

Keeping Track of Your Finances

If you are one of those people who seldom enters checks you've written into your check register, now is the time to **get into the habit**, at least as far as your business goes.

Here are some tactics to use to keep track of your business income and "outgo", and keep it separate from your own money.

Open a **business account** at a bank, trust company or credit union, even if you are using only your own name to do business. Use this only for paying the bills of the company and your own salary, which you then deposit in your personal account.

Get a style of business check that requires you to record checks you've written. And avoid using electronic payments. You want to create a paper trail for your business account so you are able to:

- **Prove your deductions** at tax time
- **Create balance sheets** that your vendors or other financial institutions may request from time to time
- See at a glance where **your money** has gone

Also, keep track of your accounts receivable, accounts payable, and so on in a ledger book, which you can get at any office supply store. Or else use an electronic bookkeeping package. The most popular bookkeeping software for small businesses is **Quicken**. For under a hundred dollars, Quicken's Premier Home and Business program will help you prepare invoices, manage your accounts, and generate reports from your records.

Quicken 2005 Premier Home and Business
<http://www.quicken.com/quickensw/hb>

Finally, keep two additional ledgers – small enough to carry in your purse or briefcase – so you can log:

- **Mileage** or other travel expenses
- Everything you spend during the day (remember to keep **personal** and **business** expenses separate)

Also carry an envelope so you can keep receipts for everything you buy. The cup of coffee you buy for a prospective customer, the latest issue of an event magazine, the mileage you travel to a client's office, the pack of paper you pick up at the office supply store, the admission charge for a trade fair — these and many other expenses should be accounted for so you can **minimize your taxes**.

And, of course, knowing exactly where your money is going will help you plan better and cut back on any unnecessary expenses. So make it a habit to **ask for a receipt** for every expense related to business.

Be sure to re-file these at night in the appropriate files in your file cabinet. The business receipts should be stapled to the order form for each purchase/service for a client. No matter how you design a system, **make sure it works for you** and that you can find receipts for anything at any time without calling in a psychic to help you figure out where you put it.

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