



Pilgrim Accounting Inc.

PROFICENCY IN ACCOUNTING

NEWSLETTER

MONTHLY BOOKKEEPING HABITS THAT WILL SAVE YOU MONEY.

There are two vital steps to handling your basic business affairs.

The first is to ensure that you collect all your monthly receipts, invoices and bank statements into appropriately labelled files. The second is that you do something with them.

You either record them in your own set of books, or take them or send them to your bookkeeper.

It always surprises me that people who are so smart that they can sustain themselves with gainful employment outside of an employment contract or run a successful small business throw away so much hard-earned money they could have saved. They do this by hoarding all their receipts and financial papers in shoeboxes or plastic bags.

Then, at peak periods for bookkeepers, which is during tax time, they show up and pay prime rates to have someone spend hours and hours going through their collections and creating order with them.

If they had showed received the bookkeeper's attention just once a month instead, the overall bill would be lower, plus tax time would not be nearly so stressful for them.

Whether you do your own bookkeeping or outsource it, you need a system.

You need to categorize and save all your receipts such as gas, power, office supplies, etc., your invoices, both paid and unpaid, your bank statements and credit card statements and items you purchased with cash.

With one package of 12 files, you should be able to bring order to your business world.

Every month, not necessarily on the last day, you should bring your files to your bookkeeper or scan and send them to him or her, so that your monthly statements can stay up to date. If you do your accounting work each month, it will be much easier when tax time rolls around.

The only backlog you will have is the month that is ending. Everything else will be in order and ready for the preparation of your taxes. There are other advantages to incorporating bookkeeping as a monthly habit.

It allows you to be more aware of your cash flow, to sense trends in your business, to identify the peak periods and the slow periods, and to create a more accurate budget for the coming year.

It will also enable your bookkeeper or accountant to ensure that you have the proper documentation to take advantage of any tax breaks available and to protect you from paying higher taxes than necessary.

When you start this process, it seems a little daunting and will take you longer than expected. When you make it a regular habit, it goes faster and faster and ends up overall taking far less time than you might anticipate.



Some of my clients send in their information consistently on the third week of the month since they have learned it is one way to get extra attention. Since so many people bring them in on the last two days of the month, by being consistently early, they feel they get a little more time spent on their accounts.

All bookkeepers do their best to stay on top of the ebb and flow of the arrival of information, but there's no denying that such a step is a good one to ensure you get maximum attention and time.

Overall, tax time is the absolute worst time of the year to decide to get all your corporate finances in order. It's what so many people do, but that doesn't mean it's the best move. If you have everything in order when you ask your accountant to tackle your taxes, they are far less likely to miss anything.

Contact us for advice!

Pilgrim Accounting Inc.

Phones: (416) 514-1741, (416) 273-3663

E-mail: info@pilgrim-accounting.com

Certified professional bookkeeper and certified tax specialist Elena Ivanova is managing director of Pilgrim Accounting Inc., a national accounting and tax preparation service based in Richmond Hill, Ont. You can reach her at elena@pilgrim-accounting.com.