



Bookkeeping Secrets for Successful Business

8 Ways Bookkeeping
Reduces Your Financial Risk

THE BOOKKEEPING POINT OF NO RETURN

When your business starts out, it makes sense to keep expenses lean and take on key business tasks yourself. As your business grows and you hire employees or take on more customers, tracking business expenses becomes more complex and takes more time.

You start working late and on weekends, losing focus on your customers - all at the expense of time with your family. Suddenly, you're putting 60-70 hours a week into your business without having a real sense of where you should be spending your time or, worst of all, your money.

Sales, late payments on invoices, cash flow, and expenses all blur together. You're flying blind even as you dutifully retake that YouTube accounting tutorial for the fifth time. The pressure is intense and there's no getting out of the hole you've dug. Truth be told, you're a little scared to find out if things are as bad as they seem.

You think the worst. You feel like a failure because your best isn't good enough. **But that's where you're wrong.**



YOUR BUSINESS IS GROWING



You're not an accountant. You never dreamed of pushing paper...

So why are you?

There is a better way. You've simply reached the point where you need help. You need easy-to-read, accurate financials statements. It's time to hire a professional bookkeeper.

HOW BOOKKEEPERS CREATE FINANCIAL CLARITY

A bookkeeper doesn't just record the financial transactions of your small business. They develop a system that organizes your sales, purchases, payments, and receipts. Then they record all that information in accounting software that stores it for easy access.

While processing your receipts, expenses and payments is critical, it's just one part of the equation. A professional bookkeeper will help you make sense of the numbers, identify trends and how you can apply them to your business. They will also provide you with a complete set of year-to-date accounting records.

With accurate bookkeeping, you'll know exactly how your business is performing, if you're making a profit, which marketing campaigns are successful, and more. Armed with this information, you can make smart and timely business decisions that prevent you from becoming just another stat.

Before you hire anyone, you want to make sure it's worth the cost. Below are eight ways a professional bookkeeping reduces financial risk and helps you make smart business decisions.

1. STAY FOCUSED ON YOUR BOTTOM LINE

You spend hours and hours each month on bookkeeping and other financial tasks. Since it's so time-consuming and tedious, you always leave it at the bottom of your list. Then when the tax filing deadline creeps up on you, you waste valuable time scrambling to catch up.

And any time spent managing non-core activities – like bookkeeping – is time spent away from growing your business. The time you would spend on bookkeeping can be dedicated to your business – product development, customer experience and ultimately, your bottom line.

2. MEET YOUR FINANCIAL OBLIGATIONS

Late and unpaid bills can put a dent in your cash flow and business goals. A bookkeeper can put a process in place that helps keep an eye on your invoices. This can include sending out reminders if a bill is late, making a phone call, or issuing a late fee penalty.

They'll also keep on top of any late or forgotten payments, so you don't have to worry about missing financial obligations.

3. CONTROL AND LOWER YOUR OPERATING EXPENSES

Understanding your business income and expenses month by month will help you get a handle on your financial situation. You'll be able to identify spending patterns and sales trends.

A tax professional and bookkeeper can help you make better business decisions about your day-to-day operations, like what time of year it's best to make major purchases. They can help forecast seasonal ups and downs, ensuring you have access to capital during the slow months and avoid taking out too much money during good months.

A greater awareness of spending will help you control and lower operating expenses where possible, saving you money in the long run.

4. IDENTIFY CASH FLOW ISSUES

Since your bookkeeper handles the day-to-day recording of your invoices, receipts and other transactions, they have a good handle of your income, expenses and spending habits.

Their attention to your accounts will help you understand your business performance and identify any cash flow issues as they come up.



5. TAX-READY FINANCIALS MAKES TAX FILING EASY AND ACCURATE

If you hire the bookkeeper at the same firm that employs your tax specialist, they'll work together to ensure you have an update of your accounting records and return filings.

From this they'll provide you with an interim or year-end financial statement, giving you a clearer picture of your business' financial health and an advance view to what your annual tax obligation may be. You'll be able to make decisions in advance that could modify or lower your tax bill. And having your paperwork in order makes it easier to prepare accurate and complete tax filings, like income tax and GST/HST/PST returns.

6. ACCURATE RECORDS HELP PROTECT YOU IN AN AUDIT

In the unlikely event your small business is audited by the CRA, having accurate and up-to-date records will ensure a smoother audit process. The sooner you can get back to running your business, the better.

If you're considering applying for financial assistance programs related to COVID-19, having up-to-date records will ensure your applications meet the appropriate government requirements and would pass any review or audit test.

If you're already enrolled in an existing COVID-19 program, we expect the CRA will increase their audit activity in the coming months due to the demand for financial assistance programs. You should have peace of mind knowing that if the CRA comes calling, you won't have to worry about getting your books organized and proving your compliance with program guidelines.

If you're worried about audit activity, good bookkeeping is your best defense. Without proper records to support your income tax return or GST/HST return, non-income items can be taxed as income and legitimate expenses may be disallowed, among other problems.



7. EASIER TIME GETTING LOANS FROM BANKS AND OTHER CREDITORS

Creditors need accurate information about the financial position of your business before they give out a loan. Good records show prospective creditors that you know all facets of your company.

You will have an easier time securing capital when you can clearly outline past performance. Banks and other lenders need to be assured that you have solid history and a good handle on your business' finances.

And if you do decide to sell your business at some point or change your business structure, good financial records demonstrate the value of your business to prospective buyers or partners.

8. MAX OUT TAX CREDITS TO LOWER YOUR TAX BURDEN

Without proper bookkeeping, input tax credits may be overlooked or forgotten when income tax or GST/HST returns are filed.

And you want to make sure you're taking advantage of every possible tax deduction. The more you can claim, the lower your tax bill. There's a lot to know when it comes to expenses and what you can claim. And missing a deduction means paying more in taxes than you need to.

Even though you don't need to send in original receipts when you file your taxes, if the CRA wants to see proof of a claim and you can't find it, you can't claim it. A bookkeeper will keep everything organized for you.



CONTACT FBC

The best bookkeeping solution is actually a partnership between your bookkeeper and tax specialist. This integrated approach provides you with the best in strategic financial strategic planning while saving you the most tax over the long-term. It's also why FBC offers a tax preparation service in addition to bookkeeping.

If you'd like to learn more about how FBC can support your business, call us at 1-800-265-1002 or email fbc@fbc.ca