

BUSINESS FINANCES: 10 WAYS TO ORGANISE YOUR BUSINESS FINANCE

<http://www.sideroad.com/Accounting/asset-depreciation.html>

Whether you are a new entrepreneur or a more experienced business owner, taking control of your finances can feel like a part-time job. Some simple tips can help you streamline your time, organize your finances and reduce the stress of business money matters.

1. Keep Your Bills in One Place

When the mail comes, make sure it goes in one place. Misplaced bills can be the cause of unwanted late fees and can damage your credit rating. Whether it's a drawer, a box, or a file, be consistent. Size is also important. If you get a lot of mail, use an area that won't get filled up too quickly.

2. Pay Your Bills on Schedule

Bill paying can be simplified if it's done at scheduled times during the month. Depending on how many bills you receive, you can establish set times each month when none of your bills will be late. If you're paying bills as you receive them, chances are you're spending too much time in front of the checkbook. Although bills may state "Payable Upon Receipt", there's always a grace period. Call the creditor to find out when they need to receive payment before the bill is considered late.

3. Read Your Credit Card Statements

Most people take advantage of low interest credit card offers but never read their statements when paying the bill. Credit cards are notorious for using low interest as bait for new customers then switching to higher rates after a few months. Make a habit of looking at your statement carefully to see what interest rate you are paying each month and if any transaction fees have been applied. If the rate increases or a transaction fee appears on your statement, a simple call to the credit card company can oftentimes be beneficial in resolving the matter. If not, try to switch your money to a more favorable rate.

4. Take Advantage of Automatic Payments

Most banks offer a way to automatically deduct money from your account to pay creditors. In addition, the creditors usually offer a lower interest rate when you sign up for this payment option because they get their money faster and on-time. Consider it as one fewer check to write, envelope to lick and stamp to buy. Just make sure you record the deduction when the automatic payment is scheduled or you run the risk of bouncing other checks.

5. Computerize Your Checkbook

Using a software program is a handy way to organize your finances. Whether it's Quicken(r), Microsoft Money(r) or another package, these easy-to-use programs make bill paying and bank reconciliation a cinch. Computer checks can be ordered almost anywhere and fit right into most printers. Once the checks are printed, all of the information is automatically recorded in your electronic checkbook. Furthermore, many banks have direct downloads into these software packages so when money is deposited or withdrawn, the transaction is entered immediately onto your computer. And, when it comes time to do taxes, it couldn't be easier.

6. Get Overdraft Protection

Most banks have a service where, if you run the risk of bouncing a check, the money will come from another source. For a nominal fee, the bank will link your checking account to either a savings, money market, or credit card so the embarrassment of bouncing a check will be avoided. Call or visit your bank to learn about this convenient feature.

7. Cancel Unused Accounts

Whether it's a credit card or bank account, write a letter requesting that the account is formally closed. Not only will this improve your credit score, it is a useful way to avoid money from being scattered all over the place. Don't let department stores and credit card companies lure you into opening new accounts by offering favorable interest rates and purchase discounts. It's easy for credit to get out of hand by taking advantage of every credit offer that comes your way.

8. Consolidate Your Accounts

If you have several credit card accounts with outstanding balances, try to consolidate them into one. Be careful and check the balance transfer interest rates and one-time fees. Also, make a list of all your open Money Markets, Savings, CDs, IRAs, Mutual Funds, and other accounts to see if any consolidation can be done. Keeping your money in fewer places eliminates all of the guesswork involved and reduces errors.

9. Establish Automatic Savings

Create a link from your checking account into a savings account that will not be touched. This can usually be done through the banks and automatic amounts will be transferred over each month. Most people will not put money into a savings account on a regular basis. They may wait until a large tax refund check arrives or some other event to actually deposit money into savings, retirement or other accounts. If you establish an automatic savings deposit every month, your accounts will begin accumulating money faster than you think.

10. Clean up Your Files

Make sure your paid bills are organized in a filing cabinet. Keep individual files for paid bills. Go through your files at the end of each year and throw out bills and receipts no longer needed for auditing purposes. Contact your local IRS office to see how long records need to be kept for audits. Usually federal tax return audits can be done three years back but cancelled checks may need to be kept for seven. Consult the Internet for auditing and records-keeping procedures for your state or region.