

# Day to Day Bookkeeping

## Bookkeeping That Works.

### **Cook the Food – Not the Books**

A simple, straight forward bookkeeping system is important to you and your business. It is the foundation of a successful business.

Good bookkeeping will enable you to analyze your business on an ongoing basis.

Good bookkeeping will also save you much time and minimize frustration.

### **Keeping It Simple (KISS me quick)**

A key rule of thumb is the KISS principle (Keeping It Simple is Smart). Many people think that bookkeeping and financial statements are highly complicated activities reserved for the realm of accountants only. For a small business, this simply is not the case. The only skills required are to be able to count, record, add and subtract. Some simple forms for inventory control and profit / loss statements make this even easier.

One method used in keeping the accounting simple and easy is to pay CASH up front for all your supplies. This has a few important advantages:

1. You should get better prices for paying up front compared to paying on account in 30 days.
2. You are able to quickly determine the success of your recent activities.
3. There will be no surprises at the end of the month when the bills come in.
4. Your accounting will be kept to a few minutes each day rather than a time consuming burden at the end of the month.

### **Keep Accurate Records Daily (KARD me)**

CASH does not mean that you don't get receipts or are involved in shady activities such as dodging taxes. It is simply a tool to keep accounting simple and to get the best prices for supplies.

You will need to keep all your receipts in order to keep accurate records both for your own information and to show government agencies at tax time. Without accurate records, you will find it difficult to take advantage of all the business deductions and credits to which you are entitled.

Never rely on your memory. Put it in writing.

Keeping your records simple and up to date will also save you money when you actually do need an accountant at tax time.

Keep receipts of all business related expenses including day to day supplies, equipment purchases, employee pay, office supplies, business loan interest, and vehicle mileage or fuel (spent driving to work, suppliers, business meetings, etc). These various expenses are all deductions at tax time and they will really add up over the year.

Keep business expense items on separate bills from other personal expense items i.e. business food supplies versus personal groceries. Mark on the receipt what the items were for i.e. a special event or weekly supplies. You may have to write in what the items actually are as many stores use acronyms in their descriptions that military pilots would find mind numbing. This will prevent much confusion.

Keep your records in a safe place such as a filing cabinet or banker's box. Keep separate labeled file folders for the different types of business expenses such as consumable food supplies, equipment purchases, uniform expenses, advertising and promotion, loan interest payments, employee pay, office supplies, vehicle expenses, rent payments, licensing and training, etc. The different expenses have different rates of deduction or different places to go on the tax form. Keeping them separate will save a ton of time and money at year end tax time.

Make up new record folders for each new year.