# **Description of bookkeeping procedure for** Company name

### **General information**

This description has been prepared for the first time on date and the latest updated version is from date.

### **The company’s VAT-number (Danish ”CVR-number”)**

State the CVR-number of the company dealt with in this description of bookkeeping procedure.

### **Responsible persons**

State the name(s) of the person(s) responsible for the planning of your bookkeeping, e.g. your accounting manager, your CFO, or the like. If your company has no employees besides you as owner, then you as owner will be responsible. It must not be stated who actually performs the bookkeeping but depending on your company’s size and organization, there may be an overlap between the person performing the actual bookkeeping and the person responsible hereof.

### **External handling of bookkeeping assignments**

State which of your bookkeeping assignments that are handled by an external bookkeeper or auditor, if any. If your company has entered into an agreement with an external bookkeeper or auditor about the handling of some or the entire bookkeeping, then this should be stated. If the assignment only covers some assignments related to bookkeeping, e.g. only registration of transactions (purchase, sale, payroll services, interest calculation etc.) but not keeping of vouchers, reconciliations relating to VAT reporting etc. then it is described what specific assignments the bookkeeper or auditor handles.

### **CVR-number of possible external handler of bookkeeping assignments**

State the CVR-number of a possible external bookkeeper or auditor handling some or the entire bookkeeping of the company.

### **Bookkeeping system**

If you use a digital bookkeeping system, then the digital bookkeeping system(s) in question should be described here. If the system consists of multiple systems or modules, then this should be described.

### **Chart of accounts**

A chart of accounts provides an overview of your financial activities and is a list of the accounts that you can use for your bookkeeping, e.g. sale of goods, consumption of goods, rent, office supplies, telephone, accounts receivable from sale, bank, due VAT etc. If you use a public standard chart of accounts, e.g. the one published by The Danish Business Authority (“Erhvervsstyrelsen”), then this should be stated here. If you use a chart of accounts from a provider of a bookkeeping system, then the system in question should be stated here. If you use your own chart of accounts, e.g. a chart of accounts from a provider adjusted to the company’s conditions, then this should be stated, and the template should be attached to the chart of accounts.

## **Registration and reconciliation of transactions**

### **Overview of transactions on significant areas / types of transactions**

Transactions are conditions / events affecting the company’s financial situation. It can be a purchase of goods, a sale, a salary pay-out, an interest calculation, debt settlement etc. Transactions can also be related to accounting conditions as for example depreciation on plants.

Below is a brief description of what types of transactions that frequently and repeatedly are included in your bookkeeping with indication of the expected frequency. Frequency and recurrence must be seen in relation to your business model and should reflect the primary operation, e.g.:

* Cash sale, e.g. on a daily basis,
* Sale on credit, e.g. a few times a week,
* Purchase of goods and payment of operating costs, e.g. on a weekly basis,
* Payment of salaries, e.g. on a monthly basis, and
* Calculations of depreciation, e.g. semi-annually or annually

Typically, a hairdressing business will have transactions relating to cash sale, or probably purchase of an inventory as well as rent costs. In a company with employees, registration of salary related costs will also be a frequent and repeating transaction.

In a company that owns many or large plants, e.g. cars and fixture, continuous depreciation will be a frequent and repeating transaction.

A smaller craft business will typically have transactions relating to sale, sale on credit, purchase of goods, purchase of machinery / tools /cars where activation and depreciation can be relevant / and purchase of foreign work.

### **Procedure for registration of transactions**

State a description of your work process for bookkeeping for each of the company’s most significant types of transactions. If purchase of goods is one of your frequent and repeated transactions, then you should describe your routines of booking purchase of goods, e.g. every time you receive an invoice or once a week.

### **Reconciliation of the bookkeeping**

According to the Danish Bookkeeping Act (“Bogføringsloven”) you must make the reconciliations necessary to ensure that there is an updated basis for statutory reporting or declaring of VAT, taxes, duties, and annual- and semi-annual reports.

State how often and how you reconciliate the continuous bookkeeping (registrations) as well as what posts and holdings that are included in the reconciliation. This could for example be prior to a VAT reporting where you must make the necessary reconciliation ensuring all VAT-related purchases and sales are booked in the appropriate period.

As a minimum, most companies will have a need of a continuous reconciliation of the bank. In that case it is described what accounts in the bookkeeping that are reconciled against bank accounts, how often it takes place, and if it is made manually by comparing prints from the bookkeeping with prints from the online banking. If the company uses a bookkeeping system with built-in functionalities for reconciliation of the bank, then it should be described.

Also state – if applicable - how often your debtors, creditors, accruals, and due costs are reviewed. A company with an inventory may occasionally need to make a physical counting of some or the entire inventory, possibly on a sample basis, and compare this with the value to which the inventory is booked. This will also be relevant in relation to ending of the financial year to ensure an updated basis for a possible annual report. If this is the case, then it should be described which accounts in the bookkeeping that are reconciled with the physical inventory and how often this is made.

## **Procedure for keeping and finding**

### **Keeping of accounting material**

State the physical location (address) for the keeping of your accounting material in physical format, i.e. the paper based vouchers etc. Typically, accounting material is vouchers but also calculations, documentation for assessments, contracts, and other documentation for the booked material.

As regards accounting material in digital format it must be stated whether it is kept locally, e.g. on a server or computer, or whether it is kept in a cloud solution. If it is kept locally, then the physical location (address) must be stated. If backup copies are made of digital accounting material, then it must be stated where this is kept. If it is kept via a cloud solution, it must be stated who hosts this solution, e.g. Microsoft. if the material is kept on a mobile unit, e.g. a USB key, then the name of the person responsible for safely keeping the unit is stated.

### **Safe storage**

State what you as a company do to ensure safe storage of your accounting material (vouchers etc.) for five years. Especially describe measures to prevent unauthorized access, protection against disposal or destruction or alteration of accounting material as well as protection against digital accounting material unintentionally being deleted or altered. This could be measures as access control, logging, and backup.

### **Finding of accounting material**

State how your accounting material can easily be found and made available for authorities among others in relation to control, including how digitally kept material can be converted into a legible format if necessary.

It may be, for example, that your accounting material (vouchers etc.) can be extracted in pdf-format or another legible format, that the material can be examined for specific periods, or that all vouchers are unambiguously numbered so that it is easy to follow the control trace.

If you keep vouchers on several units, e.g. a hard disc, a server, a USB key etc., then state how it is ensured that an overview can quickly be established, and that extraction can be made from these units.

If the material is kept encrypted, then it should be described how it can be decrypted.