



8 Bookkeeping Mistakes Made by Small Business Owners - Mistakes That You Need to Avoid

In this article, we will discuss some of the most common bookkeeping mistakes made by small business owners that you absolutely need to avoid if you want grow your business:

1. Handle all bookkeeping work by yourself. Especially for a small business, it is very common for the owner to have a self-employed mindset. The owner will try to do it all by himself because of budget constraints. Although it does not seem like there are a lot of bookkeeping to be done at the beginning, you must develop a habit to record your book frequently so as to make your job easier in the future.

2. Do not tally your book with your business bank account. It is very important to make sure that what is on the bank statement is the same as your books. As long as the numbers tally, you can be assured that there is no bank payment or receipt that have been missed out by you.

3. Forget to update your books. Sometimes, it is very easy to forget updating your book if you buy goods or services with cash or your company credit card. This will create trouble in the future as the numbers on your book will not tally with the numbers on the bank statement.

4. Not using the right bookkeeping software. Bookkeeping software can help reduce your workload and make your recordings more accurate. You should invest on the right software for your industry and train your staff to use it.

5. Forget to backup your data. You should backup all the data in your computer in case of any emergency. It only takes you very little time so there is no excuse for you not to do it.

6. Not organizing your information properly. You need to organize your information into the right category for easy reference. This will keep your recording simple and consistent for anyone who takes over your bookkeeping work.

7. Not registering for taxable sales. If your company's total sales reaches a certain amount (depending on your country of residence), you need to file for registration. Failure to do so may result in fines.

8. Do not have a separate business bank account. Even though you are a self-employed, it is a good practice to open a separate bank account solely for business transactions. This will make your bookkeeping job easier and makes everything much clearer.

These are 8 common bookkeeping mistakes made by many small business owners. Hope that with this article, you can avoid making the same costly mistakes.