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Control your business records

Many people keep an eye on their bank balance as a sole means of controlling their business. Most business owners adopt this method to give them a guide on whether the business is running successfully. This is dangerous because it overlooks the fact that cash in the bank and profits are not the same thing. Having a big bank balance does not guarantee that the business is profitable or running successfully.

An essential aspect of running any business is knowing what is going on. This only comes from proper control of your recording systems. Adequate business records and systems are a vital part of the standard business operation. Properly controlled records will provide all the information necessary to monitor simple, but important things such as cash liquidity as well as profitability.

As far as profitability is concerned, control of records should cover the areas of sales; cost of those sales; gross profit; expenses and overheads; and net profit. As far as working capital and liquidity is concerned, control records should cover the areas of cash and bank account; customer's accounts receivable; creditors due; and stock on hand.

Further information

The following fact sheet provides further information on these issues:

- Accounting records you should keep
- Business records you should keep

