



DECISIONS TAKEN BY THE FRC ON APPLICATIONS FOR EXEMPTION FROM CAP ON NON-AUDIT FEES

Regulation 13 of the Statutory Auditors and Third Country Auditors Regulations 2016 and Article 4(2) of the EU Audit Regulation (EU 537/2014) provide that the Competent Authority may, upon a request by the statutory auditor or the audit firm ('the applicant'), and on an exceptional basis, allow an exemption from the 70 per cent cap on fees for non-audit services for a period not exceeding two financial years.

In the UK, for the audit of a public interest entity, the cap will not apply until the fourth financial period commencing on or after 17 June 2016. For applications received, the FRC has committed to publishing those decisions in full, except where that would risk harming the commercial interests of an applicant. In those cases, the decision will be published in abridged form.

In the quarter ending 31 July 2021 the FRC is reporting on four applications granted. Those marked ** relate to previous reporting periods in which the application could not be reported as the transaction or service it relates to was price sensitive at that time.

1. The FRC granted an extension to a waiver granted last quarter to BDO LLP in respect of an additional £0.32-0.375 million of work involving SEC filings, the provision of comfort letters and the review of a US prospectus supplement for Gamesys Group plc, in response to a proposed takeover by a NYSE-listed company.
2. The FRC granted a waiver to EY LLP in respect of £0.433-0.522 million of reporting accountant work for Nostrum Oil & Gas PLC to support a proposed Class 1 Circular and issuance of ordinary shares by the company.
3. The FRC granted a waiver to PWC LLP in respect of £0.05 million of reporting accountant work for Polar Capital Global Financials Trust PLC to support a proposed issue of equity securities and the proposed admission of those securities to the LSE.

Financial Reporting Council

15 August 2021