BOOKKEEPING

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Siri defines bookkeeping as the process of tracking all of your company’s financial transactions, to see exactly where your business is spending money, where your revenue is coming from, and which tax deductions you’ll be able to claim. In a business firm, bookkeeping is the basis of the firm's accounting system and bookkeeper is responsible for recording and classifying the accounting transactions of the business firm and techniques involving recording those transactions, ROSEMARY PEAVLER (2018).

Reasons why bookkeeping matters: 1. It ensures that you don’t miss out on deductions, 2. It can help you secure a business loan, 3. It helps you catch banking errors quickly and 4. It gives a clear picture of where your money is going.

The first seven steps of a bookkeeping process area:

Step 1. Separate your business and personal expenses
Step 2. Choose a bookkeeping system
Step 3. Choose an accounting method: Cash or Accrual
Step 4. Categorize your transactions
Step 5. Organize and store your documents
Step 6. Organize potential deductions
Step 7. Make it a habit

**DIY vs. Professional Bookkeeping**

There are lots of options out there for how to handle your books. The two basic categories: doing it yourself (DIY), or outsourcing to a professional.

Taking a DIY approach is a great way to get started, if your business is starting out as a side hustle with limited budget. Consult with a CPA or bookkeeper helps you to set up your books, and will ensure you end up with a year of books that have to be re-done by a professional. It can be handled using a simple spreadsheet, or work with one of the many online bookkeeping programs available.

Outsourcing to a professional is hiring a professional if you have a larger business, or if your bookkeeping duties just keep getting pushed to the side.

The technical distinctions that exist with bookkeeping: Bookkeepers is a typically has on-the-job training experience. Some might seek certification through bookkeeping training programs; b. Intimately acquainted with a variety of business software solutions, enabling them to make recommendations on technology that can be used by clients and their employees, as well as the bookkeeper themselves; c. Cannot perform independent audits or attestations; d. Usually, know the day-to-day details of a client’s business; e. it is typically only aware of a client’s business finances; and f. Generally, don’t file tax returns other than payroll and sales tax.

**References:**

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