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### **Numbers DO Count!**

One of the biggest mistakes many small businesses make is taking for granted that although the numbers are important- that they will take care of themselves. WRONG. **The only thing that will happen if you do not give your accounting the attention that it needs in your business is that your problems will multiply!**



I have a good friend who has run a successful but small business for almost 15 years. There came a point, that CRA decided it was her time to be audited. It took several weeks to get everything settled. Despite her good bookkeeping practices somewhere, somehow a few details had slipped through the cracks and she owed over \$3,000. For someone as small as she was, this was a huge blow for her. Could it have been avoided? Unfortunately the answer to that is yes.

The laws on deductions change all the time, as do accounting practices to accommodate the ever changing tax laws. Many of us are very capable of keeping track of what we spend and some of us even use accounting programs to keep things on track. But the fact still remains, that because our businesses are not oriented around book keeping (unless you are a bookkeeper) we do not have all the information that we need.

#### **Here are a few questions you need to ask yourself:**

- How much time do I want to delegate to keeping finances in a automated system?
- Is this my strength? What are my strengths?
- Am I meticulous about entering things in my cheque book? Deposit book?
- How far behind do I let myself get as it pertains to bookkeeping?
- Do I pay tax installments during the year?
- What is my cash flow like? Am I making money?

#### **If these questions have not yet made you begin to think about hiring an accountant here are a few more things you may want to consider:**

- Do you know how much you have spent over the last year on advertising?
- Have you got a marketing budget?
- Do you know your fixed monthly expenses? Variable expenses?
- What is your break even point?
- Do you know if you are spending too much or too little on rent, wages or supplies?
- If you are audited, how likely are you to find all the information that you need within a reasonable period of time?
- Are you charging enough for your product or service?
- Is this a viable business? Can I make money from it?
- What is the value of your business? Net worth?
- Have you claimed CCA on depreciable assets?

Knowing the answers to these questions is critical to planning where you need to tweak your policies and procedures, or even change your prices or place of business. Keeping your finances in order is THE most important part of your business and THE most neglected area for most start-up and small business. This is no joke. Neglecting this area can cause stress, and be the demise of your business.

Do not neglect this area of your business for one minute longer. Begin interviewing accountants and bookkeepers. Let them help you determine what help you need. Many book keepers will set up your chart of accounts and you can enter the information and give it to her/him once a month. This will cut your costs. However, consider letting them take everything over. It will ensure things are done correctly and will free you up to do what you do best.