Preparing for year end

Greg Penfold looks at some of the ways you can help your accountant when you start to prepare your year-end paperwork

Whether you’re producing your annual accounts or carrying out a special exercise, being prepared will ensure the necessary groundwork has been carried out when your accountant asks to see your books and records.

You may also be able to help by preparing some of the routine schedules in-house. This will mean the accountant’s time (and fees) can be better spent advising you on your business.

**Keeping them informed**

Your accountant will be better prepared if she or he knows about any changes within your practice, which could affect the year-end accounts and possibly your tax.

Examples could include:

- Refurbishing a surgery
- Converting your NHS patient list to private
- Business strategy, for example, adopting a practice plan
- Changes to the record keeping system, for example, using a new piece of software
- Key personnel changes.

Better communication with your accountant will help to minimise misunderstandings and avoid unnecessary work at the year end.

**Keeping the books**

Tax law stipulates that a self-employed dentist must ‘maintain (for example, collate, write up and process) your practice’s income and expenses either in a timely fashion. There are penalties imposed by HM Revenue & Customs for missing deadlines for filing PAYE forms and paying over tax and National Insurance deducted from your employees pay and tax are dealt with quickly without your involvement.

A bookkeeper (or payroll bureau) will ensure that your employees pay and tax are dealt with in a timely fashion. There are penalties imposed by HM Revenue & Customs for missing deadlines for filing PAYE forms and paying over tax and National Insurance deducted from your employees. They will also file your invoices in a logical order (numerically, alphabetically or by payment date) to make it easier for you to find any one of them if needed.

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**Following correct procedures**

By establishing and maintaining certain procedures you will be able to keep better control over your business. Procedures may include:

- How patient charges are collected and recorded through your accounting system
- The timing and method of paying lab fees and material suppliers
- Maintaining a stock inventory
- The date and method of paying staff

It is important that you discuss the procedures with your accountant. He or she can then advise you if you are operating in the most efficient manner.

**Watching your stock**

A dental practice should always carry a certain amount of stock. This will need to be counted at the year-end date and the value (at cost) given to your accountant. To ensure that the stock take is carried out efficiently and accurately you should consider the following points:

- Stock items should be stored neatly and logically to make counting easier
- The member of staff involved in counting the stock should be given clear instructions
- Try to minimise the movement of stock during the count. Where possible deliveries of materials should be kept separate

By getting your accounting records and information to the accountant soon after your practice’s year end means they are able to pick up on any errors in your system as these can be rectified quickly. Of course they can also let you know your tax liability well in advance of the payment date. This can only be done, however if you are prepared!

Employ a practice manager

This will undoubtedly help with all of the above. The BDPA has produced an advice sheet stipulating the competences of a dental practice manager.

Often a well-run dental practice is not attributable to the principal who owns it but by the practice manager who runs it from day to day. A good practice manager is often worth their weight in gold in terms of financial management that is associated with any dental practice.

As a dentist, your time is best spent practising dentistry, treating patients and keeping up to date with the latest techniques. Paying somebody else to do the paperwork will inevitably lead to a cost, but the following time savings may outweigh that cost:

- Paperwork is in better order for the accountant
- Time is freed up to attend courses and hone your clinical skills
- Day to day staff issues can be dealt with quickly without your involvement.

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