MEMO 01/26

To: Subscribers of the methodology
From: Adam Loake
Date: 9 February 2026

UPDATE TO THE HAT CHARITIES METHODOLOGY: 2025 UPDATE

The HAT Charities Methodology has been updated as part of the annual update cycle.

As the core methodologies are now updated at least annually, this update has resulted in a change in the naming convention. This methodology has been re-named to be "Charities - 2025 Update". This change aims to give clarity to users that they are using the most up to date version.

This update pulls through the changes made to the Corporate Audit Methodology – 2025 Update, as relevant to charities. This includes directing users to the correct Companies Act company size checklist and updates to our disclosure checklist. There are no significant accounting standard or ISA changes affecting accounting periods commencing on or after 1 January 2025 (so typically 31 December 2025 year ends).

This update does not reflect the revised Charities SORP, effective for periods commencing on or after 1 January 2026, nor does it reflect changes to audit thresholds expected later this year. These will be covered in the 2026 update, expected in the final quarter of this year. In the interim, our **forthcoming Charities CPD Update – Preparing for the new SORP on 14 April 2026** will cover these changes in detail, in order that firms can prepare and liaise with clients as necessary.

The materiality assessment (Ac13) has been updated in line with the changes to the Corporate Audit Methodology, along with the Audit Planning Letter and the inclusion of standalone sample size calculators and updates to Ac2 and Ac3 in line with the revised FRC Ethical Standard. For further details, firms should refer to TM0325 which accompanied the release of the updated Corporate Audit Methodology.

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 adam@hatgroup.co.uk