

# Bookkeeping Guide



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## What is bookkeeping?

Bookkeeping is the recording of your day-to-day transactions on some kind of system, such as a spreadsheet or accounting software.

These transactions are then used as a basis for completing your accounts and tax returns.



## Completing your bookkeeping

No matter how big or small your business is you will need to ensure you keep accurate bookkeeping records, to manage your overall finances and get a view of everyday expenses.

If you own a small business and have an understanding of bookkeeping it can be beneficial for you to complete it yourself.

Doing so gives you a better understanding of the mechanics of your business, compared to outsourcing the work.

## Outsourcing

However, if you have no experience and are not comfortable taking on your bookkeeping, outsourcing is advisable.

We are occasionally faced with asking a client to redo their bookkeeping or offer a quotation to correct the work ourselves.

If you do decide to tackle your own bookkeeping, we recommend asking us to check the first month's entries to ensure you are doing everything correctly.

This can save a lot of headaches later on!

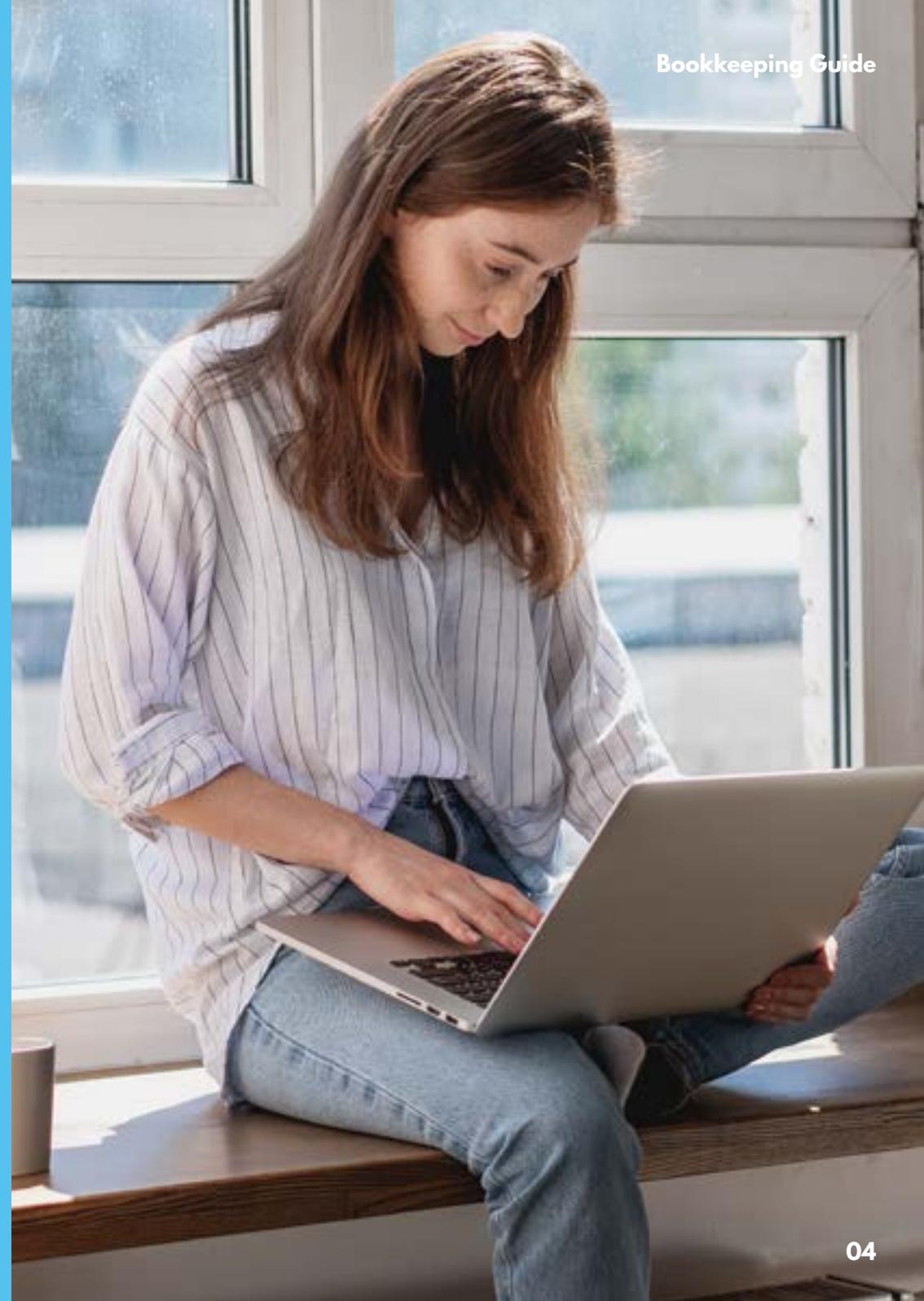


**One of the biggest problems we see is business owners taking on their bookkeeping and not getting it right.**

## What is a transaction?

Transactions show the movement of money in and out of your business.

For instance, you'll enter a transaction in your bookkeeping records each time you receive money into your bank account from a sale. Transactions can also show things that you expect to happen. For instance, when a supplier sends their invoice, you'll record it in your bookkeeping as a transaction, because you'll have to pay it at some point.





## How often should I complete my bookkeeping?

We recommend completing your bookkeeping as often as possible, on a weekly or monthly basis.

Doing your bookkeeping regularly reduces the chance of errors and allows you to clearly understand how your business is performing.

## Our bookkeeping service

We can provide your business with bookkeeping services, from as little as £20 per month for up to 40 transactions. As part of the service you will also receive free access to our bookkeeping software [Pandle](#).

Our experienced bookkeepers are trained in accurate data entry to ensure your business is operating in the most tax efficient way possible.

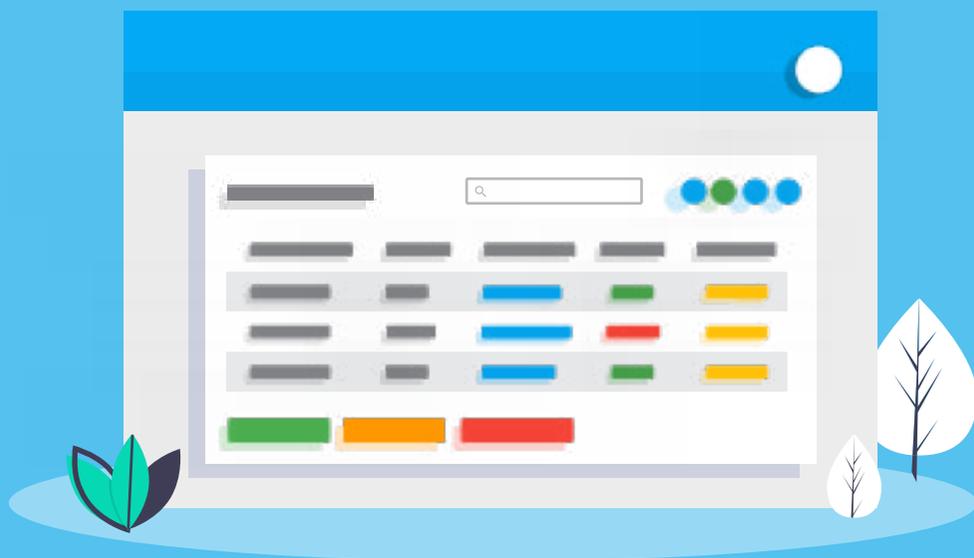
### Using alternative software

It is possible for us to complete your bookkeeping on alternative software such as Sage or Freeagent. However, we ask all our clients to consider this first:

**Using third party software generally takes us more time so the bookkeeping fee may be charged on an hourly basis.**

**You will have to continue paying a fee to your third party software provider, whereas Pandle would be completely free.**

Using Pandle as one of our clients also has a whole host of benefits over other systems on the market. Check out our [Benefits of Pandle Guide](#) for more information on this.



## How we complete your bookkeeping

We would complete your bookkeeping in line with the deadlines of the other services you have appointed us for.

For example...

### Monthly

If we're completing monthly management accounts for you.

### Quarterly

If we're completing VAT returns each quarter for your business.

### Yearly

If we're only doing your year-end accounts and tax returns.

If you would prefer your work to be carried out on a more regular basis we would be happy to do so, simply let us know.

**If you require full management accounts, i.e. adjustments made with full financial statements on a monthly or quarterly basis, then we would have to charge an additional fee for this.**

Due to the nature of business, your transaction volume may increase or decrease, which is why we review this on a regular basis and adjust your monthly fee accordingly.





## What financial reports should I be looking at?

If we are completing your bookkeeping you can view your Management information reports on a regular basis.

Other useful reports include Profit & Loss, Cash Flow Statements and Payables and Receivables.

## What is the difference between single-entry and double-entry bookkeeping?

With single-entry bookkeeping each transaction is recorded once, such as entering a customer invoice as income.

In double entry bookkeeping this transaction would have two entries (hence the name), showing that some sort of exchange has taken place.

One entry records the invoice, showing that you expect to receive money into the business.

The corresponding entry will show that this is balanced by the goods or services you expect to leave the business when you supply them to the customer.



## How do I record this in my bookkeeping?

The process of making a customer sale is shown in your bookkeeping as two double entries; one which shows you sending their invoice, and one which shows they've paid.

### The first double entry

The first double entry records the invoice you send to the customer as a credit against your sales, and a debit against debtor control.

That way you know that you've committed to supply goods or services to a customer, but that they haven't yet paid their bill.

This is useful because it helps you keep track of what resources you still have available in the business at any given point, as well as making it easier to follow-up on overdue customer payments.

### The second double entry

The second double entry happens when the customer pays their bill. You'll apply a debit against your banking ledger, showing that the balance of your bank account has increased.

The other side of the transaction will apply a credit to your debtor control which reduces the amount they owe you.

This way you know that you've had money into your bank account, and what it was for. It also means you won't be sending demands for cash from a customer who has already paid!



## What our bookkeeping service doesn't include

Although our bookkeeping service is comprehensive, there are certain aspects that we do not cover, these include:

### Invoicing

If you currently invoice your customers you would need to continue to do so. Using the same software is preferable as it saves us having to charge you to enter them separately into your bookkeeping.

### Debt collection

We would not chase your customers for overdue invoice payments. [Pandle](#) can send automated payment reminders to help with this, but beyond that it would be your responsibility to chase up outstanding money owed to you.

### Communication

We do not communicate directly with your customers, suppliers or employees (unless that employee is our direct contact and is helping manage your business).



## Pricing

The standard price for our bookkeeping services is just £20 per month for up to 40 transactions. However, there are some considerations which can also increase or decrease the price we are able to offer you.

## Complexity

If you have complex bookkeeping requirements then we may have to switch to hourly billing. Complexity could include such things as factoring or extensive computations.

Also, if you require your bookkeeping to be completed more frequently than our standard times an additional fee would be applied.



**All fees will be agreed upon upfront by both parties before any work takes place.**

## Looking for more help with your bookkeeping?

If you have any further questions simply phone us on 020 3355 4047 and one of our friendly accountancy advisors will be happy to help.

 [Get An Instant Quote](#)



