

## Scope of Independent Inspection 2016/17

The AQR inspection scope for 2016/17 is summarised in the table below. It is based on our understanding of the proposed UK implementation of legislation and intention in respect of relevant standards. Details of the prior year scope are also provided to highlight the consequent changes. These include AQR no longer delegating to the Professional Bodies the audits of PIEs<sup>1</sup>, and the Professional Bodies having delegated to them non-PIE audit inspections.

For those firms currently within AQR scope who will remain so, the AQR 2016/17 inspection scope will apply from 1 April 2016. For those firms who are new to AQR scope, they will be subject to AQR inspections from the 2017/18 cycle onwards.

Scope Category	2015/16	2016/17 onwards
UK entities with transferable securities (equity/debt) admitted to trading on a regulated market in the EEA	✓	✓
Non-EEA (excluding the Crown Dependencies) <sup>2</sup> entities with transferable securities (equity/debt) admitted to trading on a regulated market in the EEA and audited by a UK Registered Auditor <sup>3</sup>	✓	✓
AIM or ISDX-quoted companies incorporated in the UK, other than those that are a Small and Medium Enterprise ("SME") listed entity <sup>4</sup>	✓	✓
Credit institutions: UK incorporated banks not already included in any other category	✓	✓
Credit institutions : UK building societies	✓	✓
Credit institutions : Other <sup>5</sup>	X	✓
Insurance undertakings : Non listed insurers <sup>6</sup>	X	✓
Insurance undertakings : Society of Lloyd's <sup>7</sup>	X	✓

<sup>1</sup> A Public Interest Entity (PIE) is an entity whose transferable securities are admitted to trading on a regulated market; credit institution; insurance undertaking.

<sup>2</sup> Excluding entities incorporated in Jersey, Guernsey and the Isle of Man with transferable securities (equity/debt) admitted to trading on a regulated market in the EEA which are subject to separate inspection arrangements.

<sup>3</sup> This category now applies to all regulated markets in the EEA (not just the UK).

<sup>4</sup> An SME listed entity being defined as in the draft Mifid II Directive. We intend to use the same definition in the FRC Ethical Standard

<sup>5</sup> UK credit institutions authorised by the Bank of England other than banks and building societies.

<sup>6</sup> Those UK insurers authorised by the Bank of England that are required to comply with the Solvency II Directive.

<sup>7</sup> The Society of Lloyd's and individual Lloyd's Syndicates.

<b>Scope Category</b>	<b>2015/16</b>	<b>2016/17 onwards</b>
Unquoted companies, groups of companies, limited liability partnerships or industrial and provident societies in the UK which have group turnover in excess of £500 million <sup>8</sup>	✓	X
Private sector pension schemes with either more than £1,000 million of assets or more than 20,000 members	✓	X
Charities with incoming resources exceeding £100 million	✓	X
Friendly societies with total net assets in excess of £1,000 million <sup>9</sup>	✓	X
UK open-ended investment companies and UK unit trusts managed by a fund manager with more than £1,000 million of UK funds under management	✓	X
Mutual life offices whose “with-profits” fund exceeds £1,000 million <sup>10</sup>	✓	X

<sup>8</sup> Some entities will continue to be in-scope if they are classified as insurance undertakings.

<sup>9</sup> Some entities will continue to be in-scope if they are classified as insurance undertakings.

<sup>10</sup> Some entities will continue to be in-scope if they are classified as insurance undertakings.