Annual accounts planning pays off

When you're preparing material for us to prepare your annual accounts, the best guide is our questionnaire.

Please answer all questions. If you're unsure of the answers, please contact us so we can explain what's needed. Sometimes you'll have to supply us with a list of expenses, such as details to calculate your business use of home calculation.

If you put any of this information on another piece of paper instead of in the questionnaire, please show cross-reference this.

ome clients supply more information than we need. This often leads to extra work and extra costs. Our questionnaire should be your guide. Stick to it. If you think other information would be useful, keep it apart from what we have asked for and discuss it with us. We'll tell you what to leave out next time.

Other things to remember

*If you need to keep a **log book** to determine the private share of running costs, it has to be for a three-month representative period. Check to see when you last did a log, Inland Revenue requires you to complete a new one every three years, or more often if the percentage of private running changes by more than 20%. When did you last do your log book?*

Write off **bad debts** from the books BEFORE balance date, showing the date as proof you wrote the amount off in time.

*Check to see all **staff** have completed an IR 330, and **contractors** are not required to have PAYE deducted.*

If you have a company car, the company needs to pay fringe benefit tax (**FBT**) for your private use or we make an adjustment for this. FBT is reduced for every complete day it cannot be available for private use, such as while overseas or if the car is being repaired.

FBT is usually calculated based on 20% of cost price. Once you've had a car for more than five years, you can switch to 36% of “tax book value”. It pays to make the switch for all cars costing more than $15,000.

Stock take

If the total value of your stock is greater than $10,000 you need to count your stock at balance date. This can be a big job for retailers and often has to be done a few days either side of the date. Make sure you have systems to cope with stock arriving and stock sold between the time of counting and the actual balance date.

Watch out for payments made in advance. If the stock hasn't arrived, the amount paid in advance may not be an expense. You may need to adjust for this. It will depend on the terms. If it is an expense, include it in stock. Most computer systems cater for this.

Some businesses, such as builders, also have partly completed work. Value this at the direct costs of materials, labour and any other processing costs. Don't include your profit though.

Money owing to you (work in progress)
Watch out for work you have done before balance date but invoiced or been paid for after balance date. If you get paid once a month, your April payment (March balance date) is probably for work done in March. This money forms part of your income for 31 March 2015.

*Individuals can claim for most **charitable donations** you've made. If these donations are made through a limited company, they are tax deductible, provided the company doesn't make a loss.*

Entertainment
You'll need to identify entertainment expenses separately as they're generally only 50% deductible. Gifts of food and wine made to customers or suppliers are not entertainment and, so long as they're made in the normal course of your business, they are 100% tax deductible and don't need separately identifying.

Bank accounts
We need evidence of all bank balances at balance date. Banks sometimes wait until statements are full before sending them out. This is no good to us. Request your bank sends you a statement at the end of each financial year for ALL accounts. This includes mortgages and loans. Alternatively, obtain internet printouts, please check these show the balance at 31st March.