ABC Business Services

ACCOUNTS · GUIDE 2 OF 9

Preparing Your Statutory Accounts

What full annual accounts must contain, the standards they follow, and how to put them together.

Your statutory accounts (often called the company's 'full accounts') are the formal financial summary for the year, prepared from your accounting records. They must be sent to every shareholder, anyone entitled to attend general meetings, Companies House, and HMRC as part of your Company Tax Return.

What full accounts must include

- **Balance sheet** — the value of everything the company owns, owes and is owed on the last day of the financial year. It must show a director's printed name and be signed by a director.
- **Profit and loss account** — sales, running costs, and the profit or loss made over the year.
- **Notes to the accounts** — the detail and accounting policies behind the headline figures.
- **Director's report** — a short narrative on the year, required unless you are a micro-entity.
- **Auditor's report** — only where an audit is required; many small companies are exempt.

> THE SIGNATURE IS A LEGAL FORMALITY, NOT A DETAIL
>
> Companies House can reject accounts where the balance sheet is not signed or does not carry a director's printed name. Build the sign-off into your process before the filing deadline rather than at it.

The accounting standards behind the numbers

Accounts must be prepared under a recognised framework — either International Financial Reporting Standards (IFRS) or UK Generally Accepted Accounting Practice (UK GAAP). In the UK, most companies use UK GAAP:

- **FRS 102** — the main standard, with a reduced-disclosure Section 1A for small companies.
- **FRS 105** — the simplified standard designed specifically for micro-entities.

Choosing the right framework affects how much you disclose and how some items are measured. If you are unsure, find an accredited accountant.

Good records make light work

Strong year-round bookkeeping is what makes year-end painless. Reconcile your bank accounts monthly, keep digital copies of invoices and receipts, separate business and personal spending, and record the date and purpose of each transaction. The cleaner the records, the lower the accountancy cost and the smaller the risk of error.

A practical preparation checklist

1. Confirm your financial year-end (accounting reference date) and the period the accounts cover.
2. Close off and reconcile the books; chase any missing paperwork.
3. Draft the balance sheet and profit and loss account.
4. Prepare the notes and, unless a micro-entity, the director's report.
5. Decide whether an audit applies, and whether you can file simpler accounts (Guide 3).
6. Have a director approve and sign the balance sheet, then file and distribute copies.

OFFICIAL SOURCES Prepare annual accounts Audit exemptions What to include by type Find an accountant

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