



Hello, each month we'll bring you a short CPD training video, our blog, technical updates and FAQs from courses and reviews.

Whatever the size of your business, Insight Training offers **finance and management development programmes** for business professionals just like you. [Click here](#) to find out more.

May is another busy month with courses including a lunchtime session on Common VAT Errors in OMBs and our Spring Financial Reporting Update. Details of all our public courses can be found [here](#). We also have several of our CPD Bites courses available for [on demand viewing](#).

Latest vlog

In this month's vlog, Peter Herbert discusses some recent questions on trustee and related party transactions in charity accounts.



Latest blog

This month's blog discusses our top tips on how to give effective feedback for smoother teamworking and development.



Upcoming courses

Our upcoming live public CPD courses are detailed below. Bookings can be made directly on our [website](#).

Date - Course - Presenter

6 May - 12.30-1.30 - [GDPR Hot Topics](#) - Peter Herbert

11 May - 9.30-12.30 - [Spring Financial Reporting Update](#) - James Charlton - SOLD OUT

12 May - 12.30-1.30 - [Common VAT Errors in OMBs](#) - Dean Wootten

19 May - 12.30-1.30 - [Core Communication Skills](#) - Richard Hemmings

20 May - 9.30-12.30 - [Accounting for LLPs](#) - Peter Herbert

24 May - 9.30-12.30 - [Spring Financial Reporting Update](#) - James Charlton

25 May - 9.30-12.30 - [Spring Audit Update](#) - John Selwood - SOLD OUT

27 May - 12.30-1.30 - [How to Get the Most from your Team](#) - Nicky Clough

7 June - 9.30-12.30 - [Accounting and Tax for Businesses in Distress](#) - Peter Herbert and Ros Martin

AML E-Learning Programme now available to [purchase](#) for on demand viewing.

For details of all courses in our Spring-Summer series, please [click here](#)

“Delivery ideal as very practical. Good explanation of the course content and very willing to answer questions whilst on the course and afterwards” [Delegate, Spring 2021](#)

FAQs from recent courses

AML

For client due diligence, does seeing a passport on a video call equate to seeing the original?

On our recent AML Update and Refresher, Peter Herbert and Edward Rands agreed that this would generally be acceptable. However, we would advise taking a screenshot of the documentation you are shown for your records. Also, as always, remember to consider the risk profile on a case by case basis. Would you be comfortable with the above for a client for a new client you've never met?

Ethics

I've heard that all breaches of the FRC Ethical Standard for auditors now need to be reported to ICAEW. Is this true – and, if so, how do we do this?

It is indeed true. Paragraph 1.21 of the Ethical Standard states that 'the firm shall report all breaches (of the Ethical Standard) to the Competent Authority (e.g. ICAEW/ACCA) on a biannual basis and to those charged with governance of an entity relevant to an engagement, where a breach relates to a specific engagement or engagements in a timely manner.'

ICAEW mentioned this in a short piece in Audit News in May 2020 which can be found [here](#) but didn't provide practical guidance. There is no reporting 'de minimis' and, as one colleague mentioned recently, it's not crystal clear what a breach is. There could be a difference of opinion over the adequacy of a particular safeguard. One auditor could consider it a breach and the other not.

Larger firms have put processes in place requiring ALL potential breaches to be reported to the ethics partner, recording them on an ethics log (for professional body visits etc.), appraising as to whether they are actually actual/potential breaches and then reporting to ICAEW twice a year in an aggregate form via email - unless immediate notification is more appropriate.

We are aware that reporting templates are under development and will provide further guidance when these are made publicly available.

Interpersonal

What's the difference between coaching and mentoring?

This came up during a discussion of IES 8, one of the learning outcomes being 'Act in a mentoring or coaching capacity to the engagement team'.

Coaching is helping someone find the answers for themselves, helping them to learn, rather than teaching them. The team member leads the way, supported by the coach.

Mentoring is about sharing knowledge or experience, the mentor leading the way.

Both are useful and appropriate. Coaching can be incredibly powerful but takes a great deal of skill and self-management on behalf of the partner, to allow the someone to find the answers for themselves and not just to tell them the answer!

Groups

Our client is a small UK subsidiary of a large group with a listed overseas parent. Can it still prepare FRS102 Section 1A accounts and does it require an audit?

FRS 102 Section 1A is not available for any company in an 'ineligible group.' Section 384 of the Companies Act 2006 states that a group is ineligible if any of its members is a 'traded company'. A traded company is a company any of whose transferable securities are admitted to trading on a regulated market of an EEA member state. So if the listed parent were a French company, section 1A would not be available but if it were a US parent it would.

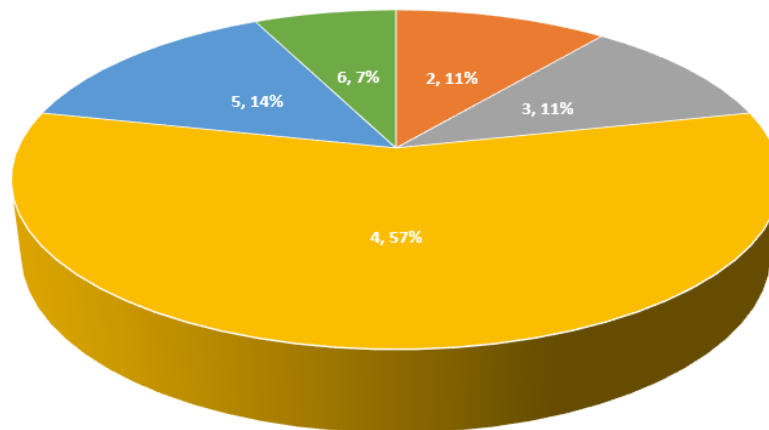
That all changes from p/c 1 January 2021, when traded companies (because of Brexit) become redefined as 'those admitted to trading on a UK regulated market'. This would mean the small subsidiary of the French parent becoming eligible to apply FRS 102 Section 1A because of Brexit!

The broad rule of thumb regarding audit (ignoring parental guarantees) is that any non-dormant subsidiary in a medium sized or large group needs an audit. So even if FRS 102 Section 1A were available for the small subsidiary, it would still need to be audited.

James Charlton ran a very popular "Accounting for Groups" course last month. He's back with us on 29 June with "[Auditing Groups](#)".

In a recent poll – Audit

You are auditing a fixed asset impairment review carried out by a paper manufacturer which has lost business during the pandemic. Where would you position this estimate on the inherent risk spectrum where 1 is low and 6 is high?



There's an interesting spread of answers here. Audit methodologies will require estimates to be graded very carefully in the light of the updated ISA (UK) 540. Where estimates sit towards the upper end of the spectrum, auditors will need to think harder than ever about whether they are auditing with appropriate scepticism, whether they are bringing enough 'contradictory evidence' to bear and whether this is really clear on the audit file. The revised ISA generally takes effect for 31 December 2020 year ends.

For further information on any of our services, please contact us
at enquiries@insight-training.biz

Kind Regards, Liz



Insight Learning Solutions Ltd t/a Insight Training
1 Castleton Road, Hazel Grove, SK7 6LB
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