

HOW OFTEN SHOULD I DO MY BOOK-KEEPING?

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"Bookkeeping ... I do that once a quarter when my VAT's due... that's ok, isn't it?"

What is the answer when it comes to "how often should I do my bookkeeping?"



So how often should I do my bookkeeping?

For most business owners, the accountancy/financial side of running your business is probably the bit that gets left until the last minute. With pressure to finish projects or get orders dispatched, writing up the books is usually the last thing on your mind.

In any sort of business, it is important to have a handle on the financial position of the company at all times. So often we see businesses that are driven purely by sales/turnover, with little thought to cash flow and margins/profitability.

As a general rule it is important to know the following about your business, at any given point in time:

- How much money do you have in the bank?
- How much are you owed by customers?
- What stock do you have?
- Who do you owe money to? This would include HMRC for all forms of taxes, as well as trade suppliers and any lenders (Bank, Hire Purchase etc..)



These are the real key factors that you must keep on top of in order to operate a successful business. You need to know if you are going to be able to pay those bills as they fall due, particularly with staff wages.

Cash-flow is vital and if customers haven't paid, you should regularly chase/remind them of monies outstanding.

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Other areas to consider

Other important areas to be aware of are things such as the amount of profit you are making per sale or contract and to understand what your overheads are. This will enable you to calculate the level of turnover you need to achieve to cover your overheads and then to make a profit. Without up to date financial information, this will be difficult to properly assess.

The only way to have all this information at your fingertips is to maintain proper accounting records on a timely basis. Writing up your books once a quarter/year may leave you with a few nasty surprises. Doing this on a daily, weekly or monthly basis is best. This is perhaps the ultimate answer to how often should I do my bookkeeping?

Not only will this enable you to fully understand how the business is performing, it will enable you to accurately calculate money available to take out of the business or to use to make an investment in say new equipment. You can also estimate any tax payable on profits and endeavour to set funds aside for this.



Making Tax Digital started to roll out from April 2019. After this date any VAT registered business needs to submit information to HMRC on a quarterly basis, from a digitally enabled system. This means that some form of software will have to be used. You will no longer be able to submit your quarterly VAT figures to HMRC via the HMRC portal and it is unlikely that Excel records will qualify.

Keeping your books doesn't have to be a difficult or time-consuming task. Cloud-based accounting products such as Tally Accounts have really transformed the way this is done. It is now a lot simpler to keep on top of and understand.

If you would like further information about book-keeping and management information, please feel free to contact us.

At Deans we offer a full service and can keep your books for you, if this is an area that you really don't have time to keep on top of yourself.

As well as offering subscriptions to our Tally Accounts package that is built on the award winning Kashflow platform we also work with clients using Quickbooks Online and Xero.

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