

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 30 April 2021 the FRC is reporting on five 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 a waiver to BDO LLP in respect of £0.75-0.8 million of work involving the audit of prior year group financial statements under AICPA standards and the review of the US prospectus supplement and provision of comfort letters for Gamesys Group plc, in response to a proposed takeover by a NYSE-listed company.
2. **The FRC granted a waiver to KPMG LLP in respect of £0.75-0.85 million of reporting accountant work for SSP Group PLC to support a rights issue.
3. **The FRC granted a waiver to Deloitte LLP in respect of £0.735-0.86 million of reporting accountant work for Mitchells and Butlers PLC to support a proposed equity issue.
4. **The FRC granted a waiver to EY LLP in respect of £0.97 million of reporting accountant work for The Restaurant Group PLC to support a proposed equity recapitalization, a sale-and-leaseback transaction, and a potential bond refinancing.
5. **The FRC granted a waiver to PWC LLP in respect of £0.07-0.0735 million of reporting accountant work for Cardiff University to support a proposed issue of debt securities.

Financial Reporting Council

15 May 2021

8th Floor, 125 London Wall, London EC2Y 5AS Tel: +44 (0)20 7492 2300 Fax: +44 (0)20 7492 2301 www.frc.org.uk

The Financial Reporting Council Limited is a company limited by guarantee. Registered in England number 2486368. Registered office: as above.