

## **Accounts, Tax & the Basic records you must keep**

### **Your basic records will normally include:**

- a record of all your sales, with copies of any invoices you've issued
- a record of all your business purchases and expenses
- invoices for all your business purchases and expenses, unless they're for very small amounts
- details of any amounts you personally pay into or take from the business
- copies of business bank statements
- copies of loan bank statements

It's helpful to keep a separate record of purchases and sales of assets that you use in the business, such as equipment. These need to be treated differently in your tax return.

You can claim capital allowances for assets, which means that rather than claiming the whole cost at the time you buy, you reclaim the cost over time.

### **Other records you must keep**

All businesses are different and there are many specific types of detailed record that may need to be kept. Some examples of records you should keep include:

- cash book
- petty cash book
- order notes and invoices
- copy sales invoices
- details of any other business income received
- details of any private money brought into the business
- till rolls or other form of electronic record of sales
- details of any other income
- any cash taken out of the till to pay small business expenses
- bills and invoices for purchases and expenses
- a record of stock on hand at the end of the year
- all bank and building society statements, pass books, cheque stubs and paying-in slips which include details of business transactions

All this information will be useful in completing your Self Assessment return. You'll need to keep certain records and hold on to them for several years so that you can back up the information you put on your return.

### **Records related to both business and personal use**

It's important that you keep your business and personal records separate. For assets that you use for both business and personal purposes - for example shop premises that include a flat - you must keep enough records so that you can work out what expenditure relates to business use and what is private. For example:

#### **Sales**

You must keep a record of:

- any stock you take for personal and family consumption
- goods or services you supply to someone else in exchange for goods or services -barter transactions

Even if you don't record these through a till, you'll need to make a record at the time the transaction takes place of the goods taken or supplied and their retail price.

#### **Motor vehicles**

If you use the same vehicle for both business and private purposes, you should keep enough details to help you split the total amount you spend between business and private use. Usually it'll be enough to keep a record of business and private mileage and to split the vehicle running costs in the same proportions. You could also opt for using the fixed profit scheme