

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. The FRC does not expect, therefore, to receive any applications for such an exemption before the audit of 2019-20 financial statements commences. Once applications are 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.

Financial Reporting Council

15 February 2018