



## MEMORANDUM

**To:** Technical Representatives  
**From:** Simon Kettlewell  
**Date:** 19 October 2016  
**Ref:** TM 17/16

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### **AUDIT REPORTS – PERIODS COMMENCING BEFORE 17 JUNE 2016**

The FRC has recently issued their [Compendium of illustrative auditor's reports on United Kingdom private sector financial statements for periods commencing on or after 17 June 2016](#). The suggested audit reports in the HAT Audit and HAT Groups Manuals for periods commencing on or after 17 June 2016 will be updated in line with this Compendium and will be included in the 'January 2016' versions of those manuals. The Letters of Engagement and Assignment Terms Letters will also be updated accordingly.

**The Compendium also has an impact on Audit Reports for periods commencing before 17 June 2016, hence the reason for this Technical Memorandum.**

For all audits of accounting periods commencing on or after 1 January 2016, the provisions of Statutory Instrument 2015/980 include the requirement for auditors to give a more detailed opinion on the directors' report and (where applicable) the strategic report. The same also applies for periods commencing prior to 1 January 2016 where SI 2015/980 is early adopted. This is typically where a company wishes to take advantage of the increased size thresholds in the legislation or wishes to early adopt FRS 102 Section 1A.

HAT had previously issued a suggested audit report wording, taking the old audit report wording issued by the FRC and simply replacing the previous "Opinion on other matters prescribed by the Companies Act 2006" wording with the opinion required by SI 2015/980. This was in line with the approach taken by the 'Big 4'.

However, the new Compendium reflects the requirements of SI 2015/980 differently by showing part of the new requirement within the 'Matters on which we are required to report by exception' section of the report. Whilst the Compendium relates to later periods, HAT consider that it is sensible to follow the FRC's format.

Attached by way of Appendix is a suggested Audit Report for a company adopting SI 2015/980 with a period commencing prior to 17 June 2016.

All audit reports in the January 2016 manuals will reflect this format.