality control for an audit of financial statements'. These policies and procedures are documented in our Quality Assurance Manual which is published on our intranet and covers the following:

- responsibility and leadership;
- independence and objectivity;
- audit policies and methodology;
- acceptance and continuance of engagements;
- human resources;
- engagement performance;
 - planning and supervision of engagements;
 - technical consultation;
 - audit documentation; and
 - Engagement Quality Control Reviews;
- confidentiality;
- quality monitoring system supervision;
- managing group audits; and
- complaints and allegations.

Our compliance with the Quality Assurance Manual is monitored through internal and external quality monitoring reviews.

In Appendix 5 we provide our statement of the effectiveness as to the functioning of the Quality monitoring System.

Audit policies and methodology

The Mazars Audit Methodology (MAM) is a global methodology which member firms apply, supplemented by local regulatory and legal requirements and UK specific policies where they are stricter or more specific than group methodology. Using a common MAM allows us to apply a consistent approach and level of quality globally on all client engagements irrespective of their size and international presence.

Within Mazars UK the MAM is adapted to adhere to International Standards of Auditing (UK and Ireland), combined with appropriate laws, standards and regulations.

In an increasingly globalised world the MAM also allows us to give assurance to our multinational clients over the quality of our audits across borders. Specific policies and procedures are in place in respect of group audits, including the use of and reliance on other auditors.

Audit-software is used to support the audit teams in applying the risk based approach from the planning of procedures, through the application during the fieldwork, to completion of the audit.

Data analytics is increasingly becoming a key aspect of our standard audit procedures, particularly with respect to the mandatory requirement to address the risk of management override of controls.

To assist the quality of the audit work for the transition by Mazars UK clients to New UK GAAP, specific checklists and other tools were developed and implemented in the year. Improvements were also made to the tools that allow our teams to gain an understanding and develop an audit approach in relation to the IT environment of our clients.

Our ability to maintain quality is not only dependent on the IT tools available to our professional staff, it also relies on the appropriate support being available. The MAM details the circumstances when there is a mandatory requirement to consult within the firm. Our technical experts are also available for audit and financial reporting technical consultations when our team requires additional support.

Our RIs, with the aid of the engagement manager, direct and supervise the audit process. The RI is responsible for ensuring the work completed is appropriately reviewed, concluded and documented in order to maintain quality. The RI is also responsible for ensuring that the engagement is adequately resourced with appropriately experienced professional staff.

As the engagement leader the RI, supported by the engagement manager, is responsible for fostering the culture of quality throughout the audit process, challenging the team in their professional scepticism in respect of the work performed and supporting the culture of on the job training and coaching.

In an increasingly globalised world the MAM also allows us to give assurance to our multinational clients over the quality of our audits across borders.

Fostering the culture of quality throughout the audit process, challenging the team in their professional scepticism in respect of the work performed and supporting the culture of on the job training and coaching.

For clients operating within certain regulatory frameworks or specialist sectors we require our RIs and engagement managers to hold approved licenses demonstrating appropriate knowledge and training. There is a three tiered approval process for licenses, with the final approval from the UK Head of Audit.

In situations where a difference of opinion arises between the RI and either the engagement team, the Engagement Quality Control Review (EQCR) or technical consultants, procedures are in place, including the use of a panel of independent Partners appointed by virtue of their knowledge and experience.

Monitoring audit quality

Monitoring of audit quality is integral to maintaining and improving quality within our profession. It allows identification of areas for improvement within our policies and procedures, combined with additional training to allow for a consistent quality approach to audit work.

Engagement Quality Control Reviews

An Engagement Quality Control Review (EQCR) is required to be performed on audits of listed entities.

Each member entity identifies other engagements subject to EQCR. The criteria for determining whether such other assignments require an EQCR are mainly based around either the public interest profile of the client or the existence of specific risk situations. Within UK, for periods commencing on or after 17 June 2016, an EQCR is required to be performed for all Public Interest Entities (as defined in s494A of the UK Companies Act 2006).

The purpose of an EQCR is to provide an objective evaluation of the significant judgments made by the engagement team and the conclusions reached in formulating the opinion. This review must be performed by an individual with sufficient authority to be capable of imposing their professional judgment upon the engagement team, and who has not recently had any material responsibility for the engagement. The EQCR is licensed internally, appointed by the Audit Compliance Principal and is also subject to rotation.

Audit quality monitoring reviews

The assessments undertaken by the IQCC monitor member entities' compliance with the International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB), the Code of Ethics issued by the International Federation of Accountants (IFAC) (the 'IFAC Code') and the International Standard on Quality Control (ISQC1) issued by the IAASB.

There are several components to the audit quality monitoring reviews of member entities:

- self-assessment of the entity's audit methodology, ethics and the Quality Assurance System;
- internal monitoring of the effectiveness of the internal procedures and of the quality of the audit files. This is performed by member firms on an annual basis and constitutes the basis for the completion of the self-assessment;

Monitoring of audit quality is integral to maintaining and improving quality within our profession.

- Mazars international inspections: these are undertaken by experienced reviewers from other member entities within the Mazars Group, generally every three years, and they aim to take an independent view on the results of the self-assessments and internal monitoring while helping to spread best practice through the member entities of the Mazars Group; and
- external reviews: Member entities are periodically subject to review by the regulator or other relevant bodies in their jurisdictions. Results of such reviews are communicated to the central Quality monitoring team.

The self-assessment includes the entity's compliance with the IFAC Code, reference to the results of all internal and external audit quality monitoring reviews, and an action plan relating to all areas identified as requiring improvement including those identified through Mazars international inspections.

Member entities are required to communicate the results of the audit quality monitoring reviews to audit Partners and audit managers as well as the member entity's Executive. This communication is provided in sufficient detail to enable the necessary corrective measures to take place, both for the particular Partners in question, and the member entity.

As a minimum, this includes:

- a description of the procedures applied and of the scope of the quality monitoring review;
- the results and conclusions of the reviews of the member entity's procedures and audit engagements; and
- detailed action plans, where required.

Entities that are applying to join the Mazars Group are subject to an inspection organised by the IQCC. The report setting out the results of the review is included in the admission file submitted to the GEB and the GGC for consideration before the vote at the General Assembly of Partners. The report may be accompanied by an action plan, progress against which would be monitored by the IQCC.

Internal Reviews

Within Mazars UK, the audit quality monitoring reviews operate as required by the Mazars Group.

On a cyclical basis, Mazars in the UK is subject to a review by the Mazars Group. The last review, carried out in August 2015, 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. In the year to August 2016 Mazars in the UK was subject to self-assessment reporting to the Mazars Group.

Within audit, it is Mazars UK's policy that the work of every RI is subject to review at least once every three years. These reviews are conducted by independent audit Partners, Directors and Senior Managers, all of whom are appropriately trained. Each year a quality monitoring plan for audit work is prepared which sets out details of the RIs to be reviewed, together

The purpose of an EQCR is to provide an objective evaluation of the significant judgments made by the engagement team and the conclusions reached in formulating the opinion.

Quality monitoring reviews in the UK



93% of files reviewed did not identify any significant improvement required

with any special reviews in targeted areas required, which is presented by the UK Head of Audit who is responsible for ensuring and promoting audit quality.

Files are selected on a number of criteria, including risk and public interest. The RI and audit team are asked to respond to any findings, and the files are then assessed in terms of overall quality. An overall summary report and action plan is agreed with each RI and communicated in a final findings letter which is sent by the Head of Audit, and copied to the RI's appraising Partner and local service line leader. These findings are taken into account in the Partner performance review process and in decisions on Partner remuneration and licensing. Similar letters are sent to the engagement manager and EQCR.

A summary report is prepared at the end of the season of reviews and this is presented by the UK Head of Audit to the Audit Service Line leaders within each MU 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 UK Executive.

In 2016 28 audit files were reviewed (2015: 34), covering 39% of the RI's and Engagement Leads (2015: 47%). Each file review is assessed to consider whether or not there are any significant improvements required. In 2016, 93% (2015: 97%) of files did not identify any significant improvements required in the quality of the audit work performed. We are satisfied that where significant improvements required were identified this did not result in an inappropriate audit opinion being reached. Where improvements are required, we plan to actively address these through route cause analysis focussing on improving the quality of documented audit evidence and review.

Lessons learnt are also communicated to all the RIs and audit managers on a timely basis.

The key findings and messages from the 2015 quality monitoring season were communicated at the firm's mandatory audit technical conference in 2016. The messages from the 2016 quality monitoring season will be formally communicated when the season of reviews is complete.

External Reviews

Mazars UK has audits which fall within the remit of the FRC and the firm is therefore subject to reviews of our audit work, systems and processes by the FRC's Audit Quality Review team.

In the past, these reviews were conducted every three years; the last review was carried out during 2014 and the FRC report was published in March 2015. Going forward, the firm will be subject to annual reviews, reflecting our significance in the PIE audit market. Further information can be found on the FRC website:

<https://www.frc.org.uk/Our-Work/Conduct/Audit-Quality-Review/Audit-firm-specific-reports/Audit-firm-specific-reports-2015.aspx>

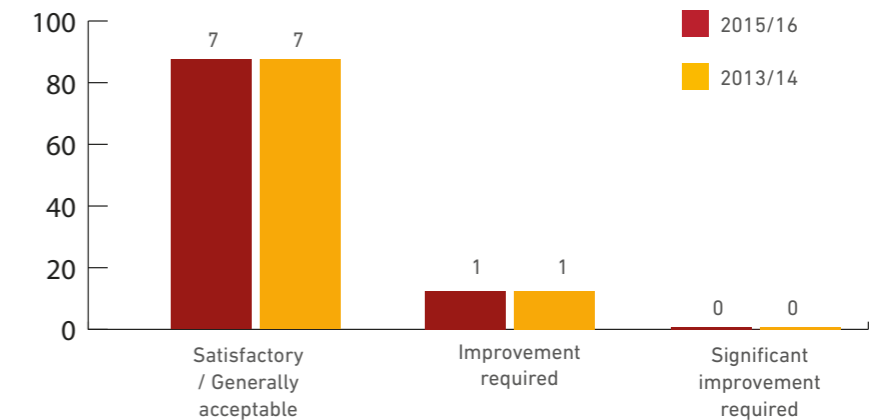
We welcome this independent challenge as it contributes to our focus on continual improvement of our audit work. In our response to the FRC we noted their recognition of our prompt and positive response to findings made previously and the progress we had made. We have taken very seriously the recommendations made in this report. Prior to its publication we developed a detailed action plan in response to these and also to our own internal monitoring findings.

In particular we took urgent action to address the matters raised in relation to the one audit which required significant improvements. A follow up review of this file concluded that all the issues noted had been satisfactorily addressed.

Mazars UK's audit work is also reviewed by the Quality Assurance Department of the ICAEW (QAD) each year. The firm was subject to a full review by the QAD in 2015 where 8 files were reviewed in detail. The QAD grades audit files as 1 (satisfactory), 2a (generally acceptable), 2b (improvement required) and 3 (significant improvements required). Of the eight files reviewed, seven received the two highest gradings and none received the lowest. The QAD noted a continuing improvement in audit quality in the firm and we received confirmation of our continued registration as Registered Auditors from the Audit registration Committee in May 2016.

At Mazars we are passionate about audit quality so this positive feedback from a critical review was rewarding and reflects the investment we have made in technical training and tools to support our audit teams deliver consistent quality audits.

Results of the QAD's audit quality reviews
(% of files reviewed)



Our contribution to the profession

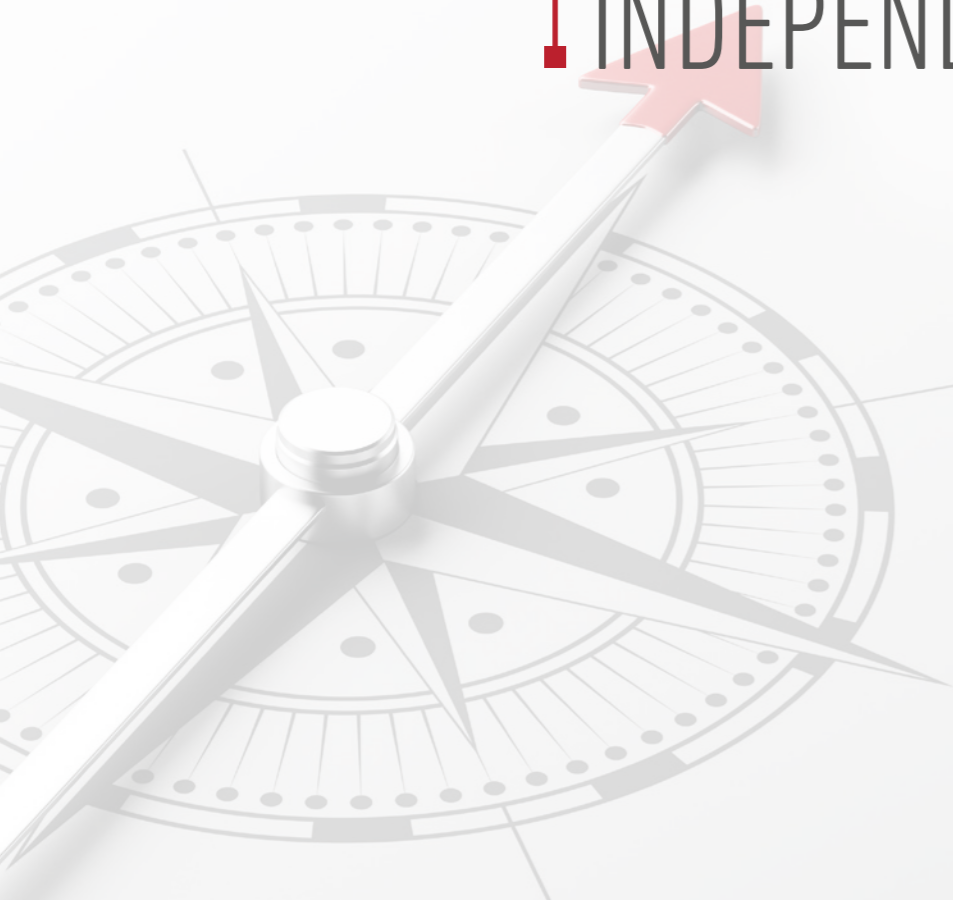
We believe that the voice of the audit profession brings value to the standard setting process. As a consequence, we are committed to the improvement of financial reporting, corporate governance and overall confidence in the capital markets on a global level. For example:

- The Mazars Group 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; and
- The Mazars Group actively participates in international bodies such as the IFAC, FEE, ESMA, EFRAG, IASB and Member entities are active in the professional accounting and auditing organisations in their countries.

In the UK, we are represented by Partners and senior professional staff on various professional bodies including the:

- ICAEW Council;
- ICAEW Technical and Practical Auditing Committee;
- ICAEW Financial Services Faculty (Insurance Committee);
- ICAEW Financial Reporting Committee;
- ICAEW Insolvency Committee;
- ICAEW Risk and Liability Panel;
- ICAS Technical Policy Board;
- ICAS Accounting Standards Committee;
- FRC – Technical Advisory Group;
- Quoted Companies Alliance Executive and various committees;
- ICAEW Learning and Development Committee; and
- ICAEW Audit & Assurance Faculty Committee.

04 | ENSURING OUR OBJECTIVITY AND INDEPENDENCE



Our Code of Conduct for Objectivity and Independence

The Mazars Group has adopted a Code of Conduct for Objectivity and Independence (the 'CCOI') which complies with the IESBA Code. This forms an integral part of all member entities' professional training programmes and is distributed to all Partners and staff.

Responsibility for maintaining objectivity and independence

The Ethics and Acceptance Committee is responsible for considering potential issues 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.

Systems to safeguard our objectivity and independence

The systems implemented by Mazars Group and adopted by member entities comprise the following:

- a procedure for the acceptance and continuance of audit engagements that requires 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 conflicts of interest;
- the provision of additional services to an audit client is subject to prior authorisation from the lead audit Partner and, in some cases, the Head of Ethics;
- in certain circumstances, this provision is also subject to authorisation by the client's audit committee, for example when required by auditing standards or when the client has put in place procedures for the prior approval of non-audit services by the auditor;
- a complete list of non-audit services rendered to audit clients must be maintained;
- for group audits, this list must be set out in the instructions circulated by the audit coordination team;
- all Partners and staff are required to provide an annual declaration of their independence. In this respect;
 - Mazars Partners and their immediate family cannot hold a direct or indirect financial interest in a listed audit client;
 - personal or family relationships between a member of the audit team and a member of either the audited entity's management or any person holding a key position in the audit client are prohibited; and
 - Partners and staff working on an audit engagement must not have any financial or commercial relations with the audit client (or beyond normal financial relations with a banking audit client);
- in relation to audits of Public Interest Entities (PIEs), the audit Partner is required to rotate after seven years (or more frequently if required by local regulations) and to not return to the audit team for at least two years (or longer if required by local regulations). Familiarity is a threat to our independence and this rotation mitigates the threat of familiarity arising from long association with a client. The Executive of a member entity ensures appropriate allocation of Partners to audit engagements and an annual review of appointments takes place;

- all Mazars staff have access to a list of our audit clients subjected to specific ethical requirements;
- all audit staff are required to undertake training on ethical rules and the Mazars Group's/the relevant member entity's ethical procedures;
- audit staff are encouraged to consult with experts on technical matters, ethics and other areas where necessary;
- limits on client fees have been imposed in order to avoid financial dependence on one or several clients;
- clear rules regarding conflicts of interest have been communicated. When there is a potential threat to our independence, the assignment is declined or appropriate safeguards are implemented;
- Mazars Group has adopted a method of remunerating Partners which takes into account the quality of audit work (and not simply the level of fees billed, number of new clients obtained, additional engagements performed or other financial performance related metrics); and
- INEs are appointed to the GGC and the PIC. These individuals must comply with the same independence requirements as our Partners and staff.

In Appendix 5 we provide a statement on the effectiveness of the systems to safeguard our objectivity and independence

Training and support in the UK

Mazars UK carries out an annual 'General Office Procedures' review which includes a review of compliance with our ethical policies.

All new joiners of whatever level are required to complete a mandatory Ethics training course.

In addition, between September 2015 and July 2016 we delivered 18 roadshows designed for all our senior staff in order to remind them of the importance of the Fundamental Principles set out in the ICAEW's Guide to Professional Ethics. This roadshow explained how the Fundamental Principles provide a framework for resolving ethical dilemmas, and included a number of 'war stories' to encourage understanding of what can go wrong.

All staff have access to the Audit and Compliance Helpdesk and Ethics Helpdesk which provides advice around various issues including those relating to possible threats to independence or objectivity.

The international basis for Partner remuneration

Partners who are shareholders in Mazars SCRL are remunerated in equal proportion according to:

- the performance of the member entity to which they contribute; and
- the overall performance of the Mazars Group.

At Group level, the Partner remuneration measure is the "operational performance" of the national member entity.

The base profit share is then divided between Partners in proportion to the number of shares they hold in Mazars SCRL. 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 to apply a variable bonus element to an individual partner's profit share, which can increase or decrease the base profit share in accordance with individual performance.

Under the supervision of the GGC and based on the recommendation received from the Country Executive, the GEB allocates the base points to Partners every four years. The allocation is made 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 these criteria are evaluated in isolation, but the greatest weight is placed on technical competence and Partnership spirit.

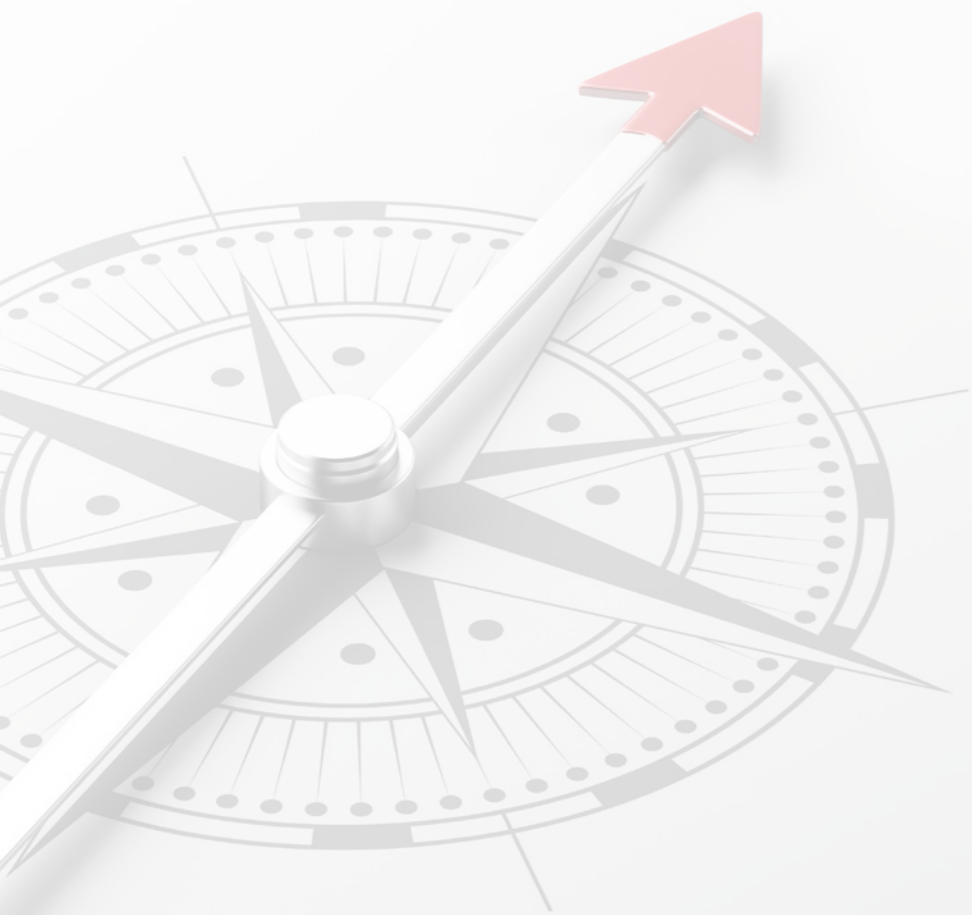
Partner remuneration in the UK

The firm's Partner Conduct Framework was updated during the year ended 31 August 2016. This framework assists in providing clarity to each Partner as to what is expected of them and also the UK Executive as a body in approaching quality issues in a consistent manner.

In determining the variable bonus element of Partners' remuneration in the UK we make adjustments for quality and risk management matters, such as complaints, claims or failure to comply with the firm's policies and procedures. One of the ways we demonstrate our commitment to quality is by ensuring all Partners have objectives around quality. In this way we are able to reward Partners who meet our expectation of high quality, including as evidenced through quality control reviews.

Partners who are not shareholders in Mazars SCRL are allocated a fixed profit share and may be allocated a further profit share based on particular performance criteria.

05 | FOSTERING EXCELLENCE



05 | FOSTERING EXCELLENCE

Fostering excellence

Within Mazars we strive to foster excellence by enabling our team to give their best through:

- recruiting, training, developing and retaining the right people;
- our means of operating and rewarding; and
- our conduct.

Our Code of Conduct is entitled “Our Commitment to Quality and Integrity” and sets out the way we wish to operate both between ourselves, between the firm and our clients and, also, between the firm and society. In our view, the importance we place on adhering to our Code of Conduct, Corporate Social Responsibility (CSR) involvement, and charitable contributions are all instrumental in creating effective team engagement.

Diversity

We believe that diversity is paramount to our firm in the sense that it allows us to tap into the potential of people who offer a different outlook and point of view on an issue. We make efforts to ensure that differences are valued at Mazars and to provide conditions where individuals can perform to the best of their ability without having to compromise on their personal commitments.

We participate in gender, race and Lesbian, Gay, Bisexual and Transgender (LGBT) initiatives, amongst others.

LGBT

In respect of LGBT, we host a network which was established with three broad purposes:

- internal support – to ensure equality of opportunity and treatment and a safe, inclusive, respectful and supportive workplace;
- community support – to support the broader LGBT community outside Mazars; and
- BD support – to foster better business development for LGBT clients and staff, and demonstrate the business value of a diverse and inclusive workforce.

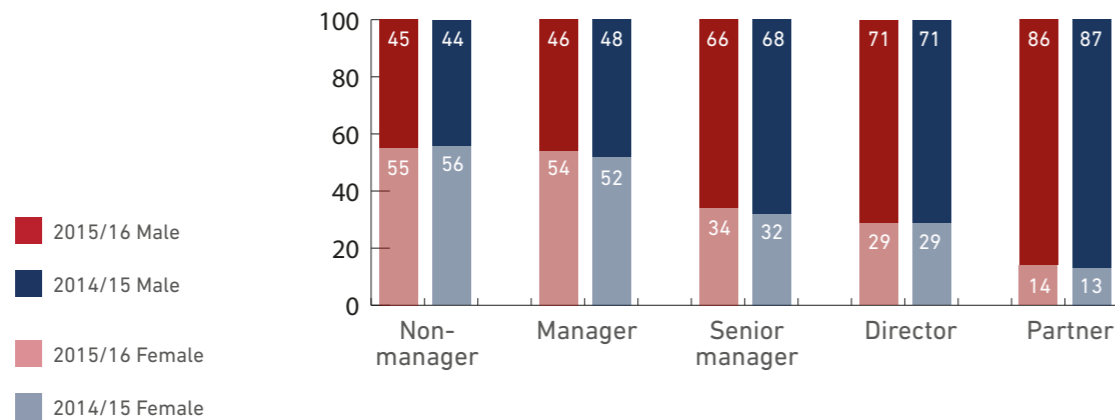
Gender

We have launched ongoing programmes as part of our gender diversity initiative, aimed at addressing the gender balance within the firm at senior management levels. A mentoring programme has been put in place for female managers with the aim of helping women to realise their potential to take up senior roles within the firm. 59 Partners (43%) received formal coaching training in this area. This number is expected to grow in 2017 and beyond.

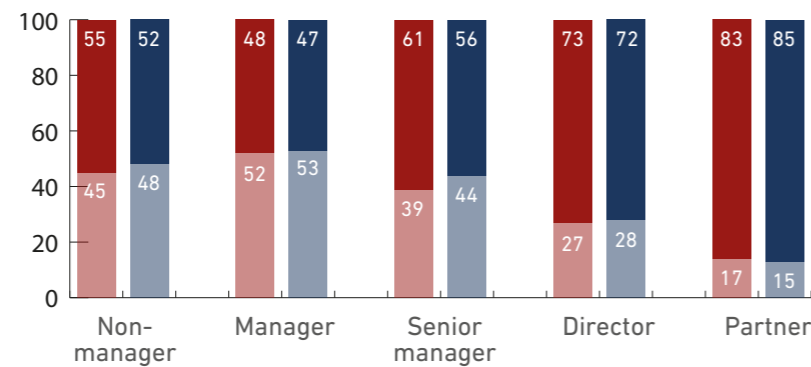


Our development in respect of the gender split across the firm and with specific reference to audit is set out below:

Gender split for the Firm (% of total)



Gender split for Audit (% of total)



Potential over background

We believe that talent is not determined by your background or your education. Mazars is a signatory of Access Accountancy, an initiative which aims to improve access to the accountancy profession for talented young people from less advantaged backgrounds across the UK. As a signatory, we have committed to providing at least 15 work placements per annum to qualifying young people and provide access to our Entry Level recruitment programmes.

Being a parent and an accomplished professional are not mutually exclusive

To provide parents with the best environment for them to express their talent fully, during the year we have made significant improvements to our family leave policies, including enhanced payments, coaching and workshops in order to accompany them on their learning journey. We also held a 'lunch and learn' event to aid the transition into becoming accomplished working parents.

Talent and performance management

In order to deliver the high quality service that our clients expect, our engagement policies and procedures are designed to attract, support and retain the highest quality team members.

Our Global Talent and Performance Management Programme aims to:

- recruit talented individuals;
- develop long-term technical and managerial training plans;
- offer attractive career opportunities, including international opportunities; and
- operate a transparent and effective assessment system.

Mazars University

Mazars University was created in 2008 with a threefold objective:

- to position the Mazars Group as one of the key players in future markets;
- to instil a focus on the Mazars values; and
- to strengthen the Mazars Group's commitment to social issues.



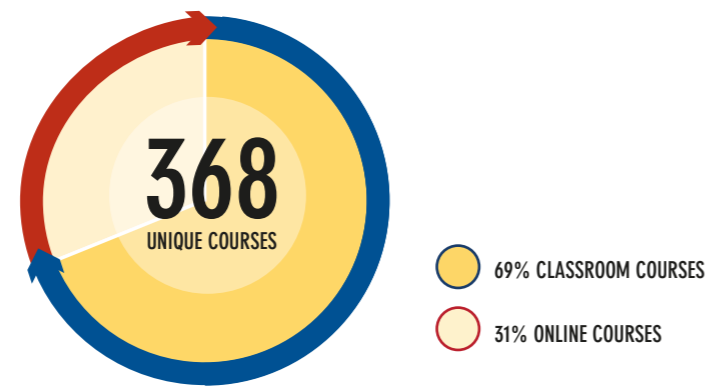
At the UK Campus of Mazars University we have developed a structure which we feel best fits the needs of our staff, and the goals of the firm. We have a number of faculties which encompass all 6 blocks of the firm's competency framework, and house all of our training resources: The Technical Faculty, The Business Faculty, The Leadership Faculty, and the IT Faculty. To supplement these faculties we also have an Enrolment and Induction section for new joiners and internal promotions.

Mazars UK internal training programme

We consider that our internal training programme is fundamental to our business. It serves as a means to share and update technical and professional skills and knowledge and to communicate professional conduct and ethical requirements to team members.

Our internal training programme includes both a general syllabus and a sector-specific syllabus.

This technical content is complemented by a wide range of professional and business skills training programmes which are available to all Partners and staff and provide an opportunity for individuals from different disciplines to build strong working relationships and share best practices. In total, in the year to 31 August 2016 our offering encompassed over 360 unique courses.



Our courses are delivered in a wide range of formats including digital content, residential workshops and on-the-job coaching. We all learn in different ways, and this way individuals can choose to receive the training they want in the format that best suits their learning style.

Delivering technical excellence in audit

A structured programme is in place for all audit trainees to support them throughout the training period. This programme includes:

- practical classroom courses delivered by a trained pool of technical experts. These classroom courses are timed to coincide with the relevant stage of the trainee’s qualification, and designed to bring their theoretical learning into the practical environment of their day to day work; and
- digital content covering the firm’s audit procedures, methodology, and software. Providing the content in a digital format allows us to get key learning messages to the trainees, as well as providing them with something they can revisit whenever needed.

Once qualified a wide range of technical support is provided to help staff maintain their technical competence and provide the quality service on which our firm’s reputation is built. The objective of these ongoing training programmes is to further each team member’s understanding of and expertise in auditing standards, accounting standards, auditing techniques and engagement management principles.

In a Great Place to Work pulse survey carried out in the year, 87% of total responses confirmed that “I know what is expected of me at work”, with the response from the audit team being 84%.

Audit team training



88,000
hours during
2015/16

Audit staff have access to the following resources:

- monthly Audit Inductions for new joiners to the service line introducing them to the firm’s audit methodology and procedures;
- mandatory technical updates for all qualified staff, delivered both in the classroom and online through webinars;
- a suite of technical classroom courses on specific audit issues that can be delivered on demand when needed;
- Manager and Partner mandatory ‘masterclasses’ to address emerging issues in more depth and act as a refresher for ongoing technical challenges; and
- sector updates on industry specific areas such as banking, insurance, and charities.

To ensure audit staff and Partners maintain their technical competence and meet the respective regulatory and professional institute requirements their continued professional development (CPD) is reviewed on an annual basis, and we ensure suitable personal development plans are in place where required.

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

Attractive career opportunities

As part of a global organisation, we recognise that gaining international experience can be an important element in the development of our personnel. Mazars employees wishing to enhance their careers with international experience may choose from a range of strategic mobility opportunities, such as:

- short-term assignments available through our “MOVE” programme, in which high-potential Seniors and Managers can work abroad on two to six month projects;
- longer-term, high level projects ranging from three to five years in length; and
- permanent transfers to other Mazars Group entities.

These programmes play a key role in the flow of ideas with other member entities of the Mazars Group.

A transparent and effective assessment system

Individuals are assessed against a clear competency framework, and this assessment forms the basis for promotions and for future objective setting. All our team members set clear objectives, receive feedback and have their performance reviewed on at least an annual basis. Every individual is encouraged to understand the importance of their own role and take ownership of their contribution to the overall success of the firm.

Our performance management system is linked to our online learning management system, creating a learning pathway for all roles and grades within the firm. Each individual can identify the options available and map an appropriate training route for their professional and career development.

OUR COMPETENCY FRAMEWORK IN THE UK:

Delivering technical excellence	Managing for results
Building client relationships	Leading teams and people
Developing business	Working together for success

Our Code of Conduct recognition scheme

During the year to 31 August 2016, a total of £29,475 was shared between 236 individuals under the Code of Conduct reward scheme.

Corporate Social Responsibility (CSR) Programme

In November 2014, Mazars UK launched a “Code of Conduct” and corresponding recognition scheme in order to demonstrate our commitment to quality and integrity. The aim of the scheme is to help team members achieve the highest standards of quality and integrity in their work.

This will help us exceed client expectations, provide fulfilling careers and build an outstanding firm that achieves sustainable success.

The Code of Conduct recognition scheme allows individuals to nominate their fellow colleagues for any of the following:

- Demonstrating our values – Diversity, Integrity, Responsibility, Technical Excellence, Independence and Continuity;
- Delivering outstanding work or client service;
- Contributing above expectations to the team; and
- Doing something out of the ordinary or that makes you stand out from the “crowd”.

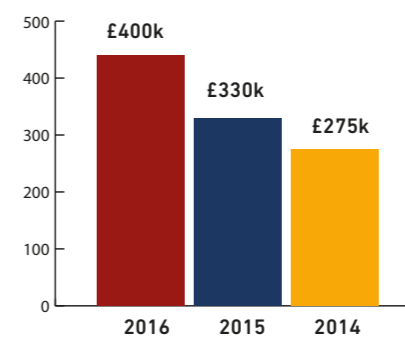
Nominations are made on a monthly basis and there are also awards made on a quarterly and annual basis.

Supporting our communities and managing the impact on our environment are at the heart of our values and fundamental to who we are as a firm.

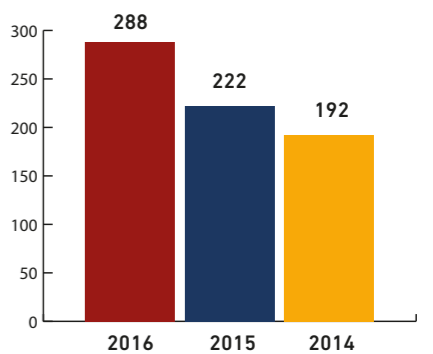
Our corporate responsibility programme encompasses four areas:

- Mazars Days – where teams spend a day away from the office supporting a project based in the local community;
- The Environmental Improvement programme;
- Promoting Social Mobility in recruitment, including the Access Accountancy programme; and
- Mazars Charitable Trust – where the firm contributes a proportion of its profits to good causes.

Contribution to Charitable Trust (Year to 31 August)



CSR days (Year to 31 August)



APPENDICES

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APPENDIX 1 | LIST OF ABBREVIATIONS

ACCA	Association of Chartered Certified Accountants	IFRS	International Financial Reporting Standards
AOS	Accounting and Outsourcing Services	INE	Independent Non Executive
CCOI	Code of Conduct for Objectivity and Independence	IQCC	International Quality Control Committee
CSR	Corporate Social Responsibility	ISA	International Standard on Auditing
CSU	Country Support Unit	ISQC	International Standards on Quality Control
EAIG	European Audit Inspection Group	IT	Information Technology
EFRAG	European Financial Reporting Advisory Group	LGBT	Lesbian, Gay, Bisexual and Transgender
EL	Engagement Lead	LLP	Limited Liability Partnership
EQCR	Engagement Quality Control Review	MAM	Mazars Audit Methodology
ERMF	Enterprise Risk Management Framework	MOVE	Mazars Opportunities for Valuable Exchange
ESMA	European Securities and Markets Authority	MU	Management Unit
EU	European Union	OMB	Owner Managed Business
FAS	Financial Advisory Services	PCAOB	Public Company Accounting Oversight Board
FoF	Forum of Firms	PIC	Public Interest Committee
FRC	Financial Reporting Council	PIE	Public Interest Entity
FRS	Financial Reporting Standards	Q&RM GSU	Quality and Risk Management Board
GAAP	Generally Accepted Accounting Practice	QAD	Quality Assurance Department
GBU	Global Business Unit	QAM	Quality Assurance Manual
GEB	Group Executive Board	QAS	Quality Assurance System
GGC	Group Governance Council	QCC	Quality Control Committee
GSU	Global Support Unit	QSG	Quality Steering Group
IAASB	International Auditing and Assurance Standards Board	RI	Responsible Individual
ICAEW	Institute of Chartered Accountants in England & Wales	SCRL	Societe Cooperative a Responsabilite Limitee (Limited Responsibility Cooperative Company)
ICAS	Institute of Chartered Accountants of Scotland	SL	Service Line
IESBA	International Ethics Standards Board for Accountants	UK	United Kingdom
IFAC	International Federation of Accountants	UKGC	United Kingdom Governance Council
		UKR&AC	UK Risk and Audit Committee
		US	United States

Members of the Group Executive Board



GEB as at 1 September 2015		
Antonio Bover	Philippe Castagnac	Hilton Saven
Hervé Hélias		Phil Verity
Christoph Regierer		Victor Wahba

Elected during the year
Ms Zhang Liwen

GEB as at 31 August 2016	
Philippe Castagnac	Hilton Saven
Antonio Bover	Phil Verity
Hervé Hélias	Victor Wahba
Christoph Regierer	Ms Zhang Liwen

Philippe Castagnac

Philippe is a graduate of the Rouen Business School (Ecole supérieure de commerce de Rouen), a chartered accountant and a statutory auditor. He began his career with Mazars in 1978 at the age of 21. In 1988, he became a Partner and has extensive experience in audit and advisory services provided to listed companies in France and the US. In 2006 he was elected to the GEB and in 2011 he was appointed Chairman and CEO of the Mazars Group.

Antonio Bover

Antonio is a lawyer and a law graduate from the University of Barcelona. He has been managing Mazars' activities in Spain since 2003. Antonio was made Partner in 1999, and he became responsible for an increasing number of roles within the Mazars Group. He is a member of the Bar Association in Barcelona and he is President of the French Chamber of Commerce and Industry in Barcelona. Antonio was appointed to the Group Executive Board in December 2009 and is Head of the Law GBU.

Hervé Hélias

Hervé is a graduate of HEC and is an auditor and chartered accountant. He began his career with Mazars in 1986 and became a Partner in 1995. Hervé is a member of the banking sector team in Paris and has extensive experience in the coordination of the audits of major international banking groups. Hervé is leader of the Talent Group, a role in which he has steered a project focused on developing new Partners. He has also participated in the Mazars University since it was first implemented in 2008. Hervé was appointed to the Group Executive Board in 2011 and is Head of the PIE GBU.

Christoph Regierer

Christoph joined the Mazars Group in 2015 when Roever Broenner Susat (RBS Legal) and the Mazars member entity in Germany merged. He is a Public Auditor in Germany, a Certified Tax Advisor and a lawyer. His areas of expertise include corporate taxation, private equity and venture capital consulting and law.

Hilton Saven

Hilton has been with the member entity of Mazars in South Africa since 1975. He was appointed as a Partner in January 1981, working in the audit and consultancy division. In 1986, Hilton was appointed to the Executive of the South African practice and became Managing Partner in 1988. In September 2007, the firm integrated with the Mazars Group. Hilton is also the nonexecutive Chairman of Truworths International Ltd, a large retail company listed on the Johannesburg Stock Exchange. He has also served as a member on a number of external committees for the South African Institute of Chartered Accountants. Hilton was appointed to the Group Executive Board in December 2009. He also serves on the Governing Council of Praxity.

Phil Verity

Phil has a business studies degree and started his career as a graduate at Mazars UK. He became a Partner in 1999 and has held a number of management and leadership roles since then. Phil has extensive experience as an auditor and business advisor. He is based in the London office and was elected as UK Senior Partner from September 2012. He was appointed to the Group Executive Board in 2011 and he is Head of the OMB GBU.

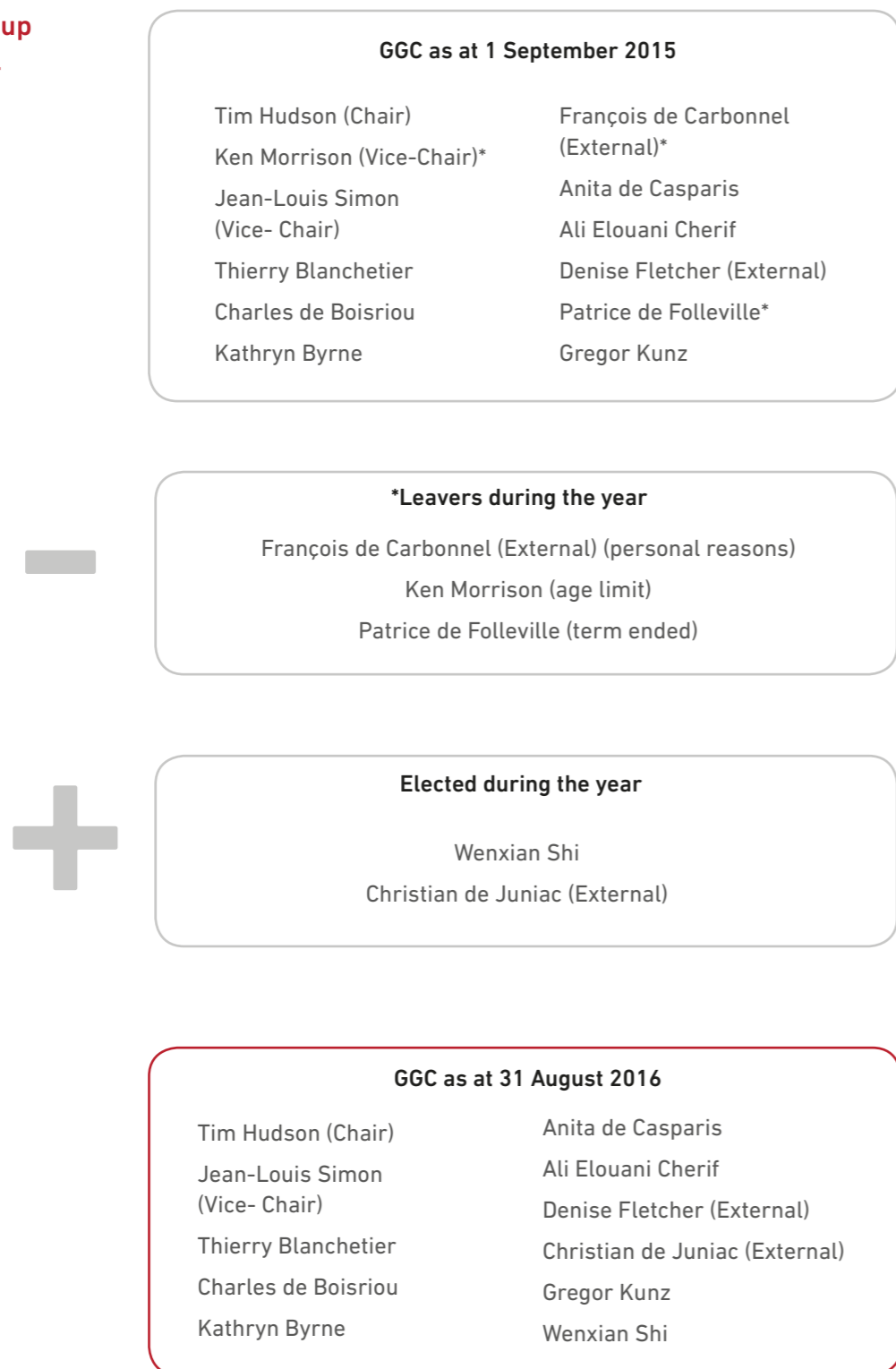
Victor Wahba

Victor has an accounting degree from Brooklyn College of the City University of New York and is based in the New York office. He has substantial experience in mergers and acquisitions, financing strategies and business process improvements. Within the Mazars Group, Victor is responsible for apparel industry sectors. He is also a founding member of ATAC, an international network of auditors and consultants specialising in the apparel industry. He was appointed to the Group Executive Board in 2011.

Ms Zhang Liwen

Ms. Zhang Liwen joined Mazars in Beijing in December 2015 upon the merger with Chinese audit firm ZhongShen ZhongHuan. She is Senior Accountant of the China Institute of Certificated Public Accountants (hereafter CPA), member of the Australia Institute of CPA, as well as Executive Director of the Beijing Institute of CPA. Ms. Zhang Liwen has been working for accounting firms since 1995 and is an expert in auditing large state-owned enterprises and governmental organisms. She has previously served as supervisor of China Cinda Asset Management and China CITIC Bank. She was appointed to the Group Executive Board in 2016.

Members of the Group Governance Council



Members of the Public Interest Committee

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. She has an AB from Wellesley College and an MCP from Harvard University.

Date of first appointment – 2012

Christian de Juniac – Independent Member

Christian de Juniac was educated at Eton College, Trinity College (Cambridge) and graduated from Harvard. He received an M.A. in economics and law from the University of Cambridge, a License in Law from the University of Paris, an M.B.A. with distinction from Harvard Business School, and was admitted to the Inner Temple as a barrister. He joined the Boston Consulting Group in 1980 and managed their financial services practice in London, Amsterdam, and Zurich. He has worked for clients in most European countries, as well as in the United States, Mexico, Latin America, Southeast Asia, India, and Japan.

Date of first appointment – 2015

Members of the UK Executive

UK Executive as at 31 August 2015 and 31 August 2016		
Tim Davies	Phil Verity	David Smithson
Alistair Fraser	Nigel Grummitt	Glyn Williams
	David Herbinet	

Phil Verity – UK Senior Partner

Phil has a business studies degree and started his career as a graduate at Mazars UK. He became a Partner in 1999 and has held a number of management and leadership roles since then.

Phil has extensive experience as an auditor and business advisor. He is based in the London office and was elected as UK Senior Partner from September 2012. He was appointed to the Group Executive Board in 2011 and he is Head of the OMB GBU.

Date of first appointment – 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.

Date of first appointment – 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.

Date of first appointment – 2012

Nigel Grummitt – 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.

Date of first appointment – 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. David is also Head of Audit in the Mazars Group.

Date of first appointment – 2007

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. Glyn is also responsible for risk management in the UK.

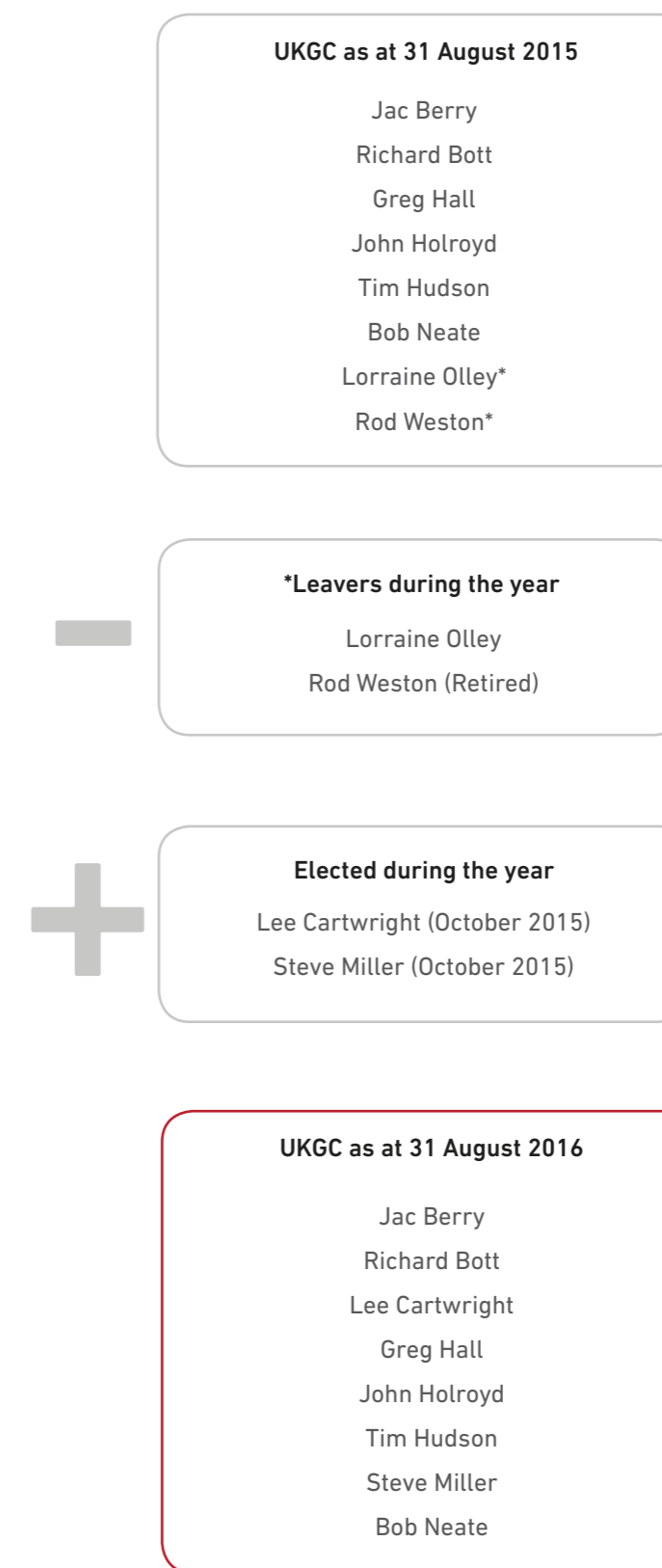
Date of first appointment – 2002

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.

Date of first appointment – 2012

Members of the UK Governance Council



Jac Berry – Partner and Chair

Jac is an audit Partner and Head of Quality in the UK. As an audit Partner she specialises in international groups. As Head of Quality she is a member of the Quality Steering Group and responsible for the continuing development of quality across all service lines. She is also the Money Laundering Reporting Officer for the UK firm and a member of the Quality and Risk Management GSU. Jac is based in London.

Date of first appointment – 2009

Richard Bott – Partner

Richard is an audit Partner and heads the firm’s Corporate and Business Services Group in Bristol.

Date of first appointment – 1999

Lee Cartwright – Partner

Lee is the Managing Partner of the firm’s Birmingham Office and has worked at Mazars since 1995. His client portfolio spans the public, not for profit and commercial sectors, and he is a specialist in the social housing sector, leading Mazars’ services to social housing clients across the UK.

Date of first appointment – 2015

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.

Date of first appointment – 2009

John Holroyd – Partner

John is a business advisory Partner to a wide range of industry sectors. He is based in Leeds.

Date of first appointment – 2009

Tim Hudson – Partner

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.

Date of first appointment – 2000

Steve Miller – Partner

Steve is head of the Transaction Services Advisory practice in London. He specialises in providing financial and related due diligence and restructuring services to private equity houses, debt providers, management and corporates.

Date of first appointment - 2015

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. Bob is also the firm’s Audit Compliance Principal.

Date of first appointment – 2014

Members of the UK Risk and Audit Committee

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

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

Meeting attendance

Name	UK Executive	UKGC	UK Risk and Audit Committee
Phil Verity	26/28	n/a	n/a
Tim Davies	26/28	n/a	n/a
Alistair Fraser	28/28	n/a	n/a
Nigel Grummitt	20/28	n/a	n/a
David Herbinet	23/28	n/a	n/a
David Smithson	24/28	n/a	n/a
Glyn Williams	27/28	n/a	n/a
Jac Berry	n/a	4/4	2/2
Richard Bott	n/a	2/4	2/2
Lee Cartwright*	n/a	2/3	n/a
Greg Hall	n/a	4/4	2/2
John Holroyd	n/a	3/4	n/a
Tim Hudson	n/a	3/4	2/2
Steve Miller*	n/a	3/3	n/a
Bob Neate	n/a	4/4	n/a
Lorraine Olley*	n/a	1/1	n/a
Rod Weston*	n/a	1/1	n/a

* Not a member for full period

The Public Interest Entities, and other entities with transferable securities, in respect of which Mazars UK has expressed an audit opinion in the year to 31 August 2016 are as follows:

Companies that have issued transferable securities admitted to trading on:

London Stock Exchange	Anglesey Mining PLC 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
ICAP Markets	Field Systems Designs Holdings Plc Hydro Hotel, Eastbourne, PLC
Irish Stock Exchange	Public Power Corporation Finance Plc
AIM quoted	21st Century Technology PLC Access Intelligence PLC Braveheart Investment Group PLC Byotrol PLC Hunter Resources PLC Hunters Property 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
Other markets	Persia International Bank PLC

Other Public Interest Entities

Credit Institutions	Bank and Clients Plc BMCE Bank International PLC FCMB (UK) Limited United National Bank Ltd
Insurance companies	Atlantic Mutual International Limited AXA Insurance UK PLC AXA Isle of Man Limited AXA PPP healthcare limited AXA Wealth Limited Bestpark International Limited British Aviation Insurance Company Limited CX Reinsurance Company Limited Electrical Contractors Insurance Company Limited English & American Insurance Company Limited London and Leith Insurance Company Limited Metropolitan Police Friendly Society Limited Mobius Life Limited Moorgate Insurance Company Limited Polygon Insurance Company (UK) Limited Portman Insurance Limited SCOR UK Company Limited Teachers Assurance Company Limited Teachers Provident Society Limited The Channel Managing Agency Limited – Syndicate 2015 Typroth Limited

Statement on the effectiveness of the Quality Control System

- Mazars Group's and Mazars UK's Quality Control System 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 Group and Mazars UK are content that the system is effective in the maintenance and improvement of audit quality. They considered the results of the relevant regulatory inspections in reaching this opinion.

Statement on the effectiveness of our systems to safeguard our objectivity and independence

- The operation and effectiveness of Mazars Group's and Mazars UK's systems to safeguard our objectivity and independence form part of the review of the Quality Control System. Furthermore, management confirms that the practices have been subjected to internal review.
- Based on the evidence obtained in these reviews, the management of Mazars Group and Mazars UK confirms, with a reasonable level of assurance, that the independence procedures and practices have been implemented and the system is effective in maintaining independence.

Statement of compliance with professional training obligations

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

We have prepared this Transparency Report in accordance with the requirements of the Statutory Auditors (Transparency) Instrument 2008 as issued by the Financial Reporting Council's Professional Oversight Board. It includes those matters required by the Audit Firm Governance Code issued by the ICAEW in January 2010, as referenced in the table below:

Disclosure required by the Audit Firm Governance Code		Reference
A.1.2	The firm should state in its transparency report how its governance structures and management team operate, their duties and the types of decisions they take.	Section 2
A.1.3	The firm should state in its transparency report the names and job titles of all members of the firm's governance structures and its management team, how they are elected or appointed and their terms, length of service, meeting attendance in the year, and relevant biographical details.	Section 2 and Appendices 2 and 3
C.2.1	The firm should state in its transparency report its criteria for assessing the impact of independent non-executives on the firm's independence as auditors and their independence from the firm and its owners.	Section 2
D.1.3	The firm should state in its transparency report how it applies policies and procedures for managing potential and actual conflicts of interest.	Section 4
D.2.2	The firm should state in its transparency report that it has performed a review of the effectiveness of the system of internal control, summarise the process it has applied and confirm that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified from that review. It should also disclose the process it has applied to deal with material internal control aspects of any significant problems disclosed in its financial statements or management commentary.	Section 2
D.2.3	In maintaining a sound system of internal control and risk management and reviewing its effectiveness, the firm should use a recognised framework such as the Turnbull Guidance and disclose in its transparency report the framework it has used.	Section 2

PLEASE GET IN TOUCH...

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Mazars LLP is the UK firm of Mazars, an international advisory and accountancy organisation, and is a limited liability Partnership registered in England with registered number OC308299. A list of Partners' names is available for inspection at the firm's registered office, Tower Bridge House, St Katharine's Way, London E1W 1DD.

We are registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861.

Mazars Financial Planning Ltd is a wholly owned subsidiary of Mazars LLP, the UK firm of Mazars, an integrated international advisory and accountancy organisation.

Mazars Financial Planning Ltd is registered in England and Wales No 3172233 with its registered office at Tower Bridge House, St Katharine's Way, London E1W 1DD. Mazars Financial Planning Ltd is authorised and regulated by the Financial Conduct Authority.

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