



22 of the Best Reasons for Having Your Bookkeeping Done by Professionals

Introduction

Many small businesses started doing their own bookkeeping when micro computers became economical and accounting software became inexpensive and effective. For some this has been a worthwhile experience. They have reduced costs and improved their understanding of the business; they are more aware of the impact that a transaction will have on net income.

For others the experience has been a nightmare of having to learn how to do bookkeeping, how to reconcile a bank, having to upgrade computers that are not used except periodically, having to buy and install software upgrades, etc. Generally the time involved with bookkeeping has been costly and frustrating, particularly because of the time it took the business person away from performing those tasks that they were good at and enjoyed, and which were the reasons for going into business.

These are the tasks that make the business profitable. This brochure is written for those people.

Become more effective and profitable

- 1 Do a cost benefit analysis. How much time does it take you to do your books? How much does this save you in monthly bookkeeping fees? If you used the same time doing what you are good at and what you enjoy, how much revenue and gross profit could you earn?
- 2 If you are saving \$500 a month doing your own books, something you don't enjoy, but are giving up \$1,000 a month of gross profit, get effective and have your books done by a professional.
- 3 If you don't have time to do your books or doing your books frustrates you, have your books done by a professional.
- 4 Providing your books to your accountant each month, gives you an opportunity to discuss your business with someone. Sometimes all that is required is to talk about a problem and you come up with the solution.

More effective reporting

- 5 A professional accountant will design a chart of accounts and reports that are suitable for your business.

- 6 With your assistance the professional accountant will include in the reports key performance indicators that are applicable to your business.

GST

- 7 Your GST returns will be filed on time and you will avoid penalties.
- 8 Recovery of GST input credits may pay a part of your fees.

Payroll

- 9 Your remittances will be filed on time and you will avoid penalties.
- 10 Avoid paying costs that should be paid by employees, or former employees, because taxable benefits were not included in income and the appropriate deductions were not made.
- 11 The payroll will be set up so that the T4's can be prepared effectively before February 28th.

Are you really saving money?

- 12 When your accountants prepare your annual financial statements, do they comment on how much extra time they took because the bookkeeping was not accurately done? The bank did not reconcile properly, expenses were incorrectly distributed, etc. And those are the reasons why your bill is higher than expected.

Reliable monthly statements

- 13 Your professional accountant will probably set up your monthly reports so that they are comparable to the prior year and if you have a budget, which you should have, the monthly reports will be comparable to the budget.
- 14 Your professional accountant may ask questions and document reasons for changes from the prior year and from budget. This will be beneficial when you are reviewing your year end results and when budgeting for the next year.
- 15 Monthly financial statements enable you to monitor the progress of the business on a timely basis. Problems are identified and can be resolved promptly.
- 16 There are no surprises at year end either because of low income or high income taxes to pay.
- 17 You can be confident that the monthly statements have been prepared accurately and completely and that there has been a proper matching of revenue and expenses.

Beyond financial statements

- 18 Most professional accountants will process transactions to be recorded in your general ledger and will prepare the monthly financial statements. Some accountants will also prepare sales invoices and pay bills for you. These tasks are best performed by you because of the detail required of your business to ensure that the sales invoices are properly prepared and that cheques are prepared only for goods and services you ordered and received.

Alternatives

- 19 Maybe you would want to process the cheques and deposits to keep your bank balance up to date and give a disk to your accountant once a month to do the bank reconciliation and prepare the statements.

Discipline

- 20 If you have to deal with an accountant, you are more likely to get things done if the agreement you have with the accountant is to provide the records by the 7th of the month so that all remittances can be done by the 15th.

Instalments and remittances

- 21 Why set up a system of remittances and instalments for yourself; your accountant does this every month for a number of businesses and the accountant will make sure all your remittances and instalments are on time and you incur no penalties.

Eliminate hassles

- 22 You don't have to gather all the documents required to have your accountant prepare your annual statements and tax return; the accountant will have most of the documents already.