CFAMN3

Maintain financial records for your business

Overview

This standard is for entrepreneurs who maintain financial records for their business. You need to keep your financial records for a variety of purposes. They are important in helping you to manage your finances and continue running your business. They are also required to meet legal and regulatory requirements in company law and for tax purposes. Keeping financial records involves researching different systems for recording, monitoring and reporting the finances of your business, deciding which financial records to keep, how, when and for how long to keep them, and selecting an accounting management system that is relevant to the legal format of your business.

You might do this if you are:

1. self-employed;
2. starting a new business or a social enterprise;
3. taking over another business or social enterprise;
4. are responsible for managing finance in a business or a social enterprise.

Performance criteria

You must be able to:

1. collate all financial records related to your business activities, assets and funds
2. use accounting methods that are relevant to the trading status of your business
3. choose an accounting system that will provide suitable financial statements
4. produce statutory returns for reporting to the tax authorities
5. maintain records of forecast cash flow, profits and losses
6. ensure the financial system will produce suitable invoicing and purchasing records
7. identify the systems and processes to control the money coming into and going out of your business
8. share the accounting information with relevant members of staff
9. ensure all financial transactions are properly recorded
10. process and store records securely in accordance with data protection legislation
11. ensure the security systems are in place for storing the paper-based and electronic records
12. destroy any financial records and documents that are no longer required to be kept
13. store and retain financial records for the required period of time
14. ensure financial records are administered in accordance with the legal requirements for businesses
15. seek technical and professional advice when required

Knowledge and understanding

You need to know and understand:

Financial records

1. the financial records relating to your business activities

2. the principles and procedures of accounting systems

3. the records about your business assets and funds

4. how to produce financial records, such as ledgers and journals, invoicing, receipts and payments

5. how to use financial records for monitoring the financial state of your business

6. the financial statements and statutory returns in terms of your trading status

7. the cash and credit sales transactions, purchase transactions and creditors

8. how to monitor budgets, invoicing, payments and receipts

9. the different accounting periods, financial year and tax year

10. how to choose and use different accounting periods and financial years

11. the cash flow forecasts, profit and loss statements, spreadsheets, balance sheets and tax returns

12. how to relate cash flow, profit and loss and balance sheets to each other

13. what financial measures and forecasts are required by your business

14. the financial information in relation to customer payments (credit control), managing the amount of money coming in and going out (cash flow management), monitoring the activity in your bank account and the charges made by the bank (bank monitoring)

15. how to keep the paper and electronic documents safe, secure from loss, damage and theft

16. why the electronic documents should be stored on systems protected by passwords, encryption and two-step verification

Information and advice

17. the sources of information on financial record keeping

18. why it is important to use proper technical and professional advice on financial activities

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