

Bookkeeping Systems

The following table provides information about four different types of bookkeeping systems that small businesses use to track and store their records alongside the system's benefits and necessary considerations.

Bookkeeping Systems

System	Benefits	Things to Consider
<p>Paper-based – This system includes keeping all of your business's original documents in a physical filing system, as well as keeping a ledger system to keep track of expenses and revenue.</p>	<ul style="list-style-type: none"> • When starting a business, keeping a paper-based general ledger can be a good way to learn about bookkeeping. • All original documents are on hand. 	<ul style="list-style-type: none"> • Paper takes up space and can be damaged by liquid or fire. • Filing cabinets or folders can be expensive and difficult to organize, especially once you have a greater volume of records.
<p>Snap and Save – This system involves storing photos or scans of receipts and documents in a cloud-based storage system or on your computer's hard drive and using a spreadsheet program (such as Excel) to track general ledger entries, such as revenue and expenses.</p>	<ul style="list-style-type: none"> • Helps avoid lost receipts and math errors. • Easy to manage and sort into categories to simplify and reduce work at tax time. • Takes up no physical space, except for the very important files that should have an original copy. • Can be accessible remotely. 	<ul style="list-style-type: none"> • Requires some level of technological sophistication to understand and use efficiently. • Requires reliable internet to access and upload documents. • There is some risk that it could be accessed by outside sources. • If storing on a single computer's hard drive, that computer could easily be damaged, and the files could be lost.
<p>Bookkeeping and Accounting Software – Systems such as QuickBooks, Wave, or Zoho Books are online software tools for bookkeeping designed to help keep track of and analyze your business's revenue, expenses and other transactions through a double entry accounting system.</p>	<ul style="list-style-type: none"> • Easy to use, little prior experience needed. • Ability to easily generate reports on business progress. • May simplify recordkeeping by importing data from receipts and other sources. • Can help keep documents safe and well organized. 	<ul style="list-style-type: none"> • The cloud-based system has access to all of your information which could be considered a security issue in some lines of business. • This requires some training in the software and may require good technological abilities.
<p>Bookkeepers and Accountants – If learning bookkeeping is too much or your business is too complex, then hiring a bookkeeper or accountant to handle it all for you can be the perfect solution.</p>	<ul style="list-style-type: none"> • An expert can manage your businesses expenses and their attention to detail can help you make smarter business spending choices. • This can remove a lot of stress from the process of budgeting as well as taxes. 	<ul style="list-style-type: none"> • This can be an expensive choice, especially for small businesses. • Hiring the wrong bookkeeper can lead to costly mistakes.

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