

HAT

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NEWSLETTER

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TECHNICAL UPDATE

Welcome to the early Summer Newsletter, which contains further details of the UK's implementation of the EU Accounting Directive. This will affect Small Companies for accounting periods commencing on or after 1 January 2015.

There are also details on the Small Business Enterprise and Employment Act 2015, which received Royal Assent on 26 March 2015. We also have a Summary of the ICAEW's Key Findings from their 2014 Practice Assurance Reviews.

On a lighter note we have the detailed results from our 26th Annual HAT Quiz held on 16 April. In addition we welcome Rachelle Box, who joined HAT on Friday 15 May to replace Catherine as Group Administrator and Office Manager. Finally, many congratulations to Simon and Kelly Kettlewell on the birth of their daughter Emmy, who was born on Monday 9th March.

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SMALL BUSINESS, ENTERPRISE AND EMPLOYMENT ACT 2015

The [Small Business, Enterprise and Employment Act 2015](#) received Royal Assent on 26 March 2015. The main areas which affect companies relate to filing requirements, corporate transparency measures and a register of people with significant control, although at present, none of these requirements are currently effective, with the implementation timetable and logistics currently being consulted upon.

As has previously been indicated, a [provisional plan](#) has been formally published by the Department for Business, Innovation and Skills for the implementation of Part 7 (Companies: Transparency) and 8 (Company filing requirements) of the Act. The key provisions in these parts of the Act are planned to be implemented as follows:

- **Bearer shares** – Companies will be prohibited from issuing bearer shares two months after Royal Assent (i.e. 26 May 2015). The nine month conversion period for existing companies will start from this point;
- **Prohibition on corporate directors** – The prohibition will come into force in October 2015;
- **PSC register** – Companies will be required to keep a register of persons with significant control (PSC register) from January 2016, but will not need to file this information at Companies House until April 2016, giving companies three months in which to obtain and hold the required information; and
- **Company filings** – The new confirmation statement will replace the annual return in April 2016. Private companies will also be able to opt to keep information in their registers on the public register at Companies House, and all companies will be able to put certain optional information on the public register, from that date.

IMPLEMENTATION OF THE EU ACCOUNTING DIRECTIVE

The [Companies, Partnerships and Groups \(Accounts and Reports\) Regulations 2015](#) (SI 2015 / 980) came into force on 6 April 2015. These apply to companies and limited partnerships (but not limited liability partnerships), and apply to accounting periods commencing on or after 1 January 2016, with directors having the option of applying these for accounting periods commencing on or after 1 January 2015.

The Regulations have been substantially enacted as originally drafted, with the following being a revision of the amendments being brought about by the Regulations, which contain additional detail to the points noted below:

- Criteria to qualify as a small company will be amended to these thresholds:
 - Turnover ~ not more than £10.2m (from £6.5m);
 - Gross assets ~ not more than £5.1m (from £3.26m);
 - Employees ~ remaining at not more than 50;
 - These limits also apply to the comparative period when considering in a current period whether a company is small or not;
 - Note that there are also increases in group / medium thresholds.

- If, based on current small company thresholds, a company does not qualify as small, but would do, based on the above criteria, the company is not eligible to take advantage of audit exemption should “early adoption” be exercised in 2015;
- A small company will no longer be able to file at Companies House, annual accounts which are an abbreviated version of the accounts which it prepares and sends to shareholders – instead a small company will file the versions of the balance sheet and profit and loss account (where the profit and loss account is filed) which are prepared and sent to shareholders. Note also, that ability of a medium company to file abbreviated accounts will no longer exist;
- Where all members of a company (which is not a charitable company) consent, small companies will be permitted to prepare an “abridged” balance sheet and profit and loss account to send to shareholders;
- Eligibility for small company exemptions is now not “blocked” if the company becomes ineligible post year end;
- A group will no longer be an ineligible group for small company exemptions if it contains a public company, unless that company is a “traded company” (effectively listed on a “regulated market” such as the main market of the London Stock Exchange);
- A group which is small, other than for the fact that it is headed by a public company will not be required to prepare consolidated financial statements, unless it is a “traded company”;
- There will be more detailed requirements as to the content of an auditor’s report on a company’s non-financial reports such as strategic reports and directors’ reports;
- It will be a requirement for companies to disclose in their accounts the address of their registered office, their registered number, and the part of the United Kingdom in which they are registered (for example, England and Wales / Scotland / Northern Ireland);
- Small companies will need to disclose the average number of employees in the notes to their accounts, although there will otherwise be a reduction in the number of required disclosures in the notes to the accounts of a small company;
- Disclosure of advances to directors will need to additionally disclose amounts written off and amounts waived;
- A micro-entity will no longer be required to prepare a directors’ report;
- Any extension to the period for filing accounts cannot extend beyond twelve months after the end of the relevant accounting period; and
- The useful life of intangible assets, when this cannot be reliably estimated must not exceed ten years.

AMENDMENT TO COMPANIES ACT 2006 FROM 1 JULY 2015 FOR PARENT COMPANIES

In addition to the matters noted above, [The Companies, Partnerships and Groups \(Accounts and Reports\) Regulations 2015](#) (SI 2015 / 980) make an amendment to the requirements of the Companies Act 2006 for financial statements **approved on or after 1 July 2015**.

For any parent company, it is currently a requirement for details of all subsidiary undertakings to be disclosed. Whilst this is conventionally included within the notes to the financial statements, [Section 410, Companies Act 2006](#) permits, where the disclosures may be of excessive length, for details of the main subsidiaries to be included within the financial statements, and a full list of subsidiaries to be filed with the company's next annual return. The Regulations remove the option of, "alternative compliance", and regarding the effective date, these state that, "the directors of a company cannot take advantage of section 410 of the Act (information about related undertakings: alternative compliance) in relation to annual accounts of the company approved, pursuant to section 414(3) of the Act, on or after 1st July 2015".

HAT will annotate the relevant disclosure checklists which apply for "current" accounting periods, and circulate these to the users of each relevant HAT Manual via a Technical Memo before the effective date.

DEREGULATION ACT 2015 ~ AUDITORS' CESSATION STATEMENTS

The [Deregulation Act 2015](#) received Royal Assent on 26 March 2015, and [Section 18 / Schedule 5](#) of this Act make simplifications to the requirements of the Companies Act 2006 regarding auditor's cessation statements, as follows:

- It will no longer be necessary for any company to send copies of a resolution removing an auditor or notice of the resignation of an auditor to Companies House;
- Statements of no circumstances will no longer be required to be provided when an auditor ceases to hold office as auditor to a non-public interest company either at the end of the term of office, or when the reason for the cessation is an, "exempt reasons"; and
- It will no longer be necessary to notify the relevant audit authority when there is a "mid-term cessation" of an auditor's appointment, when the reason for the cessation is an, "exempt reason".

Exempt reasons are:

- That the auditor is ceasing to practise as an auditor (this could be because an individual auditor is retiring or changing career or because an audit firm is ceasing to be in business);
- That the company the auditor is ceasing to act for qualifies for one of the exemptions from audit under Chapter 1 of Part 16 (applicable to certain small companies, dormant companies and subsidiaries) and intends to rely on one of these exemptions;

- That (broadly speaking) the auditor is ceasing to act for a “subsidiary” company (i.e. a company completely or partly owned or controlled by another, “parent”, company or other entity) because the accounts of the subsidiary are to be audited as part of the audit of the group accounts by the parent’s auditor; and
- That the company the auditor is ceasing to act for is being liquidated through an insolvency procedure.

At present, the implementation date for these amendments is unclear, although as terminology such as “public interest company” is being utilised, it is possible that the effective date will be deferred until the requirements of the EU Statutory Audit Directive are enacted in the UK.

ICAEW KEY FINDINGS FROM 2014 PRACTICE ASSURANCE REVIEWS

The [ICAEW has summarised a number of areas](#) where it is necessary for firms to enhance their procedures to ensure that they are always compliant. These are in the areas of anti-money laundering, data protection and handling client money. In each case, there are additional prompts to assist smaller practitioners.

The key areas of anti-money laundering and data protection are summarised as:

Managing the risk of money laundering:

- Assess risk as part of due diligence of clients;
- Make sure you identify ultimate beneficial owners;
- Don’t contravene sanctions imposed by HMT on certain countries and identify politically exposed persons (PEPs);
- Electronic checks need to be reliable, accurate and comprehensive; and
- Remind staff of their money laundering obligations.

Data protection:

- Review policies and procedures regularly;
- Make sure data is secure;
- Use of third parties and cloud computing; and
- Make sure your staff understand the firm’s policies and procedures.

Additional information can be obtained from the summary published by ICAEW.

MAJOR PROJECTS

- The new HAT Audit Manual is being finalised and will be released shortly. This will reflect legislation and standards in force as at 1 January 2015 (as opposed to all of those which are issued later, and can be effective from 1 January 2015). To enable alignment with an update to Caseware for FRS 102 (which is also scheduled for the summer months), the HAT Non-Audit Assignments / LLP / Groups Manuals are also scheduled to be updated to reflect requirements for accounting periods commencing on or after 1 January 2015; and
- In Ireland, the Companies Act 2014 will apply from 1 June 2015 (with the Companies Acts 1963 – 2013 being withdrawn as at that date), and that this will apply “across the board” from that date. The relevant Irish Manuals will be updated and issued to all users of these Manuals as soon as is possible.

AMENDMENT TO SHARE BUYBACK REGIME

[The Companies Act 2006 \(Amendment of Part 18\) Regulations 2015](#) have been passed, and these amend the simplified regime which enables private limited companies to make “small” acquisitions of shares out of capital.

Part 18 of the Companies Act 2006 was amended in 2013 to allow private limited companies (where authorised by their articles) to buy back shares up to the lower of £15,000 or 5% of their share capital, without this acquisition being financed out of distributable reserves.

These Regulations clarify certain aspects of the regime. Changes made by these Regulations, include clarifying that:

- Shares purchased under the regime are purchased out of capital, but companies do not have to comply with the regime for permissible capital payments in the Companies Act in connection with such purchases; and
- Buybacks made under this regime are treated in the same way, for accounting purposes, as payments out of capital.

The Regulations came into force on 6 April 2015.

EXTENSION OF TRANSITIONAL ARRANGEMENTS FOR “CONSUMER CREDIT”

The ICAEW has advised the following:

“We have transitional arrangements in place for consumer credit until we are able to implement new rules. Any rules we put in place have to be approved by the Financial Conduct Authority (FCA). These transitional arrangements will be in place until 1 September (extended from 1 April 2014). If the FCA approves the new rules before this date, we will implement these rules and will give firms sufficient time to familiarise these before they come into effect.

Firms which were eligible to use the group consumer credit licence can continue to provide credit-related activities under the transitional arrangements, as long as they meet the client incidentality criteria. Firms authorised by the FCA are excluded from the transitional arrangements and will not be able to use our new arrangements once approved. From 1 April 2014, FCA authorised firms must hold the relevant FCA permissions to undertake credit-related regulated activities.

The regulation of instalment arrangements was relaxed from 18 March 2015. Where no interest is charged, the number of payments which can be collected in a 12-month period has been increased from four to 12. This will allow firms to offer more flexible arrangements for the payment of fees without coming within the scope of consumer credit regulation.”

Note that the above is also relevant for members of ICAS / ICAI. Although the ACCA have not, at present advised that there is a similar extension, as DPB Handbooks for professional bodies derive from the requirements of the Financial Conduct Authority, a similar extension is likely to be granted for ACCA members.

CAA RESPONSE ON REVISED “ATOL ASSURANCE REPORTS”

The Civil Aviation Authority (“CAA”) has issued a [Press Release](#) setting out its response to a consultation which included requiring licensing arrangements for Reporting Accountants. Included within this Press Release is confirmation of the following three proposals from the consultation:

- “First, all ATOL holders with licensable revenue of between £1million and £5million will be subject to a new and more sophisticated financial test. This test will allow the CAA to ensure that firms have sufficient financial resources. The details of the test will be announced in May and they will be introduced from 1 October, 2015;
- Secondly, all accountants reporting on ATOL holders must demonstrate their competence to sign off on ATOL reports to their professional accountancy body. The CAA has worked with all accountancy bodies involved with ATOL reporting and this requirement will become effective from 1 October, 2015; and
- Thirdly, the CAA will continue to develop the ATOL online self-service facility which will allow ATOL holders and their reporting accountants to submit licence applications and financial reports online.”

The CAA’s [response to the consultation](#) sets out the following conclusions regarding the revision to requirements for Reporting Accountants:

“We will introduce similar requirements but with a broader range of professional accountancy bodies for greater assurance from reporting accountants, as we set out in the consultation.

We have been in discussion with professional accountancy bodies in addition to the ICAEW with a view to developing a number of acceptable ways to comply. As the scheme has been broadened, we are changing the name from "Licensed Practitioner".

Accountants who are designated by their professional accountancy body to perform ATOL reporting will be known as "ATOL Reporting Accountants" (ARAs) instead. To date, we have engaged with four such organisations (ACCA / ICAEW / ICAS / IFA) and arrangements are expected to build upon the existing continuing professional development requirements of those organisations, with training for accountants to provide effective ATOL reporting.

We remain willing to enter into discussions with other accountancy bodies who wish to provide similar arrangements to their members.

Subject to the outcome of our discussions with professional accountancy bodies, we envisage this requirement will become effective from 1 October 2015. From that date, the CAA will accept reports only from members of professional bodies who have registered to perform ATOL reporting with their professional accountancy body under the CAA Scheme (even if their training is not complete).

From 1 April 2016, the CAA will accept reports only from trained and designated ATOL Reporting Accountants.

This will be reflected in an amendment to the ATOL Standard Terms.”

Although it is HAT’s intention that a new Manual, covering these assignments, will be produced, it is not possible to provide further information at this stage until discussions between the CAA and ACCA / ICAEW / ICAS / IFA have been finalised, and the requirements are clear.

FRS 104: INTERIM FINANCIAL REPORTING

The FRC has issued a [Press Release](#) to accompany the issue of FRS 104: Interim Financial Reporting, which states:

“The FRC has today issued revised interim reporting requirements (FRS 104 ‘*Interim Financial Reporting*’). FRS 104 is relevant for entities that apply UK and Irish GAAP and prepare interim financial reports. FRS 104 promotes the publication of informative and understandable interim financial reports and is consistent with the annual reporting requirements in new UK and Irish GAAP (FRS 102).

FRS 104 is based on IAS 34 ‘*Interim Financial Reporting*’. Using an IFRS-based standard is consistent with our approach to developing new UK and Irish GAAP.” The Reporting Statement ‘*Preliminary announcements*’ is also withdrawn. The FRC will, however, evaluate whether it should develop new guidance on certain aspects of preliminary announcements.

FRS 104 is effective for interim periods beginning on or after 1 January 2015 with early application permitted.”

FRED 61 ~ DRAFT AMENDMENTS TO FRS 102 – SHARE BASED PAYMENT TRANSACTIONS WITH CASH ALTERNATIVES

The Financial Reporting Council (FRC) has issued an Exposure Draft, FRED 61 ‘Draft Amendments to FRS 102 - Share-based payment transactions with cash alternatives’. The FRC’s Press Release states:

“FRED 61 proposes clarifying and simplifying the accounting for share and share option awards where a cash-settlement alternative exists. Entities would generally be able to continue with their existing accounting practices applied under previous UK and Irish GAAP which should reduce transition and application costs of FRS 102.

Stakeholders recently informed us of unintended consequences when entities apply FRS 102 to certain types of share option arrangements. This proposal addresses these issues and aligns FRS 102 more closely with IFRS.”

It should be noted that the amendments are proposed to be effective for accounting periods beginning on or after 1 January 2015. The comment period on this proposal closes on 1 June 2015.

FRC’S AUDIT QUALITY THEMATIC REVIEW

The Financial Reporting Council (“FRC”) is undergoing a Thematic Review into “smaller listed and AIM companies”, and they are liaising with a number of auditors who perform a number of these assignments, which include the nine largest firms which are subject to direct oversight from the FRC’s Audit Quality Review Team.

They have issued, privately, to these firms certain findings, and HAT has received feedback from a number of firms who have been involved in the process, and this feedback can be summarised as follows [*with narrative as to how such issues are currently addressed by HAT included in italics*]:

- There appears to be an expectation that there will be a ‘technical review’ of the draft financial statements (in addition to the completion of a disclosure checklist), with it being specifically highlighted that such a review would not ordinarily be performed by the EQCR [*on the few occasions when HAT undertakes the role of an EQCR, the HAT reviewer undertakes a detailed review of the draft financial statements for technical / presentational compliance*];
- Consideration of unadjusted errors should include consideration of disclosures, in addition to errors in monetary amounts in the primary statements [*within the HAT methodology, commentary on the adequacy of disclosures within the financial statements is only included within the pro-forma management letter ~ there are currently no other prompts for the collation of such items*];
- Audit work should be performed on all disclosures (which should include consideration of amounts relating to cash flows) [*this is an issue which is regularly raised on HAT file reviews, with HAT file dividers / audit programmes clearly requiring documentation of these areas in the S section of the audit working papers*]; and

- There should be consideration of the competence of the finance team at the client, to ascertain whether they are capable of preparing IFRS compliant financial statements (and the consequences if they are not) *[at present, this is not explicitly covered at the planning stage within the HAT methodology]*.

ICAEW DISCIPLINARY CASES

The following cases have been included within the April edition of *Economia*, which highlight the tough stance taken by the ICAEW in disciplinary cases of a technical nature:

- “[A member] prepared accounts for a client for the years 1994 to 2013 in which the directors claimed exemption from audit when the company’s Articles of Association required a statutory auditor to be appointed and a copy of the auditor’s report to be laid before the company in a general meeting. Reprimand, £500 fine, £1,355 costs;
- [A firm] had not amortised goodwill arising ... in accordance with the company’s accounting policy or explained why that was not appropriate, and they did not comply with the requirements of paragraph 4, The Companies (Revision of Defective Accounts and Reports) Regulations 2008. Severe reprimand, £6,600 fine, £3,780 costs; and
- [A firm] prepared 2007 to 2011 accounts for a client that were misleading because other debtors and distributable reserves were both overstated by £27,722 for dividends paid to its parent company. Reprimand, £3,250 fine, £1,743 costs.”

DEFERRAL OF AMENDMENT TO SRA ACCOUNTS RULES

The Solicitors’ Regulation Authority (“SRA”) has [issued an update](#) following their March Board Meeting, which highlights that the proposed amendment to the SRA Accounts Rules in April has been deferred:

“Accountants’ Reports and Overseas Accounts Rules

Our Board was updated on our wide-ranging consultation, which has informed the development of the report that accountants must complete. As a result, there is more scope for accountants to advise firms on best practice and to reduce the risks associated with handling client money.

The proposals for change will be considered at our Board’s July meeting in order to give firms and accountants who have already committed to the report process sufficient time to plan for any changes. The decision to defer consideration of proposals until July was a direct result of feedback received during consultation.

The development of accountants’ reports is the second phase of our work to reduce burdens on firms as part of our Regulatory Reform Programme. We have already reduced the need for firms to deliver an accountant’s report to the SRA if it is unqualified, and we have also removed the same requirement for those firms that receive 100% of their fee income from Legal Aid work.

The next third phase of our work will involve a thorough review of the Accounts Rules, which will be aligned with the Overseas Accounts Rules, to avoid duplication of activity for some firms whose head office is based in another jurisdiction.”

AMENDMENT TO SRA ACCOUNTS RULES 2011

Version 13 of the SRA Accounts Rules 2011 has been released. The [Release Notes](#) advise that the only amendment is:

“Changes have been made to reflect that the SRA Accounts Rules also now apply to Registered European Lawyers in Exempt European Practices in a modified form in circumstances in which client money is held or received.”

Given the limited nature of this amendment, it is not proposed that the HAT SRA Accounts Rules 2011 Manual (October 2014) is updated and reissued.

LETTERS OF ENGAGEMENT WHERE THE CLIENT IS A “CONSUMER”

The ICAEW has updated their Help-sheet on Letters of Engagement, and they have clarified situations in which “distance selling” requirements apply. The introduction to the Help-sheet states:

“In certain circumstances [The Consumer Contracts \(Information, Cancellation and Additional Charges\) Regulations 2013 \(SI 2003 / 3134\)](#) imposes specific requirements. However, it must be noted that this legislation only applies to contractual arrangements with consumers. A consumer is defined as ‘an individual acting for purposes which are wholly or mainly outside that individual’s trade, business, craft or profession’. Some practitioners may not act for any clients outside of the client’s business or profession (in which case, these regulations are not applicable). Other practitioners, offering, say, personal tax services may need to consider whether these regulations have any implications for their procedures.

The regulations draw a distinction between:

- ‘Distance contracts’ (where, for example, the main engagement terms have been agreed without meeting face to face);
- ‘Off premises contracts’ (where, for example, the main engagement terms have been discussed away from the firm’s offices); and
- ‘On premises contracts’ (neither of the above).”

There is a, “Right to Cancel” when a firm agrees ‘distance’ or ‘off premises’ contracts with ‘consumers’ ~ suggested wording to be communicated to clients in these circumstances is included within Appendix 6.5.6 of the HAT Practice Assurance Manual. For firms providing personal tax services, if the engagement terms are agreed wholly at meetings in the office, no cancellation rights will exist. However, there is currently little detailed case law to assist in interpreting when these regulations apply to accountancy firms.

Additionally further legislation is in the pipeline: the [Consumer Rights Act 2015](#) is likely to be applicable after 1 October 2015 (and will only apply to, “consumers”). When this applies, a consumer would have rights that state:

- Services must be provided with reasonable care and skill;
- Services must comply with relevant information given by the firm;
- Services must be provided within a reasonable time and for a reasonable price (if those details have not been specified in the engagement letter);
- Depending on circumstances, consumers could be a right to have the service repeated or a right to a fee reduction; and
- Any limitation of liability caps cannot be less than the total fees for the assignment.

In general terms, given the current requirements of Practice Assurance / Code of Ethics, this is unlikely to have a significant impact on accountancy firms.

FCA FINE OF £126M FOR BREACH OF CASS SOURCEBOOK

The Financial Conduct Authority (“FCA”) has levied a fine of £126m in respect of breaches of the Client Assets rules within the FCA / FSA Handbook. Their [Press Release](#) announcing the penalty states:

“The FCA has fined The Bank of New York Mellon London Branch (BNYMLB) and The Bank of New York Mellon International Limited (BNYMIL) (together ‘the Firms’) £126 million for failing to comply with the FCA Client Assets Sourcebook (Custody Rules, or CASS), which applies to safe custody assets and to client money.

The Custody Rules are there to protect safe custody assets if a firm becomes insolvent and to ensure those assets can be returned to clients as quickly and easily as possible. Each regulated firm is required to ensure they have adequate systems, controls and records to facilitate this. The Firms’ failure to comply with the rules, including their failure to adequately record, reconcile and protect safe custody assets was particularly serious given the systemically important nature of the Firms and the fact that safeguarding assets is core to their business.

Had the Firms become insolvent, the total value of safe custody assets at risk would have been significant. This is compounded by the fact that the breaches took place at a time when there was considerable stress in the market.

The size of the fine reflects the value of safe custody assets held by the Firms as well as the seriousness of the failings and the fact that these failings were not identified by the Firms’ own compliance monitoring. Other firms with responsibility for client assets should take this as a further warning that there is no excuse for failing to safeguard client assets and to ensure their own processes comply with our rules.

The Bank of New York Mellon Group (the BNY Mellon Group), of which the Firms are a part, is the world's largest global custody bank by safe custody assets. BNYMLB and BNYMIL are the third and eighth largest custody banks in the UK respectively and provide custody services jointly to 6,089 UK-based clients.

During the period of their breaches, the safe custody asset balances held by BNYMLB and BNYMIL peaked at approximately £1.3 trillion and £236 billion respectively. As a result of this, the Firms are systemically important to the UK market.

The Custody Rules require firms to keep entity-specific records and accounts. Entity-specific records and accounts are important in the event of an insolvency as they will be used by an Insolvency Practitioner to identify those clients whose assets are safeguarded and are due to be returned. Instead, the Firms used global platforms to manage clients' safe custody assets, which did not record with which BNY Mellon Group entity clients had contracted. This failing meant that the Firms were unable to meet their other obligations under the Custody Rules, such as the requirements to:

- Conduct entity-specific external reconciliations;
- Maintain an adequate CASS resolution pack (from 1 October 2012 when the requirement to do so came into force); and
- Submit accurate Client Money and Asset Returns (CMAR) (from October 2011 when the requirement to do so came into force).

The FCA also found a number of other failings by the Firms including:

- Failing to take the necessary steps to prevent the commingling of safe custody assets with firm assets from 13 proprietary accounts;
- On occasion using safe custody assets held in omnibus accounts to settle other clients' transactions without the express prior consent of all clients whose assets were held in those accounts; and
- Failing to implement CASS-specific governance arrangements that were sufficient given the nature of the Firms' business and their failure to identify and remedy the failings identified.

These failings reflected a failure by the Firms to consider properly the interests of their clients. The Firms' failings occurred between 1 November 2007 and 12 August 2013. The FCA's specialist client assets supervisors identified most of the failings as part of their regular review of such firms. The Firms agreed to settle at an early stage of the FCA's investigation and therefore qualified for a 30% (stage 1) discount. Were it not for this discount, the financial penalty would have been £180 million."

COMPANIES ACT 2014 ~ IRELAND

The [Companies Registration Office \("CRO"\) in Dublin has revised their originally issued guidance and is now advising](#) that as the new legislation becomes effective on 1 June 2015, the arrangements before, and after that date, will now be as follows:

Financial Statements to be filed with the CRO AFTER 1 June 2015	Financial Statements signed BEFORE 1 June 2015	Financial Statements signed AFTER 1 June 2015
Financial Year ending BEFORE 1 June 2015	1963 – 2013 Acts	2014 Act
Financial Year ending AFTER 1 June 2015	N/A	2014 Act

This guidance differs from what CRO have previously indicated (including guidance remaining after the publication of the Commencement Order), and does not appear to reflect the availability of transitional provisions within section 407, Companies Act 2014. HAT is not in a position to provide advice which would conflict with the requirements of the Registrar in Ireland, even though this appears to conflict with local legislation.

Time has been scheduled to update the HAT Audit and Accountancy Manual ~ Eire, and this will be issued as soon as is possible, although this is unlikely to be within the next month. If it is not possible for financial statements to be signed before 31 May 2015, firms should be aware that financial statements signed after this date, if they are not in accordance with the Companies Act 2014, may be rejected by the CRO.

Important Note

With regards to the technical articles in this newsletter, every care has been taken by HAT in the preparation of these articles, HAT does not guarantee the accuracy or veracity of any information or opinions. No responsibility for loss occasioned to any person acting or refraining from acting as a result of material contained within these articles can be accepted by the editor, HAT, its officers or employees.

TECHNICAL MEMORANDUMS

Here is a list of Technical Memorandums issued in 2015; please let us know if you have not received any of them.

Memo	Date	Subject
01/15	15 February 2015	Excel version of the Audit Manual
02/15	16 March 2015	Update to HAT Charities Manual – March 2014
03/15	27 March 2015	HAT Financial Conduct Authority Client Assets Reports Manual – March 2015

HAT MANUALS

Manual	Last Updated	Additional information
SRA Accounts Rules 2011 Manual	October 2014	The whole manual is referenced October 2014
Anti Money Laundering Procedures Manual	October 2013	The whole manual is referenced October 2013
FCA Client Assets Reports Manual	March 2015	The whole manual is referenced March 2015
Property Agents' Client Money Assignments Manual	March 2013	The whole manual is referenced March 2013
Groups Manual	October 2012	The whole manual is referenced October 2012
Registered Social Housing Providers Manual	October 2014	The whole manual is referenced October 2014
Pensions Manual	November 2012	The whole manual is referenced November 2012
Charity Manual	March 2014	The whole manual is referenced March 2014
Non Charitable Not for Profit Entities Manual	August 2014	The whole manual is referenced August 2014
LLP Manual	October 2012	The whole manual is referenced October 2012
Audit and Accountancy Manual	September 2013	The whole manual is referenced September 2013
Academies Audit Manual	August 2014	The whole manual is referenced August 2014
Audit Procedures Manual	July 2012	The whole manual is referenced July 2012
Practice Assurance Manual	April 2014	The whole manual is referenced April 2014
Non – Audit Assignment Manual	March 2014	The whole manual is referenced March 2014
Audit & Accountancy Manual Ireland	September 2013	The whole manual is referenced September 2013
Anti Money Laundering Manual Ireland	December 2012	The whole manual is referenced December 2012
Audit Procedures Manual Ireland	July 2012	The whole manual is referenced July 2012
Audit & Accountancy Manual Gibraltar	September 2013	The whole manual is referenced September 2013
Anti Money Laundering Gibraltar	December 2012	The whole manual is referenced December 2012
Audit Procedures Manual Gibraltar	July 2012	The whole manual is referenced July 2012

If you would like a copy of any of the manuals please contact HAT. Full Member firms receive all manuals free. Members of the General Practitioners Scheme receive the Audit and Accountancy Manual free and all of the other manuals at a substantial discount.

A full price list is available from HAT and is also published on our Website. Please note Irish & Gibraltarian Manuals are only sent out if requested and are free to all Full Members. Full prices are available on request from Roger.

HAT COURSES

If you feel that any of these courses may be relevant to your professional development, please talk to your training partner. Bookings can be made through any member of the HAT team.

2015 COURSE PROGRAMME

Course	Date / Venue	Subject
C Course	22 – 26 June 2015 Belstead Brook Hotel Ipswich	Advanced Audit & Accountancy
AB Course	16 – 17 July 2015 Central London	Advanced Bookkeeping
D Course	10 – 14 August 2015 Holiday Inn Norwich	Seniors Course
A Course	17 – 21 August 2015 Central London	Introduction to Bookkeeping
B Course	24 – 28 August 2015 Central London	Introduction to Auditing
CA Course	23 – 25 September 2015 Central London	UK Financial Disclosure
E Course	20 – 23 October 2015 Hydro Hotel Eastbourne	Supervisors Course
C Course	16 – 20 November 2015 Belstead Brook Hotel Ipswich	Advanced Audit & Accountancy

CPD COURSE PROGRAMME

The following CPD Courses are running in 2015. Further courses will be added when the new 2015/16 Programme is released in early September:

Course	Speaker	Date
A Practical Guide to FRS 102 – What Does it Mean for Me?	Matthew Shaw	Tuesday 2 June 2015
Charities Update – The new Charity SORPS and FRS 102	Matthew Shaw	Tuesday 22 September 2015
A Practical Guide to FRS 102 – What Does it Mean for Me?	Matthew Shaw	Tuesday 6 October 2015

Small Company Reporting	Matthew Shaw	Tuesday 3 November
Audit Planning Workshop	Simon Kettlewell	Wednesday 4 November 2015
Audit Implications of FRS 102	Matthew Shaw	Tuesday 10 November 2015
LLP's Update – The new LLP SORP and FRS 102	Matthew Shaw	Tuesday 24 November 2015
Effective Review	Simon Kettlewell	Wednesday 9 December 2015

Please see the HAT website www.hatgroup.co.uk for new courses as they are released.

The following additional courses can be run at your office:

Skills Courses

Staff Appraisals
Presentation Skills
Effective Business Writing
Interviewing Skills
Meetings and Facilitation
Leadership Skills

Audit Courses

Audit Efficiencies
Audit File Review
Using the Audit Programmes Efficiently and Effectively
Effective Analytical Procedures
Auditing Stock Effectively
Getting Audit Evidence Right
Audit Planning
The Audit of the Profit and Loss Account
Effective Management Letters
Fraud and Error

The cost of these courses:

Half Day (all courses except Leadership Skills) £1,095 plus disbursements, plus VAT

Whole Day £1,995 plus disbursements, plus VAT

AUDIT MANUAL AND ANTI MONEY LAUNDERING INDUCTIONS

HAT Audit Manual and Anti Money Laundering Inductions are held on the first working Monday of each month at the HAT Office. The Audit Manual Inductions run from 9.30am to 1.00pm and the Anti Money Laundering from 2.00 to 4.00pm. The dates for these courses are as follows:

2 June 2015
6 July 2015
3 August 2015
7 September 2015
5 October 2015
2 November 2015
7 December 2015

Manual Inductions - These courses are designed for all audit staff joining your practice who will not attend the HAT B Course. Please note that it is mandatory under Audit Regulations for new staff to be properly inducted into the audit system used.

These courses are free to Full Members and cost £100 plus VAT per delegate for General Practitioner Members. (Non-members will be charged at £135 plus VAT, per delegate). Each course will be held at our office from 9.30 am - 1 pm.

Anti Money Laundering Training - These courses are designed for **all** new staff irrespective of their role, including support staff, unless they are due to attend the HAT B Course. It will run between 2.00pm and 4.00pm and is free if the delegate is a trainable head; otherwise a charge of £75 plus VAT per delegate will apply to Members. (Non-members will be charged at £105 plus VAT per delegate). **Please note that it is a criminal offence not to train all staff in this area.**

Numbers on these courses are limited, so please contact Rachelle when someone new joins your practice and she will make the relevant bookings.

If you are unsure whether or not you are entitled to free courses, please email roger@hatgroup.co.uk

Caseware Automated Audit System Induction Courses

9 June 2015
13 July 2015
10 August 2015
14 September 2015
12 October 2015
9 November 2015
14 December 2015

The Courses will be free to Full Members and the course will run from 9.30 – 4.00pm

OFFICE QUARTERLY MEETINGS

Two Office Quarterlies are now run every three months to ensure all Members of our General Practitioners Scheme have the opportunity to be personally updated.

The Courses run from 9.30 – 11.00 a.m. and costs £65 + VAT for Members and £95 + VAT for Non Members

2015 Dates:

Quarter 2	18 June 2015
Quarter 3	20 August & 17 September 2015
Quarter 4	19 November & 17 December 2015

Additional office quarterlies will be arranged subject to demand.

All Course Bookings can be made by telephoning, faxing or e-mailing HAT.

EXAM RESULTS

Congratulations to the following students who have recently passed exams.

ICAEW Professional Stage March 2015

Students who have now completed the Professional Stage

Student	Firm
Pam Bailey	Beavis Morgan LLP
Shahan Huq	Jeffreys Henry LLP
Daniel Proctor	Wilder Coe LLP
Raj Patel	Simmons Gainsford LLP

Papers passed

AA, FAR & TC

Student	Firm
James Crichton	WMT LLP
Nicola Keenan	WMT LLP

AA & FAR

Student	Firm
Richard Jones	KP Audit
David Reynolds	KP Audit

AA

Student	Firm
Zoe Agar	Venthams
Sean Hudson	Meyer Williams CA Ltd

BPT

Student	Firm
Martin Davis	Beavis Morgan LLP
Kay Stephenson	Beavis Morgan LLP

FAR

Student	Firm
Zeubain Patel	Rawlinson & Hunter

FM

Student	Firm
Catherine Ryan	Beavis Morgan LLP
Lotifa Begum	Magma Audit LLP
David Hooker	Magma Audit LLP

ACCA Results

Please note that HAT do **not** receive these results and, due to the variety of tutors used, it is very difficult to tabulate all results.

We ask all students to send their results to Rachelle, in order to include them in the newsletter.

FIRMS NEWS

Rachelle Box

All of us at HAT would like to welcome Rachelle Box, who joined us on Friday 15 May as our Group Administrator & Office Manager. She has replaced Catherine Ellwood, in a more enhanced role, who we would like to thank for her 16 months service. Rachelle, who lives in Kent, joins us from the British Chemical Engineering Contractors Association, where she was PA and Office Manager. She looks forward to speaking to or meeting all of our clients over coming months.

Simon Kettlewell

Many congratulations to Simon and his wife Kelly on the birth of their daughter Emeline Jane, to be known as Emmy. She was born on Monday 9 March weighing 6lbs 1oz.

Stephanie Levin

Many congratulations to Stephanie who became a partner of Shelley Stock Hutter LLP with effect from 1 April 2015.

We would also like to extend a warm welcome to all of our new clients.

ROOM HIRE AT HAT OFFICES

Member Firms will be able to hire either the large or small meeting room at the HAT Offices by contacting Rachelle@hatgroup.co.uk

The Small Room, which holds 6 people Board Room style, can be hired for £25 per hour, £60 a Half Day or £100 a Full Day.

The Large Room, which holds up to 15 people Board Room style can be hired for £50 per hour, £120 a Half day or £200 a Full Day.

Both rates include tea, coffee and biscuits. Lunch can be arranged at cost price.

SOCIAL EVENTS

FORTHCOMING SOCIAL EVENTS

Thursday 10 September 2015	HAT Bowling	Rowans Leisure Centre Finsbury Park
Thursday 21 April 2016	HAT Quiz	Balls Brothers Wine Bar, City of London

Details will be sent to all social representatives approximately two months before each event by Rachelle.

The 26th Annual HAT Quiz took place on Thursday 16 April at Balls Brothers Wine Bar in the City. Lewis Golden retained the John Lawson Memorial Trophy, beating Wilder Coe by a clear 11 points into 2nd place and their own second team by 16 points into 3rd place. Many thanks to all the firms who supported the event, it was good to see so many represented.

Full results were as follows:

Position	Team Name	Score
1	Lewis Golden 1	130
2	Wilder Coe 1	119
3=	Lewis Golden 2	114
3=	Simmons Gainsford 1	114
5=	FW Smith Riches 1	111
5=	FW Smith Riches 2	111
5=	Liles Morris	111
8	First Intuition	105
9	Sayers Butterworth 2	103
10	KBSP Partners	102
11	Shelley Stock Hutter 1	101
12	Kaplan	98
13	Cox Costello & Horne 1	96
14	Wilder Coe 2	91
15	Sayers Butterworth 1	90

16	KBSP Partners 1	88
17	Sayers Butterworth 3	84
18	Cox Costello & Horne 3	83
19	Cox Costello & Horne 2	81
20=	Shelley Stock Hutter 2	79
20=	Stein Richards	79
22	Simmons Gainsford 2	75
23	Simmons Gainsford 3	67

HAT NEWSLETTER QUIZ

The winner of the £100 prize was Nicola Carver of F W Smith Riches & Co.

The answers were:

- | | |
|------------|-----------|
| 1. GOOSE | GOSLING |
| 2. RHINO | CALF |
| 3. PENGUIN | CHICK |
| 4. LLAMA | CRIA |
| 5. HAMSTER | PUP |
| 6. TURTLE | HATCHLING |
| 7. MONKEY | INFANT |
| 8. KOALA | JOEY |
| 9. HARE | LEVERET |
| 10. OWL | OWLET |

THIS MONTH'S QUIZ FOR A £100 PRIZE:

For this Newsletter Quiz we have turned our thoughts to up and coming events. Listed below are 10 anagrams of countries entering this year's Eurovision Song Contest.

1. UNKIND DOG TIME
2. MOAN RAINS
3. GNOME TENOR
4. AUNT HAIL I
5. WALTZ IN REDS
6. HEALTH DENS RENT
7. ZILCH CUB CREPE
8. US AT A LAIR
9. JAB IN A RAZE
10. AIR ON MA

Please e-mail ian@hatgroup.co.uk or send your answers to the HAT Office by 5pm on Friday 17 July.

GOOD LUCK !

