

To: All firms
From: Simon Kettlewell
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UPDATES TO AUDIT REPORT TEMPLATES

Following the introduction of ISA (UK) 700 'Forming an opinion and reporting on financial statements' and the related new audit report wording, there has been some uncertainty as to where the "Bannerman" paragraph should be located in the new style audit reports. HAT followed the previous guidance to include the paragraph in a prominent position, putting it as the second paragraph of our template wording. Other templates had included the Bannerman wording as the last paragraph of the audit report.

ICAEW have now taken legal advice, which has suggested that the Bannerman paragraph should be presented as the third section of the audit report, coming after the Opinion and Basis for opinion sections. This is because of the requirements of ISA (UK) 700 which mandate that the Opinion section should be first and the Basis for Opinion section second.

As a result, the Bannerman wording will now appear in its own section, coming after the Basis of Opinion wording, and will have its own heading – "Use of our report". All of the model audit reports in HAT's audit manuals have now been updated to reflect this new guidance. In addition, some editorial changes have been made to the audit report templates to align with the most up to date audit report helpsheets from the ICAEW's Audit & Assurance Faculty.

The manuals affected are:

- Charities
- Corporate Audit
- Groups
- LLP's
- Not for Profit
- Pensions
- Registered Social Housing Providers

All affected audit reports are annotated as "03/18" in the footer. A full list of all amended reports can be found in the Appendix below.

For ACCA practices, Technical Factsheet 84 *The Use of Disclaimers in Audit Reports* has not changed. This factsheet does not encourage the use of a disclaimer in every audit report. When a disclaimer is included, the suggested wording in ACCA Technical Factsheet 84 differs slightly from the suggested wording included in our template audit report (although the

majority of software packages utilise this wording). Practices regulated by the ACCA should therefore follow the guidance of that body.

Each manual has been updated in full in Sharefile. Users can either download the Manuals in full or download the updated template audit reports on an individual basis (a list of the documents amended can be found below).

We are always pleased to receive feedback on our manuals. If you have any comments then please email simon@hatgroup.co.uk

APPENDIX: LIST OF AMENDED DOCUMENTS PER MANUAL

- **Charities – June 2016 (10-17 Update)**
 - 3.11.1
 - 3.11.2

- **Corporate Audit – Jan 2016 (01-18 Update)**
 - 3.11.1b
 - 3.11.2b
 - 3.20b
 - 4.6b
 - 4.7b
 - 5.6

- **Groups – Jan 2016 (01-18 Update)**
 - 3.9.1b
 - 3.9.2b

- **LLP – Jan 2016 (01-18 Update)**
 - 6.1b
 - 6.2b

- **Not for Profit – Jan 2016 (02-18 Update)**
 - 4.8

- **Pensions – June 2016**
 - 3.13

- **Registered Social Housing Providers – June 2016**
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