

JJ Accountancy Ltd

Chartered Accountants and Tax Advisors



Intelligent Accounting Solutions

JJ Accountancy is run by qualified ex “big 4” professionals.

We specialise in providing small businesses with a high quality and reliable accounting and tax service.

Our aim is to remove the burden of day-to-day accounting and tax requirements so that our clients may be free to run their businesses in the knowledge that their financial and tax affairs are in excellent hands.

- Bookkeeping
- VAT
- Accounts Preparation
- Company & Personal Tax
- Company Secretarial
- Payroll

Tel: 0845 130 6148

email: info@jjaccountancy.co.uk

JJ Accountancy Ltd

Chartered Accountants and Tax Advisors



The JJ Accountancy top tips for non-accountants

We at JJ Accountancy believe that financial awareness and attention to your accounts inspires business success.

Laid out below are our top tips to help a small business owner ensure that financial worries and accounting burdens are not overwhelming.

1. Keep accurate, clear and up-to-date accounting records – *use* these to monitor business performance and your current financial position. Successful businesses record and use past, current and future financial information.

You should be reporting a **balance sheet** and a **profit and loss account** on a regular basis. You should use your P&L account to compare how your business has performed in comparison to how you expected it to perform in your **budget**. You should be looking at any significant differences and finding out why they occurred. You may want to take action to ensure you meet budget in the future.

Tel: 0845 130 6148

email: info@jjaccountancy.co.uk

JJ Accountancy Ltd

Chartered Accountants and Tax Advisors



2. Know how much is due to you from each of your clients – establish a clear and reliable credit control function to ensure *your clients* know how much they owe you *and* they are encouraged to pay you.
You should report your debtors regularly on an **aged debt report** where you can compare the ages of debts to your credit terms. A good accounting function would send clients regular statements of account and, when debts become old, it would chase for payment by telephone, email or letter.
3. Remember your tax filing deadlines – *avoid* penalties for late payment. And calculate your tax correctly – *both* over and under payments are costly for your business.
Tax payments and deadlines may not be high on your priority list when you are concerned with running the business but it is so important to get on top of tax. If you pay your tax late you will be charged interest and a penalty. Why incur unnecessary charges for under-payment? And why pay the Revenue more than you need to when it is possible to be sure you have paid the correct amount?
You should keep reports which assist you in preparing your tax computations. For example you should keep records of **non tax-deductible expenditure** to help calculate your taxable profit.

Tel: 0845 130 6148

email: info@jjaccountancy.co.uk

JJ Accountancy Ltd

Chartered Accountants and Tax Advisors



4. Understand your VAT compliance requirements – HM Revenue & Customs has *strict rules* that you will need to understand and adhere to. If you are not registered for VAT, should you think about registering? Your business may be a size where it is compulsory to be VAT registered or that it would make business sense to register voluntarily regardless of the size of your business.

Good management of your VAT can help your **cash flow** – include in your budget for cash flow when VAT will have to be paid out or received back. Details from your **sales and purchases records** will show you your VAT position and the amounts payable or reclaimable. If you are on top the information needed to complete your VAT return and when the return and any payment are due, you will be dealing with VAT efficiently, saving yourself time and avoiding any non-compliance penalties.
5. Manage your cash flow – you must have cash available to pay bills as they fall due. A business *cannot operate* without a reliable cash supply. It is perfectly possible for a profitable business to collapse simply because it does not have sufficient cash.

Cash flow should be monitored at least monthly and possibly weekly or daily, depending on how sensitive your business is to fluctuations in cash. You might establish **critical levels** of cash at which special action needs to be taken to invest excess cash or manage your cash requirement.

Tel: 0845 130 6148

email: info@jjaccountancy.co.uk

JJ Accountancy Ltd

Chartered Accountants and Tax Advisors



6. Understand the costs of your employees – wages, taxes and benefits. *Manage* payment of these - incorrect or untimely payments to staff will be a fast-track route to loss of key workers. Make sure that you pay the correct amount of employee taxes on time. You will need to pay income tax and employee NICs on behalf of your staff in addition to employer's NICs in respect of each employee. These require payment each month and you need the cash available to pay on time.

Payroll reporting should include a **detailed summary report**, **payslips**, the **bank payment** and the **payroll journals** to be posted to your accounts. These should all be **reconciled** to control accuracy and integrity of your payroll processing.

It may be that payroll is too time-consuming for you to manage and you prefer to outsource your payroll to an accountant or payroll bureau. You should decide on the most efficient route for you.
7. Know the best way to remunerate yourself – be aware of the options within your business structure and maximise *tax-efficient* earnings. It is frequently possible to increase your take-home pay simply by re-structuring how you are paid.

For example, if you are a limited company, are you paying yourself in dividends or salary? It is likely that the right combination of the two brings you the best benefits in terms of income tax, NICs, potential pension contributions and take-home amount.

Tel: 0845 130 6148

email: info@jjaccountancy.co.uk

JJ Accountancy Ltd

Chartered Accountants and Tax Advisors



If any of the above has made you think about how your business currently manages its financial and tax affairs and you would like a confidential discussion to consider where you could improve your financial recording, reporting and compliance, then please call **JJ Accountancy Ltd** on **0845 130 6148**.

We will be happy to advise you on accounting and tax matters and to discuss the services we could provide to help your business. We wish you much success in getting your accounts in great condition and keeping them so.

Tel: 0845 130 6148

email: info@jjaccountancy.co.uk