

Client's Book-keeping guide

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These book-keeping principles apply to any business and form the basis for preparation of annual accounts.
You need to tailor accounting books to meet the particular circumstances of your business.

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			1	2	3			1	2	3	4	5	6	7	8	9	
			Paid in	Paid in	Paid in			Paid out	Paid out								
date	paid by		For sales	Other	Total	date	paid to	Total	VAT	Purchases	petrol	tools	rent	postage &	description	Sundry	
	name						name/chq no.		if registered	materials				stationery			
1. Cash book to agree with the bank statement, copy figures into total columns noting cheque numbers, direct debit etc references first and add descriptions and column analysis afterwards.																	
Transactions not going through the bank should be shown in petty cash. Personal transactions through the bank may be shown in total.																	
2008						2008											
1 Oct	5 Smith & Co		100 00		100 00	2 Oct	Tools unlimited	150 00				150 00					
2																	
3																	
4	If you sell on-line using PayPal, this is a bank account and needs to be analysed as a cash book.		<u>HM Revenue & Customs enquiry guidance:</u> From tax year 2007/08 The enquiry window is 12 months from the date of filing the return. Penalties (now expected to be about 50% of tax) and powers of inspection at taxpayers premises were increased in the 2008 budget.					From tax year 96/97 there is a legal requirement to keep a complete record of income and expenditure and, where applicable, sales and purchases of goods. The Inland Revenue recommend keeping records and documents of:									
5			Adjustments are subject to tax and class 4 National Insurance plus penalties and interest from the historically due date, possibly over the past 6 or more years.					Sales and business receipts.									
6			Amounts paid in for sales must agree with the sales day book.					Sales invoices, bank statements and paying in slips.									
7			Amounts paid in to the bank not relating to sales need to be explained.					Purchase invoices and receipts other than very small items.									
8			If you have a business bank account, enquiries cannot be extended into private accounts without good reason. Good reason could be that the books are unreliable					Purchases and sales of vehicles and other assets.									
9	2. Petty cash book for business transactions in cash or paid by personal cheque or credit card etc.																
10	2008					2008											
11	Oct	8 Cash sales	50 00			Oct	28 Petrol receipts	233 55			233 55						
12																	
13	3. Sales book																
14	2008	Customer	inv no.	£	VAT if registered	Sales											
15																	
16	Oct	2 Brown & Co.	66	200 00		200 00											
17																	
18																	
19																	
20																	
21																	
22																	
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29																	
30	4. Purchases book if you are buying on account and paying later you may find this useful																
31																	
32																	
33																	
34																	

For limited companies there is the continuing requirement, under the Companies Acts, to keep records sufficient to assess the financial position of the company at any time. There are formal Inland Revenue requirements from 2nd July 1999

Full computer systems will normally incorporate the four books Full small systems and guide prices are:

Quick Books	£99 + VAT
Pegasus Capital Lite	£99 + VAT
Sage Instant Accounting	£99 + VAT
TAS Books	£99 + VAT
Other - not amounting to full systems	
Quicken	£40 + VAT

You may find spread sheets such as Excel or Lotus the simplest way to use a computer to keep your books.