



## 8 Common Mistakes Business Owners Make When Handling Their Own Bookkeeping

Bookkeeping may not be the most fun part of running your own business, but it's a crucial aspect of managing your business finances. Many small-business owners attempt to handle their own bookkeeping, which can save money in the short term, but often leads to costly mistakes. To help you navigate the world of bookkeeping successfully, here are some common mistakes to watch out for.



### 1. *Mixing Personal and Business Finances*

For small business owners, it's vital to keep personal and business finances separate. Mixing the two ("co-mingling") can lead to accounting headaches and make it challenging to track expenses and income accurately. It can also cause problems down the line, if you are unfortunate enough to be audited by the IRS. Open separate business bank and credit card accounts and use them exclusively for business transactions.



### 2. *Misclassification of Expenses*

Incorrectly classifying expenses can lead to inaccurate financial reports and tax returns. Be diligent about categorizing expenses correctly, to gain a clear understanding of where your money is going.

Consult an expense guide if necessary.

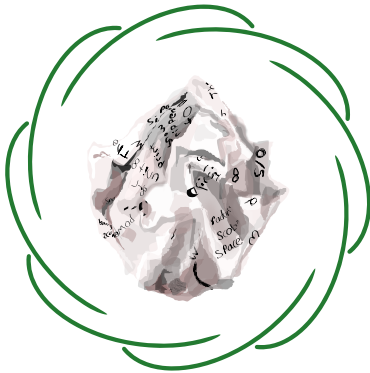


### 3. *Neglecting Regular Record-Keeping*

You've been meaning to get all those invoices and receipts dealt with, but there never seems to be enough time. Keeping up to date with tracking your income and expenses is vital to the health and wellbeing of your business and it gives you an accurate and timely view of your cashflow.

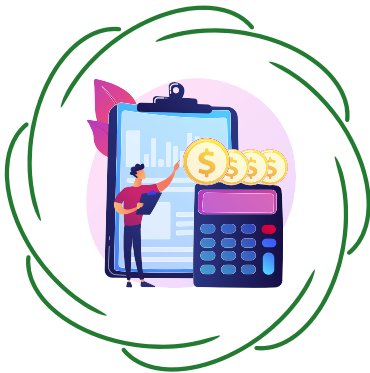


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### 4. Overlooking Receipts and Documentation

Keeping receipts and supporting documentation is essential for proper record-keeping. Failure to do so can result in challenges during tax time, as you may not be able to prove deductions or expenses.



### 5. Failing to Reconcile Bank and Credit Card Statements

Not reconciling your bank statements regularly is a recipe for financial disaster. Reconciliation helps identify discrepancies, catches errors, and ensures that your records match your actual bank balances. Make reconciling your bank statements a monthly routine.



### 6. Ignoring Petty Cash Transactions

Petty cash transactions, although small, should not be ignored. Failing to track these expenses can add up over time and lead to discrepancies in your records. Always document petty cash disbursements and replenishments.



### 7. Forgetting to Back Up Financial Data

Data loss can be catastrophic for your financial records. Ensure that you regularly back up your financial data to prevent any unexpected loss. Use secure and reliable backup methods to protect your records.



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### ***8. Underestimating the Complexity***

Bookkeeping is more than just recording income and expenses. It involves understanding financial statements, balance sheets, and tax laws. Underestimating the complexity of bookkeeping can lead to costly errors.

If trying to keep track of your finances while also trying to run and build a successful business has you feeling overwhelmed, now is the time to consider outsourcing your bookkeeping to a qualified, experienced bookkeeper. The peace of mind you'll get from no longer having to stress over this aspect of your business will be more than worth it. Hit the button below to get more information on how we can make your life easier!

[Take the First Step to Bookkeeping Nirvana!](#)

