

Paul Smith
Corporate Frameworks, Accountability and Governance Team
Department of Business, Innovation and Skills
1 Victoria Street
London
SW1H 0ET
Tel: 020 7215 4164
pauld.smith@bis.gsi.gov.uk

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CIMA Response to BIS Consultation on the technical legislative implementation of the EU audit Directive and Regulation

Dear Mr Smith,

CIMA continues to view audit regulation revision as having an impact on corporate reporting and following our letter of 19 March 2015 we would like to outline the following points regarding the implementation of the EU Directive from 2016.

We welcome the decision of UK Government -

- Not to take up the option to define additional public Interest entities, particularly as we believe that this definition has been applied too broadly across other parts of the EU.
- To designate the FRC as the sole competent authority in this area. We have every confidence that the FRC is the right organization to support this work and believe that sole designation makes responsibilities clear.
- To include Article 4 amendments relating to the capping of Non-Audit Services in the FRC's ethical standards. We look forward to seeing these published in due course.
- To maintain the provisions on Auditor firm retendering
- The maintenance of a black list of non-audit services rather than a white list as previously consulted on.

Although not covered in these regulations, we would continue to urge that maintaining the approach whereby the audit exemption threshold tracks the small company accounting regime is taken. We believe that consistency with IFRS standards wherever possible supports international business by decreasing the regulatory burden.

In terms of the information to be disclosed by PIEs in notes to their accounts concerning audit and non-audit fees under Article 14 we welcome the fact that this is being delayed until 2019 and would urge the Government to use this time to reconsider whether this disclosure requirement is strictly necessary.

Yours sincerely,

Chartered Institute of Management Accountants

26 Chapter Street London SW1P 4NP United Kingdom
T +44 (0)20 7663 5441 F +44 (0)20 7663 5442
www.cimaglobal.com

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 CIMA

D.J. Hackett

David J Hackett
Policy & Technical Manager

Chartered Institute of Management Accountants

26 Chapter Street London SW1P 4NP United Kingdom
T +44 (0)20 7663 5441 F +44 (0)20 7663 5442
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