

BUSINESS GUIDE: SETTING UP IN THE UK

SIX STEPS TO GOOD BOOKKEEPING

- ✓ Choose a system
- ✓ Design good processes
- ✓ Use an expert
- ✓ Do it regularly
- ✓ Use the data it gives you
- ✓ Understand your legal obligations

This business guide is brought to you by the Swedish Chamber of Commerce for the UK in partnership with SCC member firm Merryhill. This information is for guidance purposes only and should not be regarded as a substitute for taking legal advice.

SIX STEPS TO GOOD BOOKKEEPING

Every business makes financial transactions - buying, selling, paying wages - and these must be recorded in the accounts. Each entry flows through to the tax returns and financial statements you have to prepare and file to stay legal. Good bookkeeping keeps that running smoothly.

But more than staying legal - don't underestimate the value to a business of:

- a well-run sales ledger with happy customers paying on time;
- a well-run purchase ledger where suppliers value and trust you;
- timely, accurate management info that allows good business decision making;
- a well controlled expense reporting process where employees are reimbursed for genuine business expenses in a timely manner.

These things really can be the difference between a business thriving and failing, long before the ink dries on your year-end accounts.

Bookkeeping is a skill and requires training and experience. Lots of experience. It lays down the foundation on which management decision making and financial statements and tax filings are built. If you put rubbish in, you will undoubtedly get rubbish out.

This guide takes you through the necessary steps to set up processes for good bookkeeping.

**CHOOSE
A SYSTEM**



**DESIGN GOOD
PROCESSES**



**USE
AN EXPERT**



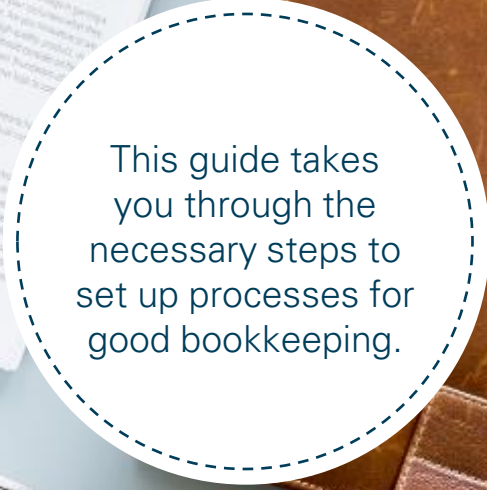
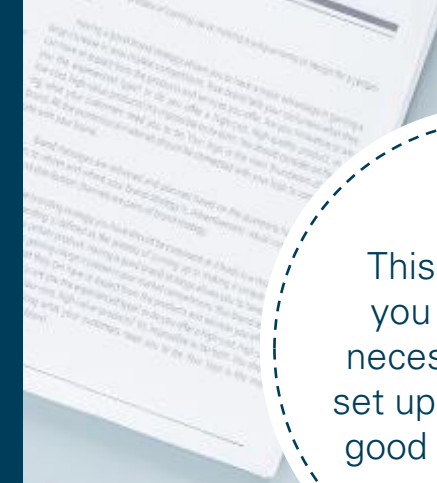
**DO IT
REGULARLY**



**USE THE DATA
IT GIVES YOU**



**UNDERSTAND YOUR
LEGAL OBLIGATIONS**



Business Company
123 Corporation Street
City - SW1A 1AA
Tel: 020 7123 4567

Invoice No: 1000000
Customer ID: 22

Invoice: Customer Support LTD
456 Peterborough Avenue
City - SW1C 3DD
011-234-5678

No.	Description	Quantity	Amount
1234	IT Support	1	249.55
5678	Web development	2	815.72
9012	Marketing	1	294.81
3456	Marketing materials	2	402.74
7890	Travel expenses	4	106.40
1011	Software licence	1	400.00
2022	Other	5	400.00
Grand Total:			2679.22

Invoice total: 2679.22
VAT (20%): 535.84
TOTAL Due: 3215.06

FRÅN KUNDEN: KUNDEN HAR BETALAT FÖR DENNA FAKTURAN



CHOOSE THE RIGHT SYSTEM FOR YOUR BUSINESS

Modern SME cloud systems are user friendly, reasonably priced and can be accessed from anywhere.

If you are setting up a subsidiary, consider using a common accounting platform and common chart of accounts to facilitate reporting and consolidation.

Select the best add-on tools e.g. expense management, approval management - there are plenty to choose from.



DESIGN GOOD PROCESSES AND FOLLOW THEM

- ✓ It is never too early to implement controls over expenses, purchases and payroll.
- ✓ Good credit control will help keep those cash balances looking healthy.
- ✓ Strong controls around payments are important, especially in this era of cyber crime.
- ✓ Make sure your processes are scalable.



USE THE RIGHT RESOURCE TO DO THE BOOKKEEPING WORK

- ✓ Not you – wherever possible, leave your time free to grow your business!
- ✓ Not your (untrained) partner or the untrained admin.
- ✓ It is really easy to get in a mess with bookkeeping...and much harder, time consuming and costly to sort the mess out.
- ✓ Use an expert, preferably one who understands the peculiarities of your business sector and the challenges facing a new business.



MAKE SURE IT'S DONE REGULARLY

Little and often really is the way to get timely, accurate and meaningful financial information.

Regular bookkeeping should provide a continuous stream of info that can be used for decision making.

Regular bookkeeping is the best way to manage credit control and cashflow.



LOOK AT AND USE THE INFORMATION THAT GOOD BOOKKEEPING GIVES YOU

Looking at your cash, accounts receivable and accounts payable weekly will help you to really feel on top of your business.

Look at the profit and loss and balance sheet reports every month and make sure you understand what they are telling you. If you don't understand them, find someone who can explain them to you in simple language.

Choose KPIs that are relevant to your business.

Remember – cash is king! So many new businesses fail because they run out of cash.





UNDERSTAND YOUR LEGAL OBLIGATIONS

In the UK you must keep books and records for 6+ years.

Sales invoices must contain certain information to comply with Company Law and VAT legislation.

If you register for VAT, under the new Making Tax Digital (MTD) regime, you will be required to keep VAT records in a digital format and file them in a digital format with no manual intervention.





SWEDISH CHAMBER OF
COMMERCE FOR THE UK

WE HELP BUSINESSES ESTABLISH, GROW AND DEVELOP

The Swedish Chamber of Commerce for the United Kingdom – a not for profit organisation – is the ultimate platform for entrepreneurs and businesses within the Swedish-British business community. Founded in 1906 – by business and for business – we have represented, inspired and promoted our members, extended commercial relations between our countries, and delivered first-class services and events for over a century.

We serve a broad and diverse network of businesses – from entrepreneurs and start-ups to large corporates, and passionately aspire to provide the most relevant and valuable services. We support businesses throughout their life cycle, whether they are expanding into the UK, developing their business or wanting to connect more widely within the community.

CONTACT



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ABOUT MERRYHILL

Merryhill is an outsourced accountancy firm. Replacing the traditional in-house finance team, we provide specialist advice and support to both early-stage and established companies. Whether you are a homegrown enterprise or an international business expanding into the UK, Merryhill can provide the service you need.

Our clients are ambitious, high-growth, dynamic, tech-savvy businesses demanding meticulous service and high-quality financial systems and management information. Most are in fast-paced industries such as renewables, technology and software. All value our forward-thinking, high quality, proactive service, delivered with an eye to commercial and legislative best practice, as well as our strong sense of fun.

CONTACT



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