**Six Common Bookkeeping Mistakes Made By Small Businesses**

As the owner of a relatively new and small business, we do most of the things ourselves including the bookkeeping. Focusing on other things can be tempting and if you fall prey to the temptation, you may end up procrastinating your bookkeeping until the last minute. This can likely cause problems. Therefore, we present here six of the most common bookkeeping mistakes that small and new businesses make.



1. **Procrastination**

Putting off bookkeeping for the day soon becomes putting it off for next week and then for the next month. You don’t even realize and pretty soon VAT and tax deadlines head near and you are, obviously, not ready. What is more important is that you won’t have a clear idea of what’s happening in your business. What, then, is the way out? Well, we’d suggest that you take out some time every day or every week to update your financial information in your diary. Also, while doing so, it is important for you to understand what your figures are telling you. If you would like to expedite this process, you may go in for an accounting package. It can help you get the work done with minimum fuss and duplication.

1. **Business and personal spending mixed together**

If you lose track of your personal spending and tend to mix it with your business expenditures, a perfect recipe for confusion will almost be ready. This way you will find yourself out of pocket very quickly. Pretty soon, you will almost forget which items in your bank or credit card statement were for your business. Thereafter, in order to work it out, you will have to waste a lot of time searching through your receipts. The best suggestion in such a scenario is to have a business credit or debit card. This will allow you to have a clear record of your business-related spending. In addition, it will help avoid mistakes in your tax return too.

1. **Uncalled for bookkeeping costs**

Ask your bookkeeper to keep track of your spending (of course you will have to pay him/her for their time). If you spend a little time regularly updating your records, it will help your bookkeeper in many ways and make things way easier for him/her. He/she will be able to correctly code all your income and expenditure and will also be able to work out what you need to put aside for VAT and tax. In the long run, this will help save you money.

1. **Out of date information**

In case you fail to keep track of your sales or collect all your receipts and purchase invoices, a clear view of your business cashflow won’t be available to you. It may lead you to believe that your revenue is much higher than it actually is. Information that is out of date can lead you to make purchases or borrow. Record and keep the receipts for even the smallest of expenses such as stationery, cups of coffee etc. Your tax bill can be reduced with the help of all your allowable business expenses. With a good accounting software package, you won’t have to worry about lost receipts any more since there are many accounting software packages available that have the option to scan your receipts and allocate them to the right codes immediately. You can, thus, have an immediate view of your cashflow.



1. **Payments made in cash**

The problem with cash payments is that there does not exist any electronic record of such payments, which makes it difficult to keep track of them. Let’s say you receive some cash and you spend it on several different items. Without there being any electronic record, the cash receipts can lead to confusion very quickly. If petty cash is what you deal with, it is imperative to have a process in place that can help you keep track of it. Ideally, the process ought to be reconciled every day.

1. **Not reconciling your accounts regularly**

It is very important to reconcile your records with your bank statement at least once a month, failing which you are liable to quickly build-up a huge backlog of financial checking. Such a backlog will take a long time to resolve. The greater the backlog, the harder it will be to resolve. With a huge backlog, it will be quite challenging to track down the discrepancies in your records. This can lead to problems with your processes going unnoticed for too long. On the contrary, if you regularly review the financial health of your business, you can find out the areas for improvement and opportunities that you might otherwise miss.

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Hello I am maria shein. I'm the content crafter and businessperson. I writes to encourage and educate readers about the accounting to the business persons to enhance and expand the business. I write for the [SAMEER SOMANI PROFESSIONAL CORPORATION](http://www.sameersomani.com). Beside this I love food and cycling.

