

FIVE ESSENTIAL TIPS FOR SMALL BUSINESS OWNERS

1. Have one place for all of your receipts.
This can be a physical place, such as a shoebox or large manila envelope, or it can be electronic – take pictures of all of your receipts or have a system for scanning them into your computer regularly. If your office is mobile, you can use a simple plastic coupon organizer in your vehicle to stash all of your receipts. Bring them in at the end of each day and put them in their proper place. The ink on receipts that get wet or dirty disappears amazingly fast. Don't forget purchases paid for with cash.
2. "Touch" your bookkeeping at least once a month to avoid overwhelm.
For most businesses, maintaining a more frequent schedule, such as weekly or bi-weekly, is better because of the sheer volume of transactions that occur on a monthly basis. Also, the more often you update your records, the better view you have of your business' financial health.
3. You may keep a calendar for your appointments.
Did you know that you can also write off mileage for trips to the bank, post office and supply stores? Add these trips to your calendar, as well. Then you can easily create a spreadsheet to calculate your annual mileage for your Income Tax return.
4. Create a simple filing system to manage all of that paperwork.
We discussed receipts above. Once the receipt has been entered into your bookkeeping system, where does it go? If you do not have an electronic system in place yet, then purchase some inexpensive file folders. The easiest/quickest method is the monthly method. All paperwork is filed based on date of transaction or statement using one folder per month. The problem with this method is if you need to find a receipt/invoice, your memory better be sharp so you know what month to go to. Most accountants actually prefer the expense/account method. Create one file for each type of expense (refer to your Income Tax return to get started) or each bank/credit card account.
5. Do not co-mingle your business and personal accounts.
If you must, create a wash account in your bookkeeping system, such as Petty Cash. This account can be used for all co-mingled transactions. It is balanced to zero at the end of each year with owner's draw or equity.

Maintaining a good bookkeeping system is essential to the success of your small business. Unless your business is in accounting or bookkeeping, keeping financial records is probably NOT what you do best. Is today the day you decide to finally hire a bookkeeper?

Don't procrastinate any longer - contact me to discover why "you need a dawn".