

Every New Business Needs a Record System

Many small start-up businesses are off and running before any record system has been set up. There is money deposited into the new business checking account, some from invested funds and some from sales. Money has been paid out for equipment and supplies, some by check and some by cash out of pocket or from sales receipts.

This informal method of cash receipts and disbursements needs to be formalized. The bookkeeping system does not need to be complicated. In most cases, you can continue to operate much as you have. You just need to do it in a way that leaves a few more tracks.

For example, make all purchases by check. The small miscellaneous cash paid-outs from your pocket (or the petty cash box) are reimbursed by a check with a listing of the expense codes. All your cash receipts are deposited into the bank. No more taking cash from the till for lunches, supplies, etc.

If all the money received by the business is deposited into the bank and all expenses are paid by a company check, the proper journal entries are easy to create from the bank statement.

If you are starting a new business, don't wait until the end of the year and surprise your accountant with a box of miscellaneous receipts. That is the most expensive and least effective use of your accounting information. In addition to setting up the proper record system, your accountant will provide you with guidance on other business, tax, and financial matters.

For more information regarding the use of a record system, contact our office at (888) 388-1040.

NOTE: This article is written to provide you with information about minimizing your taxes. Do not apply this general information to your specific situation without additional details. Be aware that the tax laws contain varying effective dates and numerous limitations and exceptions that cannot be summarized easily. For details and guidance in applying the tax rules to your individual circumstances, please contact us.

Members: American Institute of Certified Public Accountants, Minnesota Society of Certified Public Accountants

Willmar Office

331 Third Street SW, Ste. 2
P.O. Box 570
Willmar, MN 56201
Phone: (320) 235-3311
Toll-Free: (888) 388-1040

Benson Office

1209 Pacific Avenue
Ste. 3
Benson, MN 56215
Phone: (320) 843-2302

Morris Office

401 Atlantic Avenue
Morris, MN 56267
Phone: (320) 589-2602

Litchfield Office

820 Sibley Avenue N
Litchfield, MN 55355
Phone: (320) 693-7975

St. Cloud Office

2351 Connecticut Avenue
Ste. 110
Sartell, MN 56377
Phone: (320) 252-7565
Toll Free: (800) 862-1337

www.cdscpa.com