

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 October 2020 the FRC is reporting on six 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. The exemptions granted by the FRC were to address impacts on businesses arising from the Covid-19 pandemic.

1. The FRC granted a waiver to EY LLP in respect of £0.89 million of reporting accountant work for Shaftesbury PLC in relation to a proposed rights issue, and associated reporting requirements.
2. The FRC granted a waiver to EY LLP in respect of £0.674 million of reporting accountant work for Hochschild Mining PLC in relation to a proposed Class 1 Transaction, and associated reporting requirements.
3. The FRC granted a waiver to EY LLP in respect of £0.655 million of reporting accountant work for Premier Oil PLC to support a refinancing of long-term debt facilities.
4. **The FRC granted a waiver to PwC LLP in respect of £1.46 million of reporting accountant work for Countrywide PLC in relation to a proposed business sale by the Company, and an equity raising exercise.
5. The FRC granted a waiver to PwC LLP in respect of \$0.38 million of reporting accountant work for Antofagasta PLC in relation to the proposed issue of debt securities by the Company and the proposed admission of securities to a public debt market.
6. The FRC granted a waiver to PwC LLP in respect of £0.315-£0.33 million of reporting accountant work to for Cairn Energy PLC in relation to a proposed Class 1 transaction, and associated reporting requirements.

Financial Reporting Council

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

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