

Business: Record Keeping

For my business, what types of records are important to keep?

A crucial aspect of your business success depends on thorough and accurate financial record keeping. Accurate records help to provide information to operate efficiently as well as allow you to identify all your business assets, liabilities, income and expenses. This data will help you locate both strong and weak cycles of your business.

It is necessary to keep good records to prepare current financial statements like income statements and cash flow projections. They will also help you maintain a good relationship with your banker. The records will even ensure you don't overpay or underpay your taxes. During an Internal Revenue Service audit, it is crucial to have good records in order to properly answer the questions and satisfy the IRS.

Financial records should demonstrate how much income you are currently making as well as what you expect to generate in the future. They will indicate the number of accounts and their balances in accounts receivable. They will also inform you of what you owe in terms of utilities, rent, merchandise, and equipment, and even expenses such as advertising, payroll, payroll taxes, equipment and facilities maintenance, and benefit plans for yourself and employees. Good records will show how much cash is being used for inventory and how much is on hand. They should also indicate which of your products are making a profit as well as your gross and net profit.

The Basic Record Keeping System

This should include a basic journal to record transactions, payroll records, accounts payable records, accounts receivable records, inventory records and petty cash records.

With the help of an accountant, you can develop an entire system that fits your business needs. They can teach you how to update these records regularly. The records will become the base for your financial statements and tax returns.

What should I know about automating a portion or all of my business?

First, you need to have a clear understanding of your company's short and long-term goals. Consider the disadvantages and advantages to a computer, as well as what you want to achieve with a computer. Look at the best non-computerized system that you can develop in comparison to the computer system you are considering. It is possible to achieve your goals by improving your existing manual system. Just remember, no one can automate a business without first creating and optimizing the manual systems.

Computer Performed Business Applications

Maintaining transaction records and preparing statements and reports to keeping customer and lead lists, creating brochures, and paying your staff are a few of the capabilities that can be done by a computer. A thorough computer system can organize and store many similarly structured pieces of information, print information quickly and accurately, perform complicated mathematical computations quickly and accurately, facilitate communications among individuals, departments and branches, and connect the office to many sources of data available through larger networks. It can also restructure such manual business operations as payroll, accounts receivable, inventory, advertising, and planning. A computer can improve efficiency, decrease errors, and lower costs.

Computer Business Applications

Computers also have the ability to do more complicated operations, such as spreadsheet and accounting programs that compile statistics, plot trends and markets and complete a market analysis, modeling, graphs and forms and financial modeling programs that organize and analyze financial statements. Several word processing programs produce typed documents and provide text-editing functions, while desktop publishing programs allow you to create good quality print materials on your computer. To divide large projects into smaller, more easily managed segments or steps you can use the critical path analysis programs.

How can I guarantee that the computer system I'm using is right for me?

Selecting the right programs, choosing the right equipment and implementing the diverse applications are factors to consider when you computerize your business. There are three common types of software. Compilers and interpreters translate programs that are written in human-readable programming language to the computer language that the CPU understands. The operating system software controls the individual components of the computer. The computer generally comes with system software which must be loaded into memory before the application can start.

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Software for specialized functions such as accounts receivable, payroll check writing, posting or inventory reporting are usually purchased separately from the computer hardware.

In order to determine your needs, make a list of all the functions of your company where speed and accuracy are important for mass amounts of data. These are referred to as applications.

Prepare a list of all the reports that you are currently producing for each of these applications. Make sure to include any preprinted forms such as vouchers, checks or billing statements. If these forms don't already exist, come up with a good idea of what you want. List the frequency with which each report is to be generated, who will make it and the number of copies necessary.

Prepare a hand-drawn version that also lists the circumstances in which you would like the data shown. Write a list of all the materials that are used as input into your manual system for each application. These may include, but are not limited to, work orders, receipts, timecards, etc. Detail who will create them, how they will get into the system and the time in which the items take to be created. For the appropriate time period, make a maximum and average expected number of these items produced.

What can I do to successfully implement the new computer system?

You will come across problems when implementing computer applications, but correct planning can make the process smoother. Sit down with each employee and explain how the computer will have an effect on his or her position. Set dates to have the main phases of the implementation complete as well as the last day for format changes. Find a location for your computer that meets the system's requirements for temperature, electrical power and humidity. Make a list of the priorities for the applications that will be converted from manual to computer systems and convert each one individually instead of in a group. Ensure that everyone using the system will be trained.

Each application that has been converted should be entered and run alongside the pre-existing manual system to ensure that the new system works.

Security Systems

If you plan on having confidential information in the system, you will need to set up the proper precautions to keep unauthorized users from modifying, stealing or destroying data. The options are locking the equipment or installing a user identification and password software program.

Data Safety

The most moderately priced and best insurance to prevent the loss of data is the back-up of information on a diskette on a regular basis. These copies should be put in a safe location away from the business site. It is also helpful to own and test a disaster recovery plan and to identify all programs, documents and data necessary for essential tasks during disaster recovery.

Lastly, make sure that you have more than a single person capable of operating the system and be sure that someone monitors all systems continuously.

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