

Top 6 Business Bookkeeping Mistakes

Small business certainly has *one thing* in common with government departments, corporate players and industrial conglomerates – all need to keep accurate books. Whilst bookkeeping is at the heart of business success, getting it wrong can prove costly.

Check GJB's list of the six most common bookkeeping mistakes made by small business to know exactly what to avoid:

- 1. DIY.** In an often misguided attempt to save costs, many small business owners elect to do keep own books. If you have the time and experience, it is a valid approach. If not, a competent bookkeeper is a blessing. Not only do they have the capability to do the job quickly and save you time, they also give you an extra pair of eyes to spot errors and make suggestions.
- 2. Mixing Personal with Business.** It is common for sole proprietors to treat their business accounts as a personal account and vice versa, paying expenses out of their pocket as they go. It is critical to keep the two separate - that you draw a salary from the business to cover personal expenses. GJB can help you structure it properly.
- 3. Not Keeping Track of Petty Cash.** All businesses keep a small amount of cash for incidental purchases so make sure you have a method for *accurately recording* what you spend. A little amount every week doesn't seem very much but, over a year, it can add up if left unmonitored.
- 4. Not Reconciling Your Books.** Surprisingly many business owners do not check their books against their bank statements every month to make sure both are in sync. Doing this routinely will identify discrepancies early and avoid you having to backtrack through months of paperwork to resolve errors.
- 5. The Paperless Office.** With the advent of online accounting systems, some business owners think they no longer need to keep paper records. You should still have files of receipts, invoices, purchase orders and other financial paperwork, whether that be stored as hard paper copies, or as scanned documents.
- 6. Miscategorisation of Expenses.** There are standard categories for expenses but many owners, unfamiliar with bookkeeping principles, create new categories or misclassify expenses. This can be fixed by GJB when we do your quarterly or annual accounts but will incur additional charges for the extra time spent.

For a free consultation and review of your business accounting set up, [click here](#) to schedule an appointment or call us on 02 9686 3130.

ENQUIRIES

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