



## MEMORANDUM

**To:** Technical Representatives  
**From:** Simon Kettlewell  
**Date:** 31 October 2016  
**Ref:** TM 19/16

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### HAT GROUPS MANUAL ~ JANUARY 2016

The HAT Groups Manual is used in conjunction with the HAT Audit Manual when preparing / auditing the consolidated financial statements for a group.

This Manual must be used for accounting periods commencing on or after 1 January 2016. The Manual has been updated to fully reflect FRS 102 (September 2015), which includes Section 1A as applicable to smaller entities, as well as reflecting the amendments of the EU Accounting Directive and consequent changes to Company Law, the updated International Standards on Auditing (UK) ('ISAs') and the new FRC Ethical Standard.

Consequential amendments noted in the HAT Audit Manual have been made to the Groups Manual as appropriate.

The major changes are as follows:

- Update to the materiality assessment form, to ensure better alignment with the requirements of ISA (UK) 320 and the expectations of the ICAEW;
- Updated audit report template wording to reflect the change in the auditor's responsibilities in respect to reporting on the Directors' Report and Strategic Report;
- Amending pro-forma letter of engagement and assignment terms letter wording to reflect the changes to those responsibilities;
- Updated Terms of Business, including suggested wording for when the audit practice uses Cloud services;
- Updates to work programmes and text to reflect the updates to the ISAs and Ethical Standard;
- Updated guidance on the requirement to consolidate for accounting periods that commence on or after 1 January 2016;

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- The Manual includes a checklist to determine whether consolidated financial statements need to be produced (Appendix 1.1). Inherently, this is made up of very complex flow diagrams and should only be completed by an experienced member of staff;
- From a housekeeping point of view all documents are now saved in Word 2013 format and there have been changes made to the headers and footers to align them with the format of the HAT's Main Audit Manual. Please note that regarding the footers the entire Manual is dated 01/16.

We are always pleased to receive feedback on our manuals. If you have any comments on this Manual then please email [simon@hatgroup.co.uk](mailto:simon@hatgroup.co.uk).