



AVEY OF LONDON

Accounting | Financial Reporting

ABBREVIATED AND ABRIDGED ACCOUNTS

APRIL 2016
AVEY OF LONDON
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This guidance is designed to alert to an important issue of general application. It is not intended to be a definitive statement covering all aspects of the related legislation. It is only a brief summary and no action should be taken without consulting the detailed legislation or seeking professional advice.

Should you require further information or would like to discuss any specific elements of the relevant legislation you can contact AVEY of London using details below and we will be happy to assist.

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ABBREVIATED ACCOUNTS

Currently businesses trading using limited company may be able to file shorter ('abbreviated') accounts with Companies House depending on the company's type and size. Abbreviated accounts are simpler and provide less publically information about your company.

However, the directors are still obliged to send full statutory accounts to the company's members and to HM Revenue and Customs as part of the company's tax return.

Companies that qualify as **micro-entities, small and dormant companies** are eligible to file abbreviated accounts with Companies House.

Companies that exceeded the small company thresholds may still be able to file abbreviated accounts under the medium sized company requirements.

Abbreviated accounts are made up of the balance sheet from your company's statutory accounts, along with any notes.

The balance sheet must have the name of a director printed on it and must be signed by a director.

Dormant companies that qualify as small only need to send Companies House abbreviated accounts and don't need to be audited.

Companies that qualify as small can also use the exemption from audit and have a choice whether to send Companies House a copy of director's report or not.

If your company is a micro-entity, you can:

- prepare simpler accounts that meet statutory minimum requirements
- send only your balance sheet with less information to Companies House
- benefit from the same exemptions available to small companies

ABRIDGED ACCOUNTS

New regulations approved by the UK Government in April 2015 introduce major changes to the information that small and medium-sized companies are required to file at Companies House.

For **accounting periods that begin on or after 1 January 2016** small or medium sized companies will no longer be able to file abbreviated accounts.

The very smallest companies will be able to prepare micro-entity accounts (FRS105), while other small companies can prepare a set of abridged accounts for their members, which can also be filed at Companies House.

Abridged accounts contain a reduced set of information when compared to full accounts. Under the new regulation small companies can choose to abridge the balance sheet, the profit and loss account, or both.

If choosing to abridge the accounts (whatever the combination), **the directors will need to obtain approval by each and every shareholder each year**, and will have to **deliver to Companies House a statement that all the members of the company consented to the abridgement**.

Small companies, however, will still have the option, regardless of whether the accounts prepared for members are full or abridged, not to file the profit and loss account and/or the directors' report at Companies House.

Where a profit and loss account is not filed, the small company's balance sheet delivered to the registrar must disclose that fact. If the small company is subjected to an audit, the notes to the balance sheet must:

- state whether the auditor's report was qualified or unqualified;
- if the report was qualified, disclose the basis of the qualification (reproducing any statement under section 498(2)(a) or (b) or section 498(3), if applicable);
- if the report was unqualified, but contained an emphasis of matter paragraph, include the emphasis of matter paragraph; and
- provide the name of the auditor and (where the auditor is a firm) the name of the person who signed the auditor's report as senior statutory auditor; or
- if the conditions in section 506 (circumstances in which names may be omitted) are met, state that a resolution has been passed and notified to the Secretary of State in accordance with that section.