



reconstruct

Financial Statement Policy

FINANCIAL STATEMENTS POLICY

Purpose of policy

To enable managers, directors and shareholders to satisfy themselves as to the financial performance and health of the organisation, to be able to make strategic and commercial decisions and to ensure compliance with statutory requirements.

Recording of financial information

Financial transactions shall be recorded promptly and accurately and will be recorded in our agreed finance system (Xero).

Financial transactions will be accompanied by suitable evidence in the form of invoices / receipts to ensure appropriate paper trails are available for review.

The Finance Director will hold ultimate responsibility for the accurate recording and reporting of financial information.

It will be ensured that access to the financial system and any associated files is limited to only those individuals requiring such access and their access shall be limited to that which is required for their job. Any non-finance team members given access should have read only capability to avoid the risk of accidental amendments by non-financial professionals.

Preparation of management accounts

All financial statements and reporting should give a true and fair view, and be accompanied by suitable commentary and explanations to ensure the reader is able to interpret the information and draw suitable conclusions.

Management accounts shall be produced quarterly and distributed to senior team members and the Board. Management accounts should, as far as reasonably practicable, follow financial reporting standards as applicable in the United Kingdom, in line with FRS 102. The finance director in charge of production of the accounts shall be suitably experienced and qualified.

Preparation of annual financial statements

Annual financial statements shall be prepared as soon as possible after the year end, but in any event within 90 days. They will be reviewed by an external, independent firm of accountants, regulated and verified by a recognised professional UK body. Corporation tax will be calculated by the same firm and the Finance Director will be responsible for ensuring that the financial statements and corporation tax returns are filed with the relevant bodies within the statutory timescales.

Accounting policies

Accounting principles should follow FRS102, and broadly should be applied as laid out below:

Revenue – Revenue shall be recognised in the month when work is completed for consultancy and spot purchase work. In relation to contracts, where contract rates are flat rates per annum, this should be recognised per month, and any additional rates payable based on output should be recognised in line with service delivery.

Costs – All costs should be recognised in the month in which they relate, applying the accounting principles of accruals and prepayments to the best of the preparers knowledge and applying their best estimates where needed.

Fixed assets – Items in excess of £250 which meet the criteria of being used over an extended period of time (i.e. laptops, phones etc) shall be capitalised and depreciated in line with the below policies:

Computer equipment – 3 years

Office equipment / furniture – 3 years

Vehicles – 5 years

Leasehold improvements – over the lifetime of the lease

Depreciation may be calculated and charged annually rather than monthly.

Current assets – The preparer will review current assets and ensure that they remain current and value is as reflective as possible of the true value. Debtors will be reviewed monthly and chased to ensure suitable cash collection, and write off will be reviewed 6 monthly, and must be signed off by a statutory director.

Liabilities – The preparer of the accounts will recognise liabilities in line with generally accepted accounting principles as laid out in FRS102. Expectation will be that they apply their best estimate and knowledge of the business and liabilities to give a true and fair view.

Policy review

This policy will be reviewed and agreed every 3 years unless a change is considered required sooner.

VERSION CONTROL

			Document Owner	Reconstruct Ltd
			Status	Active
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Version	Revision Date	Section Revised	Person undertaking Revision	Reason for Revision
V_2	10/10/23	All	AD	Review of policy, rebranding, and implemented version control mechanism opposed to having just date for next review