

7 February 2023

Susan Currie
Financial Reporting Council
8th Floor, 125 London Wall
London
EC2Y 5AS

Consultation on Draft Minimum Standards for Audit Committees

Dear Susan,

We write on behalf of both Cranswick plc (“Cranswick”) and the Audit Committee of Cranswick plc (the “Audit Committee”) in response to the FRC’s consultation on Draft Minimum Standards for Audit Committees (the “Standards”).

Having reviewed the proposed Standards both Cranswick and the Audit Committee would like to share their collective support for the Standards and welcome their introduction. There are however a few areas where both Cranswick and the Audit Committee feel the proposed Standards may be too prescriptive and may undermine a level of discretion which should be maintained by either management or the Audit Committee. Three specific areas have been highlighted below:

Paragraph 7

Paragraph 7 states “Audit Committees should ensure companies have a sufficient number of potential auditors that are independent, or capable of becoming so, in order to allow for adequate competition and choice in a subsequent tender”.

Whilst both Cranswick and the Audit Committee agree with the principle, management need to continue to have the discretion to select the adviser firm for non-audit work that provides the best value to the company both in terms of price and quality of advice. The Audit Committee should ensure that there is sufficient competition available in the circumstances for the company but cannot control whether there is a sufficient market, and they must strike the best balance based on availability.

Paragraph 10

Paragraph 10 states “All members of the Audit Committee should be involved throughout the tender process, not just attending the audit firms’ final presentations”.

This paragraph should continue to be best practice rather than prescriptive in the new standards. This view is formed on the grounds that the Audit Committee Chair should have the discretion to direct the tender process in a manner that suits the individual situation, utilising the expertise and experience of the members of the Audit Committee at the

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appropriate times in the process. This may reduce unnecessary burden on members of the Audit Committee and result in a more efficient tender process.

Paragraph 14

Paragraph 14 states “The Audit Committee should remind eligible firms that refuse to tender that they may as a result be ineligible to bid for non-audit services work”.

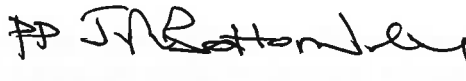
This wording is considered inappropriate to include in the Standards. In a freely competitive market, firms should be able to assess what they do and don't propose for and any such act from the Audit Committee would not necessarily result in a realistic tender, thereby undermining the process. It could also impair an important non-audit relationship with the company.

In addition to the three areas highlighted, Cranswick and the Audit Committee would like to draw attention to continued criticality of increasing competition in the Audit market to achieve the objectives the Standards set out to achieve. Continuing to encourage and incentivise challenger audit firms to equip themselves with the resource and skills they require to deliver high profile audits remains crucial to developing confidence in their capabilities and in ensuring sufficient choice exists for a fair Audit tender process.

Yours sincerely,



Mark Bottomley
Chief Financial Officer



Liz Barber
Audit Committee Chair

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