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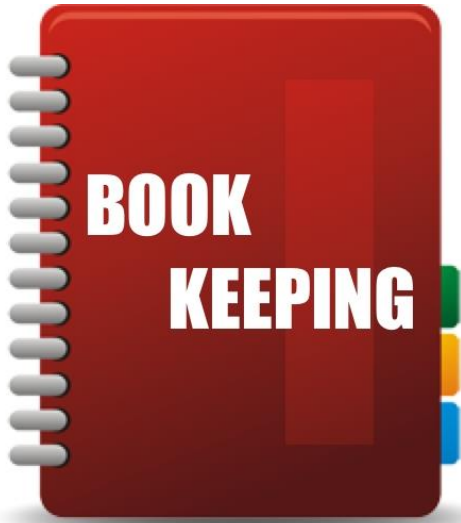
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Our Online Accounting Software (With 30 days FREE trial)



LITTLE KNOWN SECRETS OF BOOKKEEPING FOR SMALL BUSINESS OWNERS AND MANAGERS



Bookkeeping is the recording of financial transactions, and is part of the process of accounting in business. It is also the recording, on a day-to-day basis of the financial transactions and information pertaining to a business.

In other words, bookkeeping is the means by which data is entered into an accounting system. An example of bookkeeping is the process of documenting bank statements each month.

To wrap it up, bookkeeping is the recording of all financial transactions, including financial records of purchases, sales, receipts and payments, as well as accruals for payables or receivables.

Bookkeeping is one of the most essential tasks of any business. It is usually performed by a bookkeeper. Bookkeeping is part of the accounting process. Bookkeeping isn't just historical processing, but integrated business system management.

The double entry system of bookkeeping is based upon the fact that every transaction has two parts and that this will therefore affect two ledger accounts. At the core of double-entry bookkeeping is the concept that every transaction will involve at least two accounts, if not more.

Single-entry bookkeeping is adequate for many micro small businesses, as a result of their scale of operation and the volume of their transactions. While the double entry system of bookkeeping will be appropriate for small and medium enterprises.

Now, paper-based bookkeeping is fast fading away and becoming a thing of the past. Today bookkeeping is done with the use of computer software. In a world where virtually every business task is performed on a computer, it is no surprise that most bookkeeping is now done electronically.

Some people think that bookkeeping is the same as accounting. Bookkeeping is only an indispensable subset of accounting. But the principles of accounting rely on accurate and thorough records, bookkeeping is the foundation accounting. As you can see, bookkeeping is only a small part of the broader definition of accounting.

In short, the difference between accounting and bookkeeping is that bookkeeping focuses on repetitive business transactions, and so is a subset of the much larger set of tasks that can be encompassed by accounting.

Bookkeeping is constructed to provide the preliminary information needed to create accounting statements. As a result of this, the most important aspect of bookkeeping is to keep an accurate account of all records and keep them up to date.

The biggest difference between accounting and bookkeeping is that accounting involves interpreting and analyzing data and bookkeeping does not.

Accounting actually starts before the bookkeeping process and continues after the bookkeeping is complete. if the bookkeeping is accurate, then the advice provided by the accountant will be accurate.

A good accountant must first be a good bookkeeper, bookkeeping is just one aspect of accounting that you will need to know.

In this part of the world, bookkeeping mistakes are rife in small and medium enterprises accounts because they rarely give attention to having proper books of accounts. Couple with the facts that small businesses do not realize the importance of bookkeeping in financial planning and management

They do not also realize that a good bookkeeping helps when it comes to taxation. If your bookkeeper or accountant lacks understanding of how tax works. There is possibility of bookkeeping mistakes. That is why it is so important to make sure that bookkeeping mistakes are not resulting in overpaid taxes.

Eventually, things tend to slip, bookkeeping mistakes are made and that can actually hurt a business drastically. By understanding what the most common bookkeeping mistakes are, your small business can work to avoid them.

Most of the common bookkeeping mistakes are pretty easy to avoid, and just as easy to set up the right way within your accounting software. Over my years of experience, I've seen a lot of journal entries and I've seen what can happen to businesses when bookkeeping mistakes are made.

Bookkeeping mistakes are very common but easily avoidable, even if you have separate business and personal accounts. Often, many bookkeeping mistakes are a result of improper classification, putting too many or too few expenses in the wrong categories.

Bookkeeping mistakes are inevitable and expensive to fix. In fact, bookkeeping mistakes are one of the main sources of end of year tax problems.

For small businesses, accurate and diligent bookkeeping is necessary. It not only establishes compliance with the law, tax regulations and bank lending rules but also improves your ability to make operational decisions.

Your Accounting/Tax Questions Answered

Q: External or Statutory Audit: Is It A Burden To Your Business?

A: An external audit is an independent examination of the financial statements prepared by the organization. The objective of external audit is for the auditor to express an opinion on the truth and fairness of financial statements.

External audit is also called statutory audit of financial accounts to express an opinion whether the financial statements in all material aspects are in accordance with an acceptable financial reporting standard or not.

It is called statutory audit because it is a creation of the law to protect the interest of other stakeholders especially the government. The audited financial statement is the one used by the tax authorities for tax assessment and forms the basis of tax audit. The law also specifies that the audited financial statement should be filed as one of the major document for filing of annual returns to Corporate Affairs Commission. It is also used by banks for appraisal for loans and overdraft. It is used by customers and suppliers to know the financial health of a business and to assess the credit worthiness of a company.

The primary role of external audit is to report on the company's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds.

The purpose of external audit is to verify that the annual accounts provide a true and fair picture of the organizations finances; and that the use of funds is in accordance with the aims and objects as outlined in the constitution.

Statutory audit has the following benefits to the companies, if all the recommendations from the audit is well implemented.

1. It improves or enhances accounting procedure, internal control, internal reporting, operations and cash flow.
2. It reduces, relieves or eliminates exposure to material errors, losses, and bottlenecks.
3. It protects assets, credibility, lines of credit, liquidity and profit.
4. It can help in the restructuring of quality reporting system, unprofitable operations, unnecessary reports, and branch operations.
5. It can help to identify and develop external reporting and install management information systems, cost systems and decision making model.
6. It will help to restore and resolve image of client, reliability of financial statements, backlogs, uncertainty, inefficiencies and management anxiety.

External or Statutory audit need not to be a burden. It is an integral part of running and managing your business. If you are taking it to be a burden, then you will be running afoul of the law and denying your business of the opportunities for growth.

Contact us today, and we will be ready to help you.

How We Enhance Your Business Profitability, Growth and Cash flow

- We help set up and maintain a customized accounting and bookkeeping system for your business.
- Because the books are up to date, management reports are available. For example, you can have a clear picture on your expenditures and can track these against budgets, and also analyse your debtors and creditors lists. Management reports challenge the business owner to question the business performance. We will analyse these with you and together you can plan for the business with more confidence.
- The up to date and accurate records maintained by Taisha Associates will help your decision making and reduction in your tax expenses. And there is a reduction of wasted time at the end of the quarter or end of year tax preparation because most of the preparation is done prior!
- You don't have to buy new software or train an assistant to become a bookkeeper. Each week, fortnight or month your bookkeeping information is collected from your workplace and within a few days it is completed and delivered back to your desk. Or if you prefer, the bookkeeping can be done at your office.
- Taisha Associates offers clients a professional and competent bookkeeping, payroll, and training service. They provide a complementary initial consultation at your premises so why not give them a call

Our Online Accounting Software (With 30 days FREE trial)



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