

Bookkeeping support

The importance and relevance of accurate record keeping in 2022

As we take a deep breath and consider our business planning options for 2022, the relevance of accurate, readily accessible accounting data has never been more apparent.

Without up-to-date, real-time data we cannot make the judgements that may mean the difference between survival and failure this coming year.

The economic outlook is not great, as COVID-19 continues to disrupt our personal and business lives and additional Brexit measures negotiated by our government impact from 01/01/2022.

What is changing in 2022?

Why this sudden interest in sprucing-up record keeping?

We are used to recording historical data in order to comply with annual accounts production, annual tax returns and quarterly VAT returns.

The emphasis in this context is to meet filing deadlines and avoid interest and tax penalties. Usually, we are looking at historical figures to meet these demands.

What is unfolding in the coming year is the need to know how you are placed financially, day by day. This will be necessary to combat the present COVID-19 challenges and HMRC's Making Tax Digital (MTD) changes.

MTD will eventually require you to upload quarterly, not annual data to HMRC, and to achieve this, your bookkeeping needs to be up-to-date and accurate.

Aren't the Making Tax Digital changes some time away?

MTD for VAT is already required and will be extended to all VAT registered businesses from **April 2022**. Returns can only be made if the underlying data is in a format that can link with HMRC's servers.

MTD for income tax purposes will require sole traders to upload quarterly business data and is due to commence **April 2024**. This will be followed by similar demands for partnerships and companies in the following two years.

Business owners should ensure their records will be compliant as soon as possible as the conversion process, from manual or ineffective computerised systems, to effective and approved online bookkeeping systems, will take some time.

And more importantly, there is a real need to for access to real-time data to keep an eye on current financial challenges as COVID-19 continues to disrupt business activity.

How we can help

We would like to offer you the following range of services to deal with these challenges:

1. If you still using manual bookkeeping records or spreadsheets, we can recommend inexpensive, cloud-based accounting software that you can use and will be MTD compliant.
2. If you already use computerised accounts software, we can check to see if it will be suitable for MTD purposes.
3. Once your software is in place, we can provide initial training to show you how to process bank, sales, and other transactions.
4. Finally, we could access your accounts data quarterly and make sure that the numbers produced make sense. This could include a discussion of quarterly results and help you meet any upcoming financial challenges sooner rather than later.

The key to success in 2022 will depend to a large extent on your ability to gather, record and interpret your business results in real-time. The days of relying on instinct and historical data, that may be months out of date, are long-gone.

Call now so we can discuss your options

Let us help you manage your business challenges in the coming year.

A basic review of your bookkeeping is the best place to start. No point in building a wall if the foundations are missing.

Call now so we can discuss your options.