How capturing your receipts digitally will

CHANGE YOUR BUSINESS

Learn how to keep track of your expenses easily so you can use your data to make better decisions

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Introduction

Capturing and storing receipts may have felt like a frustrating and time consuming task in the past. It may still feel like something you're only doing for your accountant that's of little value on your priority list.

This guide is here to show why it's one of the most valuable habits you could adopt as a business owner and to provide you with a better way of keeping track of your expenses.

We'll cover three simple points:

1

Why it's important: how capturing your receipts is the first step to better business decisions

2

How to do it: how to create a consistent habit of capturing your receipts and save yourself hours of time

By the end of your reading you'll have the practical know-how to cut hours of your time on expenses and make this small task work to your advantage.

1 Capturing your receipts is the first step to better business decisions

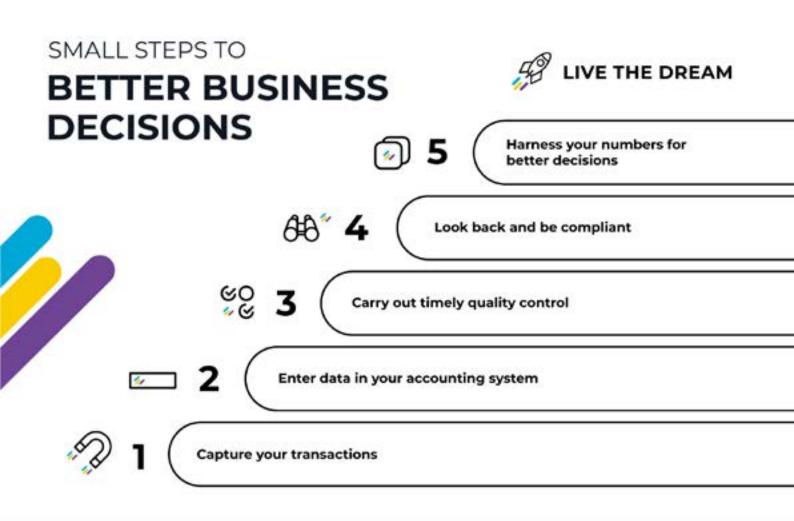Keeping your receipts and invoices isn't just of benefit to your accountant.

Sure, it's a necessary piece your accountant needs in order to keep you compliant with the CRA. But it's of major benefit to your business too, and you need to be doing it whether you have an accountant or not.

Capturing your transactions is the foundation that allows you to gain insight into the performance of your business.

Without complete information about your transactions, you can't get good bookkeeping. And without good bookkeeping, you won't have an accurate picture of how your business is running, which affects your ability to make decisions in pursuit of your goals.

Whatever your goal is for your business and life, your transactions are the first necessary step to achieving it. Whether it be increased profit, more time with your family - your progress depends on your data.

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SMALL STEPS TO
BETTER BUSINESS DECISIONS

🚀 **LIVE THE DREAM**

5 Harness your numbers for better decisions

4 Look back and be compliant

3 Carry out timely quality control

2 Enter data in your accounting system

1 Capture your transactions

Capturing your transactions is a step only you can take

When you look up the ladder of steps towards living your dream, there are plenty of places Reach can support you or take tasks off your plate.

⌄ We can help you select and set up the best accounting and business software for your business needs

⌄ We can become your bookkeeper - you can save your time by delegating the task completely

⌄ We can be your backup support if you're keeping the bookkeeping in house - carrying out quality control so you're confident everything is accurate

⌄ We can help you make sense of the numbers and see the big picture on your financial statements and tax returns

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The one thing we can't do is capture all your transactions.

We're not able to be with you all day while you're running your business and making purchases, so our support relies on your foundations.

Recording those transactions makes us truly a team. Once you get that data to us, we can use our time and expertise to be a reliable partner to you and your business, helping you achieve whatever success looks like for you.

Having good systems will save you time.

So, let's uncover the best system for capturing and uploading your receipts.

"I know from my experience running Reach, if I discover a system to save me time, it's a no brainer."

- Fabien, Reach founder

2 How to create a consistent habit of capturing your receipts and save yourself time

There are four main 'best practice' areas we're going to focus on:

✓ Separate bank accounts to keep the volume of transactions down

✓ Capture transactions digitally and capture them fast

✓ Know what to expense and make a note of the purpose

✓ Capture all the information so you don't have to guess later

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Separate bank cards to keep the volume of transactions down

Have one bank card for your business expenses and one for your personal expenses. Same thing with your credit card, this is a surefire way to save yourself a ton of time.

Why? Because it reduces the volume of transactions you have to capture and track. You don't want to be doing bookkeeping for your groceries! Whether you're doing the books yourself or someone else is, it creates more work than is necessary.

With a separate business account, you can easily see which transactions are business expenses and feel confident you haven't missed or miscategorized anything.

Capture transactions digitally and capture them fast

Nowadays you can easily capture your receipts on the go with a data capture app. We recommend you use **Hubdoc** or **Dext**. You can find a full how-to of those apps in part 3 of this guide.

These apps allow you to capture your receipts digitally, via your phone or tablet and they get updated to your accounting software automatically.

When you're at the post office, office supply store or doing a grocery store run you can snap a picture of your receipt on the go. Then it's sorted! Out of sight and out of mind. Far better than waiting till the end of the month and scrambling around for receipts for business expenses you may have forgotten you made.

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Know what to expense and make a note of the purpose

So, what is classed as a business expense?

The obvious answer is anything directly relating to your business. Here's an official list of business expenses from the CRA.

The problem is, it may not always feel obvious as a business owner. You may make purchases that aren't standard business practice - you may purchase groceries for both business and personal reasons, for example. Or, you may visit the hardware store for both business and personal reasons.

A good rule of thumb is to ask yourself: if an employee handed me a receipt for this, would I reimburse them? Would you reimburse, for example, an purchase like:

Grabbing a coffee on their way to work

Grabbing a quick lunch between work hours

The fuel it cost them to drive to work

None of these would really be costs to your business. They are considered a personal responsibility of your employees, and so it's important you consider your own purchases the same way.

When you're sure it's a business expense, but it's not obvious on the receipt, make a note of the purpose at the time of purchase. Your accountant might see a receipt for $10 and question what it was for, and it might be harder down the line to recall. Make a note there and then, either in your app or on the back of the receipt itself:

I.e "Lunch with a client", "fuel for trip to client premises

Project-based businesses, remember to tag your projects:

When you get receipts from bigger suppliers, they'll often ask you which project the expense is for. However when you're buying smaller supplies, you'll need to scribble a note on the receipt or assign a note in your app.

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Capture all the information so you don't have to guess later

Just as important as capturing all your receipts, is capturing all the right information.

You might grab the receipt from a card reader and upload it thinking you're sorted. You'll have taken an important step, but it's not the complete data your accounting system needs to file that expense.

You will need to have information about the vendor, the date, the item description and costs, the subtotal, the sales tax, the GST number of the vendor, the total, and how it was paid.

Here are some best practices to ensure you get the full breakdown of information you or your accountant needs:

Snap and upload a till receipt rather than the POS receipt in most cases - that'll include exactly what you paid for and the information needed for sales tax and provincial sales tax.

If you're tipping in a restaurant, upload the till receipt AND the POS receipt - till receipts printed before tipping won't show the full amount you paid. You'll need both copies to show exactly what you paid for at dinner, and how much you tipped on your card. Include the business purpose of the meal with them.

If you have long receipts, make sure all the relevant information is captured in the photo.

If a receipt is really long or oddly shaped, sometimes it's better to scan it into your system or email. Getting a scanner might be a good investment - you can find them for $500-600 (a good example of a business expense!)

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Read how Studio 531 improved their profitability. following Reach's "Small Steps to Better Business Decisions"

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