HAT
YOUR COMPLIANCE PARTNER

MEMO 01/25

To: Subscribers of the methodology
From: Simon Kettlewell
Date: 1 July 2025

UPDATE TO THE HAT LLP METHODOLOGY:
AMENDMENTS FOR PERIODS COMMENCING ON/AFTER 1 JULY 2024

The HAT LLP Methodology has been updated as a result of the updated SORP now being in effect. The revisions to the LLP SORP (which are effective for periods commencing on or after 1 July 2024) are not substantial and mainly take the form of additional guidance, 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 amendment that is likely to be of most consequence is that relating to the treatment of profit to members who don't provide substantive services to the LLP. Paragraph 34D and Example 11 of Appendix 2 of the SORP must be consulted if this situation is relevant.

The impact of these revisions on the documentation in the LLP Methodology is relatively minor, with the key change being an additional test on the Members Interests work programme (both Audit and Non-Audit).

The updated LLP Methodology should be used for any accounting period commencing on or after 1 July 2024 and is titled "July 2024". For periods commencing prior to this, the HAT LLP Methodology (January 2022) should still be used.

All amended documents are annotated as "06/25" in the footer.

Users should download the Methodology IN FULL from the members area of our website.

For firms using CaseWare and MyWorkpapers, these changes will (where relevant) be reflected in forthcoming updates of their packs which will be issued in due course.

We are always pleased to receive feedback on our methodologies; if you have any comments, please email simon@hatgroup.co.uk