



Institute of Credit Management

Our ref. GB/PJK/TC

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John Conway
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Dear Mr Conway

**RESPONSE OF THE INSTITUTE OF CREDIT MANAGEMENT TO: DEPARTMENT FOR
BUSINESS, INNOVATION AND SKILLS – UK IMPLEMENTATION OF THE EU
ACCOUNTING DIRECTIVE**

The Institute of Credit Management is the largest professional credit management organisation in Europe. Its members hold important, credit-related appointments throughout industry and commerce, and we feel it appropriate to comment on this consultation.

We would particularly draw your attention to our response to Question 7. The provision of information on businesses is vital to support the availability of trade credit; reduced information will result in a reduction in credit and impact negatively on economic growth. It should also be borne in mind that limited liability is a privilege and removes personal liability. In that context, it can only be right that information is provided and available relating to the business.

Our responses to the questions from the consultation are as follows:

- | | |
|--------------|--|
| Question 1: | Yes. |
| Question 2: | Yes, discrete regulations are sensible but these proposals go too far in impairing the ability to obtain credit through impaired availability of data. |
| Question 3: | We have no objection to measures that enhance clarity. |
| Question 4: | No. |
| Question 5: | Yes. |
| Question 6: | No. |
| Question 7: | No, we would strongly resist this proposal. The incremental increases in the small and medium sized company thresholds has always concerned us because of the reduction in information available to support credit decisions and the consequent impact on the availability of trade credit. To go further than is necessary and to increase the levels for a small company to £10.2 million turnover is both unnecessary and excessive. A business employing up to fifty people and with a turnover of this size will usually require significant supplies on credit terms and reduced information will impair the ability to obtain it. |
| Question 8: | See our response to question 7. |
| Question 9: | Yes. |
| Question 10: | All sources of income should be included in determining company size. |
| Question 11: | No, consistency and clarity are the key requirements. |

- Question 12: Yes.
- Question 13: Yes.
- Question 14: No comment.
- Question 15: Yes, though we question the benefit given that unabbreviated data has to already exist in order to produce abbreviated documents.
- Question 16: As a minimum, the following should be retained:
- Opening stock
 - Closing stock
 - Differentiation between trade and other current creditors
 - Differentiation between types of long term creditors
 - Secured creditors
 - Differentiation between trade and other debtors
 - Separation of long term and short term liabilities
- Question 17: See our response to question 15.
- Question 18: See our response to question 15.
- Question 19: No, there are other circumstances where full information should be reported.
- Question 20: No, consistency is required.
- Question 21: No, there are other circumstances where full information should be reported.
- Question 22: No, consistency is required.
- Question 23: a) No, the status of the company may change and historical reporting will be valuable; the business may be holding assets that are relevant.
b) No, see our response to question to 23(a).
- Question 24: Yes.
- Question 25: Yes.
- Question 26: No comment.
- Question 27: Yes.
- Question 28: Yes.
- Question 29: Yes.
- Question 30: Not unless key information is available elsewhere, such as through the Annual Return.
- Question 31: Yes, an audit provides confidence in reported numbers to the business owners and other stakeholders and providers of credit. Increasing the thresholds would be damaging and counter productive.
- Question 32: No.
- Question 33: a) No b) Yes.
- Question 34: a) Yes b) Yes.
- Question 35: Yes.
- Question 36: No.
- Question 37: No.
- Question 38: No.
- Question 39: No.
- Question 40: Yes.
- Question 41: B.
- Question 42: Yes.
- Question 43: Yes.
- Question 44: Yes.

If we can help in any further way please do not hesitate to contact us.

Yours sincerely

Chair of Technical Committee

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