

## **Small Business Accounting Traps**

It is almost the end of the year! Is your business ready to move forward in 2015? Are you sure? Many businesses, especially if they are new fall into accounting traps that can prove to be damaging to growth. This is completely understandable! Marketing, managing, accounting and helping customers? It is all very overwhelming!

What are these accounting pitfalls and what can you do to prevent them?

### **1. Staying on top of receivables**

While this seems like common sense, often businesses are moving at the speed of light, sending out invoices and then drumming up more business. Things can get lost, or items not logged. Always marking invoices paid or unpaid will help you to have a better picture of where the company's finances are. Also, waiting till tax time can leave you with a lot of unknowns which could result in overpaying taxes. Having an accountant on hand to assist you on items like receivables can help with keeping it all in track. There are also many different kinds of money management software that have the ability to set reminders on invoices.

### **2. Expenses**

Separating business expenses from personal can be confusing if you only use one account or card for purchasing items. Was that a birthday dinner or a business dinner? Do you remember what that \$50 charge was for? An easy way to solve this dilemma (and again- not mess up your taxes) is use different cards for expenses. A dedicated business expense card can help you keep it straight. Not to mention the different rewards that can come with certain business cards, like free travel or cash back!

### **3. Record where your cash goes**

If you have petty cash, or use cash, a method of recording this will also help you when it comes to balancing the books. What is the big deal? If you aren't keeping track of cash, you may be overestimating how much income (or underestimating) that your business is bringing in! There are apps for mobile devices that work like a paper check register (or even use your notepad feature or Evernote) to help remind you when you use cash!

### **4. Get a Tax Professional**

Let's face it; taxes are not the easiest thing to do. They can be very confusing, especially for businesses. There are many deductions that you may not realize you qualify for, not to mention state vs federal taxes. Finding a qualified tax professional that you communicate well with will help your business to be successful. Communication is the key factor here. You have to feel

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comfortable to ask sensitive questions about your finances and feel that you are getting all the information you need. Getting the help you need enables you to focus on your business.

Fortunately if you are looking for assistance in any of the topics above Pacific Crest Group has the infrastructure already in place to help you hit the ground running! Our [Basic Accounting Principles Guide](#) has more tips for your small business!