

Recordkeeping Made Easy

You don't need a complicated system to keep accurate business records. What matters most is developing a system that works for you and then using it consistently. Accurate records can make running a small business a whole lot easier. Here are a few suggestions to get you started.

1. Keep business and personal expenditures separate.

It's much easier to track business expenses and document tax write-offs if you don't co-mingle your personal and business funds. Set up a separate bank account and credit card just for business transactions. Most bank and credit card statements categorize expenses, enabling you to easily see where your money is going. In addition, ask for statements with a month-end cutoff. This approach makes it easier to reconcile statements and track expenses at month-end.

Record costs and mileage associated with business meetings, lunches and other events in your paper or electronic planner. At year-end, you'll have the documentation you need to support any tax deductions.

2. Record deposits correctly.

When you record deposits in your check register, take a moment to note where the funds came from. Is it revenue? A business loan? Noting the source of the deposit lets your bookkeeper or accountant know whether or not the money is taxable.

3. Track your invoices.

Develop a process for tracking invoices once you issue them. Something as simple as a handwritten log can be used to keep track of when invoices were issued. A quick review each month lets you know if a second notice needs to be sent out. Tracking your accounts receivable helps strengthen your overall cash flow.

4. Make Estimated Tax Payments.

To avoid paying penalties and interest to the IRS, [estimate the amount of taxes](#) you will owe and set aside a portion throughout the year. Keep track of the tax deadlines in your paper or electronic planner to make sure you don't miss a payment.

5. Review your financial statements regularly.

A regular review of your financial statements – profit and loss, cash flow, accounts receivable and accounts payable - will give you a better sense of where your business is going and what, if any, changes you need to make.