

# Bookkeeping Best Practices



As mundane bookkeeping may seem, it is definitely one of the most important aspects to being successful at business. Errors, omissions and incorrect information can cost a company significantly when tax time approaches.

Below is a list of some best practices to keep in mind when it's time for bookkeeping.

- 1. If bookkeeping is not your thing, find someone to do it for you.** Trained, skilled bookkeepers can help you efficiently keep track of all your income and expenses. They have the necessary skills to do the job quickly and efficiently and they will often find errors and make suggestions.
- 2. Use a good accounting software program.** This will help you keep track of expenses and income into the appropriate accounts. You will know, at any given time, how much you've spent on office supplies this year, and how much your gross sales are, too. A good system does not need to be expensive and perhaps a simplified system is the best option to start with until you grow. A bookkeeper or accountant can help you with this. (this could be a simple spreadsheet to start with!)
- 3. Reconcile your bank and credit card statements every month.** This will help ensure that you've not missed entries into your cheque book and that all money going out is tracked and accounted for.
- 4. Be consistent.** Set aside a certain time every week, or month, depending on the size of your business to organize your expenses and income and enter it into your accounting program. By scheduling time for bookkeeping, and sticking to it, you make the task less daunting than it really needs to be.
- 5. If you invoice your clients, be sure to monitor your collection procedures and outstanding invoices.** Payment terms should be clearly written on every invoice you send out. If you work off contracts, these terms should be mentioned in your contract, as well. Don't wait until your bill is so high that if payment is not made you'll be financially hurt. Cash flow depends not only on how much you make per hour but also on receiving payment in a timely way.
- 6. Back up your data.** This cannot be stressed enough. If you only have one copy of your bookkeeping data file, you risk losing all of your valuable data to a power surge, hard drive failure, or some other tragedy....and believe me, when you lose your data, it's a tragedy. Whether you back up to a thumb drive, an external hard drive or an online backup service, it's well worth any expense and time to take care of this important step.
- 7. Keep a separate business checking account.** Not only does this make you look more serious, it will also help you keep personal and business expenses separate and organized. Separating your personal expenses and your business expenses is key to the success of your business.