Updates and Insights

March 2025

Edited by Simon Kettlewell

HAT 50 YEARS
YOUR COMPLIANCE PARTNER

150 MINORIES, LONDON, EC3N 1LS

Welcome

Welcome to the latest edition of HAT Updates and Insights.

I am not quite sure where the last few weeks have gone (time flies when you're having fun), but we are already into Spring! That means the annual HAT quiz is almost upon us (being held on 27 March; spaces are still available – get in touch with harriet@hatgroup.co.uk if you wish to enter a team) and by the time the next Update is released, we will have officially celebrated HAT's 50th birthday!

On the technical front, we now know more about the identity verification process being introduced under the Economic Crime and Corporate Transparency Act, and the FRC have published updated guidance on Going Concern. Both of these areas will be explored further in our Quarter2 Update, but details can be found below.

It is also worth mentioning here that the FRC have launched "a campaign to support UK SMEs to grow and scale", details of which are here. This includes a focus on auditors of SME's, with the FRC's Press Release noting the following "This campaign across 2025 is focused on analysing how the audit market is working for SMEs, including the reporting and audit requirements they face, and ensuring they are audited proportionately including considering any steps the FRC can take to support this vital part of the UK economy". An element of this campaign includes some guidance, in the form of a new Practice Note, to support auditors of these SMEs; the consultation on this Practice Note is expected soon. I am part of the working party that is considering this guidance.

SME auditors can also get involved in the FRC's Market Study; information is available here.

From a training perspective:

- Our annual Solicitors Accounts Rules Update and Charities Update courses are being held over the next couple of weeks (on demand versions will be available) – more details can be found below.
- As a reminder, our on-demand webinar covering the changes to ISA (UK) 600 for group assignments is still available. Details of the course can be found here.
- Our updated Managers course has been deferred; we will communicate the new dates for this in due course.

Finally, in the last Update, I mentioned that we had started interviewing for another member of the Technical team, due to the increased demand for our services. After seeing a number of candidates and Andrew, Kate and myself spending many hours in Teams calls, I am delighted to confirm that we have found someone to join us. We will introduce them to you in a future update!

Simon Kettlewell - Technical Director

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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.

Over the next couple of weeks, we are running our annual Solicitors Accounts Rules and Charity assignments update courses; both should be considered essential for those team members who work on such jobs.

The "SRA Accounts Rules in Practice- A Guide for Reporting Accountants" will cover:

- An overview of recent scandals and their impact on risk;
- Possible future changes to the Accounts Rules and what this means for current assignments;
- How to tailor work to ensure an efficient and effective approach; and
- Common issues identified on file reviews and from our technical helpline.

If you wish to attend this course (£75 per person for members / £95 per person for non-members) you must pre-register here:.

More details of the Charities Update course will be released soon; look out for the email about this.

Don't forget that many of our technical introduction and update courses are also available to view on demand.

NEW COURSES FOR 2025

We are pleased to offer a range of new courses this year.

NEW STARTER INTRODUCTORY PACKAGE

This package of on demand training modules is designed to provide new trainees with an understanding of their legal and regulatory obligations when joining an accountancy firm. Modules include:

- Introduction to Anti-Money Laundering
- GDPR – Understanding your responsibilities
- Introduction to the Bribery Act
- Introduction to the Criminal Finances Act
- Introduction to Ethics (available soon)

The package consists of around 2.5 hours of teaching with instant knowledge quizzes to evidence understanding.

KICK START YOUR CAREER

This full day, in-person training course will provide new joiners with a solid understanding of the first few months of their careers.

This course will allow students to be aware of the expectations of them when they are working in the office, out on-site or at college. The delegates will be able to network and settle into their new roles. The course will be interactive, using case studies to solidify understanding, with plenty of opportunities for the delegates to ask any questions. The delegates will be introduced to resources to assist them in taking responsibility and ownership of their career in the first few months.

PRESENTATION SKILLS

The objective of the course is to teach delegates the skills and techniques that will give both the confidence and competence to enjoy making presentations. Presentation training allows delegates to build on their existing presenting skills to enhance their style and technique. Using PowerPoint as a software tool allows their presentations to have structure and gives visual impact to their professional presentations.

Why is the course different to other presentation skills courses?

The course is not a generic presentation skills course. The topics allocated to the delegates to prepare and present are tailored and relevant to the delegates' current and future professional service stream in the practice e.g. audit, accounts preparation and taxation.

ROOT CAUSE ANALYSIS

ISQM (UK) 1 requires ongoing monitoring of risks to audit quality. Part of this ongoing monitoring requires firms to consider the results from inspections of completed engagements (which are more commonly known as cold file reviews). The results of cold file reviews will need to be considered on a periodic basis and a root cause analysis performed on identified deficiencies, and indeed on files where good practice has been identified.

Our Root Cause Analysis (RCA) course can be tailored to be specific to firms, but will cover areas such as the importance of RCA, how it should be performed, the benefits of implementing RCA, and how the findings should be incorporated into the firm's quality management system moving forwards.

CAREER DEVELOPMENT COURSES

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

SUBJECT	DATE	VENUE	NOTES
Introduction to Accounting	1 – 5 September 2025	London	We can also run tailored courses covering these topics in house for you. Please contact Kate or Andrew for more information.
Introduction to Auditing	8 – 11 September 2025	London	
Advanced Accounting	5 – 6 June 2025	London	
Practical Auditing	23 – 27 June 2025 20 – 25 October 2025	Residential – venue TBC	
A Practical Introduction to UK Tax	23 July 2025	London	
A Practical Introduction to UK GAAP	24 – 25 July 2025	London	
Becoming an Effective Audit Senior	12 – 16 May 2025 6 – 10 October 2025	Residential – venue TBC	
Becoming an Effective Supervisor	11 -14 November 2025	Residential – venue TBC	
Managers Course	Dates for 2025 TBC	London	

MANAGERS COURSE: DEFERRAL OF DATES

The updated Managers course has been deferred; new dates will be communicated soon.

As a reminder, the refreshed course will now be split over two days. Booking on this course will provide numerous benefits, both for personal development and organisational success. Delegates will be able to enhance their understanding of their current management style. Attendance will lead to an improved understanding of how to make better decisions and communicate more effectively with colleagues. Over the two days, the delegates will see their confidence increase, and the course provides valuable networking opportunities.

FURTHER INFORMATION

Full details of the Career Development courses can be found on the HAT website here.

Should a firm require any other information about our Career Development courses, please contact Kate McCaffrey.

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. 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 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
TM 05/24	25 July 2024	HAT Academies Methodology – August 2024
TM 06/24	28 October 2024	HAT Groups Methodology – January 2024
TM 07/24	12 December 2024	HAT Corporate Audit methodology – January 2022 (12-24 Update)

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

CASEWARE CLOUD TEMPLATE NOW AVAILABLE!

We are pleased to announce that the HAT methodology is now available on the Caseware Cloud platform.

The intuitive and powerful solution streamlines the audit process, enabling enhanced efficiency and compliance. Whether you're looking to improve audit quality, enhance team collaboration, or simply reduce manual tasks, Caseware Cloud Audit has you covered.

WHY CASEWARE?

CLOUD-BASED

Staff in multiple locations can collaborate on the same audit engagement, accessing the latest client data and updating stakeholders from anywhere, at any time.

INTELLIGENT FILE BUILDING

The intelligence file building workflow displays documents and procedures relevant to the audit engagement you're working on.

REVIEW TOOLS

Quickly review engagements and identify issues accurately through the simple, colour coded visualisation tool – enabling you to provide value-added insights to your clients.

RISK MANAGEMENT

New and existing risks can be added and updated at any time. Easy visualisation cues allow you to easily see if an assessment is higher than materiality.

INTELLIGENT CONTENT

Using client data and responses to pre-set questions, online content is tailored to provide only what is relevant for the engagement at hand, saving you time and increasing your efficiency.

INTEGRATED ANALYTICS

Our analytics hub feature provides access to over 300 tests across 8 audit applications, helping you uncover hidden patterns or anomalies.

CASEWARE AIDA

Seamlessly integrates with Caseware AiDA, combining the power of AI with the latest compliance frameworks to deliver unparalleled efficiency, compliance and precision.

To find out more about Caseware Cloud Audit, please email getrude@hatgroup.co.uk.

FUTURE CHANGES TO OUR METHODOLOGIES

As outlined in the Technical Update section, changes to methodologies will be needed to reflect the changes in company size criteria. Time has been set aside later in the year to deal with these changes.

An update to the LLP Methodology will be released in the coming weeks as a result of the amendments made to the LLP SORP, which is effective for periods commencing on or after 1 July 2024.

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

COMPANIES HOUSE UPDATE REGARDING ECONOMIC CRIME ACT AND NEW REGISTRAR'S RULES:

Companies House have provided an update on the introduction of elements of the Economic Crime and Corporate Transparency Act 2023, which includes the following:

"From 27 January 2025, Companies House should be able to receive and assess applications from individuals seeking to have residential addresses suppressed from public disclosure where they've been used as a registered office address.

From 18 March 2025, Companies House should be able to expedite the striking off of companies where the registrar has concluded the company has been formed for a false basis and carry out checks on Authorised Corporate Service Providers ("ACSP") to authorise them to carry out verification services – ACSP will need to be registered in the UK and subject to the UK's anti-money laundering regime.

From 8 April 2025, Companies House should be able to allow individuals to voluntarily verify their identity."

Legislation has been made to provide a legal basis to these changes via The Unique Identifiers (Application of Company Law) Regulations 2025 (S.I. 2025 / 49), and The Registrar (Identity Verification and Authorised Corporate Service Providers) Regulations 2025 (S.I. 2025 / 50).

To enable the above, Companies House has published three sets of rules, which set out acceptable forms of evidence to be supplied, and the application processes to be followed, by applicants under each verification route. All applicants will need an email address. The routes are using the gov.uk app or website, face to face at a Post Office or via an ACSP. The rules also detail the application process for approval as an ACSP. The versions of the rules are:

- The Registrar's (Identity Verification by the Registrar) Rules 2025;
- The Registrar's (Identity Verification by Authorised Corporate Service Providers) Rules 2025; and
- The Registrar's (Requirements Applicable to Applications to Become an Authorised Corporate Service Provider) Rules 2025.

In addition, Companies House has published supplementary guidance covering:

- Applying to register as a Companies House authorised agent;
- Being an Authorised Corporate Service Provider; and
- How to meet Companies House identity verification standard.

ACTION FOR FIRMS
This will affect all companies. Clients should be made aware of these requirements, to ensure that they take appropriate steps to verify their identity in due course with Companies House.

AMENDED REQUIREMENTS REGARDING REPORTING ON PAYMENT PRACTICES AND ASSOCIATED GUIDANCE:

The Reporting on Payment Practices and Performance (Amendment) Regulations 2025 (S.I. 2025 / 75) have been made. They came into force on 1 March 2025 and apply to accounting periods beginning on or after 1 April 2025.

They amend the Reporting on Payment Practices and Performance Regulations 2017 (S.I. 2017 / 395) and the Limited Liability Partnerships (Reporting on Payment Practices and Performance) Regulations 2017 (S.I. 2017 / 425) to introduce requirements on a qualifying company or a qualifying Limited Liability Partnership to publish certain information about payment practices and policies with respect to retention clauses in any construction contract they have with their suppliers.

The Department for Business and Trade has updated guidance on these requirements. It contains detail on who needs to report, what needs to be reported, where this needs to be reported and a set of frequently asked questions.

It also highlights that as this only applies to large entities, increased thresholds in the Companies Act 2006 for accounting periods commencing on or after 6 April 2025 will in future reduce the number of entities caught by these requirements.

AUDITING / ETHICAL / ASSURANCE STANDARDS:

FRC TO ISSUE NEW "SME PRACTICE NOTE" FOR AUDITORS:

The Financial Reporting Council ("FRC") has launched a campaign to support small and medium enterprises ("SME"). Their Press Release includes:

"In spring 2025 the FRC will publish for consultation a Practice Note to support auditors of SMEs. While International Standards on Auditing are designed to be scalable so that they can be applied proportionately to the size of the company audited, these aren't consistently used and aren't always used well.

Practice Notes are a form of guidance which help auditors identify opportunities to proportionately apply auditing standards. The FRC plans to publish its final Practice Note before the end of 2025."

HAT RESPONSE
Once finalised, HAT will review in detail to identify areas where more effective audit documentation can be prepared, and this will be shared to assist firms in making audits more efficient.

FUTURE AMENDMENTS TO ISAS:

The International Auditing and Assurance Standards Board has provided an update on two projects which will result in amendments to International Standards on Auditing, as follows:

- Approval of ISA 570 (Revised 2024), Going Concern, which will be effective for periods beginning on or after 15 December 2026; and
- Finalising proposed ISA 240 (Revised), The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements, for approval at the March meeting. If approved, the revised standard is expected to become effective for periods beginning on or after 15 December 2026.

HAT RESPONSE
These will need to be adopted in the UK by the FRC. Once UK adoption has been confirmed, it will be possible to determine what incremental requirements will apply in these areas.

UPDATED FRC GUIDANCE ON GOING CONCERN:

The FRC has, following consultation, issued updated guidance on the 'Going Concern Basis of Accounting and Related Reporting, including Solvency and Liquidity Risks' and its Press Release includes:

"This non-mandatory guidance now brings together the requirements of company law, accounting standards, auditing standards, listing rules, the UK Corporate Governance Code and other relevant regulation into one convenient place for those preparing reports.

It serves as a proportionate and practical guide for companies of different sizes to prepare high-quality, company-specific disclosures about their going concern conclusions. Clarity around how these disclosures are reached promotes investor and end-user confidence and enable these companies to access capital and support UK economic growth."

ACTION FOR FIRMS
Although this updates existing guidance, it is useful to have a single resource collating current requirements and as such, should be referred to when going concern is a key consideration.

ACCOUNTING STANDARDS:

UK ADOPTION OF IFRS AMENDMENTS:

The UK Endorsement Board has approved, Annual Improvements to IFRS Accounting Standards – Volume 11 (Amendments to IFRS 1, 7, 9, 10 and IAS 7) ("the Amendments").

The Amendments are not likely to lead to a significant change in accounting practice, are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted, and are a collection of six separate amendments to the mandatory sections of five IFRS Accounting Standards.

HAT RESPONSE
These are technical amendments, which will be reflected in the relevant audit programmes / disclosure checklists in advance of accounting periods affected by these changes.

ANTI-MONEY LAUNDERING:

AMENDMENTS TO THE FATF GREY LIST:

Following the conclusion of the most recent meeting of the Financial Action Task Force ("FATF"), their Press Release indicates the following amendments to the FATF Grey List:

"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. At this Plenary, the FATF added Lao People's Democratic Republic and Nepal to the list of jurisdictions subject to increased monitoring.

The FATF Plenary congratulated the Philippines for the positive progress in addressing the strategic anti-money laundering and countering the financing of terrorism and proliferation financing deficiencies previously identified during their mutual evaluations. The Philippines will no longer be subject to the FATF's increased monitoring process."

ACTION FOR FIRMS
Firms should act upon these changes to ensure that any incremental requirements for clients which have links to the newly designated high risk third countries are acted upon.

CHARITIES:

CHARITY COMMISSION ALERT ~ PREVENTING FRAUD:

The Charity Commission have highlighted to charities the forthcoming offence of failing to prevent fraud and their Press Release includes:

"On 1 September 2025 a new failure to prevent fraud offence comes into force. This will affect large, incorporated charities. The Charity Commission is alerting all relevant charities to read the Home Office guidance, and where necessary to enhance their approach to fraud prevention and seek professional legal advice.

If your charity has not already done so, you should read our guidance about internal financial controls, which was refreshed in April 2023. It gives advice on protecting your charity and its assets. A new short guide on protecting your charity from fraud was published in November 2024."

NEW REGULATIONS FOR SCOTTISH CHARITIES:

The Scottish Charity Regulator has highlighted forthcoming requirements for charities to improve transparency and accountability for the sector. From this summer, a charity will need to provide them with details about its trustees and from the end of 2025, full charity accounts (without redacted personal information) will begin to be publicly available on the Scottish Charity Register. These changes stem from the Charities (Regulation and Administration) (Scotland) Act 2023, which strengthens oversight and public trust in the sector.

PENSIONS:

DEFINED BENEFIT PENSION RULING REGARDING CONTRACTING OUT:

The outcome of an appeal in the High Court during 2024 related to a defined benefit pension scheme which had been contracted out of the second state pension (or SERPS) before 5 April 2016. The outcome related to technicalities as to when / how benefits payable were certified by the scheme's actuary and whether non-certification meant that the benefits remained / remain payable.

Given the uncertainties which are presented to auditors of both potentially affected pension schemes and their sponsoring employers, ICAEW has provided a commentary of the key issues to be considered.

ACTION FOR FIRMS
It is essential that this commentary is reviewed by auditors of defined benefit pension schemes and their sponsoring employers to ensure that affected schemes are identified.

CLIENT MONEY:

FINANCIAL SERVICES SECTOR ~ PREVENTING FRAUD:

In advance of the forthcoming offence of failing to commit fraud, guidance has been issued by the financial services sector. Their Press Release highlights that this supplements guidance issued by the Home Office and that this sector-specific guidance is not statutory guidance and is advisory only.

OTHER AREAS:

INCREASE IN DATA PROTECTION FEES:

HM Government has published confirmation of an increase in data protection fees. Their Press Release confirms that the current discount applicable to Direct Debit payments and exemptions from needing to pay a fee will be retained.

Legislation brought the changes into force on 17 February 2025 and increase the charge for tier 1 (micro organisations) from £40 to £52, for tier 2 (small and medium organisations) from £60 to £78, and for tier 3 (large organisations) from £2,900 to £3,763.

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