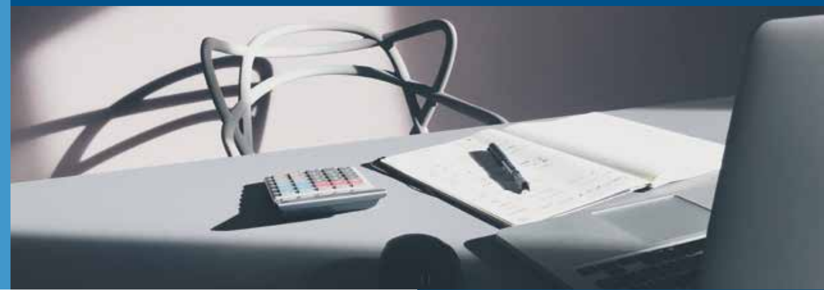
STRIDE ADVISORS
certified public accountants



Five common bookkeeping mistakes

For the small business owner, bookkeeping is often seen as one of the necessary evils that we all must face. The tedious and mundane task of bookkeeping can often take up hours and hours of time. . It is only with accurate and consistent measurement of a company's financials and other key indicators that we as business owners can effectively manage and expand our businesses.

1. Combining business and personal expenses

For convenience, you might find yourself using your personal bank account or credit card for the occasional business purchase. Or you may make a personal purchase with business funds. This makes for messy bookkeeping because all these transactions must be sorted out later on. You also risk losing track of business expenses, which could cause you to miss out on beneficial tax write-offs. You can steer clear of this situation by opening a dedicated business bank account early on. Your books will be much more organized and easier to maintain.

2. Improper or poor record keeping

Improper or poor receipt and record keeping is common for businesses. Maintaining accurate records on a monthly basis and with a proper filing system can save you time and money on your income taxes. It can also provide the necessary documentation in the event that you are audited by the IRS. In case of a potential audit, accurate records of income and expenses could end up saving you thousands of tax dollars.

3. Improperly categorizing expenses

If you or someone you have hired does not have the knowledge of formal bookkeeping practices, this can become a problem. Accurately tracking income and expenses in the correct categories ensures proper measurement of profitability. Knowing the different tax treatments of each income and expense category can result in significant tax savings, as well.

4. Not reconciling bank accounts

Not having separate bank accounts for personal and business activities can become an issue. If you are audited, you may need to provide complete records of business-related activities that are separate from your personal expenses. Make sure that your bank statements are properly reconciled every month. This will help to minimize errors and identify potential issues.

5. Neglecting sales tax

With many businesses, not reporting sales tax and not accounting for it is a common error in bookkeeping. Oversight in collection and reporting of sales taxes can result in significant fines and penalties. Alternatively, incorrect data entry may result in a higher total sales amount and overstated sales taxes due.

Bookkeeping, as mundane as it may appear, is actually your biggest secret weapon when it comes to business management and growth.

Use cloud based accounting tools and integrated mobile applications to automate the bookkeeping process

Decisive steps…beyond the numbers

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