

What is bookkeeping?

(And why it's important to your Business)

Bookkeeping, the process of keeping full, accurate and up-to-date records, is the cornerstone of any business, regardless of its size, type or industry. However, bookkeeping is often the most overlooked task, which can have a significant impact on a company. In fact, a large percentage of companies fail because of poor bookkeeping practices. With that being said, the following are key reasons why ensuring that your company maintains its bookkeeping in an accurate and timely manner is so essential:

- **Timely bookkeeping practices increase accuracy**

Bookkeeping involves maintaining a record of all monies received or paid out by a business. The job of bookkeeping can be very time consuming as, with no exception, every monetary amount that is paid or received must be recorded. Accuracy is of the utmost importance. When bookkeeping is only done in large amounts, such as waiting until the end of the year, there is a much higher chance for errors or incomplete data. Adopting timely bookkeeping practices, such as monthly, increases the accuracy of a company's records. Business owners are often lacking in time, many choose to hire bookkeepers to keep the company financial records well-maintained.

- **Ongoing bookkeeping assists in managing cash flow and determining future plans**

Proper bookkeeping can help businesses effectively manage cash flow, stay well informed on company financial performance, and develop plans for the future. Bookkeeping covers money a company owes to vendors, employees, tax agencies, contractors and or lenders, in addition to amounts owed to the company by customers/clients. Monthly bookkeeping allows a company to monitor the progress and performance of their business on a regular basis, which ensures companies are making much more informed business decisions.

- **Up to date financial records allows for more accurate tax and business planning advice**

Maintaining accurate records throughout the year will allow you to provide us with better information with which to advise you on various business and tax planning strategies. Accurate financials, along with your input, will allow us to recommend financial and operational strategies to yield the most advantageous tax scenarios for both your business and you as the owner.

- **Accurate bookkeeping and tax returns are required by federal, state, and local tax agencies**

Because tax returns are prepared from a company's financial records, the Internal Revenue Service and other tax agencies require business owners to keep financial records complete and up-to-date. Tax agencies may investigate the information reported on a tax return or other type of tax-related document (an "audit"). As a business owner, you want to make every effort to insure your financial records are clear, complete, accurate and up-to-date to avoid any penalties, fines, or further investigative review by tax agencies. Having financials records that are in compliance with the requirements under law is an extremely important responsibility of all business owners.

In addition, if your company is required to submit sales tax returns on a monthly or quarterly basis, you will want to be sure your records are up to date before filing those returns.

- **Having Certified QB Pro Advisors on staff at Worthing & Going, CPAs can assist your company implement systems to set up and maintain accurate bookkeeping:**

1. For existing clients, we offer a service referred to as "QB Diagnostic". This process includes reviewing your current QuickBooks (QB) or QuickBooks Online (QBO) file activity and recommending operational, transactional, coding, account structure, and other suggestions to make sure your financials are up-to-date and in compliance with the processes required for insuring proper tax preparation. We will provide you with a memo of our findings or we can make those changes directly in your QB/QBO file and show you the proper processes going forward.
2. If you are a new QB/QBO user, we can help you set up your company including the chart of accounts, financial reports, and other information necessary for you to get the most benefit from your QB/QBO software. We also provide training for in-house staff to utilize the features within QB/QBO given the needs of your business..
3. Many of our clients take advantage of our monthly or quarterly bookkeeping services. This is the most basic level of bookkeeping service and includes entering all financial data into QuickBooks on a regular basis (i.e. monthly, quarterly, etc.); reconciling financial data to bank statements and/or credit cards, which is critical to ensure that no payments and/or deposits were missed. We can also provide financial reports that allow you to monitor your company's financial progress. The amount of bookkeeping assistance for any client is tailored to their specific needs, QB set-up, and industry.
4. We offer bookkeeping help "as needed". If you have a special need or circumstance, or just can't keep up, we're here to help you get back on track.

As we stated above, bookkeeping is an essential part of any business. Utilizing our bookkeeping services is a great way to insure that your company's financial information is giving you the best information with which to run your business, fulfill your legal obligations as a business owner, and plan for the future.