

All About UK Accountancy

UK accountancy is somewhat different from American accountancy, in that there are more regulatory standards for accounting in the UK than in America. In America, companies must follow the Generally Accepted Accounting Principles (GAAP) set down by the Financial Accounting Standards Board. The UK uses the generally accepted accounting principles as a standard for accounting in UK companies. However, there are other guidelines accountants in the UK must consider.

UK accountants must also consider the International Financial Reporting Standards (IFRS) set forth by the European Union (EU). These international financial reporting standards were developed in an attempt to streamline the financial reports from UK companies as well as companies in other European nations. This makes financial reporting easier to understand by everyone. The international financial reporting standards also allow UK businesses to more easily compare their financial statements to those of companies in other nations for the purpose of determining competition and industry standards.

In addition to the generally accepted accounting principles (GAAP) and the international financial reporting standards (IFRS), UK businesses must also adhere to UK law, such as the Companies Act 1985, as amended by the Companies Act 1989. These UK laws incorporate both the GAAP and the IFRS, as well as other European law. The UK Companies Act 1985 also requires UK companies to file their accounts with the Registrar of Companies, which makes the financial reports available to the UK and worldwide public.

The Companies Act 1985 will soon be superseded by the Companies Act 2006, which is not yet in effect in the UK. This UK Companies Act 2006 will restate in varying fashions the provisions laid down in the Companies Act 1985, and the amendments of the Companies Act 1989. However, changes are being made to incorporate the European Union's takeover of financial standards, and the laws regarding international trade and financial reporting that are now necessary for UK companies to follow. It will also put into codified law the UK common law that was previously used in regards to UK companies and accountancy.

Any UK accountancy issues that require immediate attention but are not covered by the generally accepted accounting principles (GAAP), international financial reporting standards (IFRS), or Companies Act 1989 are brought before the Urgent Issues Task Force. This group determines solutions to issues of UK accountancy, and publish Abstracts which are binding immediately for UK companies. These additional standards must also be followed by UK companies.

As you can see, accountancy in the UK is much more complex than that of the United States of America. There are many UK laws, European Laws, and accounting standards to follow for UK companies. While Americans must only adhere to the generally accepted accounting principles (GAAP) set down by the Financial Accounting Standards Board (FASB), UK companies must adhere also to the International Financial Reporting Standards (IFRS) set down by the European

Union. If you have any question about standard accounting practices for UK companies, you should contact an accountant to help you with your UK accountancy as soon as possible.