



'ACCOUNTANT CERTIFICATES' - WHAT'S THE BIG DEAL ?

Background

The relationship between Accountants and banks goes back many decades -

- with **Accountants** supporting businesses to obtain and manage **overdrafts, loans** and other **loan finance** requirements, and
- **banks** placing reliance on the Accountant's knowledge of the business (or business owner's) financial affairs and circumstances to extend those services

Although there are more options today in terms of obtaining various forms of finance for businesses (and checking credit worthiness), the Accountant is still an important '**point of contact**' for banks and other lenders.

What is an Accountants Certificate ?

An '**Accountants Certificate**' is a '**reference**' requested by a bank, other lender (or in some circumstances, a letting agent), ahead of a mortgage or other loan application by a director or business owner - **from an Accountant which provides an independent confirmation as to the financial status of that client.**

Usually it involves a confirmations in respect of the business AND/OR director themselves e.g.

1. current and/or future **turnover** (income)
2. current and/or future **profitability**
3. the **total income** of that individual (salary, dividends and other etc)

The bank, lender or letting agent then '**relies**' on this information and independent assurance - **when evaluating whether that loan or other obligation can be successfully serviced !**

Why Are Accountants 'Cautious' with 'Accountant Certificates' ?

Where the individual, for any reason, cannot repay the loan or obligation, then the bank or lender etc may use -

1. that reliance on the **regulated status** of the Accountant
2. along with their (compulsory) **Professional indemnity** insurance
3. to consider whether the **financials provided** in the Accountants Certificate were **inaccurate or misleading**, and
4. whether the bank or lender etc can **potentially recover funds** from the Accountant



What is Required from You to allow Completion of an Accountant Certificate ?

Given we are being '**relied**' upon in respect of our information included in the '**Accountants Certificate**', we need to be certain that what we are providing is accurate AND/OR based on '**sound**' financial grounds e.g. where providing estimates or forecasts etc -

1. we will need to be able to review available financial information
2. be able to obtain, review (**and question**) any financial information for periods that are not yet complete

SO IF – your Mortgage Broker or lender is requesting an **Accountants Certificate** - **there will be additional work (and risk) associated with it's completion !**

Where an Accountants Certificate is requested, it is worth confirming the following -

- Is the **Accountants Certificate** realistically required, and by what date ?
- Is there any necessity for '**draft**' or forecast figures for evaluation and inclusion on the certificate ?
- Do you have some sensible figures that can be queried and tested for inclusion ?

If you need an Accountants Certificate, or need more information on what is involved in these documents, then contact us at clientservices@sakurabusiness.co.uk for more information