

# AccountancyAge

## Reporting update could see auditors assure entire report

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**NEW REQUIREMENTS** on narrative reporting for UK [companies](#) came into force today, instigating a possible new direction for auditors assuring the front end of annual reports, according to the ICAEW.

From 1 October, annual reports must include information about a company's human rights approach, gender representation and greenhouse gas emissions. The change is part of an update to the Companies Act, which states annual accounts must contain more narrative reporting.

The ICAEW claims it is feasible for auditors to assure any part, or the entire report, if that is what

investors and the public want.

"Anything is possible. Extending this assurance to the full annual report could in the future become a vital part of making business information more trustworthy," said Robert Hodgkinson, executive director, ICAEW.

"There is increasing emphasis worldwide on the first half of annual reports and how they can equip investors and other stakeholders with information on which to base decisions. But the big question is whether this information is trustworthy," he added.

From today, amendments to the Companies Act will introduce a so-called strategic report, which will replace the current business review. The change is designed to help companies "tell their story" which will include strategy, business model, principle risks and challenges the organisation has faced.

According to the ICAEW, there is a trend towards companies requesting assurance on other elements of the annual report - beyond the traditional auditor's report on the financial statements - to help add credibility to information that matters to markets.

In a research paper published today, "*The Journey: Assuring All of the Annual Report?*" the ICAEW looks at the possibility for the auditor to assure the entire financial report, which it labels as "omni-assurance".

The guide looks at how auditors can support forward-looking information with evidence, and gives guidance on what should and shouldn't be included in an annual report.

Hodgkinson said: "As the scope of assurance grows, the challenges of moving to assurance on the full report shrink. Some elements will undoubtedly prove harder to assure but, over time, it should be possible to overcome the challenges.

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