

Business Record Keeping Checker



HM Revenue and Customs have announced that they are going to check the quality of the record keeping of 50,000 small and medium-sized businesses each year for the next 4 years. The maximum penalty for failure to maintain adequate business records currently stands at £3,000. HM Revenue and Customs expect this to raise £600 million income in fines and extra taxes over the four years which means they expect each business to pay an extra £3,000 over the four years!

Based on their past experience HM Revenue and Customs believe that 40% of small and medium size businesses fail to maintain adequate records.

Key Questions: If you answer "No" to either of the following two questions then you definitely need to discuss your record keeping with your accountant as soon as possible. Even if you answer "Yes" to both questions it is important to complete the remaining questions to see if there are other areas which need consideration.

Key Question 1: Do you keep a full record of your business income, invoiced sales or daily takings? **Yes No**

(To count as full, your records must include evidence to support the recorded sales - till rolls, sales invoices, paying in slips, bank statements etc)

Key Question 2: Do you keep a record of your expenditure, whether by cash or bank or credit card payment? **Yes No**

(To count as a full record there must be supporting evidence such as cash receipts, purchase invoices, cheque book stubs, bank and credit card statements)

Please answer the following questions about your business records and return to us and we will get back to you with suggestions, if there are any, on how they could be improved and therefore reduce the risk of being penalised.

1. **Which one of the following describes your business?**

Limited Company <i>(If "Yes", complete question 2)</i>	Yes	No
Partnership <i>(If "Yes", go straight to question 3)</i>	Yes	No
Sole-trader <i>(If "Yes", go straight to question 3)</i>	Yes	No

2. **As a Limited Company are you able to work out your financial position at any point in time?** **Yes No**
(I.e. do your business records allow you to quantify your assets and liabilities? Aged debtors, aged creditors, bank balances, fixed assets, in fact any amount that would normally be shown on your company Balance Sheet)

3. **Do you complete any book-keeping, such as a cashbook, simplex book or computerised accounting package?** **Yes No**
(If "No" go straight to question 6)

4. **Do you reconcile your book-keeping records with your bank statements at least once a month?** **N/A Yes No**

5. **If part of your business income is received in cash, say more than 10%, do you reconcile the cash movements on at least a weekly basis?** **N/A Yes No**
(I.e. do you add the opening cash in hand to your takings and cash drawn from the bank, deduct cash expenses and cash paid into the bank, and make sure that the difference is your closing cash in hand physically and recorded in your records?)

6. **Are you VAT registered?** *(If "Yes" go straight to question 8)* **Yes No**

7. **Do you check on a monthly basis that your turnover for the last 12 months has not exceeded the VAT registration limit (currently £70,000)?** *(Go straight to question 10 after answering)* **Yes No**

8. Do you keep a hard or electronic copy of the following in relation to your VAT returns?
- | | | | |
|---|-----|-----|----|
| Computerised sheets used in the calculation | N/A | Yes | No |
| The VAT return as submitted | N/A | Yes | No |
| Submission confirmation <i>(if submitting electronically)</i> | N/A | Yes | No |
9. Do you have and keep original copies of the following?
- | | | | |
|---|-----|-----|----|
| All VAT purchase invoices | | Yes | No |
| All sales invoices/proof of takings (till receipts) | | Yes | No |
| All import and export documentation (if applicable) | N/A | Yes | No |
10. Do you have any employees? *(If "No" go straight to question 14)*
- | | | | |
|--|--|-----|----|
| | | Yes | No |
|--|--|-----|----|
- N.B. If you use a computerised Payroll system only answer "Yes" to questions 11 to 13 if you keep regular backups or hard copies are printed, otherwise select "No"**
11. Do you keep records of the payments made to employees and deductions you have made from their salaries?
- | | | | |
|--|--|-----|----|
| | | Yes | No |
|--|--|-----|----|
12. Do you keep details of employee benefits, expenses and student loan deductions?
- | | | | |
|--|-----|-----|----|
| | N/A | Yes | No |
|--|-----|-----|----|
13. Do you keep records of statutory payments (including statutory sick pay and maternity pay)?
- | | | | |
|--|-----|-----|----|
| | N/A | Yes | No |
|--|-----|-----|----|
14. Is your business affected by HM Revenue and Customs Construction Industry Scheme (CIS), either as a contractor or a subcontractor? *(If "No" go straight to question 17)*
- | | | | |
|--|--|-----|----|
| | | Yes | No |
|--|--|-----|----|
15. If you are a contractor making payments to subcontractors do you keep a record of all payments made to all subcontractors and evidence of materials subcontractors have purchased?
- | | | | |
|--|-----|-----|----|
| | N/A | Yes | No |
|--|-----|-----|----|
16. If you are a subcontractor do you have a complete record of all the payments you have received, copies of your invoices issued and payment statements received from contractors?
- | | | | |
|--|-----|-----|----|
| | N/A | Yes | No |
|--|-----|-----|----|
17. Do you keep all of your business records for at least six years?
- | | | | |
|--|--|-----|----|
| | | Yes | No |
|--|--|-----|----|
18. If you keep any computerised records do you regularly back these up and keep the back up in a separate location (including online)?
- | | | | |
|--|-----|-----|----|
| | N/A | Yes | No |
|--|-----|-----|----|

Your name: Contact number:

Your address:

.....

..... Post Code:

Your email address