

Can I submit micro- entity accounts?

More than half of all limited companies registered in the UK are considered micro-entities.

Micro-entity accounts are becoming increasingly popular among property investors as they save both time and money compared to full annual accounts.

What is a micro-entity?

A business is considered a micro-entity if it meets at least 2 of the following conditions:

- a turnover less than £632,000
- less than £316,000 of assets on its balance sheet
- less than 10 employees

There are certain companies that cannot qualify as micro-entities, including charities, credit institutions, and investment undertakings.

The majority of property investment companies **are not** investment undertakings. Investment undertakings have shareholders with no involvement in the operation of the business or have multiple properties in the same company. Please contact us if you would like to learn more about this.

The benefits of micro-entity accounts

If your company is a micro-entity, you can prepare simpler accounts, benefit from exemptions and you will only be required to send a simplified balance sheet to Companies House.

The main advantages of micro-entity accounts for property investors include:

- Preparing a simplified balance sheet and profit and loss account.
- Accounting notes aren't required.
- Only the balance sheet needs to be submitted to Companies House.
- You must use historical cost rather than fair value.
- Directors' reports aren't required.

Fair value vs. historical cost

If you're a property investor filing full accounts, you must report property values at their **fair value**. This means that you must accurately report how much you think the property is worth. You may not want to do this if you're planning to sell the property, as this might hinder negotiations.

On the other hand, with micro-entity accounts, you cannot use fair value and instead have to use the **historical cost** which most property investors will prefer.

Historical cost is the original value of the property at the time it was purchased.

How to file micro-entity accounts

You can file your accounts with HMRC and Companies House at the same time from the [HMRC website](#).

Even if you're familiar with preparing a balance sheet or P&L, micro-entity accounts can be complex as the abridged version requires different information than the full version. Please contact us if you would like our help preparing your accounts.