

## Accounting Guidelines

Depending on your past business background one of the tasks that you might initially find the most intimidating in operating your hot dog business is the bookkeeping. But it doesn't need to be. We are going to provide some practical and simple procedures which can greatly help.

One of the decision you will need to make is to what extent do you want to look after the books. If you decide to most of the accounting and bookkeeping yourself it is an obvious way to cut cost. Also it is a fallacy to think that bookkeeping and financial statements are too complicated and should only be the domain of professional accountants. It is easy to educate oneself with numerous easy to follow do it your self books, online resources, and simple easy to use software. Most of the skills that you need for the day to day bookkeeping are the same simple mathematic skills you learned in grade school. That being said it is important that the books are handled properly, so if you just don't feel competent doing it, it may be better to hire someone. This can save considerable money in the long run. So later on in this guide we are going to consider some steps in selecting an accountant.

But even if you hire out your bookkeeping, it is still important that you pay attention to the fundamental of good record keeping. It would also be advisable to become familiar with key accounting practices. So the basic accounting process which would hold true for any small business would consist of the following 5 aspects.

1. Choosing a simple filing and recording system which is best suited to your organizational style.

You would want to avoid keeping all of your receipts stuffed in a shoe box somewhere. You need to come up with a simple system that works for you.

One practice which is a huge time saver is to only handle once, and then file it away in the appropriate file location. It would also be good to deposit all cash receipts into the bank as soon as possible. This helps your bank reconciliation go smoothly.

Also using simple accounting software will help the process. There is a huge advantage in going paperless. Of course it may not be feasible to go completely paperless. For example you would want to keep all receipts and have an easy to find system for storing them. Later on in this guide we will consider helpful tips in selecting accounting software.

Whatever system we used it is important that we stick with this system, and that we don't procrastinate with updating our records. A few minutes of record keeping every day can save endless hours and headaches later on.

2. Meeting Government requirements on record retention.

It is important that you are aware of both the National and Regional taxes laws and know what records you need to keep. So it would be good to do your research in this regard.

Also even you choose to most of your bookkeeping yourself, this could be an area where you may consult with an accountant just to make sure to understand the basic procedures.

Here are some general guidelines of the type of records you would want to make sure that you keep.

- financial statements
- ledgers and journals - computerized or manual
- log and appointment books
- spreadsheets and working papers
- tax reports and records
- your Business Journal
- any other documents that support your claims

If supporting documents are ever requested by government agencies they would generally include the following:

- bank statements, cancelled cheques and deposit slips
- sales invoices and receipts, cash register tapes, purchase orders
- credit card statements, along with all business purchase receipts;
- government and any other legal correspondence
- any other documents and correspondence including e-mails.

All records should be kept complete. The length of time you would need to keep certain records will vary (some records may need to be kept for up to seven years). So check with the appropriate government agencies before deleting any records.

### 3. Putting internal controls in place

If you have no employees and you are looking after your own books this is generally not a huge concern (even though you would still want to have a system to check yourself for accuracy). But if anyone else is handling your money (including your accountant) you will need a system to make sure that every thing is accounted for. A lot of this would come down to regular record keeping and regularly consulting the records to make sure everything adds up.

This would include keeping an audit trail. As discussed this would include all receipts. It is also wise to keep your personal accounts separate from business. This makes it much easier to make sure that everything is being accounted for.

### 4. Monthly reviewing and interpreting your financial report

You would want to this regardless of whether or not you do your own book or hire out the bookkeeping.

It is a good practice to keep on top of your bottom line by doing a monthly review. By performing a thorough analysis it will not only ensure accuracy, but it would also help analyse your food costs and what is your money being spent on. A careful review can help you make adjustments in your day to day business practices.

So here are some general guidelines that you should be in place regardless of whether or not you do your own bookkeeping. Which takes us to our next point: should I hire an accountant?

### **Help in finding an accountant**

At a minimum, many small businesses pay to have their tax returns professionally done in order to avoid issues with Federal Tax Agencies. This can be helpful because a professional is generally aware of all deductions that you are legally allowed to claim. But depending on your comfort level in performing basic bookkeeping you may choose to hire a regular bookkeeper.

Of course as we have already highlighted if you make the decision to hire an accountant this doesn't change the need for basic record keeping. You also still want to understand and put into practice the basic fundamentals of accounting.

Here are four helpful guidelines which can help with finding an accountant.

#### 1) Do your homework.

First instinct may be to head over to Google. It is true that there are many online sources which can help, but it really should go beyond this. You are seeking someone who will help your business grow. With this in mind it would be prudent to meet face to face before making a decision.

#### 2) Seek out Recommendations from others.

One of the best ways to find a qualified accountant is to seek out referrals from other trusted small business owners in your locality. It doesn't necessary have to be a big firm. At times smaller firms or individual private practitioners may be more qualified to deal with the unique challenges of small businesses. Also if a bigger firm also deals with larger companies you may be lost in the shuffle (along with paying more). You just need to find someone who is well familiar with the small business tax laws. Of course, you would also want someone who you would feel comfortable with if you need advice. You want to find someone that you can view as a trusted partner in your business.

#### 3) Continue to do your homework.

Do back ground checks on potential candidates. Ask for references from clients.

Review the services they offer with the services that you personally need. Ask if they have any questions about your hot dog vending business. If they don't have any questions consider this a waving of the proverbial red flag. You want an accountant who will take the time to personally understand your unique business needs, along with being proactive in dealing with any potential accounting concerns.

#### 4) Determine your budget.

Depending on your locality or needs, you could expect to pay anywhere in the ballpark of \$40-\$250 an hour. But if cost is a major issue, it may be feasible to negotiate by the services offered, instead of the hours. Your thorough record keeping can make the accountant's job easier, which can result in fewer billable hours. Having a well organized system of record keeping may help you to negotiate a lower rate in paying for certain services.

### **Selecting Accounting Software**

As we touched upon previously in this guide it would be helpful to obtain simple and easy to use accounting software. Just like hiring an accountant, and other important business decisions, doing your homework is imperative. The prices vary (including free). But you need to determine which software is best suited to the unique needs of your business.

If you are using an accountant it would be good to seek recommendations from them. You can also consult with other local small business owners who have similar business concerns. Along with these suggestions, here are 5 helpful tips to help you get started in choosing the software which is most suited to the needs of your business.

1. Make a list of the features that you are going to need in your accounting software. For instance, are you the only employee? Are you planning on hiring any employees? Do you use online banking? Is the software versatile enough that it can be expanded as your business needs expand?
2. Make sure they offer a free trial? You would want to make sure that the software package is the best fit for your business. So take it for a test drive before you buy.
3. Is it user-friendly? Because your time is your most valuable asset you want the software program you choose should make things easier, not more complicated.
4. What is the support like? Do they have a 24/7 support telephone line? Online assistance? Do they offer a good print manual?
5. Research product reviews from popular and respected review sites (or printed guides) such as [CNET](#) and [PCMAG](#).

In order to help speed up the process here is a few links for easy to use and well respected accounting programs. As you check out these links you will notice that the companies may offer a variety of different versions and upgrades to the software. This should not be

mistaken for an endorsement. This is just an aid in making personal decisions. With any of these products you would want to make sure you have done your homework before making a final choice.

[AccountEdge](#)

[Bookkeeper](#)

[Freshbooks](#)

[Gnucash](#)

[NCH Software](#)

[Outright](#)

[Peachtree](#)

[Quickbooks](#)

[Simply Accounting](#)

[Xero](#)

In summary by putting into practice basic bookkeeping and record keeping procedures and by doing your due diligence in selecting an accountant and accounting software if needed, will help ensure the continued financial growth of your business.