Technical Digest

May 2024

Edited by Andrew Jarvis

HAT

YOUR COMPLIANCE PARTNER

CENTRALPOINT, 45 BEECH STREET, LONDON, EC2Y 8AD

Welcome

Following several years of stability, the last couple of months have seen significant changes proposed for company financial reporting. In this edition of our Technical Digest we summarise the changes to Company Law, including increases to company size thresholds and the new edition of FRS 102, which aims to more closely align the standard to IFRS in areas such as lease accounting and revenue recognition.

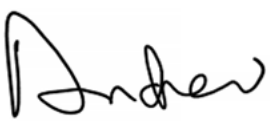
These are both substantial changes and whilst the impact will not be seen until 2025-26 our technical team are already working hard to understand the changes and determine how we can best support you over the next few years. An overview of the changes to Company Law is included in our current Quarter 2 CPD Update and we will cover FRS 102 in Quarter 3.

We have now launched our new specialist assignment CPD bundle to provide you and your team with 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 are already available with other areas being added over the coming few weeks. Full details of these courses are available here.

Finally, we always welcome constructive feedback on our services including our methodologies and documentation. To help you provide this quickly and easily you can now provide feedback online.

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

All telephone enquiries:

020 7213 9911

Technical Helpline

technical@hatgroup.co.uk

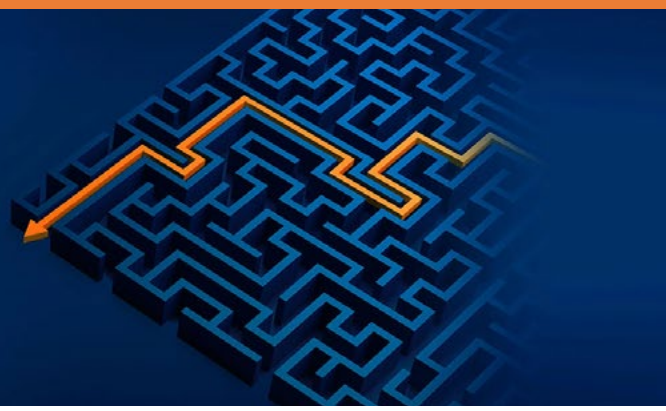
Recruitment and student exam training queries

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

CPD COURSES

The following courses are scheduled to run online over the next few months:

COURSE	PRESENTER	VENUE	DATES
AML 2024 Update 2.00pm – 3.30pm	Andrew Jarvis	Online	16 July 2024
Being an Effective R.I 9.30am – 12.30pm	Andrew Jarvis	London	2 October 2024
AML Compliance: A guide for Senior Management 2.00pm – 4.00pm	Andrew Jarvis	Online	7 November 2024

HAT QUARTERLY CPD UPDATES

Covering current topics in the areas of practice management, financial reporting and audit.

COURSE	SPEAKERS	DATE
Quarter 3 2024	A member of the HAT team	Thursday 18 July 2024
Quarter 4 2024		Thursday 24 October 2024

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	NOTES
A	Introduction to Accounting	19 – 23 August 2024	London	NB: CHANGED DATE
B	Introduction to Auditing	27 - 30 August 2024	London	NB: CHANGED DATE
AB	Advanced Accounting	27 – 28 June 2024	London	We can also run tailored courses covering these topics in house for you. Please contact Kate or Andrew for more information.
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	13 - 17 May 2024	Norwich	
E	Becoming an Effective Supervisor	12 – 15 November 2024	Eastbourne	
Managers	Managers Course	22 – 25 October 2024	TBC	

HAT RECORDED WEBINARS

In addition to the "live" CPD courses listed above, the following courses are available "on demand". A recording of the material can be provided, along with accompanying material, for attendees to watch at their leisure. For any questions or to purchase a recording please email hat@hatgroup.co.uk or speak to a member of the team.

COURSE	PRESENTER	DURATION
IFRS Update	Jeremy Williams	3 hours
Acting for FCA-regulated Firms	Jeremy Williams	3 hours
Auditing in 2023: ISA's (UK) 315 and 240	Simon Kettlewell	2.5 hours
ISQM (UK) 1: What does it mean for me?	Andrew Jarvis	2 hours
Charities Update for Auditors and Independent Examiners (2024 version)	Andrew Jarvis	2 hours
Introduction to Solicitors Accounts Rules Assignments	Andrew Jarvis	3.5 hours
SRA Accounts Rules Update (2024 version)	Andrew Jarvis	2 hours
AML Compliance: A guide for Senior Management (2023 version)	Andrew Jarvis	2 hours
2023 Anti-Money Laundering Update	Andrew Jarvis	1.5 hours
DPB: Know Your Limits (2023 update)	Andrew Jarvis	1 hour

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 this year.

REFERENCE	DATE	CONTENT
TM 04/23	17 July 2023	HAT Academies Methodology – August 2023
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 made are freely 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 availability of our documentation within these platforms please contact us.

To provide feedback on any HAT methodology please click here.

MAJOR PROJECTS OVER COMING MONTHS

- Following the release of the Academies Accounts Direction 2023 to 2024, time has been set aside to update the HAT Academies Methodology and this will be released over the summer, well in advance of the 31 August 2024 year ends to which these revisions apply;
- Regarding other amendments required to HAT's documentation this year, HAT has undertaken a detailed review of the amendments to ISA (UK) 600 for group audits (including when there are component auditors). Amendments required to the HAT Groups Methodology will be processed shortly; and
- Time will be set aside to review the amendments to existing practice required by the FRC Ethical Standard 2024, which comes into force on 15 December 2024 and in respect of statutory audits, for accounting periods commencing on or after that date.

COMPANY LAW

COMPANY SIZE THRESHOLDS TO INCREASE:

The Department for Business and Trade have issued an impact assessment covering several measures to reform the non-financial reporting framework, which will be implemented via secondary legislation. The key amendments are noted in the Policy Summary as being:

- Uplift the monetary elements of the current company size thresholds by approximately 50%. This will see the thresholds for micro-entities, small, medium-sized, and large companies increase to better reflect historic and future inflation, and as a result will have a deregulatory effect. Current thresholds do not reflect the last 10 years of inflation;
- Remove several reporting requirements currently required to be included in the Directors' Report that either duplicate requirements in the Strategic Report, the financial statements, are obsolete now that the UK has left the EU, or no longer provides useful information. This will include requirements to disclose:
  - Information on financial instruments;
  - Information on important events;
  - Information on likely future developments;
  - Information on research and development;
  - Information on branches;
  - Information on the employment of disabled people;
  - Information on engagement with employees; and
  - Information on engagement with suppliers, customers, and others.
- Remove content from remuneration report and remuneration policy, which was introduced by a 2019 EU directive, and which many stakeholders feel has somewhat onerous requirements;
- Make it easier for companies to digitally circulate annual reports to their members, in line with the Government's digital first approach; and
- Make some technical fixes to address issues with audit caused by the retention and subsequent assimilation of EU law into UK law."

It is proposed that these amendments will apply to accounting periods commencing on or after 1 October 2024 and that a Statutory Instrument will be laid before summer 2024. In particular, regarding company size thresholds, these are noted as being:

CURRENT THRESHOLDS	MICRO	SMALL	MEDIUM
Turnover	£632,000	£10,200,000	£36,000,000
Balance Sheet Total	£316,000	£5,100,000	£18,000,000
Employees	10	50	250
NEW THRESHOLDS	**MICRO**	**SMALL**	**MEDIUM**
Turnover	£1,000,000	£15,000,000	£54,000,000
Balance Sheet Total	£500,000	£7,500,000	£27,000,000
Employees	10	50	250

Similar increases are proposed for group size thresholds.

Separately, there will be a consultation to propose removing the requirement for a medium sized company to prepare a Strategic Report and also for the number of employees for a company / group to qualify as medium-sized to be increased to 500.

HAT RESPONSE
We assess the impact of these changes in our current CPD Update. To purchase an on-demand copy of this please email hat@hatgroup.co.uk. Once relevant legislation is passed, we will start work on reflecting these changes in our methodologies

ACTION FOR FIRMS
These changes will only come in for periods commencing 1 October this year, and therefore the impact will not be seen until 2025-26. However, it is important to communicate these changes to affected clients and consider the impact on your practice.

EXTENSION OF REQUIREMENT TO REPORT ON PAYMENT PRACTICES:

The Reporting on Payment Practices and Performance (Amendment) Regulations 2024 (S.I. 2024 / 444) came into force on 5 April 2024. They extend and strengthen the regime for reporting on payment practices.

The Reporting on Payment Practices and Performance Regulations 2017 and The Limited Liability Partnerships (Reporting on Payment Practices and Performance) Regulations 2017 require large UK companies and LLPs to produce a report on their invoice payment practices every six months and submit this to a government-hosted website for publication.

The amendment extends the expiry date of the regime from to 6 April 2031 (with a review to take place by 6 April 2029) and now also include requirements:

- On qualifying companies to publish information on the sum total of payments which are not made within a payment period; and
- To report on the percentage of payments that are not paid within a period due to a dispute.

ACTION FOR FIRMS
Whilst this does not directly impact the annual reports of affected entities, firms should advise impacted clients of these changes.

NEW POWER FOR COMPANIES HOUSE TO IMPOSE CIVIL PENALTIES:

The Economic Crime and Corporate Transparency Act 2023 (Financial Penalty) Regulations 2024 (S.I. 2024 / 445) came into force on 2 May 2024 and enable Companies House to impose civil financial penalties for most offences under the Companies Act 2006 as an alternative to commencing criminal proceedings.

To exercise the new power, Companies House will need to be satisfied beyond reasonable doubt that the offence has been committed and the maximum penalty which can be imposed cannot exceed £10,000. The power is not available for an offence under Part 12 (Company secretaries), Part 13 (Resolutions and meetings) or Part 16 (Audit) of the Companies Act 2006.

The explanatory memorandum states that Companies House will publish guidance on how it will exercise its new power before it starts issuing financial penalties.

AUDITING / ETHICAL / ASSURANCE STANDARDS

NEW INTERNATIONAL ETHICAL GUIDANCE FOR TAX ACCOUNTANTS:

The International Ethics Standards Board for Accountants ("IESBA") has introduced new ethical provisions for accountants providing tax planning services. An article on the ICAEW website includes the following:

"IESBA has updated its code of ethics to include detailed commentary on ethical requirements in relation to tax planning and related services. IESBA's code of ethics forms the basis for ICAEW's own ethical code. As a member of the International Federation of Accountants, ICAEW must alter its ethical code to reflect the changes made by IESBA.

IESBA's ethical code includes a new requirement for accountants in business and practice giving tax advice to consider the reputational, commercial and wider economic consequences of that advice. Guidance is provided on a number of

areas, including: the accountant's responsibilities in giving tax advice; identifying and addressing areas of uncertainty; and documenting the advice given. The changes take effect for tax planning services beginning after 30 June 2025.

Prior to the changes, IESBA's ethical code did not include detailed commentary on tax advice. ICAEW, along with other UK professional bodies and associations, has adopted the Professional Conduct in Relation to Taxation (PCRT). In its response to IESBA's proposed revisions to its code, ICAEW noted that the PCRT and IESBA's proposed guidance were "substantially similar in effect". ICAEW will be exploring with fellow PCRT bodies how the PCRT requirements and IESBA's final pronouncement can be reconciled in a way that maintains the well-established and understood nature of the PCRT in relation to UK matters."

ACCOUNTING STANDARDS

UK GAAP UPDATED:

The Financial Reporting Council ("FRC") has issued comprehensive improvements to financial reporting standards applicable in the UK and Republic of Ireland and their Press Release states:

"The amendments are designed to enhance the quality of UK financial reporting and help support the access to capital and growth of the businesses applying them.

The changes follow extensive stakeholder engagement and consultation on the proposals with the FRC required to undertake a periodic review of FRS 102 every five years.

The most significant changes apply to leases and revenue recognition to align with recent changes to international financial reporting standards. The changes will provide better information to users of financial statements including current and potential investors and lenders. In response to stakeholder feedback, the FRC has made improvements to the proposals for lease accounting and revised the recognition exemption for leases of low-value assets to clarify that the focus is to ensure that the most significant leases are recognised on balance sheet.

The FRC has also made a number of improvements and clarifications that are designed to make it easier for preparers to apply and understand the standards. These are expected to result in a net benefit to UK businesses and contribute to high-quality, easier to understand financial reports.

Whilst there will be some implementation costs, the FRC has been mindful of the need for changes to be proportionate and to remove any unnecessary reporting burdens. During the extensive stakeholder engagement period many stakeholders, including those representing preparers, generally supported the updates to the accounting model for revenue recognition.

The amendments to the standards will in most cases be effective for accounting periods beginning on or after 1 January 2026. During 2024, the FRC intends to publish new editions of the standards and updated staff factsheets with guidance on key aspects of the new requirements."

HAT RESPONSE
We are currently reviewing these changes and will cover them in our Quarter 3 CPD Update. For firm who do not take this in house a public live online course is scheduled for Thursday 18 July. To book a place please email hat@hatgroup.co.uk.

We will then work on assessing the impact on our methodologies and what additional training and other resources we can provide to support you with these changes.

ACTION FOR FIRMS
It is important to identify which clients are going to be most impacted by these changes and to discuss this with them in preparation for 2026 reporting season.

ANTI-MONEY LAUNDERING

TREASURY CONSULTATION ON EFFECTIVENESS OF MLR:

A consultation has been published on improving the effectiveness of the Money Laundering Regulations (with responses requested by 9 June 2024) and HM Treasury's Press Release states:

"HM Treasury has published a consultation on improving the effectiveness of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (the 'MLRs'), which place requirements onto a range of businesses to identify and prevent money laundering and terrorist financing.

HM Treasury committed to consulting on changes to the MLRs as part of a wider programme of work aimed at reducing money laundering, which was set out in the Economic Crime Plan 2023-26.

This consultation principally covers issues with the MLRs already identified by HM Treasury, for example in the 2022 Review of the UK's anti-money laundering and counter-terrorist financing regulatory and supervisory regime. This review found that, while the core requirements of the regulations were mostly fit for purpose, there were potentially a number of technical changes that could be made to increase effectiveness and ensure proportionality for both regulated firms and customers.

The consultation also includes issues put forward by key stakeholders, such as the anti-money laundering / counter terrorist financing supervisors, the regulated industries and their representative bodies, which could reduce burdens and make the regulations more effective at tackling economic crime.

The consultation covers four core themes:

1. Making customer due diligence more proportionate and effective;
2. Strengthening system coordination;
3. Providing clarity on scope of the MLRs; and
4. Reforming registration requirements for the Trust Registration Service."

ICAEW / ACCA / REGULATORY

AMENDMENTS TO ICAEW PII REGULATIONS:

Following a review of ICAEW's professional indemnity insurance requirements, a number of changes have been made and ICAEW's Press Release highlights:

"The proposals that were presented during the consultation period included changes to the minimum level of insurance cover and maximum excess, expanding the amount of mandatory insurance firms must take after they cease to practice and making insurers liable in some situations even if the insured firm did not pay. Overall, the consultation feedback we received confirmed that the accountancy insurance market is working well. However, there was strong opposition to some of the proposals. Having reflected on the responses and wanting to ensure there were no unintended negative consequences, only some of the proposals are being taken forward at this stage.

The main changes that will come into effect from 1 September are:

- The minimum limit of indemnity will increase from £1.5m to £2m;
- For firms with a gross fee income which is below £800,000, the limit will be two and a half times the firm's gross fee income, subject to a minimum of £250,000 (this is an increase from £100,000);
- Larger firms with gross fee income over £50m will not be required to put in place 'qualifying insurance' but must have in place appropriate arrangements which will be monitored. (Currently this approach is available to firms with 50+ principals.); and
- For firms that will be required to put qualifying insurance in place, the maximum aggregate excess should not exceed the higher of £3,000 or 3% of a firm's gross fee income.

Be aware that the new arrangements will apply to policies taken out or renewed from 1 September 2024."

ACTION FOR FIRMS
For ICAEW firms you must ensure your next policy taken out on or after 1 September this year complies with the new requirements.

CHARITIES

ACADEMIES ACCOUNTS DIRECTION 2023 TO 2024:

The Education and Skills Funding Agency ("ESFA") have issued the following:

- Academies Accounts Direction 2023 to 2024;
- Model set of accounts for academy trusts 2023 to 2024; and
- Framework and guide for external auditors and reporting accountants of academy trusts 2023 to 2024.

The Academies Accounts Direction 2023 to 2024 notes that the key changes have:

- "Set out key requirements in a new 'What an academy trust must do' section, to help academy trusts understand their obligations;
- Provided more clarity on the relationship between the financial statements and other financial returns;
- Removed references to the COVID-19 supplementary bulletin, as COVID-19 grants have either stopped or become part of business-as-usual activity;
- Expanded the review of effectiveness of the system of internal control, to include a conclusion on whether the academy trust has an adequate and effective framework for governance, risk management and control. Academy trusts must include this conclusion;
- Updated ESFA feedback to the sector on the outcomes of its assurance work and compliance with the Direction;
- Provided further examples of sources of information to inform the accounting officer's statement of regularity, propriety and compliance;
- Confirmed how 16-19 core education funding should be disclosed in the financial statements;
- Clarified that the staff costs note should separately identify 'other employee benefits';
- Clarified how an academy trust might determine an appropriate value, for the initial recognition of premises occupied under a long leasehold; and
- Updated the information to be disclosed for agency arrangements, to include cumulative unspent fund balances."

The auditors' framework notes that the key changes have:

- "Removed references to the COVID-19 supplementary bulletin, as COVID grants have either stopped or become part of business-as-usual activity;
- No longer reproduced the feedback to the sector section, from the Direction, to reduce duplication of content;
- Reordered the paragraphs previously contained in part 4 of the framework and guide, creating a new part 4 and part 5, to improve readability;
- Updated the types of tests that can be used to provide evidence on the regularity report, in accordance with the requirements of the 2023 Handbook:-
  - Delegated authorities;
  - Transactions with related parties;
  - Governance;
- Updated the irregularity themes arising from ESFA's assurance reviews."

Time has been set aside to update the HAT Academies Methodology and this will be released over the summer, well in advance of the 31 August 2024 year ends to which these revisions apply.

ACTION FOR FIRMS
Whilst the changes are not significant, we have put aside time in early summer to update our Academies methodology for these changes and to prepare an on-demand webinar covering the Direction and sector.

PENSIONS

THE PENSIONS REGULATOR CODE OF PRACTICE:

The Pensions Regulator has historically issued ten separate codes of practice, which sets out their expectations of the conduct and practice that governing bodies should meet to comply with their duties in pensions legislation.

These have now been replaced by a single code of practice. Legislation has been passed and the revision came into force on 28 March 2024.

CLIENT MONEY

SRA CONCERN REGARDING INTEREST PAID ON CLIENT MONEY:

A recent survey by the Law Society found that some firms have been financially 'propped up' by interest earned on money held in the client account. Firms have a duty to account to clients for a 'fair sum' for any interest earned by their money and the Solicitors Regulation Authority ("SRA") has issued a Press Release highlighting their concern that there may be non-compliance with the SRA Accounts Rules, which includes:

"The Law Society recent Financial Benchmarking Survey said that many law firms had been propped up by abnormally high interest rates. According to respondents, 'this year saw a steep increase in interest received on money held in client accounts. Total net interest income rose to £27.5 million, compared to £2.6 million in 2022'.

The Code of Conduct for individuals says solicitors should 'properly account to clients for any financial benefit you receive as a result of their instructions, except where they have agreed otherwise' (Rule 4.1).

This underpins Rule 7 in our Accounts Rules, which says:

- You account to clients or third parties for a fair sum of interest on any client money held by you on their behalf; and
- You may by a written agreement come to a different arrangement with the client or the third party for whom the money is held as to the payment of interest, but you must provide sufficient information to enable them to give informed consent.

What usually happens in practice is that money is held in the client account for such short periods of time that it's not an issue that really comes up. Cumulatively, any interest earned across all client monies might be enough to pay for the bank's account charges for holding the money in the first place - that does not exactly qualify as 'financial benefit'.

But we have heard of cases of firms doing quite well out of the monies they hold if this involves large amounts and are held for a more significant period. Similarly, we have also been told that some firms are not accounting to their clients for anything like the same rate of interest, and certainly not what could reasonably be classed as 'fair'.

We would expect you to be talking to your clients or other connected parties about interest rates and payments in the absence of any pre-agreed arrangements you might have had with them. If we have evidence that firms are failing to account fairly, we will take action."

The HAT SRA Accounts Rules Methodology (Appendix 8.1) includes a number of recommended procedures to be performed regarding interest when an auditor is required to prepare an Accountant's Report regarding a solicitors' compliance with the SRA Accounts Rules. Where the net interest received on client money exceeds a solicitors' bank charges, the Reporting Accountant should revisit the consideration as to whether the amount of interest paid to clients in respect of client money is fair.

This will also be a relevant consideration in other situations where an opinion is being provided on compliance with client money requirements.

ACTION FOR FIRMS
Ensure you provide adequate consideration interest on client money assignments.

FCA HIGHLIGHTS COMMON ERRORS IN APPLICATIONS TO THEM:

The Financial Conduct Authority ("FCA") has updated their website to list some of the common errors made when applying for authorisation to work in the UK asset management sector. It provides a list of areas of concern which have caused delays and / or reduced firms' chances of a successful application, which includes:

- Senior management lacking experience or qualifications;
- Office locations outside the UK;
- Business models: exposing clients to risk;
- Outsourcing: underestimating accountability;
- Conflicts of interest: failing to identify concerns;
- Redress: avoiding appropriate schemes that protect consumers; and
- Being unready, unwilling or unorganised.

In many of the areas noted above, the FCA provides further information and additional links to key requirements / expectations elsewhere on their website.

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CENTRALPOINT, 45 BEECH STREET, LONDON, EC2Y 8AD