



BookCheck

SAGE Book-keeping • Management Accounts • Payroll

Top Twenty Tips on Book-keeping

Reconcile your Bank Accounts

Whatever system you use your top priority is to analyse accurately what is processed through your bank account. Because of timing differences your accounting system needs to be compared with your bank statements to ensure that differences are purely down to timing and not errors - this is the bank reconciliation.

Never assume that this is being done, prove it. We've seen £3M turnover companies without a reconciliation but the Managing Director totally convinced otherwise! You can always ask your accountant to check it - 15 minutes work, if that.

BookCheck has a saying - if the bank is reconciled then we are 90% there if it is not then we are 90% not there.

Data Security

There are three mandatory rules for all computerised accounting systems. Rule 1 is Take a Data Verified Backup, every day of use. Rules 2 and 3 are the same as Rule 1. If you don't then one day you could come a cropper and that could literally put you out of business, it's that important. Keep a recent backup **offsite** at all times.

Staff References

Always thoroughly check the references of your applicant book-keeper. Phone as many as possible - have a really good go at checking their quality and reliability. Lots of applicants say they are experienced with the software – that does not prove they are good enough!

Ensure that, at the very least, your book-keeper really knows how to operate the Bank Reconciliation system – if you're not sure how to check this then ask someone to help you.

Just about all businesses have only one book-keeper who the whole company trusts but this needs checking ongoing – never assume anything.

Management Accounts

If you don't know what they are then check it out. If you do, then ensure that you really understand them, otherwise they will be of little use. Do you use them or just file away? It would be a shame to waste this valuable information. Insist upon the presentation that you require – use Excel if necessary.

Sales Invoice Templates

Check that you are minimising the time taken to create your sales invoices – consider stock items even for services and templates you can repeat each time. If necessary pay for some training – it will be well worth the cost.

Electronic Sales Invoicing

If you create a decent number of invoices then consider changing to electronic invoicing. It will save you a lot of time and postage.

Cash Flow

Everybody knows that Cash is King so tune your system to improve cash flow. Issue sales invoices promptly, send statements as required with correct information.

Really focus on debt chasing procedures, ensure consistency. This is a big subject usually handled poorly. See if you can collect by Direct Debit – it's a wonderful facility.

Credit Checking

Check all new customers and keep tabs on existing by subscribing to a credit checking service. The cost is minimal for very useful information - this might even cause you to ask for a payment up front.

Company Profitability

Check your margins - if you don't know what this means then ask your accountant. If you do, then measure every month and focus on improving. Sage will give you this information but you may need some extra analysis in Excel.

Customer/ Product Profitability

If you don't know the rankings of each of these in your business then delve into Sage to produce this important information.

Cash Forecast

Even if it's very simple do run an Excel Cashflow Forecast to highlight any problem areas. Keep in good, regular contact with your bank if you use an overdraft facility, even with bad news.

Owner doing the Book-keeping?

Only continue if you are both happy with the job and have enough time but you shouldn't have enough time!

Use the best Accounting System

Sage is a well respected system – if you are not using this then mark your system against it as it might be worth a change. If you perceive a critical restriction in Sage then check with us as there is usually a solution.

Organising Sage

Book-keeping is really organising information into pigeon holes. Keep your system simple and use it consistently. Use wording that you understand as they are your accounts.

Check the Balance Sheet

If you are using Management Accounts then a basic check is that the Balance Sheet actually balances otherwise you could be embarrassed! You will see two totals which should be the same, otherwise you will have a mistake in your Chart of Accounts.

Use a Separate Business Bank Account

Essential really otherwise there will be confusion, extra work and problems.

Factoring & Invoice Discounting

Hardly any businesses account for this correctly so ensure that you know what to do – ask for help to set it up.

Take Professional Advice

When choosing or setting up an accounting system use somebody who knows what they are talking about - it will be money well spent.

Your Accountant

It's never too early to appoint as you will need advice on the form of your business (sole trader, partnership or company) and the best Year End date. Ask around for recommendations.

Check with them how you can minimise their time at the Year End.

If you're not happy with your accountant then try to resolve or consider changing.

Separate Business Sectors

Rather than have all your business in one Profit & Loss report split the different sectors by using Department codes and report thereon.

Further Assistance

For assistance with any of these subjects do please call us on 0800 026 6522
for further free information

www.bookcheck.co.uk