

To: All firms  
From: Simon Kettlewell  
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### UPDATE TO THE HAT CORPORATE AUDIT MANUAL: FRS 102 AMENDMENTS

Following the release of “Amendments to FRS 102 – Triennial Review 2017”, updates to the HAT Corporate Audit Manual have been made. Although the FRS 102 amendments are only mandatory for accounting periods commencing on or after 1 January 2019, they are available for early adoption for any accounting period. Early adoption is only permitted if all amendments are adopted at the same time. The only exception to this is the previously announced relaxation for small entities from having to discount loans from a director/shareholder to present value has been widened in scope, and is available without the need to adopt all other changes set out in the Triennial Review.

The updated Manual is titled “January 2016 (01-18 Update)”. This reflects that the Manual still applies for accounting periods commencing on or after 1 January 2016, irrespective of whether the Amendments to FRS 102 are early adopted. For those clients wishing to early adopt, the areas affected by the Amendments to FRS 102 are clearly noted on work programmes and disclosure checklists.

We have also taken this opportunity to make some further editorial amendments to the Manual.

In summary, the changes made include:

- Removal of transition work programmes and references to transition in the Chapter 1 text (if users still require transition documentation, please consult a prior version of the Manual);
- Enhanced consideration of the risks posed by Management Override of controls and fraud risk in revenue recognition at Ac10, Ac11, Ac19 and Aa7;
- Updates to the Systems Overview checklist to “future proof” against changes in data protection legislation;
- Updates to the Intangibles, Tangibles, Creditors, Taxation and Investment Property audit programmes as a result of the “Amendments to FRS 102”;
- Updates to the Disclosure Checklist suite as a result of the “Amendments to FRS 102”;
- Removal of the “Proforma Documents” folder from within the Manual – this will now be available as a separate folder within the [Members Area](#) environment.

As noted above, the updated Manual remains dated “January 2016” to reflect the commencement date for accounting periods to which these Manuals relate. However, there is now a visible “Version control” on the front page of the “Getting Started” document, reflecting the date of last amendment (being January 2018 in this case). All amended documents are annotated as “01/18” in the footer.

Users should download the Manual **IN FULL** from the Members’ Area of our [website](#) , overwriting any existing copies downloaded when they were first issued.

For assignments currently in progress where the client wishes to early adopt the “Amendments to FRS 102”, it will be necessary to “patch in” the updated documents. **HOWEVER, FOR ASSIGNMENTS NOT STARTED YET, PLEASE USE THIS MANUAL IN FULL** (assuming a start date of 1 January 2016 or later).

The Non-Audit Assignments Manual, LLP Manual and Groups Manual have all been updated and will be released today (by way of TM 02/18, TM 03/18 and TM 04/18 respectively).

Where necessary we will also update our specialist Manuals over the next few weeks.

For firms using CaseWare, these changes will (where relevant) be reflected in the next update of the template which we expect CaseWare to issue in due course.

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)