



**Hello**, each month we'll bring you 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.

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Latest vlog

Peter Herbert discusses frequently asked questions on accounting for government and other aid.



Latest blog

In this month's blog, we discuss key issues around the 5<sup>th</sup> EU AML directive and what practitioners need to focus on.



## Upcoming courses

The next public CPD courses coming up are below. All courses run 9.30 – 12.30.

### **Date - Course - Presenter**

10<sup>th</sup> Nov – Autumn Financial Statements Update – John Selwood – SOLD OUT

17<sup>th</sup> Nov – MTD - What Next? – Rebecca Benneyworth

19<sup>th</sup> Nov – Practice Regulation Update – Peter Herbert and Edward Rands

23<sup>rd</sup> Nov - Autumn Financial Statements Update – John Selwood – NEW DATE

25<sup>th</sup> Nov – Autumn Audit Team Update – Richard Hemmings – 4 places left

2<sup>nd</sup> Dec – Capital Taxes Update – Ros Martin

3<sup>rd</sup> Dec – What Makes a Good Audit RI? – Peter Herbert – NEW DATE

9<sup>th</sup> Nov – VAT Problem Areas – Dean Wootten

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

“Engaging and interesting. Works really well I thought. Excellent presentation and relevant content as always” [Delegate, Autumn series](#)

**Spring 2021 courses coming soon!**

## FAQs from recent courses

### Interpersonal

**As audit RI, how should I advise an audit manager on how to handle a client who keeps changing the agreed timescale for providing audit information?**

We had some excellent suggestions from delegates on this during our recent ‘What Makes a Good Audit RI’ seminar. These included listen to the manager’s concerns and ask for their ideas on how to manage the situation; offer to join a call with the client and manager but agree in advance what the firm’s approach will be so as not to undermine the manager’s stance; encourage the manager to learn from the experience and manage the client differently in the future through earlier communication, give the client bitesize requests; and inform the client of the potential audit impact of not meeting agreed deadlines.

## Ethics

What's the position where an audit partner is a trustee of a trust for the shareholders which has made a substantial loan to the company?

This should be avoided. Professional bodies have long had issue with partners in firms being trustees of trusts which own shares in audit clients. Although that is not the case here, the FRC Ethical Standard states that any financial interest held in a trustee capacity is prohibited where it is material to the trust. This is surely likely to be the case where a substantial loan has been advanced. Many firms consider all audit partners/directors to be 'covered persons' on all audits so this situation should be avoided even where the trustee is a non-audit partner.

## Charities

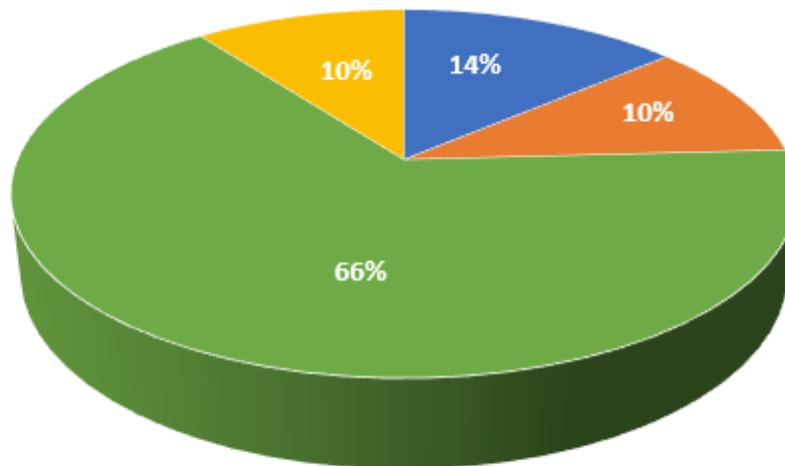
Trading subsidiaries making losses are unlikely to have reserves if they have been covenanting all profits to the Charity. What impact does this have where the subsidiary becomes technically insolvent?

Charity regulators like the Charity Commission and the Office of the Scottish Charity Regulator regularly comment on the importance of non-charitable subsidiaries retaining sufficient profits and cash resources to remain viable. If all profits have been gift aided up to the parent charity this can quite quickly culminate, especially in the current climate, in a material uncertainty that casts significant doubt on going concern. This would need to be disclosed in the financial statements and in the audit report as appropriate. There are also important legal implications of trading whilst insolvent though rules in this area have changed somewhat in the light of the Corporate Insolvency and Governance Act 2020.

## In a recent poll – AML

Which of these scenarios would potentially be classed as tipping off?

**Answer:** The majority got it with this one - telling an incoming accountant that you've made a report to the NCA could put you at risk. You would be acting in accordance with professional guidelines to resign after falling out with a client about tax and you can inform the incoming accountant of that fact.



- Resigning after falling out with a client about tax
- Telling an incoming accountant that you've had a disagreement about tax
- Telling an incoming accountant that you've made a report to NCA
- Telling ICAEW/ACCA about a report you've made

For further information on any of our services, please contact us at [enquiries@insight-training.biz](mailto:enquiries@insight-training.biz)

Kind Regards, Liz



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