

8 bookkeeping tips every small business will benefit from:

1. Keep Your Records Organized.

The first two tips are by far the most important bookkeeping tips for every small business. Keep your records organized! When you stay organized during the entire year you and your tax preparer are not scrambling at the end of the year or come tax time. Knowing and understanding your financial situation is the most important thing to staying in business, after your customers. Studies have shown that as high as 82 percent of businesses failed because of poor cash-flow management or poor understanding of cash flow.

2. Keep Your Personal Finances Separate.

You should keep your personal finances completely separate from your business. Doing this will save you a great deal of time and energy when sifting through your expenses, because you won't need to filter out any personal purchases you have made. It's a best to keep separate credit cards and bank accounts dedicated to your business.

3. Create a Simple But Functional Chart of Accounts.

The chart of accounts is a list of accounts that is used to categorize every financial transaction that your business generates. Your chart of accounts will reflect your entire operation which is why it is considered the backbone of your bookkeeping system. Keep the names generic, remember it is meant to be a functional list of accounts by type of transaction.

NOTE: It is really important to select the correct account type for each account or there will be errors when preparing and reviewing your financial statements.

4. Regularly Reconcile Your Bank Statements and Try to Keep Track of Your Financial Data on a Monthly Basis.

Whether you are using a bookkeeping software or doing it by hand, it is important you consistently reconcile your bank statements. Don't wait months and months and learn the hard way that items are missing, or numbers were entered wrong. Also, it's important to keep track year over year and based on monthly data so you can evaluate trajectory and growth. If you track monthly based on category of income, it can help you see what areas of your business are increasing, which are decreasing, and areas for potential improvement. If you do not reconcile on a monthly basis there is a high risk that any reports, you produce will be inaccurate.

5. Resolve Errors ASAP When Reconciling.

A common mistake is to leave a discrepancy and come back to it later. There should not be even a \$0.01 difference between what is in the bank and what is in the books. It's best to find the source of the problem ASAP and fix it. Otherwise, the discrepancy will carry over and if your books don't line up with what is in your bank accounts, your financial statements will be inaccurate.

8 bookkeeping tips every small business will benefit from (cont'd):

6. Plan for Major Expenses Including Taxes.

Forecasting and creating a budget for your major expenses can save you a lot of worry. Setting aside a contingency for these will help ensure that your business will continue operating and will minimize the risk of being marred by financial issues. Also setting aside an amount each month corresponding to your monthly sales will make it easier for you to pay your taxes, because you won't have to outlay a large amount of funds at the end of the year.

7. Go with QuickBooks, Online Banking, and Cloud-Based Software for Your Industry.

Cloud accounting and bookkeeping applications bring real time reporting to small business owners. This automates much of the tedious bookkeeping functions but does not replace the need for expert accounting guidance. The saying "garbage in" equals "garbage out" rings oh so true for bookkeeping. There are lots software options for bookkeeping, however, I generally advise my clients to use QuickBooks Online (QBO). It's relatively inexpensive and once it's set up correctly, it's easy to maintain. I encourage you to either take a class or hire a bookkeeper to set up your QBO and then maintain your QBO going forward. But whether you set it up yourself or hire someone, learn your numbers!

Also, online banking is effective in monitoring your company's cash flow. It is also makes management of bills and money transfers for expenses easier. In addition, it is now possible to integrate your online banking platform with your accounting software, making it simpler to access a timely and reliable set of financial information.

8. Don't Wait Until Year End to Talk to Your Accountant or Hire a Bookkeeper.

Find someone you work well with and make it a point to be in contact with your accountant/bookkeeper regularly, not just at the end of the year. Doing so will make sure that any bookkeeping issue will be caught in time and will be easier to work out. Even though accounting software can enable practically anyone to monitor their business financials, having a good accountant/bookkeeper as an advisor is valuable as they are able to give you sound opinions beyond just setting up an accounting system, they should also be cost effective and save you time allowing you to dedicate more efforts to bringing more revenue in the door.

Wouldn't you rather spend more time on the **business of running your business?**

GSW Financial Partners is here to assist. When you need to focus on growing your company, you deserve professional and attentive financial care. Whatever the volume or workload, from a few hours a month, to a few hours a week, and even full-time placement, GSW Financial Partners has solutions that fit your needs. We serve small and mid-size business owners in a wide variety of industries to help them thrive in today's challenging and competitive business climate, with qualified bookkeepers that have the skills and experience necessary to help you.