



**RIFT**

Safety in numbers

# THE EXPLORER'S GUIDE TO MICRO ENTITY REPORTING

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# **SMALL IS BEAUTIFUL: THE RIFT GUIDE TO MICRO ENTITY REPORTING**

**If you're already a Resident of the RIFT, then you already know how important it is to keep your bookkeeping spotless and up to date. That's why you let us do it for you! The accounts you file at Companies House are more than just your yearly trip to the financial confessional booth, though. They're actually a very large part of your identity, as far as the government is concerned - and the smaller you look to them, the less information they feel the need to demand from you.**

## SMALL BUSINESSES UNDER THE MICROSCOPE

Your business may be your life. You've created it, nurtured it and watched it grow, but as far as the authorities are concerned, it may still be pretty small - and that might not be a bad thing. Here's what it takes to qualify as a "small" business:

- A turnover of under £10.2 million
- A balance sheet total of under £5.1 million
- An average number of employees fewer than 50

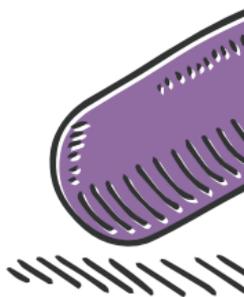
If those numbers sound like you, then congratulations - you'll have less information to hand over when you're reporting your accounts to Companies House than a larger business would. You'll have a simplified financial statement to make and a little less hassle over it. Take another look at that list above, though. Do they still look a little high? If so, you may not be running a "small" business at all and things might get even simpler for you.

## MICRO-ENTITY ACCOUNTS: ABRIDGED TOO FAR?

Here's another set of criteria. See if they describe your business any better than the previous ones. If they do, you're probably what they call a "micro entity":

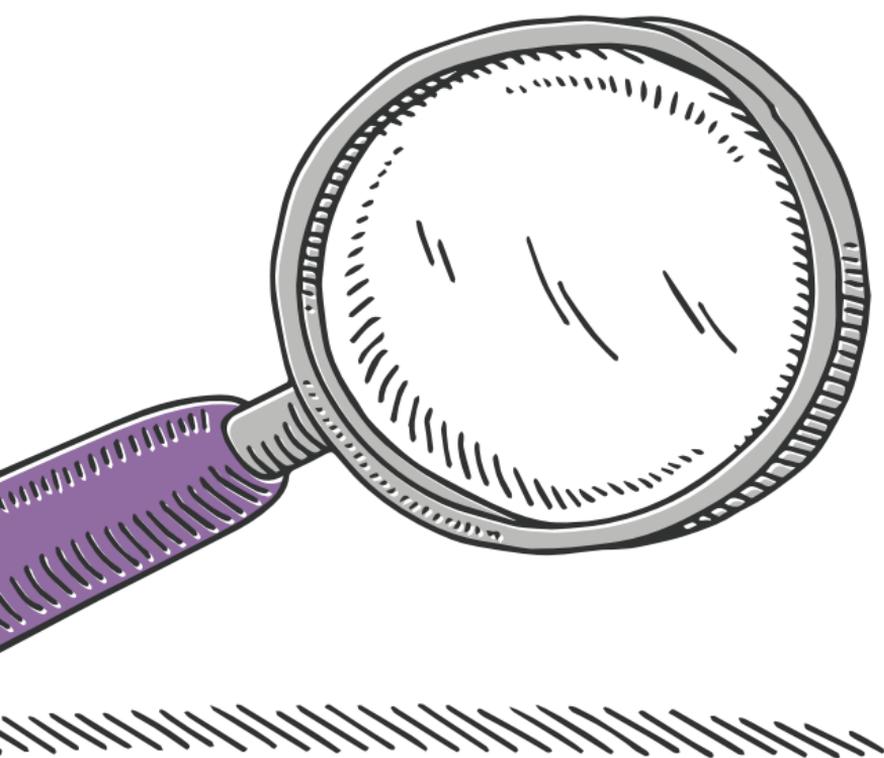
- A turnover of under £632,000
- Gross Assets of under £316,000
- An average number of employees fewer than 10

Under the current system, if you're a micro entity then the accounts you file don't really have to consist of much more than a balance sheet. If you're made any loans to Directors, got any capital commitments or are anticipating and "contingent liabilities" (meaning things you may or may not have to deal with, depending on how they turn out) then a few notes about those will be required too. Other than that, you're all set, right? Well, yes and no. Handing over the minimum information you're required to by law may or may not be a good thing.



Certainly, the increased privacy a micro business can enjoy is often attractive, but you have to remember that it's not just the government that uses those figures to make judgements about you. If you're hoping to interest lenders or investors in your company, then abridged accounts may not give them enough information to make a decision in your favour. Under those circumstances, you might want to consider painting a fuller picture of your business.

The bottom line is that, depending on your size, you may have a few options about how you account for yourself in your financial reports. As always, our best advice is to get the best advice - so get in touch with RIFT Accounting for more information. Whatever your size, we'll make sure the accounts you file always make the clearest, most accurate representation of the business you're running.



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**TO SEE HOW WE CAN  
HELP YOU TODAY**

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