



Governance in brief

New audit independence rules: the Revised Ethical Standard 2019

Effective for public interest entities on 15 March 2020
Updated February 2020 for FRC clarifications and erratum

Headlines

- The Revised Ethical Standard 2019 will take effect on 15 March 2020.
- Key changes regarding auditor independence include:
 - Moving to a “whitelist” of permitted non-audit services for UK incorporated EU PIEs (EU PIEs). These services will largely be those required by law and regulation, loan covenant reporting, other assurance services closely linked to the audit or annual report and reporting accountant services.
 - Complete bans for all audited entities on internal audit services, secondments, and contingent fee arrangements. These new prohibitions also apply to firms acting as reporting accountants for IPOs or capital market transactions.
 - Introducing a “cooling in” period for services related to the internal audit function to EU PIEs, meaning a new external auditor cannot provide these services in the twelve months prior to the start of the first period for which they are external auditor. A transitional provision means that this restriction does not have retrospective application.
 - Further clarification of the “objective, reasonable and informed third party test”, requiring consideration of the perspective of public interest stakeholders.
- There is a scope extension which will bring new companies within the non-audit services whitelist. Previously the “blacklist” applied to EU PIEs, plus their EEA parent companies and EEA subsidiaries (with minor restrictions for subsidiaries globally). With the move to the whitelist there will be two changes:
 - First, there is extraterritorial effect. All services provided by the firm and its network firms to UK incorporated EU PIEs, their UK parents, and their worldwide subsidiaries will also be subject to the whitelist.

– Second, the FRC has defined a new category, Other Entities of Public Interest (OEPI), and will extend the non-audit services whitelist restrictions to these entities for periods commencing on or after 15 December 2020. A particular challenge for these OEPIs, many of which may not have formal audit committees, will be ensuring suitable governance arrangements are put in place so that boards do not rely here on the judgement of the external auditor.

- Transitional arrangements have been introduced since the draft Ethical Standard. Engagements that have already been entered into can be completed in line with the original terms (subject to appropriate safeguards) and firms may complete audit and reporting accountant engagements relating to periods before the Revised Ethical Standard becomes effective in accordance with the existing Ethical Standard, putting in place necessary changes in the subsequent period.
- There are considerable implications for companies in selecting a firm for reporting accountant work. Due to a new requirement for reporting accountants to assess their independence to a similar standard as they would for an audit engagement, including restrictions on non-audit services that can be provided by reporting accountants, companies may find it difficult to appoint a firm other than their auditor.

Background to the consultation

The EU Audit Regulation and Directive came into force from 17 June 2016, affecting audit tendering and rotation and introducing new restrictions on non-audit services provided by the external auditor, including a 70% cap on fees for non-audit services compared to the average statutory audit fee over the previous three years. The FRC issued a new Ethical Standard at this point which also incorporated the previously separate ethical standard for reporting accountants, although it specifically recognised a number of necessary “carve-outs” in the provisions due to the different characteristics of the role and the unique UK market for reporting accountant’s deliverables.

When the 2016 standards were issued, the FRC indicated that they would carry out a post implementation review. A call for feedback was issued in November 2018 which led to a March 2019 Position Paper. In July 2019 the FRC consulted on a revised Ethical Standard to give effect to the plans set out in their Position Paper. The consultation period closed in September 2019.

The FRC has explained that its review sits alongside the other reviews of audit, including Sir Donald Brydon’s Review into the Quality and Effectiveness of Audit, published in December 2019. The FRC has indicated that changes to the Ethical Standard are needed in advance of implementation of other reforms in order to address perceived threats to auditor independence.

Revised Ethical Standard 2019

The FRC released the Revised Ethical Standard 2019 on 17 December 2019, effective on 15 March 2020. A previous version of this publication said the Standard was effective for periods commencing on or after 15 March 2020; this has now been clarified in the context of the application of transitional provisions.

This Governance *in brief* explores the changes to auditor independence rules. We have included an Appendix setting out the whitelist of non-audit services and our assessment of how the 70% cap could apply to reporting accountant services, if they are provided by a company’s external auditor.

A further Governance *in brief* will be published in relation to the impact on Other Entities of Public Interest (OEPIs).¹ OEPIs will need to introduce the changes to non-audit services for periods commencing on or after 15 December 2020. For now, this publication focuses on the impact on those UK incorporated entities meeting the current definition of EU PIEs² and other audited entities (not OEPIs).

Key changes since the July 2019 consultation include:

¹ “Other entities of public interest” is defined in the FRC’s [Glossary of Terms](#) and includes large AIM listed entities, Lloyd’s syndicates, the largest private sector pension schemes, and (with certain exclusions) the largest private companies with either more than 2000 employees or turnover over £200 million and a balance sheet total over £2 billion.

² A “PIE” is a public interest entity, defined in EU law as being an entity governed by Member State law with securities (debt or equity) admitted to trading on an EEA regulated market (including LSE Premium or Standard Listing, not AIM), a credit institution (bank or building society in UK terms) or insurance undertaking.

- The effective date is now 15 March 2020.
- Transitional arrangements have been introduced, meaning that engagements that have already been entered into can be completed in line with the original terms (subject to appropriate safeguards) and firms can complete audit and reporting accountant engagements relating to periods before the Revised Ethical Standard becomes effective in accordance with existing standards, with the necessary changes being made in the subsequent period.
- Transitional arrangements have been introduced for the cooling in period on services related to the internal audit function so that it does not have retrospective application.
- Under a new addition to the whitelist, all reporting accountant services (not just those required by UK law or regulation) will be permitted, although private reporting services will remain subject to the non-audit fees cap, where they qualify as services where the understanding of the auditor is relevant to the service and the nature of the service would not compromise independence.
- An amendment to the whitelist means that additional assurance work and agreed-upon procedures on reporting outside the annual report, only where this is referenced in the annual report, can be provided by the external auditor (subject to the non-audit fees cap).
- Generic subscription services providing factual updates of changes to law, regulation or accounting standards are also permitted but subject to the fee cap.

Changes to auditor independence rules

The FRC acknowledges that, in practice, auditors no longer perform large amounts of non-audit work for UK incorporated EU PIEs and the majority of this non-audit work relates to interim reviews and audit-related or assurance services. However, the existence in the 2016 Ethical Standard of exceptions and derogations has contributed to a public perception that auditors are still performing substantial non-audit services for audited companies.

Many audit committees of UK incorporated EU PIEs already implement a stricter approach to non-audit services than that permitted by the 2016 Ethical Standard for auditors.

Key changes	
Non-audit services for EU PIEs (and OEPIs)	<ul style="list-style-type: none"> • Move to a whitelist of permitted services (see Appendix for details of the whitelist). The whitelist has been analysed by the FRC into services that are not subject to the 70% cap on non-audit services and those that are. The 70% cap applies only to EU PIEs. • The existing blacklist continues to apply to EU PIEs (and will be newly applied for OEPIs) and should be considered as an “overlay” on the new whitelist, although with the removal of the derogations for tax and valuation services, meaning these services will be completely banned for all EU PIEs and all OEPIs.
Non-audit services for all entities	<ul style="list-style-type: none"> • Contingent fee arrangements have been banned for all audited entities (whether EU PIEs or not). • Internal audit services, playing any part in management’s decision making and secondments/loan staff arrangements have been banned for all audited entities (whether EU PIEs or not) and their significant affiliates.
Transitional provisions	<ul style="list-style-type: none"> • Transitional arrangements mean that engagements already entered into and work commenced with the client prior to 15th March 2020 can be completed in line with the original terms (subject to appropriate safeguards) and firms can complete audit and reporting accountant engagements relating to periods before the Revised Ethical Standard 2019 becomes effective, putting in place necessary changes in the subsequent period.
Cooling in period	<ul style="list-style-type: none"> • Introduces a cooling in period for provision of services to EU PIEs related to the internal audit function of at least 12 months before the start of the first period of external audit. This adds to the existing cooling in periods for design and implementation of internal control and risk management and of financial IT systems. • There is a transitional provision meaning that this restriction does not apply retrospectively.
Extraterritoriality	<ul style="list-style-type: none"> • The whitelist has extraterritorial effect. In particular, it impacts the auditor of the EU PIE/OEPI and all its network firms and also applies to subsidiaries globally. Under the 2016 Ethical Standard there were just three specific restrictions on subsidiaries outside the EEA. In practice, many audit committees already include a similar, more stringent set of restrictions in their non-audit services policies.

Key changes	
Other independence changes	<ul style="list-style-type: none"> • Extended description of the “objective, reasonable and informed third party test”, requiring the firm to consider the perspective of public interest stakeholders rather than the perspective of another audit practitioner. • Amendments regarding the Ethics Partner function within audit firms, including a requirement for the engagement partner to report to those charged with governance, the firm’s independent non-executives and the FRC itself where the Ethics Partner’s advice is not followed.
Timing of changes	<ul style="list-style-type: none"> • The Revised Ethical Standard 2019 takes effect on 15 March 2020.

The timing of changes: interaction with Brexit

The UK left the European Union on 31 January 2020 with the implementation period expected to end on 31 December 2020, during which EU law continues to apply. Given that timetable, companies will wish to be conscious of the following impacts on non-audit services that can be provided by the auditor or the reporting accountant:

- Until 15 March 2020 – the existing blacklist applies and must be applied to parent companies and subsidiaries within the EEA (and worldwide for existing restrictions on services that involve playing any part in the management or decision-making of the audited entity, book-keeping and designing and implementing internal control or risk management procedures relating to financial information or financial information IT systems).
- After 15 March 2020 but prior to 11pm on 31 December 2020 – the whitelist applies up to UK parents and down to subsidiaries both within the EEA and worldwide. Services permitted by the whitelist are also subject to the legal blacklist which applies upwards to EEA parents and downwards to EEA subsidiaries (and worldwide for existing restrictions on services that involve playing any part in the management or decision-making of the audited entity, book-keeping and designing and implementing internal control or risk management procedures relating to financial information or financial information IT systems).
- After 31 December 2020 – the whitelist applies up to UK parents and downwards to worldwide subsidiaries. Services permitted by the whitelist are also subject to the legal blacklist.

Key considerations – changes to independence rules

- Non-audit services policies will need to be updated promptly in order to be up to date before the Revised Ethical Standard 2019 takes effect on 15 March 2020, focusing on the changes affecting all audited entities and on the EU PIE whitelist. OEPIs will face a more significant change, needing to adopt the whitelist for periods commencing on or after 15 December 2020.
- Audit committees and boards will need to consider which existing services will be subject to the transitional provisions and put procedures in place to ensure appropriate safeguards are applied and such services are not renewed without full consideration of the changes in the Revised Ethical Standard 2019.
- Previously the rules on non-audit services restrictions applied to UK incorporated EU PIEs, their EEA parent or EEA subsidiary, with three specific worldwide restrictions for global subsidiaries. Under the standard, all of the restrictions will now apply to UK parents and subsidiaries worldwide which will need to be reflected in non-audit services policies.
- Where EU PIE audit committees currently take advantage of the derogations¹ on tax and valuation services, or require contingent fee arrangements, they will need to consider alternative providers to the auditor for future financial years.

¹ Derogations were selected by Member States when implementing the new EU rules in this area. They meant that certain services could continue to be provided if criteria were met, largely that the services must have only an inconsequential indirect effect separately or in the aggregate on the audited financial statements.

- Audit committees should consider which non-audit services are being provided by which audit firms in advance of planning a tender for non-audit services and may wish to consider longer transition periods for the new auditor. The new prohibitions and the introduction of a 12-month cooling in period for services related to the internal audit function, especially if combined with the possibility of joint audit requirements in future, could otherwise lead to restrictions of choice or potential delay in changing external auditor. Companies that have historically tendered for their external and internal audit provider at the same time may wish to pay particular attention to this change.
- Audit committees will also need to revisit their policy on reporting accountant services vs non-audit and other services. Depending on how many different firms companies use for non-audit services, because of the tightening of the rules on additional services, companies may find it difficult to be able to appoint a firm other than their auditor for reporting accountant engagements. This is because reporting accountants will have to assess their independence to broadly the same standard as if they were the auditor of the company (for this independence assessment the company would not be considered as a PIE or OEPI). If the fee cap presents a difficulty in relation to the private work streams related to a transaction, the FRC does have the power to waive the fee cap for up to 2 successive years in case of need. The FRC has indicated that waivers might be granted in situations where alternative plans could not have been made – for example, where a transaction comes up at short notice.

The “70% cap” on non-audit services

The 70% cap on non-audit fees for services provided by the external auditor to EU PIEs has come into effect for the first companies and will be in effect in the next financial year for all EU PIEs where the same external auditor has served since 17 June 2016.

The cap is based on comparing the average of three consecutive years of statutory audit fees to the non-audit fees for services in the fourth year. The three years of statutory audit fees for the initial calculation start with the year commencing on or after 17 June 2016 and the first calculation will be for the year commencing on or after 17 June 2019, unless boards and audit committees choose to implement the cap earlier. For a calendar year end company, therefore, the non-audit fees for 2020 are compared with the average of audit fees for 2017, 2018 and 2019.

The cap does not apply to non-audit fees for services required by law or regulation. For example, an interim review is not normally required by law, although audit-related, and is therefore subject to the cap, whereas regulatory reporting to the PRA and FCA is required by law and therefore outside the scope of the cap.

The Appendix to this publication includes both the whitelist of non-audit services that can be performed by the external auditor and whether they are subject to the cap, and also our assessment of which reporting accountant services will be subject to the cap.

The Ethical Standard includes two separate calculations that need to be performed, one an individual audit firm calculation, the other the audit firm network calculation.

Individual audit firm

The average of three consecutive years of audit fees paid to the individual audit firm for its audit of the EU PIE and, where applicable, its parent and its subsidiaries, compared to fees for non-audit services paid to the individual audit firm in respect of the EU PIE, its parent and its subsidiaries in the fourth year.

Audit firm network

The average of three consecutive years of audit fees paid to the audit firm and its entire network for audits of the EU PIE and its subsidiaries, compared to fees for non-audit services paid to the audit firm and its entire network for non-audit services provided to the EU PIE and its subsidiaries in the fourth year.

Key considerations – 70% cap

- It is not always clear which services fall within the exemption for services required by law or regulation. It is worth bearing in mind that simply because work may be advised or required by an industry regulator does not mean it is pursuant to law or regulation – it will depend whether the industry regulator has statutory rights to require the work. Early discussion with the auditor is recommended for such services in order to avoid potential problems.
- For reporting accountant engagements (for listed entities making material acquisitions for example), the company's natural option for the public reporting work streams is in many cases the statutory auditor because of their knowledge of the company and because they are independent to the required standard. However, the cap may mean that EU PIEs are not able to use their auditors for the private reporting aspects of reporting accountants' work that are not pursuant to regulation. However, now, any other provider will also need to meet the new independence requirements. EU PIEs that are acquisitive may wish to recall that there is no need to apply the cap in the first three years of the auditor's tenure. Also see Appendix.
- Audit committees may wish to obtain a report on the average of three consecutive years of audit fees paid to the individual audit firm and to the audit firm and its entire network prior to the cap coming into force and assess this against continuing services or those that are regularly provided by the external auditor. Ongoing monitoring of the calculations relating to the 70% cap may help towards the audit committee's assessment of the independence of the external auditor. Some audit committees may wish to put a cap on the total of non-audit fees that can be approved by management without reference to the audit committee.

For further information

Revised Ethical Standard 2019 and related documents: [https://www.frc.org.uk/auditors/audit-assurance/standards-and-guidance/2016-ethical-standards-\(1\)](https://www.frc.org.uk/auditors/audit-assurance/standards-and-guidance/2016-ethical-standards-(1))

The FRC's press release is available here: [https://www.frc.org.uk/news/december-2019-\(1\)/frc-moves-to-strengthen-auditor-independence-and-b](https://www.frc.org.uk/news/december-2019-(1)/frc-moves-to-strengthen-auditor-independence-and-b)

Deloitte View

- We recognise the value of simplification and principles based standards. The broad package of proposals is a welcome move to address perceptions that may persist around auditors' independence.
- Some of the new rules are complex and will need careful thought. In this context, the transitional arrangements that have been introduced since the initial draft standard are helpful, however we highlight the very tight implementation period for audit committees and auditors to navigate.
- If the same auditor has been in place for an EU PIE for at least three financial years since 17 June 2016 and the company plans to engage the auditor for any significant non-audit services, the audit committee should ensure that it considers a regular report on non-audit fees compared to the 70% cap, covering the two calculations required.
- Suggested actions for audit committees and boards to take as soon as possible, for EU PIEs before 15 March 2020:
 - Communicate early with non-EEA subsidiaries. This will be particularly important for groups that have a decentralised model.
 - Update the non-audit services policy and revisit how non-audit services are approved to ensure processes remain fit-for-purpose – or for OEPIs, develop suitable governance arrangements and controls.
 - Consider whether a policy is required for capital markets transactions – including whether a firm other than the auditor should be asked to remain independent in order to act as reporting accountant.

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Appendix – Whitelist of non-audit services

Whitelist approach to non-audit services

The FRC’s whitelist of non-audit services set out in the table that follows indicates where a type of service is expected by the FRC to fall within or outside the 70% cap on non-audit services under the network calculation explained above.

This whitelist describes the nature of all services that can be provided by the external auditor of an EU PIE if approved by the audit committee – services not on the list cannot be provided. Even if a service appears on the whitelist, the auditor must still consider the threats to their independence. This does not contemplate that all audit committees will be willing to approve all such services. Further considerations laid out in the Revised Ethical Standard 2019 include:

- Whether it is probable that an objective, reasonable and informed third party would conclude that the understanding of the entity obtained by the auditor for the audit of the financial statements is relevant to the service.
- Whether the nature of the service would compromise independence.
- An assessment of threats to independence and the safeguards applied to counter those threats.
- Whether the audit committee and the auditor are confident that no element of the service would conflict with the EU blacklist of non-audit services which will continue to apply as a matter of law (see previous [Governance in brief: Changes to auditor independence rules](#)). It is worth bearing in mind that some services that appear allowable under the whitelist will be prohibited by the blacklist.

For avoidance of doubt, the whitelist does not permit tax, consulting, valuation or corporate finance services (other than reporting accountant engagements). In addition, under the Revised Ethical Standard 2019, all engagements involving a contingent fee will be banned for all audited entities and all engagements involving internal audit services, management roles or secondments will be banned for all audited entities and their significant affiliates.

Application of the EU PIE whitelist worldwide

For avoidance of doubt, the whitelist does not permit tax, consulting, valuation or corporate finance services (other than reporting accountant engagements). In addition, under the Revised Ethical Standard 2019, all engagements involving a contingent fee will be banned for all audited entities, and all engagements involving internal audit services, management roles or secondments will be banned for all audited entities and their significant affiliates.

Other entities of public interest

The whitelist will also apply to other entities of public interest. This is defined in the FRC’s Glossary of Terms and includes large AIM listed entities, Lloyd’s syndicates, the largest private sector pension schemes, and (with certain exclusions) the largest private companies with either more than 2000 employees or turnover over £200 million and a balance sheet total over £2 billion.

Removal of SME listed reliefs

The standard removes the less onerous regime for SME listed entities (although in practice few companies could avail themselves of this regime – those traded on an EEA regulated market could not, and for other listed entities (e.g. those on AIM) the international code of ethics issued by IESBA contained equivalent restrictions)

Revised Ethical Standard 2019 – Whitelist

Type of non-audit service	Outside cap	Counts towards cap
Reporting required by a competent authority or regulator under UK law or regulation* for example: <ul style="list-style-type: none"> • Reporting to a regulator on client assets; • In relation to entities regulated under the Financial Services and Markets Act 2000 (FSMA), reports under s166 and s340 of FSMA; • Reporting to a regulator on regulatory financial statements; • Reporting on a Solvency and Financial Condition Report under Solvency II. 	Yes	
In the case of a controlled undertaking incorporated and based in a third country, reporting required by law or regulation in that jurisdiction where the auditor is required to undertake that engagement.	Yes	

Reporting on internal financial controls when required by law or regulation.**	Yes
Reporting on the iXBRL tagging of financial statements in accordance with the European Single Electronic Format for annual financial reports.	Yes
Reports, required by or supplied to competent authorities/regulators supervising the audited entity, where the authority/regulator has either specified the auditor to provide the service or identified to the entity that the auditor would be an appropriate choice for service provider.	Yes
Services which support the entity in fulfilling an obligation required by UK law or regulation, including listing requirements where: <ul style="list-style-type: none"> • the provision of such services is time critical; • the subject matter of the engagement is price sensitive; and • it is probable that an objective, reasonable and informed third party would conclude that the understanding of the entity obtained by the auditor for the audit of the financial statements is relevant to the service, and where the nature of the service would not compromise independence.*** 	Yes
Reviews of interim financial information; and providing verification of interim profits not otherwise required by law or regulation.	Yes
Where not otherwise required by law or regulation, non-audit and additional services, as defined in this Ethical Standard provided as auditor of the entity, or as reporting accountant, in relation to information of the audited entity for which it is probable that an objective, reasonable and informed third party would conclude that the understanding of the entity obtained by the auditor is relevant to the service, and where the nature of the service would not compromise independence.	Yes
Extended audit or assurance work that is authorised by those charged with governance performed on financial or performance information and/or financial or operational controls, in the audited entity or a third-party service provider, where this work is closely linked with the audit work.	Yes
Additional assurance work or agreed upon procedures authorised by those charged with governance performed on material included within or referenced from the annual report.	Yes
Reporting on government grants.	Yes
Reporting on covenant or loan agreements which require independent verification and other reporting to third parties with whom the audited entity has a business relationship in accordance with Appendix C of this Ethical Standard****.	Yes
Services which have been the subject of an application to the Competent Authority.	Yes
Generic subscriptions providing factual updates of changes to applicable law, regulation or accounting and auditing standards.	Yes

* It is not always clear which services fall within the exemption for services required by EU or national law. It is worth bearing in mind that simply because work may be advised or required by an industry regulator does not mean it is pursuant to legislation – it will depend whether the industry regulator has statutory rights to require the work. Early discussion with the auditor is recommended for such services in order to avoid potential problems.

** This will permit any new requirements for auditors under the future BEIS consultation on internal controls to be outwith the fee cap.

*** In each of these cases the whitelist emphasises that consideration should be placed on whether it is probable that an objective, reasonable and informed third party would conclude that the understanding of the entity obtained by the auditor for the audit of the financial statements is relevant to the service, and whether the nature of the service would compromise independence.

**** This is cross referenced to Appendix C of the Ethical Standard, which replicates and updates the referencing of the staff guidance note on providing services to lending syndicates, so may bring in restructuring services to the extent provided in that Appendix.

Application to reporting accountant engagements

In respect of reporting accountant engagements, based on our interpretation, the FRC has not sought to change the services that reporting accountants can provide but they have applied the rules on additional services as if the reporting accountant was the company's auditor (for this purpose the rules applied are for companies that are neither a PIE nor OEPI). This means there are more services that rule out a particular firm from becoming reporting accountant than under the current standard.¹

Under the new rules there will be more restrictions on other services provided by the reporting accountant, whether or not they are linked to the Transaction, subject matter or subject matter information.

Our current understanding of how the different elements of the reporting accountant engagement will be treated under the 70% cap calculation, which first applies in the fourth year of an auditor's appointment, is set out below. Under the whitelist, all reporting accountant services set out below will be permitted, as in all cases it is probable that an objective, reasonable and informed third party would conclude that the understanding of the entity obtained by the auditor is relevant to the service, and the nature of the service would not compromise independence. However that which is not required by law or regulation (i.e. all private reporting) will count towards the cap. We have indicated where work streams fall within this category.

Reporting accountant service	Outside cap (required by UK law or regulation)	Counts towards cap
Public accountant's report or special purpose audit opinion (true and fair)	Yes	
Public reports on profit forecasts (proper compilation)	Yes	
Public report on pro forma statements (proper compilation)	Yes	
Public report on acquirer's GAAP regulation (proper compilation)	Yes	
Public report on quantified financial benefit statements (proper compilation)	Yes	
Consent letter	Yes	
Auditor's independence letter	Yes	
FRC Ethical Standard independence letter	Yes	
Long form report or other kinds of due diligence report carried out as part of a reporting accountant engagement		Yes
Working capital opinion and supporting report		Yes
Private reporting on profit forecasts/estimates		Yes
Financial policies and procedures (FPP) comfort letter and supporting commentary report		Yes
Private reporting on a synergy statement		Yes
Comfort letters: <ul style="list-style-type: none"> • on extraction of financial information • on significant change • on reporting accountant's responsibilities to Sponsor or Nominated Adviser • on tax 		Yes
Pathfinder comfort letter		Yes
Bring down comfort letter		Yes

¹ Currently the only common services which rule the firm out completely are tax services on a contingent fee basis and advising on the quantum and measurement criteria of senior management and directors' pay. Otherwise, reporting accountants assess the additional services against the Transaction, subject matter and subject matter information. Assuming there is no self-review threat, the reporting accountant will often use a threats and safeguards approach.



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