

## Is Your Bookkeeping up to scratch?

As we have heavily publicised over the last year, Fish and Chips shops have been subject to HMRC enquiries.

Mehmet of Miles Waterman says that there are many case studies which may be useful to for traders to consider when looking at their own books.

### **Till Rolls**

Many enquiries have developed because some basic records were not kept. The most common one being many traders do not keep their till rolls and z readings for every day of trading. It can be argued that keeping till rolls does not make your sales more accurate and not keeping them does not mean they are incorrect. However HMRC like to see these and get rather suspicious if a trader has not kept them. So we advise traders to keep till rolls.

### **Drawings**

Another common problem with small businesses is keeping accurate records of drawings. Especially when a business is family run, traders often neglect to record their drawings. "It's all our money so what is the problem?" is the usual answer but again lack of information on this front can lead to further suspicion and complications in an enquiry. We recommend that a log of drawings is kept outlining the amounts taken with dates and how the money is taken whether cash or via other methods (cheque, card etc.)

### **Bank Statements**

Statements are scrutinised very closely. It must be known that every transaction on your bank statement will need to be explained. If a question is asked about a payment or banking three months later the chances are you will remember, can you say the same if the question is asked 3 years later? We suggest that every transaction should have a note and documentary evidence. Very small amounts are not as important so a payment of £1.50 is not critical.

It must be expected that somewhere down the line private bank statements may well be inspected. With HMRC powers increasing after every finance bill it would be good practice to keep all private statements with notes of any bankings.

### **Source of funds**

A current hot topic is source of funds. Many people when introducing capital to their businesses whether in the form of cash or a cheque should be aware that this may need proof at a later date. HMRC are always suspicious when a trader claims that money was by way of gift or private loans from friends and family. Make sure that this can be substantiated; merely a friend stating that they gave you the money is not proof. This is even more problematic when the money has come from abroad.

There are many other issues that should be considered when keeping records, for example mileage logs for business use of the car, own consumption of stock, PAYE records, and much more.

Miles Waterman recommend that whilst the majority of traders are quite capable of keeping books and records, they suggest that asking an accountant who knows fish and chips industry to be involved would be piece of mind in such times of exposure.

At the very least book an appointment for an appraisal of your bookkeeping system. This may avoid problems in the future.

Mehmet at Miles Waterman is the only Fish & Chips specialist accountant approved by the National Federation of Fish Friers and can be contacted on 0800 026 3661 or [www.fishadvisors.com](http://www.fishadvisors.com)

### **Final Note**

Self-Assessment tax return deadline is 31<sup>st</sup> January 2011 for online submission of tax returns. For new traders ensure that you have obtained your UTR (unique tax reference number) as your tax return cannot be sent online without it.

### **VAT INCREASE**

VAT increased to 20% on 4<sup>th</sup> January and for those on the flat rate scheme don't forget your flat rate is now 12.5%.