



Keeping Track of Business!

For those of you who feel QuickBooks Start is to much a simple way to track your income and expenses.

Many of us have desktop computers and some of us even have laptops or hand held computers. We use them to maintain our database, our calendar and our e-mail.

Yet, we still rely on our accountants at the end of the year to keep track of our books. This is justifiable in many cases. If your business only requires you to write 30 checks or less a month, the hassle of keeping it on the computer may far outweigh any advantage that you might gain.

Here is a simple method that will get you thinking in a business-like fashion and will give you the information to run your business in a more professional manner.

- **Go to your office supply store and purchase a pad of 13-column paper.** I would buy the kind that has three holes punched on the side so that it fits in a 3 ring binder. Take a page out of the pad and label the columns as follows: Date, (to left of description column), Item, (over the description column), Cash In, Cash Out, Income, Product Sales, Product Purchases. The rest of the columns I would label with my more frequent expense items. Some examples could be advertising, office supplies, and secretarial or virtual office services. Label the last two columns miscellaneous and amount. Use these last columns to list infrequent items of expense such as rent or telephone.
- **Now you merely enter the transactions for the month.** For example you would list fees under cash in and income. Secretarial or virtual assistance services would be under cash out and secretarial or virtual assistance expense. Do this for all your checks and deposits for the month. At the end of the month, total each column and enter this total at the bottom of the column. Now use your adding machine to add across the columns. Cash in is a plus, cash out is a minus, income

is a minus and expenses are a plus. If you added everything down correctly, the totals which you added and subtracted in your adding machine should equal zero. Congratulations, you are in balance. It's a nice feeling isn't it? Now take another sheet of 13-column paper and label each column January through December.

- **Take the descriptions from your monthly receipts and disbursements columns starting with your Income and list them in the description column.** (Do not transfer cash in and out.) . Now label each column, number 1 through 12 with the month starting in January and ending with December. Your thirteenth column is where you total the months by item and can give to your accountant or whoever does your income taxes.
- **Now from the monthly sheet take your income and expenses and post it to its respective monthly column.** Once you have done this it is a simple matter to determine if you made any money that month. Just add up the income and subtract your expense for the month. If there is more income than expenses then you made money. If there are more expenses than income then you lost. Either way you have the information you need to manage your business.

The beauty of this simple little system is that you now are in a position of power because you know how you're doing. You are not guessing anymore. You have taken the first steps in running your business instead of the business running you.

©Mike Crosa CPA, QuickBooks Coach 2008