



Case Study: Transforming Bookkeeping Accuracy for Our Client

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Introduction

Our client's company involved in property management, faced significant challenges with their VAT reporting. They reached out for professional bookkeeping services to transition from the standard VAT scheme to the Tour Operators' Margin Scheme (TOMS), seeking more favorable VAT treatment. This case study explores how we identified and resolved their bookkeeping issues, leading to substantial financial benefits.

The Problem?

The client approached us with a specific problem: they wanted to reduce their VAT payable by transitioning from the standard VAT scheme to the TOMS. This transition was critical as the client believed it could yield significant VAT savings. However, they lacked the in-depth accounting knowledge necessary to handle this change effectively and needed expert guidance.

Corient Solution

Upon a thorough review of their financial records, we discovered that the sales transactions were being recorded incorrectly. Specifically:

- **Incorrect Gross Amount Booking:** Sales were recorded at the gross amount, which included commission and sales aggregator fees. This booking method inflated the VAT payable and did not reflect the true margins.
- **Lack of Segregation:** There was no distinction between gross sales, commission, and fees, leading to inaccurate VAT calculations under the standard VAT scheme.

To address these issues, we recommended transitioning to TOMS, which better aligns with their operational structure and allows VAT calculation on the margin, rather than the full sale amount.

**The best accountants
are the architects of
financial legacies.**

– Laura Anderson

Challenges Faced

- Several challenges emerged during the implementation of the new bookkeeping approach:
- Data Accuracy and Coordination: Gathering accurate sales data and ensuring correct classification was difficult because the client had limited accounting knowledge.
- Client Communication: The client's lack of familiarity with accounting principles necessitated clear and frequent communication to explain the necessary changes and gather the required information.

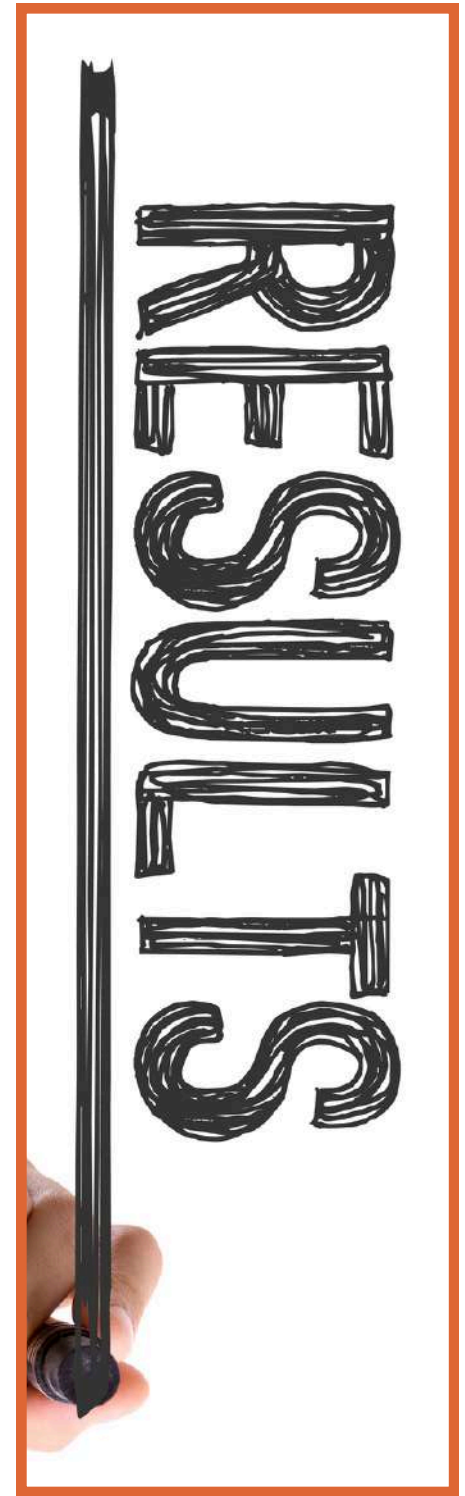
Overcoming the Challenges

- To overcome these challenges, we adopted a systematic approach:
- Record Verification: We meticulously reviewed the client's records to understand their sales processes and identify discrepancies.
- Client Education: We conducted multiple Zoom calls and phone meetings to educate the client about the new VAT scheme and the importance of accurate data segregation. This included step-by-step guidance on how to correctly record sales, commission, and fees.
- Regular Coordination: Continuous communication ensured that the client provided the correct data needed for accurate bookkeeping and VAT calculation. Our proactive approach included sending detailed instructions and providing real-time support during the transition.

Results Achieved

The implementation of the new bookkeeping process under TOMS yielded substantial benefits:

- Accurate Bookkeeping: We corrected the bookkeeping for the last three VAT quarters, aligning sales records with the TOMS requirements. This adjustment ensured accurate VAT reporting and compliance.
- Financial Gains: The revised VAT calculations allowed the client to reclaim £7,893.77 from HMRC. This refund was a direct result of properly segregating and reporting sales, commission, and fees under TOMS.



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**Behind every good
business is a great
accountant.**

– Anonymous
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Client Benefits

The transition to TOMS and the corrected bookkeeping process provided Bicknell with several benefits:

1. Enhanced VAT Compliance: The client now accurately reports VAT, reducing the risk of future discrepancies and potential penalties.
2. Streamlined Process: We established a clear process for recording transactions, which was explained in detail during Zoom sessions. This education empowered the client to maintain accurate records going forward, reducing confusion and errors.
3. Financial Savings: The reclaimed VAT amount significantly improved their cash flow, highlighting the financial efficiency achieved through proper bookkeeping.

Conclusion

Our intervention for Bicknell Inhouse Property Hub Ltd demonstrates the profound impact of accurate bookkeeping and tailored VAT schemes. By addressing their initial challenges and guiding them through the transition to TOMS, we enabled the client to benefit from substantial VAT savings and a streamlined accounting process. This case study underscores the value of professional bookkeeping services in navigating complex VAT regulations and enhancing financial outcomes.



**The road to success and the road to failure
are almost exactly the same.**

– Colin R. Davis

