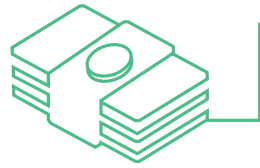


UNDERSTAND THE DIFFERENT BOOKKEEPING SYSTEMS



SYSTEMS

I. CASH VS. ACCRUAL SYSTEMS

First, choose if you want to apply a cash or accrual-based accounting system or a combination of both.

What is Cash-based accounting?

A cash-based accounting system records transactions the same year it is received and deducts expenses the same year they are paid

What is Accrual-based accounting?

An accrual-based accounting system records transactions the same year it is earned even if it hasn't been received, and deducts expenses in the year they were incurred, regardless of when they are paid.

II. MANUAL VS. ELECTRONIC SYSTEMS

The next step is to choose between a manual accounting system or an electronic accounting system.

Manual bookkeeping systems

include a series of books or ledger accounts that are often available at book stores. They are a simple alternative for business owners who have simple businesses and are not accustomed to using computer software.

Electronic bookkeeping systems

Off-the-shelf or tailored software accounting packages can help you record your transactions, calculate VAT, payroll taxes, income taxes, update ledgers automatically, prepare financial statements and generate invoices. It is highly recommended to ask accountants and experts before making an investment in any software.