



BSG Valentine

CHARTERED ACCOUNTANTS

TRANSPARENCY REPORT

1. Introduction

The Statutory Auditors (Transparency) Instrument 2008, published by the Professional Oversight Board in April 2008, requires the publication of a transparency report by all auditors of UK companies with securities admitted to trading on a regulated market in the United Kingdom. The requirements are effective for accounting periods beginning on or after 6 April 2008. This report is the Firm's first transparency report, covering the Firm's accounting period ended 30 September 2009.

2. Legal Structure and Ownership

BSG Valentine ('the Firm') is a partnership consisting of 12 partners. The Firm is owned entirely by the partners all of whom are either members of the Institute of Chartered Accountants in England and Wales or members of the Association of Chartered Certified Accountants.

3. Governance Structure

The Firm is a Partnership and all partners attend monthly meetings at which matters of management and governance are discussed, agreed and then implemented. In addition, committees under the leadership of a partner or partners, are in place to deal with technical & training, IT, salary review, client relationship and other matters that may arise from time to time.

4. Internal Quality Control Systems

ISQCI and Ethics

The firm complies with the requirements of International Standard on Quality Control 1. The firm strives to maintain the highest quality standards.

The Firm is committed to offering the best possible standards of care and service to clients and before accepting a particular assignment consideration is given to the specialist knowledge required by partners and staff to perform the assignment.

Before accepting a new client, checks are carried out to ensure that the integrity of the client is not in doubt and that the risks of acting for the client are acceptable. Any cases of doubt are discussed at partners meetings for resolution.

Ethics training is provided to partners and staff on a regular basis to ensure that all partners and staff are aware of the requirements. The Ethics Partner is Athanasios Athanasiou. Appropriate safeguards are adhered to when there is the provision of non-audit services.

Technical knowledge

The firm is committed to ensuring that Partners and staff maintain excellent level of technical knowledge. To this end the Firm provides a yearly programme of Continuing Professional Development for partners and staff in areas such as International and United Kingdom Financial Reporting Standards, International Standards of Auditing, company law, taxation and other matters as necessary.

Trainee Accountants of the Firm are provided adequate theoretical and practical training necessary to achieve their professional qualification.

Audit performance and monitoring

The audit performance of the firm is monitored by the Technical Committee, which is also responsible for promulgating best practice, through training and internal communication on accounting and auditing standards. The Technical Committee is also responsible for the Firm's audit methodology, which is based on a proprietary software package supplemented as necessary with additional material and guidance.

Quality control is monitored by the Technical Committee. The audit file review system ensures that the work of every audit partner is subject to review and the results of these reviews are considered by the Technical Committee. All Partners and audit staff are provided with any guidance considered necessary. In addition, similar reviews of non-audit work are undertaken.

Employees

The HR Partner is Ramesh Gulrajani. Control procedures are in place over the recruitment, appraisal and remuneration processes.

Statement on effectiveness of quality control review system

We consider that the internal quality control system is functioning at a suitable level of effectiveness for a firm of our size.

5. External Monitoring

As noted above the Firm is subject to regular external monitoring by the Quality Assurance Directorate ('QAD') of the ICAEW. The Firm's last QAD review took place in July 2008. The Firm has one client which falls within the remit of the Audit Inspection Unit ('AIU'). This client was reviewed by the AIU in November 2009.

6. Public Interest Entities

The only client of the Firm which is traded on a regulated market in the European Union, and on which the Firm expressed an audit opinion during the year ended 30 September 2009 thereby causing the Firm to fall within the scope of the Statutory Auditors (Transparency) Instrument 2008, was Mountview Estates PLC which is listed on the London Stock Exchange.

7. Independence Procedures

Internal policies and procedures are maintained by the Firm to ensure maintenance of independence from its clients and that conflicts of interest are dealt with appropriately and on a timely basis.

All partners and staff complete annual declarations of their independence. In the event of circumstances affecting independence or conflicts of interest the Audit Compliance Partner will reallocate the work to a different partner.

In addition, the firm's audit methodology requires us to reassess independence each year. This includes consideration of whether any non-audit services provided by the Firm to audit clients may have an adverse impact on actual or perceived independence.

The audit work of the publicly traded client is reviewed by an independent Third party. Certain other audit clients are also reviewed on a timely basis. The Firm policy requires mandatory partner rotation every five years for the audits of publicly traded clients.

Our independence procedures are under constant review and are updated as necessary to take account of regulatory and professional developments, for instance the revised Ethical Standards for Auditors.

8. Statutory Auditor

The individuals eligible for statutory auditors maintain the legal knowledge and skills by attending courses, reading of technical and non-technical material and contributing to internal discussions.

9. Financial Information

The total turnover of the Firm for the year ended 30 September 2009 was £4.9million, of which £1.1m relates to statutory audit work.

10. Partner Remuneration

Partner remuneration is based on a partnership profit sharing model which involves the distribution of profits.