

## **EXTERNAL AUDITORS: NON-AUDIT SERVICES**

In general, the auditors may not provide a service which places them in a position to audit their own work.

### **A Services not to be provided by the external auditors**

- Bookkeeping or other services related to accounting records or financial statements of the company
- Financial information system design and implementation
- Appraisal or valuation services
- Actuarial services
- Any management functions
- Investment banking services
- Legal services unrelated to the audit
- Internal audit outsourcing services
- Remuneration related services
- Advocacy services (whereby the auditor acts on behalf of Hammerson in, for example, the resolution of a dispute).

### **B Non-Audit related services that would not usually be provided by the external auditors but may be at the discretion of management:**

- Tax compliance, advisory and other related services
- Acquisition and disposal due diligence reviews may be carried out for straightforward corporate transactions with no significant assets, liabilities or technical issues other than the property held by the relevant company, subject to a maximum fee of £50k. The fee limit may be exceeded subject to the approval of the Chairman of the Audit Committee or, in his absence, the Chairman of the Company.
- Property related consultancy or advisory services, subject to them not placing the auditors in a position where they may audit their own work and not falling into the category A services set out above. The services are subject to a maximum fee equivalent to 50% of the annual audit fee and must be approved by the CEO prior to the appointment.

Fees for such non-audit services should be activity based and not success related.

### **C Audit related services that may be provided by the external auditors**

The external auditors perform an annual audit of Hammerson's consolidated financial statements in accordance with an engagement letter and annual budget approved by the Audit Committee. The external auditors may be engaged to provide other services, including:

- Advice on accounting policies and their implementation
- Royalty, service charge, turnover rent audits
- Prospectus reports, working capital etc
- Procedures relating to elements of the financial statements, in terms of compliance with contracts or regulations
- Certificates required under the Companies Act