

Corporate Bookkeeping Made Simple

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Who Needs To Do Bookkeeping?...

So you've decided to either start your own business or become a consultant. While the need to do bookkeeping can be optional in some cases of being a consultant, the likelihood is that you'll need to do it. This presentation is for anyone who has or is considering starting their own business whether it be for consulting or not.

What do I need to do?...

Once your corporation is setup:

- You need to establish your bookkeeping methods. This is best done with the help of an accountant.
- What we cover here today is a framework and can be modified to suit your needs.

Hire an accountant.

- Don't be afraid to interview several accountants to get the one you are comfortable with. Ask her/him any and all questions that are of concern to you.

Benefits of Good Bookkeeping...

Maintaining control over **your** money.

Reducing the chances of an IRS audit.

- Minimizing the time your accountant spends on your finances.
 - Establishing bookkeeping methods with your accountant in advance can save you time and money, not to mention headaches.
- Improving your chances of getting a mortgage loan.

What Do I Need To Purchase?

You don't *have* to buy anything!

- Bookkeeping can be done by hand. (This is not advisable!)
- Discuss this with your accountant and use the same software that she/he uses.
- The cost of the extra time your accountant spends processing your hand-kept books will almost always cost more than the software you buy to do your books.
 - In addition, the software you buy will likely have many other useful features that aid in running your business.

You *absolutely* need to open a separate; i.e. corporate, checking account!

- This will protect - to some degree - your personal finances from an IRS audit by keeping personal and corporate monies separate.
- This helps prevent you from spending money due for taxes!

The Bookkeeping Specifics:

These are the items you will need to manage with bookkeeping...

Federal Taxes
 State Taxes
 City Taxes
 Unemployment
 Social Security
 Miscellaneous(Taxes/Fees)
 The Corporate Journal
 Collection of Taxes (Only if you resell)
 Corporate Expenses
 Employee Expenses
 Payroll
 Employee Benefits
 Vendor/Partner Bills

Interval-oriented Tasks: Daily

What are the tasks that should be performed daily?

- Keeping a record of key events in the corporate journal is best done on a daily basis. When you purchase something for the corporation using your personal income, this journal is highly useful when you submit an expense report for those expenses. It can be a crucial item if you are audited. Some journal entry examples are:
 - Business meals, describe who the meal was with and what was discussed at this meal.
 - Major purchases, such as a new computer.
 - All corporate expenses.
 - Put all receipts or records in the current folder.

Interval-oriented Tasks: Weekly

What are the tasks that should be performed weekly?

- Update the corporate journal and personal expense report with anything not taken care of during the previous week. Put all receipts into the current folder.
 - Tally up all totals for the past week and complete any record keeping that you neglected to do on a daily basis.
 - Enter your finances into your accounting software(if applicable)
- Review the upcoming week in the corporate calendar. See if any tax payments are due.

Interval-oriented Tasks: Monthly

What are the tasks that should be performed monthly?

- Here is where the bulk of your bookkeeping is done and makes the year-end process much simpler.
 - Update your checkbook and software ledgers and the corporate journal of all outstanding items.
 - Reconcile your check book AND accounting software ledgers against the monthly checking account statement.
 - Make your monthly tax payments(Federal) [This is usually done at a bank] Have this automated if possible to make your life easy and prevent missing the payment.
 - Check to see if any tax payments were missed or if any still need to be made and pay them.

Interval-oriented Tasks: Quarterly

What are the tasks that should be performed quarterly?

- This is or should be the easiest interval of all tasks. You simply do the following:
 - Make all quarterly tax payments
 - Complete all bookkeeping and journal entry data entry not completed up to this point.

Interval-oriented Tasks: Annually

What are the tasks that should be performed annually?

- This interval's tasks can be broken down into two categories:
 - Beginning of year tasks
 - Create a calendar that documents when your regular tax payments are due; i.e. monthly, quarterly and annual and reminds you to make those payments(*software calendar*). Also enter special payments to be made such as SEP contributions.
 - Create a budget plan for the year(Optional, not required)
 - Year end tasks
 - Wrap up all records and schedule a meeting with your accountant to prepare your corporate and personal year end tax returns.