

Importance of the KISS Principle for Bookkeeping

Why the KISS principle of Bookkeeping is so important

“Keep it simple sooo...” The top three things most businesses want to know are:

- #1** Where have we been – have we made any money?
- #2** Where are we today – do we have any cash, if not where is it?
- #3** Where are we going – do I know where I am making or losing money?

The top 3 things most businesses want to know are:

- 1. Have we made any money?*
- 2. Do we have any cash if not where is it?*
- 3. Do we know where we are making or losing money?*

If you keep your bookkeeping simple then it will be easy to manage and understand your financial position. With software applications today financial statements are built in out of the box, can be printed, saved and e-mailed in PDF file formats. Some software does a better job of printing professional looking financial statements. Peachtree does a great job on presentation, is easy to customize and fix errors. FRX for MAS 90 and MAS 200 are very powerful for businesses that need a comprehensive mid market solution. Once you learn how to understand financial statements you will not be able to live without them.

First let's look at your profit and loss. Are all sales recorded in the appropriate category or are they all recorded? Are all the expenses required to make your sales also recorded? How does your company's gross profit margin compare with other companies in your industry? These are some of the basic things as a business you should be reviewing on a monthly schedule. Too many general ledger account numbers makes it difficult to post transactions to the correct account. Do set up what you need but be careful, microscopic detail can make it difficult to analysis direct expenses against sales.

Next let's talk about cash. Do you have a manual control total outside of your accounting system? What would happen if your computer crashed and you could not access your bank balances in your accounting application? Are you performing monthly bank reconciliations? With software today there is no reason that a business owner, child or spouse can not have a bank reconciliation completed within a matter of an hour or two, once you receive the bank statement or print it online from your banks web site. If you are making money then your cash may be tied up in inventory, receivables or payables. Do these subsidiaries tie to your trial balance? If you

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don't know how to perform bank reconciliations or tie subsidiaries to your trial then ask your consultant or accountant to teach you.

Lastly, there are simple steps as a business owner you can take to check your financial health monthly. This review process takes less than 20 minutes and confirms your financial statements include all the activity that affects your profit and loss. Once your financial information is complete you should analyze what your most profitable services or products are. If you are performing this monthly reconciliation then you may just need a plan to help market your most business segments or decrease expenses for your less profitable business segments. This monthly reconciliation is critical if you are seeking additional funding from banks or private sources, they want to see that you have the ability to pay back their money.

If you want to learn the complete KISS principle of bookkeeping JCS Computer Resource, Inc. www.jcscomputer.com will be hosting progressive online workshops focused on the KISS principle of Bookkeeping. The first session begins on January 23rd and runs monthly thru December of 2009. You can attend all or just the topics you feel you need. This series of workshops is designed to give the non accountant a basic understanding of your company financials or for anyone who wants to brush up on their bookkeeping skills. Kay Flanery has been helping businesses understand this KISS concept for almost 30 years. Kay's approach to bookkeeping is the KISS method and she has a wealth of knowledge she wants to share with your business. Come learn basic accounting on line from the comfort of your office, gain a better understanding of your financial statements and help your business understand your financial position so you can manage the future of your business.

Progressive Topics

Workshop – 12 monthly sessions, 30 minutes with 10 min Q & A
Session

- I. **01/23/2009** What are financial statements?
 - a. Balance sheet
 - b. Income Statement
 - c. Why are they important?
- II. **02/20/2009** What is Accounting Method?
 - a. Cash Basis
 - b. Accrual Basis
 - c. What's the difference? OR Why do I care?
- III. **03/20/2009** Accounting Principles (mnemonic of 10 principles Becker CPA review course)
 - a. Matching
 - b. Consistency
 - c. On-going concern
- IV. **04/24/2009** Analyze financial statements – OR how to make the financials a tool you cannot live without!
 - a. Compared to prior year
 - b. Compared to budget
 - c. Why Budget?
- V. **05/22/2009** Analyze financial statements – part II
 - a. Gross profit
 - b. Industry standards – how does my business compare to others in same industry
- VI. **06/26/2009** Manage Accounts Receivable OR Don't lose your shirt to your dead beat customers

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- a. Terms of sale & credit limits
 - b. Credit check
 - c. Billing & collection tips
 - d. Finance Charges & prompt payment discounts
- VII. **07/24/2009** Manage Accounts Payable
- a. Vendor terms
 - b. Prompt payment discounts
 - c. Loans or credit cards
- VIII. **08/21/2009** Organize all that paper
- a. Sales & customer info
 - b. Bills – paid or unpaid
 - c. How long to keep records
- IX. **09/25/2009** Inventory & Services
- a. What is profitable? What is not profitable?
 - b. Prevent out of stock
 - c. Prevent over – stock
 - d. What is inventory turn-over? Why do I care?
- X. **10/25/2009** Budgeting
- a. Getting started if you have never done it
 - b. Benefits
- XI. **11/20/2009** Month-end “close” procedure
- a. Check list
 - b. Why should I do this?
- XII. **12/18/2009** Year-end “close” procedure
- a. Check list
 - b. Why should I do this?

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If you are interested in attending these workshops each session is \$24.95. E-mail kflanery@jcscomputer.com. The workshops will run from 3:00pm to 4:00pm Central Time Zone.

Let me close with one last statement. *“No one and I mean no one will be as concerned about having correct information for your business the way you will.”*

Shirley Coop info@accountingsoftwarereview.com

Since 1988 JCS Computer Resource’s certified staff recommends, implements and trains on ACT!, Crystal Reports, MAS90, MAS200, Peachtree and Timeslips software solutions. For more information on JCS Computer Resource Corp., please visit www.jcscomputer.com or call 866-467-7672.