Quern House, Mill Court, Great Shelford,
Cambridge, Cambridgeshire CB22 5LD

telephone: 01223 506533
email: info@day-accountants.com

DAY

Preparing for your Accountant

Whether we are producing your accounts or carrying out your annual audit, being prepared for us will ensure our work is carried out smoothly and efficiently and with the minimum disruption to yourselves.

You may also be able to help by preparing some of the routine schedules for us. This will mean our time can be better spent advising you on the running of your business.

Below we highlight some of the ways in which you can prepare.

It is however important for you to discuss these ideas with us since all of the suggestions may not be applicable.

Setting the scene

Keeping us informed

We will be better prepared if we know of any changes in your business that could affect our work. These could include changes to:

- product or market
- business strategy eg pricing policy
- bookkeeping system
- key personnel.

If you maintain minutes of any management meetings that you hold providing us with copies of these can be a very helpful way for us to gain an understanding of the key events that you have faced over the course of the year.

Also as part of our work it is likely that we will ask you whether there have been any instances of non-compliance with the legal and regulatory framework in which your business operates, including whether there has been any fraudulent activity that you are aware of. This represents part of our obligations that we are required to perform as your professional adviser and is not meant to imply that we believe that you may have committed any wrongdoing.

What we need

If you know what information we need to be able to complete our work you can make sure it is available.

We can decide together what you can prepare for us and what we will need to prepare for ourselves.

Better communication between us will help to minimise misunderstandings and avoid unnecessary work.

Timetable

We need to agree a suitable timetable in advance. This gives us both a chance to be properly prepared.

However, if you find yourself behind schedule let us know as soon as possible so that the timetable can be rearranged if necessary.

How you can help

Books and records

Setting up and maintaining your books in an organised manner will help us to extract quickly and easily the information needed to prepare or audit your accounts. It will also enable you to see at a glance the state of your business.

Consideration of the following points may improve the organisation of your records:

- totalling and balancing your books at regular intervals will help you spot and correct any mistakes
- analysing your payments and receipts so that information can be easily extracted
- filing your invoices in a logical order (numerical, alphabetical or date) to make it easy to find any one of them.

Procedures

By establishing and maintaining certain procedures you will be able to keep a better control over your records and your business. It will also mean we can cut down on the work we need to do which may save you some money.

We can help you set up these procedures initially and once established you will be able to carry them out yourself. These procedures will include control accounts, reconciliations and stocktaking.

Control accounts

Control accounts record the movements of cash, debtors and creditors by using the monthly totals from your cash book and sales and purchases summaries.

The cash control account will show how much cash the business has at the end of each month.

The debtors or sales ledger control account will show how much your customers owe you at the end of each month.

The creditors or purchase ledger control account will show how much you owe your suppliers at the end of each month.

Reconciliations

Reconciliations help to ensure that the figures in your books are complete and accurate. Therefore if produced on a regular basis they will help you spot any errors which can then be corrected before we examine your records. Some of the records which will need reconciling are:

- bank accounts
- control accounts
- suppliers' statements.

Stocktake

If your business carries any stock you will need to count it at least once a year. To ensure that the count is carried out efficiently and accurately you should consider the following points:

- stock items should be stored neatly and logically to make counting easier
- all staff involved in counting should be given clear instructions
- try to minimise the movement of stock during the count. If possible deliveries in and out should be withheld until the counting has finished
- spot checks should be performed during the count.

If you hold large amounts of stock we may need to attend the stocktake and perform our own checks.

Schedules

There are a number of schedules which have to be produced in order that the accounts can be prepared and/or audited. We can prepare all of these schedules ourselves but obviously if you were to produce them it would save time and money.

You may wish to consider the preparation of some of the following schedules:

- a detailed list of additions and disposals of fixed assets with a copy of the appropriate sales and purchase invoices attached
- schedules showing each item of stock held, the quantity, unit value and total value. Indicate any stock items which are old or damaged
- a list of your debtors at the year end including how much they owe you and how long they have been outstanding. Indicate any which are unlikely to pay you
- a schedule of all bank and cash balances at the year end, together with all the bank statements for each bank account
- a list of creditors which should include HMRC as well as the usual business suppliers
- supporting workings for disclosures that need to be included in your accounts, such as average employee numbers, operating lease commitments or directors' remuneration (required for companies only).

Not all of these schedules will be applicable to your business and therefore before doing anything you may wish to discuss this with us.

Other issues

Some issues are only relevant to companies. These include:

Narrative reports

Larger businesses may be required to include some form of narrative reporting that accompanies the accounts such as a strategic report. This is your opportunity to provide additional information that can support the users of your accounts' understanding of your business and its performance. If this is the case we will discuss these requirements with you so that you can produce the wording of any necessary reports.

Future plans

As part of the accounts production process you are required to consider the business' going concern position, to ensure that you are confident that it will have sufficient resources to remain in business for a minimum period of 12 months from the date that the accounts are approved. In addition you are also required to consider whether there is any evidence that the value of your assets has been impaired, for example as a result of obsolescence caused by changes in the market or technological developments.

If there is any uncertainty regarding the business' future performance we may ask you to provide evidence in support of your going concern assessment. This could include forecast results and cash flow projections, sales orders received or details of new sources of funding. Providing these at the earliest opportunity will ensure that our work can be completed as quickly and efficiently as possible.

How we can help

There are undoubtedly many advantages to be gained if you are better prepared before we commence our work.

We will be able to complete our work in less time. This will mean less disruption to you and your staff. In addition we will be better placed to provide you with useful and constructive advice regarding the development of your business.

However, perhaps the most rewarding of all these advantages will be the fact that your books and records will provide you with more useful information which will help you make better informed business decisions.

If you would like to discuss these procedures any further or would like us to provide further assistance with your monthly or quarterly accounts please contact us.

For information of users: This material is published for the information of clients. It provides only an overview of the regulations in force at the date of publication, and no action should be taken without consulting the detailed legislation or seeking professional advice. Therefore no responsibility for loss occasioned by any person acting or refraining from action as a result of the material can be accepted by the authors or the firm.