

Record keeping - checklist

This factsheet tells you about some of the benefits of keeping good records. It

also has a checklist of the types of records you need to keep.

Benefits

If you're going to make a success of running your business, you need to keep good accurate records.

There are legal reasons as well as good business reasons to keep these records.

Making tax compliance easier

Reduce your tax bill

You can claim business expenses against your income, which reduces your tax bill. If we audit you, good records will support your expense claims.

Complete returns more easily

Keeping your records up to date makes it easier to file your VAT and income tax returns and meet your employer obligations (if you're an employer).

Avoid additional tax

Accurate records let you complete your tax calculations faster and more accurately, avoiding any possible additional taxes for incorrect returns and underpaid taxes.

Managing your business better

Better Control of your business

Good records show you if your business is making enough money to meet its expenses and make a profit. They show what you're spending money on and where this money is coming from - helping you in budgeting and decision making.

Better business decisions

Regularly updating your records lets you identify any problems and make timely corrections. Waiting till the end of the year to find out if your business is making (or losing) money, may be too late.

Managing your cashflow

By regularly updating your records you can keep a track of the flow of money in and out of your business to manage your outgoings. You can plan for periods of low cashflow, eg, a seasonal downturn, and identify the right times to buy business assets.

Lowering your accounting costs

If your records are in good order, your agent or accountant will need to spend less time preparing your accounts - time you are paying for. You'll be able to use their services for more specialised tax and financial advice instead.

Increasing your funding opportunities

Good record keeping makes it easier to see if your business or project is worth investing in. It's also much easier to put a good case together when applying for loans or grants if you've got accurate records to shows potential lenders evidence that your business is being run professionally, making it a better prospect for investment.

This is also true if you're thinking of selling the business. Potential buyers can check your performance by looking at your records. They'll know that it's much easier for them to take over a well-organised business

Remember these handy tips

Its important for records to be easily readable and organised enough for you or anyone to work through them quickly.

If you store your records on a computer, be sure to keep back-up copies in case your system breaks down. Its a good idea to keep the back-ups off site.





Checklist

You may decide to do your business accounts yourself or delegate the task. Either way, its up to you to know what records you need to keep.

You'll find the following checklist helpful to work out what records you need to keep.

All business should keep the following records

	Core records Cashbooks, petty cashbooks List of people who owe you money (Accounts Receivables) List of people you owe money to (Accounts Payables)		Asset register Depreciation schedule and calculations Depreciation is available on tax website www.mfem.gov.ck/tax
	Income Invoices, cash sales		 Financial Accounts Balance sheets Final profit and loss statements List of Assets and liabilities List of all assets that cost in excess of \$500 This must also include purchase date Dividend statements Legal documents Sale and purchase agreements Lease agreements Credit agreements
	Expenses		
	Invoices for purchases Receipts for cash or card purchases Cheque books/ butts		
	Banking Cheque and deposit books Bank and credit card statements Interest statements		
	Worksheets Showing tax return calculations Vehicle logbook calculations Home office calculations		

Records you should keep if you:

Employ Staff

- Wage book
 For all PAYE, Superannuation and any other source deductions
- Employment agreements
 Invoices, cash sales

Use a cash register

- **Till tapes and reconciliations**
- Day books

Registered for VAT

- **Tax invoices**
- Other invoices

Keep Stock

- Stock records
- **Regular stock take forms**

Use accounting software

- **Regular back ups off-site**
- Software manuals

Use a home office

Records relating to home costs
 Insurance, power, rent, phone, maintenance costs

Use a private vehicle

 Full records of vehicle running costs

 Vehicle logbook