

# BOOKKEEPING GUIDE





# YOUR GUIDE TO BOOKKEEPING

*Follow this guide and you will have a system that handles your bookkeeping in no time!*

*Whether you are just starting out or you are trying to get back on track.*

*These easy-to-follow steps will get you started on the right path!*





## STEP ONE

*It is important you pick a system and method that works for you.*

*Pick a method from one of these two:*

- 1. Outsource the bookkeeping. See our affordable bookkeeping packages starting at \$400 per month.*
- 2. Do the bookkeeping yourself, which this guide will walk you through.*





## STEP TWO

*Pick a tracking system from these 3 common systems:*

- 1. Spreadsheet: easy to use and ideal if you have limited computer knowledge.*
- 2. Paper tracking: the simplest form of bookkeeping but more expensive for accounting as we would need to eventually digitize all of your information.*
- 3. Software programs such as QuickBooks, Sage, or Wave: knowledge with computers is required but the upside is these programs can do your online invoicing and upload your transactions easily.*





## STEP THREE

*Setting up the system.*

*This means understanding the business, the income, and expenses and making sure it matches your business.*

*You do not need to make this complicated; simple is sometimes better as every business has different expenses.*

*If you are planning to use an Excel document, we have some templates which you are able to use to summarize a few key items. See our resources for further information.*





## STEP FOUR

*Gather all the information needed to do the bookkeeping.*

*It is important to make sure you have receipts for the expenses you are claiming and a system to be able to find them at a later date if audited.*

*What do you need to gather?*

- o Monthly bank statements*
- o Monthly credit card statements*
- o Receipts*
- o Invoices*
- o Digital receipts received (either print these or have a filing system electronically developed).*





## STEP FIVE

*Do the bookkeeping!!!*

*Take the monthly bank statements and credit card statements and start to input the information into your chosen tracking system. This includes checking you have the supporting receipts, separating the GST from the expense, and categorizing all the amounts in and out of the bank or credit card account.*

*Once this is done, track down other receipts you have and determine how they were paid. For example, did you pay this from your personal account? If so, you can be reimbursed for this amount. We can determine the final reimbursement at the end of the year so simply summarize all the expenses paid for the business.*





## STEP SIX

### *Review*

*If you are using Excel, does the bank summary match the balance on the bank statement at the end of the month?*

*If you are using software, pull the balance sheet report on that date, do the bank and credit card balances on this report match what is showing on the statements?*

*If not, you need to go back into the information inputted to determine where the error exists. See our "6 bookkeeping mistakes to avoid" below for some guidance.*





# 6 BOOKKEEPING MISTAKES TO AVOID

01

## **WAITING TOO LONG**

Don't put off your bookkeeping! It will start to pile up and become an unmanageable task. This can lead to late filings and expensive penalties from the Canada Revenue Agency. Let's avoid those penalties and put those funds back into growing the business! One tip for this is finance Fridays - try to set aside one hour every Friday to tackle the financial aspects of the business.

02

## **DON'T MIX BUSINESS AND PERSONAL**

It's very easy to mix these up so watch out! It is important to correctly put expenses for the business on a business credit card or bank account and put personal expenses on personal credit cards and bank accounts. One key tip: any transaction in the business bank account or credit card must be accounted for. If you start to put 20 extra personal transactions a month on the business credit card, this will dramatically increase the bookkeeping requirements/costs.

03

## **MAKING PAYMENTS IN CASH**

Transactions using cash are much harder to account for in bookkeeping, which causes higher bookkeeping fees and creates challenges when trying to track these expenses. The likelihood is if you are using cash, you are missing expenses that you could be claiming, therefore, paying higher taxes!

# 6 BOOKKEEPING MISTAKES TO AVOID

04

## **NOT RECONCILING EVERY MONTH**

Regular review of your bookkeeping makes sure that you are not missing any expenses, and by being aware of the spending in your business, you reduce the likelihood of errors arising at the year-end filings.

05

## **NO SYSTEM FOR RECEIPTS**

A system to keep track of your receipts is critical. Audits of the financial statements commonly occur years after the tax return is filed due to backlog and as a result, you need to have a system in place so that in a few years you are able to go back and find the information. We live in a digital environment now and there are several programs that can digitize these receipts!

06

## **INCORRECT CATEGORIZATION OR OVERCATEGORIZATION**

Don't make the number of accounts you have so complicated that it is overwhelming or you are unsure where to classify something. When we prepare tax returns, we often have to group together expenses anyways. If the separation is not providing value for you to make business decisions, then group it together. For example, Google advertising can be grouped with website costs under advertising. You do not need two separate accounts for these.



## OUTSTANDING

*"Michelle has provided me with Sage advice for a number of years. She is extremely responsive and always happy to answer questions as they come up through the year. I would highly recommend Michelle Arnason for her expertise and professionalism."*

*J. White*

REVIEWS

## 5-STAR

"Michelle has always been very professional and able to give us strategic advice to manage our finances. She is quick to respond and very knowledgeable. Highly recommended!"

*J. Griggs*



## KNOWLEDGEABLE

"Michelle is very knowledgeable and helpful with all my inquiries. Her work is very expeditious and professional."

*A. Buzinawskis*

# OUR MONTHLY BOOKKEEPING PACKAGES & PRICING

## Option 1

### STARTING AT \$400/MONTH

- 50 transactions per month.
- 3 bank or credit card accounts.
- Bookkeeping will be done monthly.
- Annual GST filing.
- Dext software and semi annual review meeting to review the business activity to date.
- Semi annual review meeting to review the business activity to date

## Option 2

### STARTING AT \$600/MONTH

- 100 transactions per month.
- 4 bank or credit card accounts.
- Bookkeeping will be done monthly.
- Annual GST filing.
- Dext software and semi annual review meeting to review the business activity to date.
- Semi annual review meeting to review the business activity to date

## Option 3

### STARTING AT \$1000/MONTH

- 200 transactions per month.
- 5 bank or credit card accounts.
- Bookkeeping will be done weekly.
- Annual or quarterly GST filing.
- Dext software and semi annual review meeting to review the business activity to date.
- Semi annual review meeting to review the business activity to date

Additional fees apply after 1 year. Packages can be customized to fit your specific needs.

*Book a Discovery Call now!*