

HAT

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NEWSLETTER

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TECHNICAL UPDATE

Welcome to the Summer Newsletter, which includes the final details on the future of Small Company Reporting in the UK. This will now allow us to update Manuals and run courses over the next 18 month period as the provisions take full effect.

I am very pleased to announce that Andrew Jarvis has become a Director of HAT. Andrew has been with us for 10 years now and recently has overseen and written our Caseware Paperless Audit System, which many of our clients are using. Going forward Andrew will now be known as Training Director.

Everyone at HAT wishes all our clients an enjoyable and relaxing summer, whatever you are doing and wherever you are. Just a reminder that the HAT Bowling Night is earlier this year, on 10 September, and bookings are now being taken by Rachelle.

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‘NEW UK GAAP FOR SMALL COMPANIES’ HAS BEEN FINALISED

“New UK GAAP for Small Companies” has been issued, as confirmed by the following [Press Release](#):

“The Financial Reporting Council (“FRC”) has issued a suite of changes that update and, in many cases simplify, UK and Ireland accounting standards. Key amongst the changes are new requirements for micro-entities and small entities, and the withdrawal of the *Financial Reporting Standard for Smaller Entities* (FRSSE).

The changes are largely in response to the implementation of the new EU Accounting Directive, and include:

- A new standard, FRS 105 *The Financial Reporting Standard applicable to the Micro-entities Regime*;
- New Section 1A *Small Entities* of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- Other changes necessary for continued compliance with company law.

These new accounting standards support the implementation of the micro-entities regime, further simplifying accounting requirements for up to 1.5 million of the UK’s smallest entities. They also respond to the new legal framework for disclosure in small company reporting, providing guidance for applying it and improving transparency relating to financial instruments, and they further improve the cost-effective reduced disclosure framework for listed groups by permitting IFRS-based presentation requirements in subsidiaries’ financial statements.

Changes made also relate to the annual review of FRS 101 *Reduced Disclosure Framework* and address an implementation issue in relation to FRS 102.

The main changes are effective for accounting periods beginning on or after 1 January 2016, with early application permitted for accounting periods beginning on or after 1 January 2015.”

The relevant amendments are also accessible via the Press Release, with the following highlights being included within those amendments:

FRS 100: Application of Financial Reporting Requirements inserts a new paragraph 15A which makes it clear that the amendments brought about by the EU Accounting Directive are “all or nothing” on initial application – it is not possible to “cherry pick”. It states:

“The Financial Reporting Standard for Smaller Entities (effective January 2015) (FRSSE) is superseded on the early application of the amendments set out in Amendments to FRS 100 (and the related amendments to other accounting standards, particularly FRS 102 and FRS 105) issued in July 2015 and the early application of The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 (SI 2015/980) and is withdrawn for accounting periods beginning on or after 1 January 2016.”

FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland indicates that the amendments being made reflect the following:

“Amendments to FRS 102 – Small entities and other minor amendments:

The FRC issued a Consultation Document, Accounting Standards for small entities – Implementation of the EU Accounting Directive, in September 2014 which, inter alia, consulted on the future of accounting standards for small entities and other amendments to accounting standards likely to be necessary as a result of the implementation of the Accounting Directive. This was followed by FRED 59 Draft Amendments to FRS 102 – Small entities and other minor amendments which was issued in February 2015. These amendments take into account the feedback from both the earlier consultation, which indicated strong support for the development of a new section of FRS 102 for small entities, and FRED 59.

These amendments set out the presentation and disclosure requirements applicable to small entities based on the new small companies regime within company law, whilst the recognition and measurement requirements of FRS 102 will also apply.

These amendments also include a small number of other amendments necessary to maintain consistency between FRS 102 and company law. This was not a comprehensive review of the requirements of FRS 102.

Share-based payment arrangements with cash alternatives:

These amendments also include those based on the proposals in FRED 61 Draft amendments to FRS 102 – Share-based payment arrangements with cash alternatives.

Residents’ management companies:

The Accounting Council’s advice to the FRC in relation to these amendments includes its advice that no changes are made to FRS 102 (or FRS 105) that are specific to the financial statements of residents’ management companies. This follows its consideration of responses to FRED 50 Draft FRC Abstract Residential Management Companies’ Financial Statements and Consequential Amendments to the FRSSE, the Consultation Document, FRED 58 Draft FRS 105 The Financial Reporting Standard applicable to the Micro-entities Regime and FRED 59.”

FRS 105: The Financial Reporting Standard applicable to the Micro-entities Regime makes the following comments regarding the application of the Standard:

“FRS 105 is based on FRS 102, but its accounting requirements are adapted to satisfy the legal requirements applicable to micro-entities and to reflect the simpler nature and smaller size of micro-entities.

The application of the micro-entities regime is optional, however, a micro-entity that chooses to prepare its financial statements in accordance with the micro-entities regime is required to apply FRS 105. A company that qualifies for this regime, but chooses not to apply it, is required to apply another accounting standard. The possible options are set out in FRS 100 Application of Financial Reporting Requirements.”

HAT will review the changes which will be implemented to identify any areas where there are substantial differences from information previously circulated, which was obtained from the Exposure Drafts. Additionally, now that final Standards have been issued, it will be possible to schedule Manual updates and CPD courses to ensure that all firms who utilise HAT documentation are fully aware of how these changes will impact on their clients from 2017, and what steps will need to be taken over the next 18 months.

SMALL BUSINESS, ENTERPRISE AND EMPLOYMENT ACT 2015

The Department for Business, Innovation and Skills (“BIS”) has published a [consultation paper](#) in connection with the creation of a central public register of companies' beneficial owners. This is also known as a register of Persons with Significant Control, or a ‘PSC register’.

Under the Small Business, Enterprise and Employment Act 2015 (the SBEE Act), companies will be required to create their own PSC register and file this information with Companies House. A person with significant control for these purposes is someone who owns or controls more than 25% of a company’s shares or voting rights, or who otherwise exercises significant influence or control over the company or has the power to appoint or remove the majority of the board.

The following are extracts from the consultation paper to provide an overview of the matters being consulted upon:

“It is intended that companies will hold their own PSC register from January 2016. From April 2016 they will have to give this information to Companies House when they deliver their confirmation statement (which replaces the annual return). This means that Companies House will hold PSC information for all the UK’s companies in scope by April 2017. Companies House will make all the PSC information available for free in one central, searchable public register.

- **Companies not required to keep a PSC register** – Companies that are already required to provide substantial information about their major owners should not also be required to maintain a PSC register. For this reason companies who are required to comply with Chapter 5 of the Financial Conduct Authority’s Disclosure Rules and Transparency Rules sourcebook (DTR5 issuers) will be exempt from having to keep a register of people with significant control;
- **Recording the nature and extent of control** – As well as the type of control, the draft Regulations require, where appropriate, an indication of the extent of control. For share ownership, it is proposed that three broad bands indicate whether the PSC owns more than 25% up to 50%, more than 50% up to 75% or 75% or more of the share capital. It is proposed to adopt the same approach for voting rights;
- **Fees that companies can charge for providing copies of entries in their register** – The company may charge a fee for providing a copy of some or all of its register, which will be set out in secondary legislation. *[It is proposed that this is £12 per request.]*;

- **The protection regime** – The residential address of all people with significant control will be kept by the company but will never appear on the registers that companies make available to the public or the central public register. This information would only be accessible by specified public authorities and credit reference agencies. A company’s own PSC register will also show the full date of birth of a person with significant control but the day of the date of birth will not appear on the central register. It will only do so where a company has specifically chosen to keep its PSC information solely at Companies House; and
- **Warning and restrictions notices** – If a company identifies a person or entity who should be on its PSC register, or who might have knowledge of such a person or entity, they may be required to contact them (by serving a notice) in order to obtain the details needed for the register. To ensure compliance, companies are able to freeze the interest of any individual or entity in that company if they do not respond to a notice.”

Prohibition on Corporate Directors - delay in implementation:

The SBEE Act also contains a prohibition on corporate directors which it had been previously announced would be brought into force in October 2015. The consultation paper states that BIS has taken the decision to delay the implementation of the restriction on Corporate Directors to 2016. BIS intends to announce the revised timing for implementing this measure shortly.

The consultation only ran for a month and closed on 17 July 2015, with draft Regulations intended to be laid before Parliament in the autumn.

COMPANIES HOUSE REMINDER ON DISCLOSURE AMENDMENTS

Companies House have issued a [Press Release](#) reminding companies of the disclosure amendments effective from 1 July 2015. It states:

“From 1 July 2015, changes to the way in which companies can fulfil the requirements of section 409 of the Companies Act 2006 came into force.

At present, a company has the option to show a full list of their subsidiaries in their accounts, or to take advantage of section 410 of the Act. Section 410 allows them to show only the principal subsidiaries in their accounts and to attach a full list to their next annual return.

This will no longer be an option for accounts signed on or after 1 July 2015. This means that a list of related undertakings may no longer be attached to the company’s next annual return.

It also means that a company which fails to attach a list of subsidiaries to its accounts, in the first instance, will need to file a set of amending accounts in order to fulfil their filing requirements.”

ICAEW ANNUAL RETURN ~ A REMINDER

The ICAEW have published [Audit News 54](#), which contains an overview of the findings of the Quality Assurance Department (“QAD”) during audit visits. It states:

“Audit Regulation 3.20 requires a firm to:

- Monitor, at least once a year, how effectively it is complying with the audit regulations; and
- Deal with any issues found on a prompt basis.

The audit compliance review (ACR) comprises two parts: a review of a firm’s obligations under the audit regulations (a whole-firm review) and cold reviews of completed audit work.

ICAEW’s annual return asks firms to confirm:

- That they have completed an ACR in the year;
- The date when the review was done;
- Whether it included a whole-firm review and cold file reviews; and
- Whether a record of the ACR has been kept.

Following a monitoring visit, the QAD regularly reports firms to the ARC because, despite making positive confirmations on the annual return that they’ve completed an ACR and kept a record, no such reviews were in fact carried out.

In some cases, firms have confirmed on successive years’ annual returns that they’ve completed an ACR and kept a record; nevertheless, the monitoring visit reveals that reviews have not been carried out for some time.

In these circumstances, not only is the firm in breach of the requirement to carry out an ACR, it has also misled ICAEW by inaccurately completing the annual return.

Annual returns that are not completed correctly can have a serious impact on ICAEW’s regulatory function and are likely to lead to regulatory or disciplinary action against the firm.

When the committee decides the level of regulatory penalty to offer a firm, it will use ICAEW’s Guidance on Sentencing. The starting point for inadvertent errors and inaccurate statements in a firm’s annual return is £3,450. Since 2013 the ARC has offered 14 firms regulatory penalties, averaging £4,250 each, for errors made on their annual returns.”

UPDATE REGARDING ATOL REPORTING ACCOUNTANTS

At the moment, the precise requirements for an ATOL Reporting Accountant remain unclear.

The [Civil Aviation Authority \(“CAA”\) website](#) indicates that details will be forthcoming shortly, and it states:

“The ATOL Reporting Accountants' scheme has been developed by the CAA in order to help improve the standard of ATOL reporting and to provide assurance that financial information which is submitted on behalf of ATOL holders is accurate. The scheme is designed to ensure that designated accountants of participating bodies are sufficiently knowledgeable about both the industry and specific requirements of ATOL to provide the required assurance needed by the CAA.

The scheme will ensure that the professional bodies provide the appropriate level of continuing professional development (CPD) in order to best equip their members to successfully undertake ATOL work. It also means that professional bodies will have in place a more professional regime that focuses on the demonstration of competence, helping to reduce overall risks in the market of reporting false or inaccurate financial information by ATOL holders.”

Separately, the ICAEW (which will be one of the bodies able to licence ATOL Reporting Accountants) states on their [website](#):

“On 4 March 2015, the CAA announced that it will only accept annual accountants’ reports on ATOL holders from ATOL Reporting Accountants (ARAs). ARAs will be designated by their professional accountancy body and will be expected to be able to demonstrate that they have sufficient competence and expertise to provide effective ATOL reporting.

ICAEW will apply to CAA for its licensed practitioner scheme to be approved as an ARA scheme. Initial indications from CAA are that they aim to approve the professional body schemes by August 2015. We will publish more details about the scheme when the CAA has approved it.

Subject to our approval by CAA, we will begin to take applications from 1 October 2015.”

CHARITIES (PROTECTION AND SOCIAL INVESTMENT) BILL

The Charities (Protection and Social Investment) Bill has been included within the Queen’s Speech, and the [Press Release](#) from the Charity Commission highlights its importance for the following reasons:

“One of the shortcomings in current charity law means that a charity trustee can resign and become a trustee or a senior member of staff in another charity without the commission having the power to stop him or her from doing so. Giving the commission additional powers to prevent this happening will help reduce abuse in the charity sector.

The Bill will also give the commission the power to issue formal warnings to charities which breach charity law to ensure they take corrective action. It also includes a power to enable the commission to direct a charity to be wound-up following an investigation, where to do so would be more appropriate than attempting to restore that charity to health. The Bill also includes a pre-emptive power to stop a charity breaching the law, for example such as intending to disclose personal data about its beneficiaries.

The Bill has already been through consultation and scrutiny by a joint Parliamentary committee and will be published in full upon the Bill's first reading. The Bill in addition will empower charities to make social investments."

Separately, a [Press Release](#) summarises the key aspects of the two main elements of the Bill as follows:

“Protection of charities:

Charities rely on generous public support to carry out their vital work. Deliberate abuse of charities is relatively rare compared to the size of the charity sector, but needs to be tackled robustly to preserve public trust and confidence. The Bill would equip the independent regulator, the Charity Commission, with the tools it needs to more effectively tackle all the types of abuses of charity it faces. This in turn should protect charitable donations, and reassure the giving public that charities are well-regulated.

In addition to stronger powers for the regulator, the Bill would also tighten criteria for people to become a charity trustee or senior manager. It would extend the existing criteria which disqualify a person from being a charity trustee to people with unspent convictions for criminal offences including terrorist offences, money laundering and various other offences. The Bill also extends disqualification to cover senior management positions in charities.

Social investment

The Bill implements a Law Commission recommendation to give charities a power to make social investments. Social investment is an investment that aims to achieve both a financial and a social return. Currently there is some legal uncertainty over charities' ability to make social investments, which is putting charities off making social investments. The government asked the Law Commission to review the law. It did so and following consultation recommended a new legal power for charities to make social investments. This is a permissive power, which aims to make it easier for charities that want to make social investments to do so."

PROPOSED AMENDMENTS TO CHARITY SORP

The Charity Commission has issued a [Press Release](#) regarding the following proposed amendments to financial reporting for charities, which states:

“Changes to UK-Irish accounting practice, due to take effect from 2016, mean that the Charities SORPs (Statements of Recommended Practice) will need to be updated. The Charity Commission for England and Wales and Office of the Scottish charity Regulator, who together are the SORP-making body, have launched a consultation to hear charities' views on proposed changes to the SORP. These proposed changes anticipate the implementation by the Financial Reporting Council (FRC) of its proposed changes to accounting standards in 2016.

The SORPs have to be updated to comply with the expected changes to accounting standards by the FRC. The FRC requires that a SORP must:

- Be prepared in accordance with the FRC’s Policy and Code of Practice on SORPs; and
- Include no fundamental points of principle that are unacceptable in the context of current practice or to conflict with an accounting standard.

The expected changes to GAAP mean that:

- The Charities SORP (FRSSE) will not apply for reporting periods (financial years) beginning on or after 1 January 2016; and
- Changes are needed to the Charities SORP (FRS 102) effective for reporting periods (financial years) beginning on or after 1 January 2016.

The Charity Commission for England and Wales and the Office of the Scottish Charity Regulator are now seeking charities’ views on proposals being made for updating the Charities SORP (FRS 102). The consultation documents and draft schedule of changes, called an Update Bulletin, can be viewed via the dedicated SORP micro-site: www.charitycorp.org.”

The [Update Bulletin](#) highlights that the following amendments are proposed to the Charities SORP (FRS 102):

- **“Module 6: Donated goods, facilities and services, including volunteers:** amending the measurement basis of the carrying value for inventories held for distribution at no or nominal consideration to require their measurement at the lower of cost adjusted, when applicable, for any loss of service potential and replacement cost. The bulletin offers a definition of ‘replacement cost’;
- **Module 10: Balance Sheet and Module 24: Accounting for Groups and the Preparation of Consolidated Accounts:** revising the maximum period over which goodwill and other intangible assets may be amortised from five to ten years in those exceptional cases where an entity is unable to make a reliable estimate of the asset’s useful economic life;
- **Module 12: Impairment of assets:** prohibiting the reversal of impairment losses for goodwill;
- **Module 17: Charity mergers:** prohibiting merger accounting for charities that are companies and enter into a business combination with a third party; and
- **Appendix 1: Glossary:** amending the definition of larger charities.”

AMENDMENT TO ACCOUNTANTS’ REPORT REQUIREMENTS FOR SOLICITORS

The Solicitors Regulation Authority (“SRA”) has advised what amendments they are proposing to requirements for Accountants’ Reports. Their [Press Release](#) states:

“Changes to the format of accountants’ reports for solicitors’ practices - and the criteria for qualifying accounts and submitting them - should further improve their value and reduce the burden on firms.

Following a decision by the SRA Board on Wednesday 15 July, existing, rigid requirements on the submission of accountants' reports are set to be relaxed. Accountants will be able to use their professional judgement in future to assess if the reports they prepare for solicitors' practices comply with SRA Accounts Rules. Accountants will no longer need to qualify accounts for trivial breaches of the rules, but instead can focus on risks to client money.

These changes give accountants more scope to use their expertise and advise firms on potential risks. Some firms may find that obtaining reports is very expensive because of their size and structure, so it makes sense to use accountants' expert views in this way to ensure value for money.

At the other end of the scale, where firms hold smaller amounts of client money and are relatively low-risk, relaxing the current arrangement is sensible. This second phase of changes is part of our drive to reduce bureaucracy and be proportionate.

The SRA changes are subject to approval by the Legal Services Board. If approved, the amendments would be part of the Version 15 of the SRA Handbook that goes live on 1 November 2015. Revised accountants' report forms will be available for use after 1 November 2015 and will apply to all firms whose accounting period ends on or after November.

Guidance on the new approach has been developed through an external working group of key stakeholders and will be available on the SRA's website well in advance of implementation. The exemption from the requirement for lower-risk firms to obtain an accountant's report will be extended to include firms with an average client balance of less than £10,000 a year and a maximum account balance of £250,000.

Amending accountants' reports was one of the first strands of work in the regulatory reform programme launched in May 2014 aimed at reducing the burdens on firms without reducing the protections for consumers of legal services. The first phase of the project saw removal of the need for firms to deliver unqualified reports (i.e. those where no breaches of the rules were identified) to the SRA and of the need for those firms that receive all of their fees from Legal Aid to obtain reports in the first place.

A third phase, currently being developed, will begin in the autumn and will look at simplifying the Accounts Rules themselves.”

It is not possible for the HAT SRA Accounts Rules 2011 Manual to be updated until these changes are approved by the Legal Services Board, which may not be until very close to the implementation date. As such, time will be set aside in the autumn for this Manual to be updated to reflect the revised requirements.

MAJOR PROJECTS

- The HAT Academies Manual will be updated to reflect changes which will apply for accounting periods ending on 31 August 2015;
- To enable alignment with an update to Caseware for FRS 102 (which will be released at the start of the autumn), the HAT LLP / Groups Manuals are being updated to reflect requirements for accounting periods commencing on or after 1 January 2015;

- Work will commence on updating the HAT Charities Manual to reflect the requirements of the new Charities SORPs for accounting periods commencing on or after 1 January 2015.

EXPOSURE DRAFT REGARDING ASSURANCE ON CLIENT ASSETS

The Financial Reporting Council (“FRC”) has issued an exposure draft, [Providing Assurance on Client Assets to the Financial Conduct Authority](#), for consultation. The FRC’s [Press Release](#) states:

“The Assurance Standard has been developed to support and challenge auditors when reporting on compliance, by regulated firms, with the Financial Conduct Authority’s (FCA’s) Client Asset (CASS) rules designed to ensure the effective safekeeping of client assets and client monies. More than 1,500 firms hold more than £100 billion of client assets and £11 trillion of other custody assets.

The FCA has identified issues with the compliance of some firms and has strengthened its client asset regime. The proposed Assurance Standard will help ensure that the strengthened regime is underpinned by sound assurance where regulated firms fail to maintain the control regime required by the FCA’s rules, auditors will report these failings to the FCA.

The effective safekeeping of client assets is an issue of significant public interest. The proposed Assurance Standard will support auditors in providing high quality assurance over the control systems operated by regulated firms and will support auditor reporting to the FCA where regulated firms fail to fulfil their obligations.”

The period during which comments will be accepted ends on 31 July 2015.

Of the issues specifically being consulted upon, there is a tightening of independence / competence requirements, and it is proposed that there is a mandatory engagement quality control review (“EQCR”) on every reasonable assurance assignment. Additionally, consideration of the effective date is also included as a matter being consulted upon, and this is proposed to be accounting periods commencing on or after 1 January 2016.

FRC BULLETIN 4

The FRC have revised and reissued [Bulletin 4](#): “Recent Developments in Company Law, The Listing Rules and Auditing Standards that affect United Kingdom Auditor’s Reports” to update certain illustrative examples of auditor's reports originally released in Bulletin 2010/2.

These reflect changes originally reported in Bulletin 2014/4, and subsequent changes to reflect the application of FRS 101 and 102, the clarification statement issued for ISA 700 (UK & Ireland) and amendments to the UK listing rules issued in January 2015.

No update to pro-forma reports included within HAT Manuals is required from the revision of Bulletin 4.

FRC REVIEW OF AIM LISTED COMPANIES

The Financial Reporting Council (“FRC”) has published a discussion paper, [‘Improving the Quality of Reporting by Smaller Listed and AIM Quoted Companies’](#), detailing its findings following a review of the quality of reporting by smaller quoted companies. The FRC’s [Press Release](#) accompanying the discussion paper states:

“The FRC initiated a project in 2014 with the aim of looking at whether the quality of reporting matters to investors in smaller quoted companies and how to support companies to improve the quality of their reporting. The FRC’s evidence suggests smaller quoted companies believe that investors pay little attention to their annual report and hence do not prioritise its preparation to a higher standard. In fact, investors have told the FRC that such reports are important to them, partly because there are fewer analysts’ reports. In addition, the FRC has found that smaller companies can lack sufficient skilled resources and are not always up to date with reporting requirements.

To seek to address the issues that it has identified, the FRC proposes to:

- Develop, with Professional Accounting Bodies and others, ways of providing more focused training to finance staff;
- Provide practical guidance to audit committees and boards on evaluating the adequacy of a company’s financial reporting function and process;
- Develop options for reduced disclosures against IFRS for such companies;
- Provide annual guidance to boards of smaller quoted companies on the current issues, areas of focus for investors and common errors; and
- Enable participation by smaller quoted companies and their investors in the work of the FRC’s Financial Reporting Lab to identify ways to improve the quality of corporate reporting.

In addition, the FRC will be discussing with the London Stock Exchange and UK Listing Authority ways to ensure that companies have appropriate financial reporting resources.

The FRC invites feedback on its findings and proposals to address the issues identified by 31 July 2015.”

ACADEMIES ACCOUNTS DIRECTION 2014 – 2015 (SORP 2005)

The Education Funding Agency has [issued the Academies Accounts Direction](#) for the current accounting period. (An additional, SORP 2015 Direction has been published for Academies incorporated between 1 January and 28 February 2015, although the requirement for this Direction to be used is likely to be very rare).

The Direction itself states that the following are the main changes from the previous Academies Accounts Direction:

“Audit:

- We have clarified that auditors should inform NAO and EFA if they are issuing a qualified audit report or a modified regularity opinion to the academy trust, after discussing this with the trustees; and
- We have amended the auditor’s report within the model accounts (Coketown) to clarify that it should be addressed to the members of the academy trust.

Governance:

- We have clarified that the Accounts Direction applies to all types of academy trust with a funding agreement with the Secretary of State for Education;
- We have confirmed that the method of submitting the accounts and auditor’s management letter to EFA should be through Document Exchange;
- The governance statement re-emphasises that academy trusts must carry out a governance review in their first year and should also be doing this annually as a matter of best practice; and
- We have introduced a new section about value for money into the governance statement. This replaces the requirement for trusts to publish separate value for money statements, which are withdrawn from the year ended 31 August 2015.

Financial reporting:

- The Coketown disclosure note for donations has been split between fixed asset donations and other donations;
- We have illustrated in Coketown how loans and creditors due after more than one year should be disclosed;
- We have updated the list of funding streams that comprise General Annual Grant (GAG) for the purposes of calculating amounts carried forward at year end;
- Individual disclosure of non-contractual severance payments should now be made on an individual basis regardless of value;
- We have clarified that the disclosure of trustee remuneration includes employer pension contributions;
- We have clarified that if a multi-academy trust’s (MAT’s) funding agreement applies the GAG carry over restriction at the overall trust level, rather than at the individual academy level, then the carry over note need only report at the overall trust level;
- We have introduced a new section on connected charities;
- We have revised the section on accounting for buildings and provided additional guidance on buildings occupied by church academies, based on the substance of the arrangement rather than on its legal form;

- We have introduced a new section on accounting for academy combinations and dissolutions;
- We have introduced a new section on accounting for agency arrangements; and
- We have introduced a new section on accounting for risk protection arrangements.

The meaning of ‘trustee’, ‘director’, ‘governor’ and ‘member’:

In this document there are frequent references to trustees. This is the same body of people as both the directors of the company and the governors of the academy; these words are used interchangeably. The trustees have a different status to the members of an academy trust.”

The HAT Academies Manual is scheduled to be updated over the coming weeks, and it is intended that this will be issued during September 2015.

FCA CONSULTATION ON REGISTRATION FUNCTION FOR REGISTERED SOCIETIES

The Financial Conduct Authority (“FCA”) has published a guidance consultation (GC15/4) entitled "[Proposed guidance on the FCA’s registration function under the Co-operative and Community Benefit Societies Act 2014](#)".

It discusses the setting of interest rates payable on shares in societies, the FCA's concept of a, “bona fide co-operative society” and the FCA’s proposed policy in relation to the naming of societies.

Responses to the consultation are requested by 14 August 2015.

Important Note

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.

TECHNICAL MEMORANDUMS

Here is a list of Technical Memorandums issued in 2015; please let us know if you have not received any of them.

Memo	Date	Subject
01/15	15 February 2015	Excel version of the Audit Manual
02/15	16 March 2015	Update to HAT Charities Manual – March 2014
03/15	27 March 2015	HAT Financial Conduct Authority Client Assets Reports Manual – March 2015

04/15	2 June 2015	Obtaining Fair Values of Financial Instruments for Audit Purposes
05/15	3 June 2015	Disclosures by Parent Undertakings
06/15	23 June 2015	HAT Audit Manual – January 2015
07/15	26 June 2015	Overview of New Financial Reporting Frameworks
08/15	9 July 2015	HAT Non – Audit Assignment Manual – January 2015

HAT MANUALS

Manual	Last Updated	Additional information
SRA Accounts Rules 2011 Manual	October 2014	The whole manual is referenced October 2014
Anti Money Laundering Procedures Manual	October 2013	The whole manual is referenced October 2013
FCA Client Assets Reports Manual	March 2015	The whole manual is referenced March 2015
Property Agents' Client Money Assignments Manual	March 2013	The whole manual is referenced March 2013
Groups Manual	October 2012	The whole manual is referenced October 2012
Registered Social Housing Providers Manual	October 2014	The whole manual is referenced October 2014
Pensions Manual	November 2012	The whole manual is referenced November 2012
Charity Manual	March 2014	The whole manual is referenced March 2014
Non Charitable Not for Profit Entities Manual	August 2014	The whole manual is referenced August 2014
LLP Manual	October 2012	The whole manual is referenced October 2012
Audit and Accountancy Manual	September 2013	The whole manual is referenced September 2013
Audit Manual THIS MANUAL IS TO BE USED FOR ACCOUNTING PERIODS BEGINNING ON OR AFTER 1 JANUARY 2015	January 2015	The whole manual is referenced January 2015
Academies Audit Manual	August 2014	The whole manual is referenced August 2014
Audit Procedures Manual	July 2012	The whole manual is referenced July 2012
Practice Assurance Manual	April 2014	The whole manual is referenced April 2014

Non – Audit Assignment Manual	March 2014	The whole manual is referenced March 2014
Non – Audit Assignment Manual THIS MANUAL IS TO BE USED FOR ACCOUNTING PERIODS BEGINNING ON OR AFTER 1 JANUARY 2015	January 2015	The whole manual is referenced January 2015
Audit & Accountancy Manual Ireland	September 2013	The whole manual is referenced September 2013
Anti Money Laundering Manual Ireland	December 2012	The whole manual is referenced December 2012
Audit Procedures Manual Ireland	July 2012	The whole manual is referenced July 2012
Audit & Accountancy Manual Gibraltar	September 2013	The whole manual is referenced September 2013
Anti Money Laundering Gibraltar	December 2012	The whole manual is referenced December 2012
Audit Procedures Manual Gibraltar	July 2012	The whole manual is referenced July 2012

If you would like a copy of any of the manuals please contact HAT. Full Member firms receive all manuals free. Members of the General Practitioners Scheme receive the Audit and Accountancy Manual free and all of the other manuals at a substantial discount.

A full price list is available from HAT and is also published on our Website.

Please note Irish & Gibraltarian Manuals are only sent out if requested and are free to all Full Members. Full prices are available on request from Roger.

HAT COURSES

If you feel that any of these courses may be relevant to your professional development, please talk to your training partner. Bookings can be made through any member of the HAT team.

2015 COURSE PROGRAMME

Course	Date / Venue	Subject
D Course	10 – 14 August 2015 Holiday Inn Norwich	Seniors Course
A Course	17 – 21 August 2015 Central London	Introduction to Bookkeeping
B Course	24 – 28 August 2015 Central London	Introduction to Auditing
CA Course	23 – 25 September 2015 Central London	A Practical Introduction to UK GAAP
E Course	20 – 23 October 2015 Hydro Hotel Eastbourne	Supervisors Course
C Course	16 – 20 November 2015 Belstead Brook Hotel Ipswich	Advanced Audit & Accountancy

CPD COURSE PROGRAMME

The following CPD Courses are running in 2015. Further courses will be added when the new 2015/16 Programme is released in early September:

Course	Speaker	Date
Charities, FRS 102 and the New SORPS	Matthew Shaw	Tuesday 22 September 2015
A Practical Guide to FRS 102 – What Does it Mean for Me?	Matthew Shaw	Tuesday 6 October 2015
The Future of Small Company Reporting	Matthew Shaw	Tuesday 3 November 2015
Audit Planning Workshop	Simon Kettlewell	Wednesday 4 November 2015
Audit Implications of FRS 102	Matthew Shaw	Tuesday 10 November 2015
LLP's Introductory / Refresher Course (Including the new LLP SORP)	Matthew Shaw	Tuesday 24 November 2015
Efficiently Documenting Group Audits using the HAT Audit System	Matthew Shaw	Tuesday 1 December
Effective Review	Simon Kettlewell	Wednesday 9 December 2015
Assurance Assignments	Andrew Jarvis	Tuesday 15 December 2015

Please see the HAT website www.hatgroup.co.uk for new courses as they are released.

The following additional courses can be run at your office:

Skills Courses

Staff Appraisals
Presentation Skills
Effective Business Writing
Interviewing Skills
Meetings and Facilitation
Leadership Skills

Audit Courses

Audit Efficiencies
Audit File Review
Using the Audit Programmes Efficiently and Effectively
Effective Analytical Procedures
Auditing Stock Effectively
Getting Audit Evidence Right
Audit Planning
The Audit of the Profit and Loss Account
Effective Management Letters
Fraud and Error

The cost of these courses:

Half Day (all courses except Leadership Skills) £1,095 plus disbursements, plus VAT

Whole Day £1,995 plus disbursements, plus VAT

AUDIT MANUAL AND ANTI MONEY LAUNDERING INDUCTIONS

HAT Audit Manual and Anti Money Laundering Inductions are held on the first working Monday of each month at the HAT Office. The Audit Manual Inductions run from 9.30am to 1.00pm and the Anti Money Laundering from 2.00 to 4.00pm. The dates for these courses are as follows:

3 August 2015
7 September 2015
5 October 2015
2 November 2015
7 December 2015

Manual Inductions - These courses are designed for all audit staff joining your practice who will not attend the HAT B Course. Please note that it is mandatory under Audit Regulations for new staff to be properly inducted into the audit system used.

These courses are free to Full Members and cost £100 plus VAT per delegate for General Practitioner Members. (Non-members will be charged at £135 plus VAT, per delegate). Each course will be held at our office from 9.30 am - 1 pm.

Anti Money Laundering Training - These courses are designed for **all** new staff irrespective of their role, including support staff, unless they are due to attend the HAT B Course. It will run between 2.00pm and 4.00pm and is free if the delegate is a trainable head; otherwise a charge of £75 plus VAT per delegate will apply to Members.

(Non-members will be charged at £105 plus VAT per delegate). **Please note that it is a criminal offence not to train all staff in this area.**

Numbers on these courses are limited, so please contact Rachelle when someone new joins your practice and she will make the relevant bookings.

If you are unsure whether or not you are entitled to free courses, please email roger@hatgroup.co.uk

Caseware Automated Audit System Induction Courses

10 August 2015
14 September 2015
12 October 2015
9 November 2015
14 December 2015

The Courses will be free to Full Members and the course will run from 9.30 – 4.00pm

OFFICE QUARTERLY MEETINGS

Two Office Quarterlies are now run every three months to ensure all Members of our General Practitioners Scheme have the opportunity to be personally updated.

The Courses run from 9.30 – 11.00 a.m. and costs £65 + VAT for Members and £95 + VAT for Non Members

2015 Dates:

Quarter 3 20 August & 17 September 2015
Quarter 4 19 November & 17 December 2015

Additional office quarterlies will be arranged subject to demand.

All Course Bookings can be made by telephoning, faxing or e-mailing HAT.

EXAM RESULTS

Congratulations to the following students who have recently passed exams.

Professional Stage June

AA

Student	Firm
Rachel Lanham	Bird Luckin
Ishan Karia	Cox Costello & Horne
James Doyle	Jeffreys Henry
James Walmsley	Lewis Golden
Kimberley Weightman	Lewis Golden
Ryan Parkin	Magma
Daniel Farmer	Meyer Williams
Angharad Williams	Sayers Butterworth
Madeline Hillman	Simmons Gainsford

Oliver Pepper	Simmons Gainsford
Kerthana Prakash	WMT
Luke Taylor	WMT

AA & TC

Student	Firm
Ryan Parkin	Magma

TC, FR & BS

Student	Firm
Alex Rowlands	Cox Costello & Horne

TC & FR

Student	Firm
Lydia Mawby	Beavis Morgan
Daniel Stone	Beavis Morgan
Georgina Neve-Tester	CBW
Lauren Charnley	FW Smith Riches
Philip Mundy	FW Smith Riches
James Doyle	Jeffreys Henry
Matthew Malyali	Lewis Golden
Edward Symington	Lewis Golden
Kirsten Walmsley	Rawlinson Hunter
Bhavik Patel	Rawlinson Hunter
Sinead Chapman	Sayers Butterworth
Umang Joshi	Shelley Stock Hutter
Beth Brooks	Shelley Stock Hutter
Jamie Kerr	Simmons Gainsford
Holly Lockyer	Simmons Gainsford
Jonathan Borchardt	Wilder Coe
Eleanor Budd	Wilder Coe
Isabel Yau	Wilder Coe

TC & FM

Student	Firm
Jordan Miller	Bird Luckin
James White	Bird Luckin

TC

Student	Firm
John Bacigalupo	Liles Morris
David Hooker	Magma

FM

Student	Firm
Kay Stephenson	Beavis Morgan

FR

Student	Firm
Stephanie Chandler	Bird Luckin
Nikolai Fernandez	Jeffreys Henry
James Walmsley	Lewis Golden
Craig Cumming	WMT

BS & BPT

Student	Firm
Dean McCaffery	Wilder Coe

BS

Student	Firm
Hannah Fowlie	Bourner Bullock
Annleise West	Bourner Bullock
Anuj Somaiya	Leigh Carr
Jabed Uddin-Ahmed	Simmons Gainsford
Ben Gross	Wilder Coe

BPT

Student	Firm
Melinda Rond-Alliston	Simmons Gainsford
Stuart Woolmer	Lewis Golden

Students who have now completed the Professional Stage

Student	Firm
Martin Davis	Beavis Morgan
Catherine Ryan	Beavis Morgan
Rachel Swindon	Lewis Golden
Karim Moualem	Sayers Butterworth
Rosanna Blair	Sayers Butterworth

ACCA Results

Please note that HAT do not receive these results and, due to the variety of tutors used, it is very difficult to tabulate all results.

We ask all students to send their results to Rachelle, in order to include them in the newsletter.

FIRMS NEWS

We would also like to extend a warm welcome to all of our new clients.

ROOM HIRE AT HAT OFFICES

Member Firms will be able to hire either the large or small meeting room at the HAT Offices by contacting Rachelle@hatgroup.co.uk

The Small Room, which holds 6 people Board Room style, can be hired by members for £30 per hour, £70 per half day or £125 per full day. Non-member prices are £60 per hour, £150 per half day, £250 per full day.

The Large Room, which holds up to 15 people Board Room style can be hired by members for £40 per hour, £100 per half day, £185 per full day. Non-member prices are £70 per hour, £175 per half day, £350 per full day

Both rates include tea, coffee and biscuits. Lunch can be arranged at cost price.

SOCIAL EVENTS

FORTHCOMING SOCIAL EVENTS

Thursday 10 September 2015	HAT Bowling	Rowans Leisure Centre Finsbury Park
Thursday 21 April 2016	HAT Quiz	Balls Brothers Wine Bar, City of London

Details will be sent to all social representatives approximately two months before each event by Rachelle.

HAT NEWSLETTER QUIZ

The winner of the £100 prize was Philip Mundy of F W Smith Riches & Co.

The answers to the Eurovision country anagrams were:

1. UNITED KINGDOM
2. SAN MARINO
3. MONTENEGRO
4. LITHUANIA
5. SWITZERLAND
6. THE NETHERLANDS
7. CZECH REPUBLIC
8. AUSTRALIA
9. AZERBAIJAN
10. ROMANIA

THIS MONTH'S QUIZ FOR A £100 PRIZE:

For this Newsletter Quiz we have turned our thoughts to the summer and in particular to gardens. Listed below are the Latin names of 10 popular garden plants, simply give us the common English name for them.

- 1. PAPAVER**
- 2. LIMNANTHES**
- 3. CAMPANULA**
- 4. GYPSOPHILIA**
- 5. HEMEROCALLIS**
- 6. DICENTRA**
- 7. NICOTIANA**
- 8. BUDDLEIA**
- 9. LONICERA**
- 10. OENOTHERA**

Please e-mail ian@hatgroup.co.uk or send your answers to the HAT Office by 5pm on Friday 4 September

GOOD LUCK !

