

Stewart & Co.

Chartered Accountants

ABBREVIATED ACCOUNTS

Most Limited Companies are permitted to file abbreviated accounts with the Registrar of Companies.

Doing so significantly reduces the information available to competitors and others carrying out searches, which are now very easy and cheap to perform on the internet.

Many small companies take advantage of this concession and we can prepare the required accounts from the full accounts, which still have to be prepared for the shareholders and for HMRC, for a fixed fee of £150 + VAT.

The information disclosed is restricted to an amended accountants report (optional) or auditors report, the balance sheet, amended director statements following the balance sheet, and significantly reduced disclosure notes to the accounts.

The absence of a profit and loss account means no one can determine your turnover, or your profitability. The reader can still see the retained profits for this and the previous year on the balance sheet but wrong conclusions can be drawn. For instance if your company made a profit after tax of £50,000 but £75,000 was extracted as dividends, retained profits would fall by £25,000 and uninformed readers might conclude you had in fact made losses in the period which is obviously not the case.

No one can tell exactly what the result is and for this reason credit rating agencies tend to reduce your credit score if you file abbreviated accounts.

So, like many things, there are advantages and disadvantages in filing abbreviated accounts. On balance, many people do conclude the former outweigh the latter and you can of course voluntarily provide your full accounts (excluding the detailed trading and profit and loss account at the back) to anyone who asks.

If you would like us to prepare abbreviated accounts for you please speak directly to the partner who deals with your company's affairs.