



# BIZguides

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## Money Matters

### Records Management Tips

Managing your financial records can seem like an overwhelming task. Here are a few practical tips to make the job easier:

#### 1. Separate your business and personal expenses

When purchasing several items from one supplier at the same time, pay for personal items in a separate transaction from legitimate business expenses.

#### 2. Open a separate bank account for your business

Deposit all of your business income into the business account, and only make business payments from it. Also keep a separate credit card for the business.

Separate accounts will make bookkeeping much easier. You can claim the fees charged on the business accounts as a business expense.

Prepare a bank reconciliation when you receive your bank statement every month in order to uncover any possible discrepancies. To do a bank reconciliation simply match each transaction record on the bank statement against your records from receipts, invoices, or payments.

#### 3. Always ask for a receipt

Get into the habit of always asking for a receipt for business purchases no matter how small. Look at the receipt and write on it any missing or relevant information, such as what the receipt is for and the expense category. Put the receipts into a file or an envelope in your office. This way all of your receipts will be in one place when you are ready to enter them into your recordkeeping system.

#### 4. Set aside time for record keeping

Make record keeping a habit by ensuring you maintain financial records regularly at the end of the day, week, or month. Record keeping tasks include entering transactions, bank reconciliation, paying bills, chasing slow payers, paying employees and backing up electronic records.

#### 5. Keep all your business records

Save time by storing your financial records for each financial year in one place and filing them alphabetically and chronologically into categories (eg. separate the paid invoices from the unpaid). The Australian Taxation Office requires you to keep your business records for at least five years after the tax returns have been completed. If the ATO conducts an audit of your business they will need to see your records.

#### 6. Keep a vehicle log book

Note the kilometre reading on the odometer at the beginning of the financial year and then enter the kilometres each time you use the vehicle for business purposes. Use a separate logbook for each vehicle and keep the logbooks in the vehicles.