

Changes to Accounts and Reports Under ECCTA Provisions

- The abridged accounts format will be removed. Small companies and micro-entities will be required to file their profit and loss account (**P/L**) at Companies House. Secondary legislation will confirm the details to be included in the P/L.
- There is no mention in ECCTA of the filleted accounts being removed but it is possible that this format will be listed as removed in the statutory instrument which will provide further detail and set the date when these provisions will come into force.
- Small companies that do not qualify as micro-entities will also be required to file a directors' report. This will remain optional for micro-entities.
- Dormant company accounts to include a statement on their balance sheet that they are eligible for an exemption (from audit and from preparing P/L and directors' report) and that identifies the exemption.
- A company claiming audit exemption will be required to disclose an additional statement from the directors on the balance sheet confirming that the company qualifies for the type of exemption that is being claimed.
- Companies House will be slowly transitioning towards software only accounts filing with the full iXBRL tagging. The web-based and paper filings will be phased out over the next 2 – 3 years.
- A company must only prepare one set of accounts – these will be the statutory accounts. Currently companies are filing different format of accounts with different government departments.
- Changes to the simplest accounts will be implemented first. The Registrar of Companies will give sufficient notice to allow time for companies and their accountants to prepare for these changes.

Restrictions on changing the accounting reference date (ARD)

A loophole in the current legislation that enables companies to gain more time to file accounts without incurring a late filing penalty by shortening the company's ARD will be closed.

The number of times a UK company can shorten its ARD will be restricted to only once in a five- year period. This is aligning the rule with that for extending of the ARD.

A good business reason will be required for the Registrar to approve a request to shorten the ARD for a second time within 5 years. This is already the case with extending of the ARD and it is expected that the acceptable business reason will be a need to align the ARD with the subsidiary or the parent company.

The other rules relating to the changing of the ARD remain the same.