

# Record Keeping

## Topics covered:

- Why Record Keeping is Important
- Record Keeping Tools
- What Documents to Keep

Business  
Foundations



**Accurate, organised and regular record keeping is a critical part of making your business successful and sustainable. People who practice good record keeping are likely to stay in business much longer and are more likely to succeed.**

## Why Record Keeping is Important

Record keeping is a key part of your business operations because it helps you track the money coming in and going out of your business. Record keeping is about the management and storage of the various documents that record transactions – things like tax invoices, wages records, receipts and credit card statements. These documents contain information you need to keep track of, such as the date of the transaction, the total payment or amount received and the amount of GST involved.

There are plenty of reasons to keep good records of your business transactions, and the first is the most

important - if you're running a business, you're legally required to keep solid financial records. By law, the Australian Tax Office requires you to keep records for five years, in a form that tax officers can access and understand to determine your tax liability. You can store records either electronically or in paper form and there can be penalties for not maintaining them or for not keeping them for the full five years.

With good record keeping you can not only avoid penalties, but it also makes it easy to accurately prepare your Business Activity Statements (BAS) and annual tax returns, and to monitor the financial health of your business. It lets you easily demonstrate your financial position to banks, potential lenders, or potential buyers of your business. If you use an accountant, record keeping makes their job much easier! They can use the records to quickly prepare returns for the tax office and have more information to help with your business and financial planning.

## Record Keeping Tools

You're going to need some sort of tool that can track your transactions. The good news is that there are software apps and digital services that can help. If you would like more information about these resources, ask your business coach.



**Watch the full video:**  
[www.manyrivers.org.au](http://www.manyrivers.org.au)

# Record Keeping

If you're just starting out, Many Rivers has a simple Cash Book system. This is an easy way for you to record the transactions from your business for each week based on the money coming in and money going out of your business. Ask your business coach if you would like a copy.

Once you have a tracking tool, you need a storage system for your documents. This could be a shoebox, a folder, a filing cabinet or a computer. Make sure you take a copy of documents that are printed on paper because the ink may fade over time. You're going to need to access these documents to do your Business Activity Statement and annual tax return and for other business processes. Keep the documents together and work out a routine to make sure documents are added and updated on a regular basis.

## What Documents to Keep

- Anything relating to income tax or GST (including invoices, receipts, cash register tapes, credit card statements and bank statements).
- Invoices and receipts that relate to purchase and expense records, and year-end income tax records (including motor vehicle expenses, stock take sheets and depreciation schedules).
- Anything related to employees (including tax file number declarations, withholding declarations and worker payment records).

No matter what, your record keeping should always be accurate, organised properly and done regularly. You have a lot of jobs when you're running a small business, but record keeping is one of the most important. If you don't do it right, you can put the whole business at risk.

**Many Rivers has a team of business coaches that can support you in your business.**

**Our business coaches can help you with your record keeping, so get in touch with us and ask for help.**