# **Description of bookkeeping procedure for** [Insert company name]

## **General information**

This description was first prepared on Click or tap to enter a date and last updated on Click or tap to enter a date.

### **Company CVR number (Business registration number)**

Enter the CVR no. for the company that the description of the bookkeeping procedure deals with.

### **Responsible persons**

Enter the name(s) of the person or persons responsible for how your accounting is organised. This may be, for example, your accounting manager, financial director or similar. If your company has no employees, apart from yourself as the owner, you as owner will be responsible. You do not need to state who actually carries out the bookkeeping, but depending on the size and organisation of your company, there may be an overlap between the person who carries out the actual bookkeeping and the person responsible for it.

### **External handling of bookkeeping tasks**

State here which of your bookkeeping tasks, if any, are handled by an external bookkeeper or accountant. If your company has entered into an agreement with an external bookkeeper or accountant to handle all or parts of the bookkeeping, this should be stated here. If the agreement only covers certain tasks related to bookkeeping, e.g. only registration of transactions (purchases, sales, payroll, interest calculation, etc.) but not storage of source documents, reconciliations related to VAT returns, etc., describe which specific tasks the bookkeeper or accountant performs.

### **CVR number of any external handler of bookkeeping tasks**

Enter here the CVR no. of any external bookkeeper or accountant who handles all or parts of the company’s bookkeeping

### **Bookkeeping system**

If you use a digital bookkeeping system, the digital bookkeeping system(s) in question should be described here. If the system consists of several integrated systems or modules, describe these here.

### **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. sales of goods, consumption of goods, rent, office supplies, telephony, receivables from sales, bank, VAT due, etc. If you use a public standard chart of accounts, e.g. the one published by the Danish Business Authority, this should be stated here. If you use a chart of accounts from an accounting system provider, state here which system you use. If you use your own chart of accounts, e.g. a chart of accounts from a provider which has been customised based on the company’s circumstances, state this here and append the chart of accounts to the template.

## **Registration and reconciliation of transactions**

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

Transactions are conditions/events that affect a company’s finances. These can include purchases of goods, sales, salary payments, interest calculations, debt settlements, etc. Transactions can also be related to accounting matters such as depreciation on facilities and machinery.

Provide a brief description here of the types of transactions that are frequently and recurrently included in your bookkeeping, including an indication of their expected frequency. Frequency and recurrence should be seen in the context of your business model and should reflect the primary operation. These can, for example, be

* cash sales, e.g. daily,
* sales on credit, e.g. a few times per week,
* purchases of goods and payment of operating costs, e.g. weekly,
* salary payment, e.g. monthly and
* calculations of depreciation, e.g. semi-annually or annually.

A hairdressing business will typically have transactions related to cash sales, any inventory purchases, and rental expenses. In a company with employees, recording salary-related costs will also be a frequent and recurring transaction.

In a company that owns multiple or large facilities and machinery, such as vehicles and inventory, ongoing depreciation will also be a frequent and recurring transaction.

A small tradesman’s business will typically have transactions related to sales, sales on credit, purchases of goods, purchases of machines/tools/vehicles, where capitalisation and depreciation may be relevant, outsourcing work, etc.

### **Procedure for registering transactions**

Describe here your workflows for registering each of the company’s most important types of transactions, see above. If purchasing goods is one of your frequent and recurring transactions, describe which routines you use for registering goods purchases. For example, this may be every time you receive an invoice or once a week.

### **Reconciliation of your bookkeeping**

In accordance with the Danish Bookkeeping Act, you must carry out any reconciliations that are necessary to ensure there is an updated basis for statutory reports or VAT returns, taxes, levies, and annual and interim reports.

Describe here how, and how often, you reconcile the ongoing bookkeeping (registrations), as well as which posted items and holdings are included in the reconciliation. This may, for example, be in advance of submitting VAT returns, where you must carry out a necessary reconciliation to ensure that all VAT-related purchases and sales are registered in the correct period.

Most companies will, at minimum, need to carry out bank reconciliations on an ongoing basis. In this case, describe which accounts in the bookkeeping are reconciled against bank accounts, how often this is done, and whether this is done manually, for example, by comparing the transcript from the bookkeeping with the transcript from online banking. If the company uses a bookkeeping system with built-in functionalities for bank reconciliation, for example, describe this system here.

If relevant, describe here how often your debtors, creditors, accruals, and due costs are reviewed. A company with an inventory may periodically need to carry out a physical count of all or parts of the inventory, possibly on a sample basis, and compare the result with the value at which the inventory is registered. This will also be relevant in relation to the end of the financial year to ensure an updated basis for any annual report. In this case, describe which accounts in the bookkeeping are reconciled with the physical inventory and how often this happens.

## **Procedure for storage and retrieval**

### **Storage of accounting material**

State here the physical location (address) for storing your accounting material in physical format, i.e. paper-based source documents, etc. Accounting material typically comprises source documents but also includes calculations, documentation for estimates, contracts and other documentation for anything that has been posted.

For accounting material in digital format, state whether it is stored locally on a server or computer, for example, or whether it is stored in a cloud solution. If stored locally, state the physical location (address). If a backup copy of digital accounting material is made, state where this is stored. If this is stored via a cloud solution, indicate who hosts it, e.g. Microsoft. If the material is stored on a mobile device, e.g. a USB stick, the name of the person who is responsible for storing the device in a secure manner should be stated.

### **Secure storage**

Describe here what your company does to ensure secure storage of your accounting material (source documents, etc.) for 5 years. In particular, describe measures used to prevent unauthorised access to accounting material and measures used to protect against accounting material being disposed of, destroyed and changed. In addition, describe what protections are in place to prevent digital accounting material being accidentally deleted or changed. These can include measures such as access control, logging and backup.

### **Retrieval of accounting material**

Describe here how your accounting material can be quickly found and made available to authorities, for example, in connection with checks and audits. Include a description of how material that is stored digitally can be converted into a readable format if necessary.

For example, it may be that your accounting material (source documents, etc.) can be extracted in PDF format or other readable format, that the material can be searched for specific periods, or that all documents are uniquely numbered so that it is simple to follow the audit trail.

If you store documents on several different devices, e.g. a hard drive, a server, USB stick, etc., you must describe how you have ensured that an overview can be quickly created and extractions can be made from these devices.

If material is stored encrypted, describe here how this can be decrypted.