Updates and Insights

July 2024

Edited by Andrew Jarvis

HAT

YOUR COMPLIANCE PARTNER

CENTRALPOINT, 45 BEECH STREET, LONDON, EC2Y 8AD

Welcome

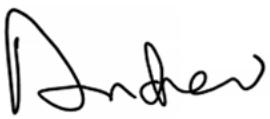
The HAT team have been busy reviewing the changes to FRS 102 and FRS 105. Whilst the effective date (1 January 2026) feels like a long time away, it is important to determine now which clients are going to be impacted by these changes and the support they will need. Our current Quarter 3 Audit and Accounts Update, running on 18 July, provides a summary of the changes and the actions you need to take now. To book on this course please email hat@hatgroup.co.uk. The course will also be available to purchase on demand shortly afterwards. Don't forget that our Quarter 2 Update, also available on demand, covered the proposed changes to company thresholds.

We have launched our new specialist assignment CPD bundle to provide you and your team with the necessary knowledge to work on these assignments. Training will last between 30 minutes and three hours depending on the sector and can be included in verifiable CPD for qualified members of your team. Material on areas such as charities and SRA Accounts Rules is already available, with other areas being added over the coming few weeks. Full details of these courses are available here.

We were thrilled to see the launch of our new website at the start of this month. We have worked hard to ensure our new site is easy to navigate and provides clear access to our services and courses. There is also an opportunity to find out more about our newest members of the team. Finally, you may also have noticed our new logo – I know many of you include our logo on your own website and other material, if you do then please update this – a copy of our logo is available by emailing hat@hatgroup.co.uk.

NEW FOR 2024: HAT SPECIALIST CPD BUNDLE

Undertaking specialist work without appropriate training is a key quality risk under ISQM (UK) 1. To help manage this regulatory issue and provide your team with the knowledge necessary to conduct these assignments correctly and efficiently we have developed a series of specialist assignment, on demand, courses. Training will last between 30 minutes and three hours depending on the sector and can be included in verifiable CPD for qualified members of your team. Full details of these courses are available here.



Andrew, Jarvis - Managing Director

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Contact Us

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Technical Helpline

technical@hatgroup.co.uk

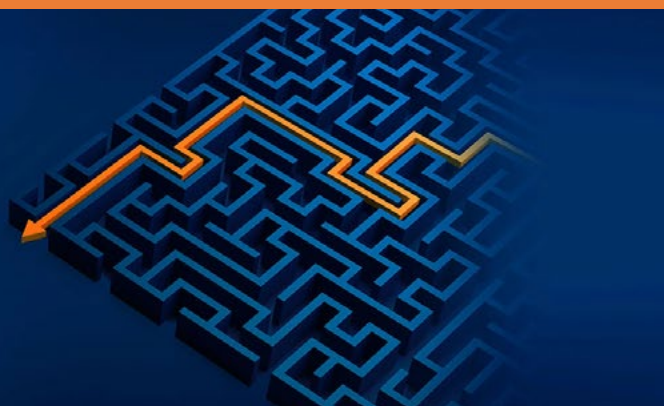
Recruitment and student exam training queries

anna@hatgroup.co.uk

General enquiries

hat@hatgroup.co.uk

Please contact us before visiting or sending paper files for review as our London office is only open by appointment.



Upcoming Courses and Events

Our website provides details of all our current courses. Many of our technical introduction and update courses are also available to view on demand.

This month, our Q3 Accountancy & Audit Update is running live online on 18 July. This course provides an overview of the key changes to FRS 102 and FRS 105 and highlights the action you need to take now to prepare clients for these significant changes.

CAREER DEVELOPMENT COURSES

Our popular Career Development course programme covers the skills needed for trainees and newly qualified staff. Full details including proposed dates for 2024 are provided below.

COURSE	SUBJECT	DATE	VENUE
A	Introduction to Accounting	19 – 23 August 2024	London
B	Introduction to Auditing	27 - 30 August 2024	London
AB	Advanced Accounting	27 – 28 June 2024	London
C	Practical Auditing	17 – 24 June 2024	Ipswich
CA Tax	A Practical Introduction to UK Tax	10 July 2024	London
CA FR	A Practical Introduction to UK GAAP	11 – 12 July 2024	London
D	Becoming an Effective Audit Senior	7 – 11 October 024	Norwich
E	Becoming an Effective Supervisor	12 – 15 November 2024	Eastbourne
Managers	Managers Course	22 – 25 October 2024	TBC

We can also run tailored courses covering these topics in house for you. Please contact Kate or Andrew for more information.

Please see the HAT website www.hatgroup.co.uk for our full range of courses and further details such as pricing. Bookings can be made via our website or please email hat@hatgroup.co.uk or call 020 7213 9911 for more details.

SPECIALIST ASSIGNMENT CPD PACKAGES

To support your team when undertaking specialist assignments, we are developing a series of related 'on demand' courses which will be available from 1 May this year. Undertaking specialist work without appropriate training is a key quality risk under ISQM (UK) 1. Our courses will help manage this regulatory issue and provide your team with the knowledge necessary to conduct these assignments correctly and efficiently.

Designed for staff members who are new to, or less experienced in, these sectors, these modular, easy to digest webinars introduce the sector, explain the specific reporting requirements and provide an overview of the assignment - all relevant regardless of the methodology you use. Training will last between 30 minutes and three hours depending on the sector and can be included in verifiable CPD for qualified members of your team.

For the more popular assignments, specifically SRA Accounts Rules, charities and pensions, both an introductory course and a current issues course are available.

	NO. OF MODULES	PRICE PER PERSON**		ANNUAL PRICE PER FIRM**
INTRODUCTION / REFRESHER COURSES		MEMBERS	NON-MEMBER	
FCA Client Assets Reports	1	£135	£170	**Unlimited access to the complete series:**
Charity Audit & Independent Examinations	3	£135	£170	
Pension Schemes	3	£135	£170	**Sole RI*** £50 pm
SRA Accounts Rules	3	£135	£170	**2 RI Firm** £100 pm
Limited Liability Partnerships	1	£105	£135	**3- 4 RI Firm** £200 pm
Not for Profit Entities	1	£60	£80	**5-10 RI Firm** £300 pm
Academies	1	£60	£80	**>10 RI Firm** POA
Registered Social Housing Providers	1	£60	£80	
Property Agents' Client Money Assignments	1	£60	£80	
ATOL Assignments	1	£60	£80	
UPDATE COURSES				
Charity Audit & Independent Examinations	1	£105	£135	
SRA Accounts Rules	1	£105	£135	
Pension Schemes	1	£60	£80	

** Available where a methodology pack is purchased - £25pm for training associated with the three methodology sectors purchased; £50 pm month where all sectors have been purchased. ** plus VAT.*

To add unlimited access to these courses to your membership please click here. If you would like to purchase specific courses, please email hat@hatgroup.co.uk.

CLICK HERE TO BUY OUR PACK

Updates to the HAT Methodologies

The following updates have been released in past twelve months:

REFERENCE	DATE	CONTENT
TM 05/23	13 October 2023	ISQM (UK) 2 – Engagement Quality Reviews
TM 06/23	13 October 2023	HAT Corporate Audit methodology – January 2022 (10-23 Update)
TM 07/23	13 October 2023	HAT Groups Methodology – January 2022 (10-23 Update)
TM 08/23	21 December 2023	HAT Charities Methodology - January 2022 (12-23 Update)
TM 01/24	31 January 2023	Journal Testing Example Working Paper
TM 02/24	6 February 2024	HAT Pension Schemes Methodology – January 2022 (02-24 Update)
TM 03/24	12 February 2024	HAT Not for Profit Entities Methodology – January 2022 (02-24 Update)
TM 04/24	28 March 2024	HAT ATOL Assignments Methodology – March 2024

Summaries of the changes to our methodologies in the above updates are available available here.

A summary of our current methodology and compliance pack including details of effective dates can be obtained by logging into the members' area of the HAT website. Remember, key elements of our audit and non-audit methodology are available from our partners, CaseWare and MyWorkPapers. For full details of the availability of our documentation within these platforms please contact us.

FUTURE CHANGES TO OUR METHODOLOGIES

It is expected that the update to the HAT Groups methodology, dealing with the revisions to ISA (UK) 600 which are effective for periods commencing on or after 15 December 2023, will be released towards the end of Quarter 3.

It is also expected that the update to the HAT LLP methodology will be released in a similar time frame.

To provide feedback on any HAT methodology please click here.

TRAINING ON THE HAT AUDIT METHODOLOGY

Our on-demand training course for new users of the HAT methodology forms part of your membership fee. This online training is broken down into 4 modules:

- Module 1: The "Basics" and the First Stages of Planning
- Module 2: Formal Planning Procedures
- Module 3: Audit Approach and Audit Sampling
- Module 4: Review and Finalisation

This training focusses solely on the HAT methodology and therefore is appropriate for all users, irrespective of the platform in which the methodology is used. For firms using Caseware, a range of pre-recorded training videos and supporting material is available, covering the functionality of the software and file navigation.

The material for this can be accessed from the "HAT Audit Methodology – An introduction for new users" folder within in our Members' Area at www.hatgroup.co.uk.

Technical Update

COMPANY LAW

CONSULTATION ON NON-FINANCIAL REPORTING:

The Department for Business & Trade has launched a consultation covering two key areas:

"The first proposal is to exempt medium-sized companies from producing a Strategic Report. The second proposal is to further amend the definition of a medium-sized company for corporate reporting so that the threshold for the maximum number of employees is increased from 250 to 500, aligning the employee threshold to a level that reflects what the government considers to be a medium-sized business."

The consultation closed on 27 June 2024.

HAT RESPONSE
HAT will monitor progress in this area and will provide an update on these reliefs for medium-sized companies as soon as it is available.

PROGRESS REPORT ON IMPLEMENTATION OF ECONOMIC CRIME ACT:

The Department for Business and Trade ("DBT") has published a progress report setting out which elements of the Economic Crime and Economic Transparency Act 2023 ("the Economic Crime Act") have been enacted.

One key area in the Economic Crime Act yet to be enacted relates to identity verification and The Registrar (Identity Verification and Authorised Corporate Service Providers) Regulations 2024 have been published in draft form.

The DBT's progress report indicates that, "subject to the Parliamentary timetable and passage of secondary legislation, we anticipate that Authorised Corporate Service Providers will be able to register this winter and identity verification (IDV) will commence during the first half of 2025."

As the DBT's progress report was published prior to the General Election being called, it is unclear whether this timetable will need to be extended.

ACCOUNTING STANDARDS:

REVISED LLP SORP PUBLISHED:

The CCAB has published a new edition of the LLP SORP and their Press Release accompanying this includes:

"The SORP has been updated to reflect The Limited Liability Partnerships (Climate-related Financial Disclosure) Regulations 2022 (SI 2022 / 46) which require certain LLPs and groups to make climate-related financial disclosures aligned with the Taskforce for Climate-related Disclosures (TCFD) recommendations.

Additional guidance has been added to the SORP in relation to:

- The sharing of group profits and amounts payable to former members;
- Post-retirement obligations in the context of FRS 103 Insurance Contracts;
- Certain scenarios when section 26 Share-based Payment of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland might apply to post retirement payments to members; and
- The treatment of profits which are automatically divided to members who do not provide any substantive services to the LLP.

The updated SORP is effective for periods commencing on or after 1 July 2024 (with early adoption permitted)."

HAT RESPONSE
Time has been allocated to review the impact of the changes on the HAT LLP Methodology and for these changes to be processed.

HAT RESPONSE
Once these changes have been processed, HAT's 'Introduction to LLP's' CPD course will be updated and made available as an online option.

ANTI-MONEY LAUNDERING:

UPDATED FATF "GREY LIST":

At the FATF Plenary Meeting in June, their list of high risk and other monitored jurisdictions was updated, and their Press Release confirms the following amendments:

"Jurisdictions under Increased Monitoring:

Jurisdictions under increased monitoring are actively working with the FATF to address the strategic deficiencies in their regimes to counter money laundering, terrorist financing and proliferation financing. When the FATF places a jurisdiction under increased monitoring, it means the country has committed to implement an Action Plan to resolve swiftly the identified strategic deficiencies within agreed timeframes. At this Plenary, the FATF added Monaco and Venezuela to the list of jurisdictions subject to increased monitoring.

Jurisdictions no longer under Increased Monitoring:

The FATF plenary congratulated Jamaica and Türkiye for their significant progress in addressing the strategic AML / CFT deficiencies previously identified during their mutual evaluations. They have completed their Action Plans to resolve the identified strategic deficiencies within agreed timeframes and will no longer be subject to the FATF's increased monitoring process.

Jamaica and Türkiye will continue to work with the FATF and the relevant FATF-Style Regional Body of which it is a member to continue strengthening its AML / CFT / CPF regime."

ACTION FOR FIRMS
Firms should review their client base to ensure that where clients are linked to Monaco or Venezuela, there is appropriate consideration of enhanced due diligence measures which may need to be performed.

ICAEW / ACCA / REGULATORY:

PROPOSED AMENDMENT TO ICAEW AUDIT REGULATIONS:

ICAEW has issued a consultation, proposing amendments to their Audit Regulations, with the consultation closing on 6 September 2024. Their Press Release includes:

"The transparency of who audits companies in the UK has been the subject of government attention in recent years. Government had intended to introduce a requirement for a notification to be made to Companies House when an auditor was appointed to a company. However, this provision was omitted from the Economic Crime and Corporate Transparency Act 2023.

We propose that an audit registered firm should notify ICAEW when a firm is appointed as auditor of an entity that meets one or more of the following criteria:

A. A listed non-retained audit;

B. A non-retained audit that:

   a. has turnover greater than £750 million; or
   b. is an Other Entity of Public Interest under the FRC Ethical Standard;

C. Expected first-year audit fee for an entity, group or collection of entities with the same beneficial owner or controlling party that is more than two times the firm's existing highest audit fee as notified on the firm's last annual return for an entity, group or collection of entities with the same beneficial owner or controlling party; and

D. The registered auditor has three or fewer responsible individuals and the audited entity or group, or a collection of audited entities under common beneficial ownership or controlling party, have combined turnover greater than £750 million.

ICAEW is considering whether a waiver mechanism should be available as part of the proposals. The mechanism would make it possible for ICAEW's Audit Registration Committee (ARC) to issue a waiver to an audit registered firm if the ARC was satisfied that the firm had substantial experience in performing the types of audits that are notifiable."

HAT RESPONSE
Once finalised, HAT will communicate the new requirements to ensure that ICAEW registered audit firms can remain compliant in this area.

DISCLAIMER NOTICE:

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