

Essential record keeping

Whether you are keeping your records manually, use software or are using one of the various cloud-driven accounting systems we will need access to you accounting records to enable us to complete the work on the preparation of your financial statements.

Bear in mind that over the next few years HMRC will probably require most businesses to keep their records in digital form, so it may be easier to plan for this at the outset, rather than having to move systems when the change comes.

In order to assist us in keeping our costs as low as possible you can help by ensuring that we have all that we need to prepare your accounts. Here are some general pointers:

- File your purchase and sales invoices and correspondence in order. If you operate paperless systems make sure you back up and file logically
- Record and analyse all your cash, bank, and credit or charge card transactions
- Make sure you sub-total each page of your cash records and day books, providing totals at the end of each month. This may well be automatic if you are using accounting software
- Reconcile your payment analysis records with your bank and credit card statements
- Make sure you have a copy of all your bank statements - these may need to be downloaded
- Reconcile PAYE, NI, and VAT account balances with amounts due to HMRC
- List and total your year-end creditors. Retain your suppliers statements for the last month of your trading year and also the for the first month of your new year
- Reconcile your primary control accounts including sales, purchases and bank accounts
- List and total your year-end debtors
- Provide us with a record of any debts which are either irrecoverable or ones that you think may not be paid
- List your fixed asset additions and disposals made during the year. We would like to see copies of your fixed asset purchases - on occasions we find that clients have retained these in a separate file
- List and total your year-end stock at cost price
- We require a valuation of your work in progress. This is an aspect of valuation that we will need to discuss with you
- Keep backups of all of your computer records
- Please provide us with copies of any new hire purchase, leasing or loan agreements entered into during the year
- Please retain a copy of each of your electronic VAT submissions
- Please advise if you are using any VAT scheme
- Are you using any spreadsheets that are integral to your accounts? If so, would you please let us have copies of these files
- If in the construction industry please retain your CIS returns, or if a contractor, your CIS statements.

Are your records accurate and reliable?

Ensure that:

- All income is recorded and banked promptly
- All recorded expenses are authorised and valid
- All recorded debts are recoverable
- All your liabilities are identified and recorded when they are incurred

Do your records give you adequate information for taking management decisions?

You should know:

- The return you are obtaining from your investment in the business
- Whether you will be able to meet your liabilities as and when they are due
- The extent to which you could attract or increase outside finance
- Your fast and slow moving stock lines
- The levels of gross profit from your product lines
- The extent to which additional working capital will be required to finance an expansion in trade
- Whether you have adequate cash available to settle your debts as and when they fall due

Could your accounting systems be improved?

Does the structure of your business minimise our accounts work? We are required to report on each active company as a separate legal entity. It is normally more cost effective to structure an expanding business as a company with branches or divisions rather than as a group of separate companies.

Do contact us if you would like further help or advice on this subject.

