

# Contents

	<i>Page</i>
<i>Preface</i>	v
<i>Abbreviations</i>	xi
<i>Summary of implementation dates</i>	xiii
<i>Company size thresholds</i>	xv
<i>Note on scope of book</i>	xvi
<b>PART I GENERAL</b>	
<b>1 Introduction</b>	<b>3</b>
1.1 Purpose of the book	3
1.2 Legislation – Accounting regime under the CA 2006	5
1.3 Financial Reporting Standard for Smaller Entities (FRSSE)	6
1.4 International accounting standards	6
1.5 The future of UK financial reporting	7
<b>2 Companies Act 2006</b>	<b>9</b>
2.1 Annual accounts under CA 2006	9
2.2 Contents of annual accounts and reports	11
2.3 Auditing and audit reports	11
<b>3 General accounting provisions</b>	<b>13</b>
3.1 Introduction	13
3.2 Accounts	13
3.3 'True and fair' view	14
3.4 Format of accounts	15
3.5 Accounting principles	16
3.6 Notes to accounts – disclosures	17
3.7 Directors' report – contents and requirements	17
3.8 Group accounts	18
3.9 Audit reports	19
3.10 Adequate accounting records	19
3.11 Approval and signature of accounts	20
3.12 Publication of statutory and non-statutory accounts	21
<b>4 Accounts and accounting standards</b>	<b>23</b>
4.1 Basic contents of financial statements	23
4.2 Primary statements	23
4.3 Statement of total recognised gains and losses	24
4.4 Cash flow statements	24
4.5 Accounting standards	24
4.6 Application of accounting standards to smaller companies	27
4.7 International Accounting Standards	30
4.8 The new financial reporting framework	32

<b>PART II SMALLER COMPANIES</b>	<b>33</b>
<b>5 Qualifying as a small company</b>	<b>35</b>
5.1 The 'small companies regime'	35
5.2 Qualifying conditions – 'small' and 'medium-sized' companies	35
5.3 Parent companies and small groups	36
<b>6 Contents of small company accounts</b>	<b>37</b>
6.1 Introduction	37
6.2 Accounts – provisions for small companies	37
6.3 Format of small company accounts	38
6.4 Small company balance sheet	40
6.5 Small company profit and loss account	44
6.6 Notes to the accounts – small company	46
6.7 Directors' report of a small company	47
6.8 Directors' statements	50
6.9 Small dormant companies	53
6.10 Disclosure of directors' remuneration – small companies	53
6.11 Disclosure of auditor's remuneration – small audited companies	54
<b>7 Dormant companies</b>	<b>55</b>
7.1 Introduction	55
7.2 Definition of 'dormant company'	55
7.3 Conditions for exemption from audit	55
7.4 Companies excluded from dormant companies' exemption	56
7.5 Directors' statements – entitlement to exemption	56
7.6 Dormant company acting as agent	57
7.7 Dormant subsidiary company exemption from preparing or filing accounts	57
<b>8 Abbreviated accounts</b>	<b>59</b>
8.1 Introduction	59
8.2 Contents of abbreviated accounts	59
8.3 Filing abbreviated accounts	59
8.4 Abbreviated balance sheet	62
8.5 Notes to abbreviated accounts	63
8.6 Approval and signing of abbreviated accounts	63
8.7 Parent companies	64
8.8 Special auditor's report (CA 2006 s. 449)	64
8.9 Medium-sized companies	65
8.10 Small company abbreviated accounts checklist	66
<b>9 Small groups</b>	<b>67</b>
9.1 Small companies – option to prepare group accounts	67
9.2 Qualifying conditions – group accounts exemptions	67
9.3 Medium-sized companies – group accounts	68
9.4 Preparing small group accounts	69
9.5 'Related undertakings' disclosures	70
9.6 Group accounts filing	75
9.7 Entitlement to group exemption – auditor's report	75
9.8 Group companies – availability of audit exemption	76
<b>10 Essentials of the FRSSSE – the Financial Reporting Standard for Smaller Entities</b>	<b>77</b>
10.1 Development of the FRSSSE	77
10.2 Essentials of the 'FRSSSE (effective April 2008)'	78
10.3 The FRSSSE in outline	82
10.4 Cash flow statements	83
10.5 Small groups	84
10.6 FRS 3 and the FRSSSE	85

10.7	Reporting the substance of transactions	85
10.8	Related party transactions	85
10.9	Loans and transactions with directors	87
10.10	Pensions and retirement benefits	90
10.11	Foreign currency accounting	91
10.12	Provisions and discounting	93
10.13	Revenue recognition	93
10.14	Share-based payments	93
10.15	Going concern and the FRSSSE	94
10.16	FRSSSE disclosure checklist	97
<b>11</b>	<b>Determining small company audit exemption</b>	<b>99</b>
11.1	Introduction	99
11.2	Small companies – conditions for exemption from audit	99
11.3	Companies excluded from small companies' audit exemption	100
11.4	Group companies – availability of small audit exemption	100
11.5	Subsidiaries of EEA companies – audit exemption	100
11.6	Right to require an audit	101
11.7	Audit or assurance reports on accounts of small companies	101
11.8	Audit exemption – Directors' statement	102
<b>PART III</b>	<b>EXAMPLE ACCOUNTS AND REPORTS</b>	<b>105</b>
<b>12</b>	<b>Example accounts</b>	<b>107</b>
12.1	Accounts of Small Company Limited	107
12.2	Abbreviated accounts of Small Company Limited	108
12.3	Unaudited accounts of Dormant Small Company Limited	108
12.4	Accounts of Overseas Trader Small Company Limited	108
12.5	Auditor's reports	108
<b>13</b>	<b>Small company audit and assurance reports</b>	<b>145</b>
13.1	Auditor's reports	145
13.2	ISA (UK and Ireland) 700 (Revised) The Auditor's Report on Financial Statements	147
13.3	Example Auditor's Report of a small company	148
13.4	Special Auditor's Report – abbreviated accounts	150
13.5	Audit and assurance: non-statutory reports	153
13.6	Independent assurance reports	153
13.7	Compilation: reports on accounts prepared for unaudited companies – ICAEW Technical Release Audit 02/10	155
<b>PART IV</b>	<b>FILING ACCOUNTS AND THE FUTURE OF UK GAAP</b>	<b>157</b>
<b>14</b>	<b>Accounts filing for small companies</b>	<b>159</b>
14.1	Introduction	159
14.2	Filing deadlines	159
14.3	Filing accounts with the Registrar of Companies	160
14.4	Filing amended accounts	164
14.5	Filing accounts with HMRC	165
14.6	Electronic tagging of accounts (iXBRL)	166
14.7	Planned changes in accounts filing	166
<b>15</b>	<b>The future of UK accounting and financial reporting</b>	<b>167</b>
15.1	Introduction	167
15.2	Future of UK financial reporting timeline	167
15.3	The New Financial Reporting Framework	168
15.4	Implementation date and early adoption	169
15.5	What will the format of the financial statements be under FRS 102?	170
15.6	The effect on the FRSSSE	170
15.7	Further changes that may affect financial reporting for smaller entities	171

Contents

<b>APPENDICES</b>		
Appendix A	Guidelines and definitions	173
Appendix B	SI 2008/409 – The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008	175
Appendix C	Small company accounts exemptions decision chart	197
Appendix D	Small and subsidiary company audit exemptions decision chart	261
Appendix E	Financial Reporting Standard for Smaller Entities (FRSSE) (effective April 2008) accounts checklist	263
Appendix F	Small company abbreviated accounts checklist	265
Appendix G	Selected reading and reference material	299
		303
<b>Index</b>		305

<http://www.pbookshop.com>