

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 2020 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 Deloitte LLP in respect of £600k to £1 million of other reporting accountant services work to support Whitbread PLC in fundraising in response to the impact on its business of the Covid-19 pandemic.
2. The FRC granted a waiver to Deloitte LLP in respect of £120k to £168k of other reporting accountant services work to support the University of Leeds in fundraising in response to the impact on its business of the Covid-19 pandemic.
3. **The FRC granted a waiver to PwC LLP in respect of £0.9 million of reporting accountant work to support the directors of Hammerson PLC in discharging their obligations under the Listing Rules in making an issuance of shares to support the working capital requirements of the company, at a time when market conditions were uncertain as a result of the Covid-19 pandemic.
4. The FRC granted a waiver to PwC LLP in respect of £485k of reporting accountant work for Synthomer PLC in relation to the issuance of debt securities and review of half-yearly results, at a time when market conditions were uncertain as a result of the Covid-19 pandemic.
5. **The FRC granted a waiver to PwC LLP in respect of £500k of reporting accountant work to support Costain Group PLC in the issuance of shares, at a time when market conditions were uncertain as a result of the Covid-19 pandemic.

Financial Reporting Council

15 August 2020

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