



## corporate | auditor remuneration disclosure

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New legislation has brought in additional requirements in respect of the disclosure of auditor remuneration. This is part of the Government's strategy to use regulation and disclosure in order to head off the perceived threat to auditor independence. The new regulations apply for periods beginning on or after 1 October 2005. These changes include a significant increase in the disclosure about non-audit work carried out by auditors.

The ICAEW has issued guidance on the new requirements. A summary of their guidance is included below:

- applicable to UK GAAP and IFRS accounts
- applicable to Companies, Charitable Companies & Limited Liability Partnerships
- comparatives are required
- small and medium sized companies only need to disclose audit fees.

### audit fees

- In consolidated accounts this only includes fees payable to the parent company auditor for audit work on the parent company and consolidated accounts.
- No requirement to separately disclose fees relating to the audit of the parent company.
- The amount disclosed is the fee relating to relevant annual accounts.
- Fees paid by subsidiaries to unassociated auditors are not required to be disclosed.

### other services

- Subsidiaries are exempt from disclosing other (non-audit) services.
- Where a service could fall within more than one category, it is treated as falling within the one highest on the list.
- Fees for other services should be calculated on an accruals basis.
- Companies are required to disclose the amounts receivable by the auditor for each of the following categories of services separately:

- 1 auditing the accounts of associates of the company
- 2 other services supplied pursuant to legislation
- 3 other services relating to taxation
- 4 services relating to information technology
- 5 internal audit services
- 6 valuation and actuarial services

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- 7 services relating to litigation
- 8 services relating to recruitment and remuneration
- 9 services relating to corporate finance transactions
- 10 all other services.

## what goes where?

- Category 1 – Audits of subsidiaries and associated pension schemes.
- Category 2 – Interim reviews in accordance with the Listing Rules.
- Category 3 – Tax compliance and tax advisory services.
- Category 10 – Advice on accounting matters and interim reviews not required by legislation.

For more information, please contact your usual engagement partner or David Cox.

## about haysmacintyre

haysmacintyre, Chartered Accountants and tax advisers, comprises 24 partners and 150 staff based in Holborn, London. It provides high quality auditing and assurance, business and personal taxation, corporate finance, financial planning and other business support services.

Around 40% of the firm's business is within the corporate sector – small and medium sized enterprises, many of which are in the property, media and entertainment, technology, sports and business services sectors. The firm acts for a number of listed companies and assists new companies raise initial funds on the capital markets and through private equity. 25% of the firm's business is for charitable and not for profit organisations and the remainder is for professional practices and private individuals – whether senior executives, entrepreneurs or those with significant land or wealth at home or overseas.

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