Updates and Insights

July 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.

We are delighted that Vimbai Mahoya officially joined the team on 23 June and has quickly settled in. Vimbai is a qualified Chartered Accountant (SA) and member of SAICA. After completing her professional training at Mazars in South Africa, she relocated to the UK in 2019 and has since worked for KPMG, PKF Littlejohn, and BDO.

Vimbai will be working on the Technical Helpline as well as performing file reviews, with a focus on the larger and more complex assignments. Vimbai brings strong technical expertise across various accounting frameworks, as well as extensive experience in ISA-compliant audits. Her years of accumulated knowledge and experience enables her to navigate complex accounting, auditing, and reporting issues with confidence and precision.

Vimbai has a broad skill set and we are very much looking forward to her contributions to many areas of our work. Outside of work, Vimbai is a new enthusiastic runner and enjoys reading and cooking – apparently, she makes a mean oxtail stew (Editors note – order already placed!)

On the technical front, the changes keep coming, including:

- Companies House announced the timing of the changes to accounts filing requirements, including the abolition of abridged and filleted accounts. However, there has been subsequent press coverage indicating that the Business Secretary has challenged the implementation of these changes.
- The Financial Action Task Force 'Grey list' has been updated to include Bolivia and the British Virgin Islands; BVI is not an uncommon jurisdiction for parent undertakings of UK entities. Clients with links to BVI should be identified and appropriate enhanced due diligence should be performed.
- ICAEW published their Audit Monitoring Report, which identifies a number of recurring weaknesses
- A consultation on introducing UK Sustainability Reporting Standards has opened.

More details on each of these areas can be found in the Technical Update section.

As mentioned last time, ICAEW's updated Audit Regulations and the new Code of Ethics are now effective; all ICAEW firms need to ensure that they are compliant with these new rules. The Audit Regulations are effective from 1 June 2025 and the Code of Ethics from 1 July 2025. Both of these areas are explored further in our Quarter 3 Update.

Finally, ICAEW recently published their 2025 research findings 'Evolution of Mid-Tier Accountancy Firms', which makes for interesting (holiday?) reading; the report is available here).

Wishing you all the best for the Summer.

Simon Kettlewell - Technical Director

Contents

	Page
Editorial	1
Upcoming Courses and Events	2
Updates to HAT Methodologies	6
Technical Update	8

Contact Us

All telephone enquiries:

020 7213 9911

Technical Helpline

technical@hatgroup.co.uk

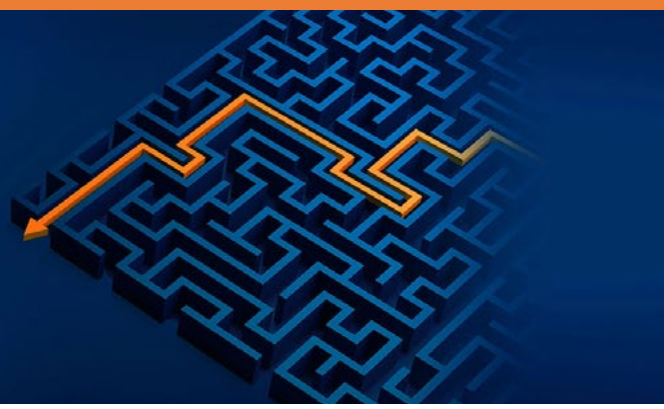
Recruitment and student exam training queries

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

Our website provides details of all our current courses.

Our next public CPD course will be “Effective Audit Review”, which will be held on 15 October. Presented by Adam Loake, this course is designed to equip those team members who are reviewing the work of others for the first time with the necessary skills and mindset.

Ensuring that an effective review is performed is one of the key elements for the completion of a high-quality audit file. This CPD course provides those at Supervisor / Assistant Manager level and above the skills and confidence needed to complete a robust, timely and effective file review. This one-day course covers the following areas:

- An overview of the key elements of audit file review and finalisation procedures.
- How to focus a file review, including approaches to take to individual file areas and how to identify audit issues that may have been missed by more junior staff.
- Providing feedback to junior staff and documenting review notes.
- Liaising with clients and summarising key points for the attention of the RI.
- Practical tips for managing the review and finalisation process for audit assignments.

This course will involve a mixture of lecture sessions, discussions and the use of practical case studies to illustrate and apply the different elements of the course content.

Attendance at this full day, in-person course is charged at £195 per person for members, and £250 per person for non-members.

Courses can also be delivered “in-house”; the Effective Audit Review course works well delivered this way, and the content can be tailored to meet the specific requirements of the firm. Get in touch to discuss your needs further.

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 – 12 September 2025	London	
Advanced Accounting	TBC for 2026	London	
Practical Auditing	20 – 25 October 2025	Residential – Ipswich	
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	6 – 10 October 2025	Residential – Norwich	
Becoming an Effective Supervisor	11 -14 November 2025	Residential – venue TBC	
Managers Course	Dates for 2025 TBC	London	

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	**Sole RI*** £50 pm
Pension Schemes	3	£135	£170	**2 RI Firm** £100 pm
SRA Accounts Rules	3	£135	£170	**3- 4 RI Firm** £200 pm
Limited Liability Partnerships	1	£105	£135	**5-10 RI Firm** £300 pm
Not for Profit Entities	1	£60	£80	**>10 RI Firm** POA
Academies	1	£60	£80	
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 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)
TM 01/25	1 July 2025	HAT LLP's Methodology – July 2024
TM 02/25	By end of July 2025	HAT Academies Methodology – August 2025

Due to various regulatory changes, updates to the core methodologies will be made in the coming months.

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

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.

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.

COMPANY LAW:

CHANGES TO ACCOUNTS FILING REQUIREMENTS FROM 1 APRIL 2027:

Companies House have been in contact with individuals who have registered their companies' e-mail address with them and the following has been extracted from a Press Release posted on the website which outlines the matter communicated:

- All accounts filings made on and after 1 April 2027 must be filed using commercial software. Web and paper routes will be closed for accounts filings but will remain open for other statutory filings;
- From 1 April 2027, the accounts filing options for small and micro-entity companies will be streamlined, such that:
  - Micro-entities will be required to file a copy of their balance sheet and profit and loss account;
  - Small companies will be required to file a copy of their balance sheet, directors' report, auditor's report (unless exempt) and profit and loss account; and
  - Companies will no longer be able to prepare and file 'abridged' accounts.
- Any company claiming an audit exemption will need to give an additional statement from their directors on the balance sheet. Directors will need to specify which exemption is being claimed and confirm that the company qualifies for the exemption; and
- The number of many times a company can shorten its accounting reference period will be limited. A company will have to provide a business reason if they want to shorten the period more than once within 5 years.

It does not appear as though legislation underpinning these requirements (which are included in the Economic Crime and Corporate Transparency Act 2023) has been passed and clarification on the effective date (in terms of whether it is for a specific accounting periods or the document filing date) will be available once the Commencement Order has been laid before Parliament.

HAT RESPONSE
Amendments will be reflected in relevant HAT Methodologies in advance of these becoming effective.

ACTION FOR FIRMS
The change to require small companies and micro-entities to file a performance statement should be communicated to clients to make them aware that from 1 April 2027 these have to be filed.

Note that there have subsequently been reports in the media (for example, in the Financial Times) which suggest that ministers are proposing not to enact some of the amendments, particularly focussing on those relating to filing requirements. As such, any Commencement Order may only bring certain of these amendments into force and this may be limited to the amendments relating to audit exemption statements and the ability to shorten an accounting period.

REGULATIONS PERMITTING REGISTRAR TO ANNOTATE COMPANY REGISTER:

The Companies and Limited Liability Partnerships (Annotation) Regulations 2025 (S.I. 2025 / 573) have been passed and these came into force on 9 June 2025. The Explanatory Note indicates that the following are the key powers granted by this legislation enable to Registrar of Companies to annotate the register where:

- It is apparent that a person who appears in the register as a director is subject to director disqualification sanctions within the meaning of section 11A(4) of the Company Directors Disqualification Act 1986;

- A person has not fully complied with the requirements of a notice given under section 1092A of the Companies Act 2006 to provide information; and
- The registrar is intending to take, or has taken, steps under section 1002A of the Companies Act 2006 to strike a company's name off the register.

APPLICATION OF IDENTITY VERIFICATION REQUIREMENTS TO ADDITIONAL COMPANY TYPES:

The Companies Authorised to Register, Unregistered Companies and Overseas Companies (Application of Company Law) Regulations 2025 (S.I. 2025 / 761) have been laid before Parliament. These apply identity verification requirements to directors and persons with significant control to unregistered and overseas companies. Transitional provisions are such that it will take up to one year before these requirements are fully in force in the United Kingdom.

DRAFT REGULATIONS TO REMOVE REQUIREMENT TO RETAIN REGISTERS:

Draft regulations have been published to remove the requirement to keep certain "local" registers of information relating to directors and people with significant control ("PSC"). These are the draft Register of People with Significant Control (Amendment) Regulations 2025 and the draft Limited Liability Partnerships (Application and Modification of Company Law) Regulations 2025.

Once in force, companies will not be required to keep registers of directors, directors' residential addresses, secretaries, or of PSC. Similarly, LLPs will no longer have to keep their own register of PSC. This information must still be provided to Companies House, as is the case now.

AUDITING / ETHICAL / ASSURANCE STANDARDS:

CONSIDERATION OF TARIFFS ~ ACCOUNTING AND AUDIT ISSUES:

ICAEW has published an article setting out accounting and audit considerations in respect of tariffs levied by overseas jurisdictions. Although the key focus is in respect of trade with the USA, the principles are equally valid for any entity exporting goods to overseas markets where there is no "free trade deal" in place.

The key areas covered are audit planning including risk assessment, key financial reporting areas, audit evidence and documentation, and disclosure and communication.

ACTION FOR FIRMS
This is an area which may have limited application, but it sets out useful guidance as to how potential pitfalls can be navigated.

ISA 240 REVISED:

The International Auditing and Assurance Standards Board ("IAASB") has revised International Standard on Auditing ("ISA") 240, The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements. The IAASB's Press Release highlights that the key enhancements are clearer auditor responsibilities, reinforced professional scepticism, sharper fraud risk assessment, more effective fraud responses and improved transparency and communication.

The revisions align with ISA 570 (Revised 2024), Going Concern, recognising that fraud and financial distress are often interrelated risks that must be addressed together. Both standards apply to accounting periods commencing on or after 15 December 2026, although they require adoption in the UK to become effective.

HAT RESPONSE
As soon as UK adoption has been confirmed (this is likely during 2026), an analysis of the revised requirements will be performed to determine amendments required to HAT's Methodologies.

ACCOUNTING STANDARDS:

ANNUAL REVIEW OF FRS 101 FINALISED:

The Financial Reporting Council ("FRC") has issued 'Amendments to FRS 101 Reduced Disclosure Framework – 2024/25 cycle', which brings to a close the 2024/25 annual review of FRS 101 'Reduced Disclosure Framework'.

Their Press Release highlights that the amendments ensure that FRS 101 will continue to enable streamlined group reporting and cost-effective disclosure reductions. Amendments relate primarily to disclosure exemptions from new requirements of IFRS 18 'Presentation and Disclosure in Financial Statements'. It is also confirmed that IFRS 19 'Subsidiaries without Public Accountability: Disclosures' and FRS 101 cannot be applied together.

HAT RESPONSE
Although IFRS 18 is not immediately effective, the FRS 101 Disclosure Checklist will be updated at the appropriate time.

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 – the FATF added Bolivia and the Virgin Islands (UK) to the list of jurisdictions subject to increased monitoring; and
- Jurisdictions no longer under increased monitoring – Croatia, Mali and the United Republic of Tanzania will no longer be subject to the FATF's increased monitoring process.

ACTION FOR FIRMS
Note that these changes are effective immediately and that BVI is not an uncommon jurisdiction for parent undertakings of UK entities. Clients with links to BVI should be identified and appropriate enhanced due diligence should be performed.

ICAEW / ACCA / REGULATORY:

ICAEW GUIDANCE ON ALTERNATES:

The new ICAEW Audit Regulations set out a mandatory requirement for an audit firm with a single Responsible Individual to appoint an alternate, which needs to be in place by 1 December 2025. Updated guidance has been issued to provide Guidance for sole R.I. firms and Guidance for alternates.

ACTION FOR FIRMS
For any sole R.I. firm regulated by ICAEW for audit work, this guidance is essential to ensure that the new requirement in the ICAEW Audit Regulations is complied with.

ICAEW AUDIT MONITORING REPORT:

ICAEW have issued their Audit Monitoring Report in respect of monitoring visits undertaken in 2024. The most common weaknesses were risk assessment, fraud and error, estimates and judgements. experts and service organisations, substantive analytical procedures, and sampling.

CHARITIES:

ACADEMY TRUST HANDBOOK 2025:

The Department for Education has issued its Academy Trust Handbook 2025, which is effective from 1 September 2025. It highlights a number of main changes from the Academy Trust Handbook 2024, which should be reviewed by anyone involved in the audit of academies.

HAT RESPONSE
These changes apply for accounting periods ending on 31 August 2026 and will be included in the HAT Academies Methodology update which will be released next summer.

CLIENT MONEY:

NEW FCA HANDBOOK WEBSITE:

The Financial Conduct Authority ("FCA") has announced that it has launched a new website for the FCA Handbook. It is currently available as a beta version, although you can continue to access the existing Handbook website, with both Handbook websites being updated as normal. The new Handbook website is expected to be fully live by the end of the year.

Anyone using an account on the current Handbook website will need to create an account on the new Handbook website, which will enable a user to 'favourite' key parts of the Handbook and sign up to alerts.

ACTION FOR FIRMS
Active users of the FCA Handbook should register an account on the new website to ensure that existing functionality is retained.

OTHER AREAS:

CONSULTATION ON SUSTAINABILITY / CLIMATE TRANSITION REPORTING:

The Government has commenced consultations covering:

- New UK Sustainability Reporting Standards ("SRS") – UK SRS 1 and UK SRS 2 – which are based on the standards published by the International Sustainability Standards Board; and
- Introducing mandatory disclosure of climate transition plans by public interest and certain other very large companies.

The consultations run until 17 September 2025, following which the UK SRS will be finalised and endorsed, after which, the FCA is expected to consult on changing the UK Listing Rules to replace its existing reporting requirement for listed companies with a requirement to report against the UK SRS, including publishing transition plans.

DATA (USE AND ACCESS) ACT 2025:

The Data (Use and Access) Act 2025 ("the Act") has received Royal Assent and the following is included in a Press Release from the Information Commissioner's Office ("ICO"):

"Changes to the law include: clarifying how personal information can be used for research; lifting restrictions on some automated decision making; setting out how to use some cookies without consent; allowing charities to send people electronic mail marketing without consent in certain circumstances; requiring organisations to have a data protection complaints procedure and introducing a new lawful basis of recognised legitimate interests.

The Act provides the ICO with new powers, including the ability to compel witnesses to attend interviews, request technical reports, and issue fines.

Information to support organisations as these changes are introduced includes an outline what the Act means for organisations, new and planned guidance web page setting out what guidance to expect and when and an outline of how the ICO will continue their regulatory work as the Act is implemented.

While most provisions are expected to come into force either two or six months after Royal Assent, some may take up to 12 months. To prepare, organisations can familiarise themselves with the changes that the Act makes to data protection law by reading the detailed summary."

ACTION FOR FIRMS
The key change is to introduce a data protection complaints procedure. Further guidance is likely from the ICO in due course, which firms should refer to when establishing this procedure.

DISCLAIMER NOTICE:

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.

This publication contains copyright material of the IFRS® Foundation. All rights reserved. Reproduced and distributed by HAT Group within the UK and Republic of Ireland only with the permission of the IFRS® Foundation and the Financial Reporting Council Ltd. No permission granted to third parties to reproduce or distribute.

This publication contains copyright material and trademarks of the IFRS Foundation®. All rights reserved. Used under licence from the IFRS Foundation®. Reproduction and use rights are strictly limited. For more information about the IFRS Foundation and rights to use its material please visit www.ifrs.org.

Disclaimer: To the extent permitted by applicable law the International Accounting Standards Board and the IFRS Foundation expressly disclaims all liability howsoever arising from this publication or any translation thereof whether in contract, tort or otherwise (including, but not limited to, liability for any negligent act or omission) to any person in respect of any claims or losses of any nature including direct, indirect, incidental or consequential loss, punitive damages, penalties or costs.

Information contained in this publication does not constitute advice and should not be substituted for the services of an appropriately qualified professional.

'FSA®', the 'Hexagon Device' logo®, 'IAS®', 'IASB®', 'IFRIC®', 'IFRS®', the 'IFRS®' logo, 'IFRS for SMEs®', 'ISSB®', 'International Accounting Standards®', 'International Financial Reporting Standards®', 'International Financial Reporting Standards Foundation®', 'IFRS Foundation®', 'NIIF®', 'SASB®', 'SIC®', 'SICS®', and 'Sustainable Industry Classification System®' are Trade Marks of the IFRS Foundation.

50 YEARS

HAT

YOUR COMPLIANCE PARTNER

WWW.HATGROUP.CO.UK