

3.4 Should You Use A Professional

Knowing the difference of job descriptions and levels of formal education between a bookkeeper and an accountant will help you decide whether or not you will want to use a bookkeeper, or do it yourself. A common misconception is that if you don't understand how to create all of the statements an accountant can produce then you shouldn't attempt to get involved with your company financials. This might be true in some aspects of your business, but if you enjoy numbers and find it interesting, then by all means watch some tutorials on bookkeeping, buy some books on the topic, or take a bookkeeping course and do it yourself. Just make sure to know what you are capable of and that you have your bases covered.

Bookkeeper

A bookkeeper manages the daily transactions of a company. They can be hired very easily as one bookkeeper can do the books for multiple small businesses. The cost usually isn't very much as they are professionals and will be able to perform the duties you require quicker than someone new to it can. They can often provide more advanced tasks than most business owners due to their in-depth knowledge on specific small business accounting programs, but will not be able to perform all tasks, as some will require a certified accountant.

Some of the common tasks that a bookkeeper does are payroll, balancing your books (inputting debits and credits), maintaining general ledgers, producing and sending invoices for completed work, recording financial transactions, receiving payments for clients, making sure bills are paid, and various other regular requirements that must be predetermined when hiring them.

It's a good idea to ask for a recommendation for an accountant if you are going to use a bookkeeper. When there is an existing relationship between them, you and your business can benefit from there being a working relationship that saves time and prevents confusion on methods or language that can disrupt the path of getting a task done.

Accountant

The tasks that an accountant provides are preparing entries for your books that have occurred, but not recorded (which a bookkeeper will be able to fill in and work with), prepare financial statements, analyze operation costs, complete tax returns, and assist in financial decisions. Of course there is much more that they do, but this is the basics that would be used for your small business.

One thing that you will need to make a habit as a business owner is to keep track of where every penny goes. Whether it is taking payment or spending money, you need to have a clear description where all the money is in order for your books to balance. Your bookkeeper should clarify this in their expectations if they take you as a client.

For example, if you buy a pair of steel toe rubber boots in order to do your work, you will need to keep the receipt and submit it to your bookkeeper as well as keep the receipt for as long as your government requires you to keep it. Some require up to 7 years, which you could legally be audited for. If you cannot produce the receipt, they can dispute that it was a legal company write-off and you would have to declare it as so. Most likely have a financial penalty attached to it as well. Ask your accountant or bookkeeper for a list of what they need from you and what you need to keep as a business owner.

Each political/geographical/country has different rules and it is up to you to know these requirements and abide by them.

+ MODULE 3 EXERCISES

1. Research and find the best accounting software you will use for your business.
2. Find the taxes you will need to charge your customers and what taxes will be payable to your local government in your area and/or country.
3. Decide on how you will structure your accounting and/or bookkeeping and add it to your business plan.

+ LINKS

QuickBooks

<https://quickbooks.intuit.com/ca/resources/apps/best-accounting-software/>

Canada Small Business & Self-employed Income

<https://www.canada.ca/en/revenue-agency/services/tax/businesses/small-businesses-self-employed-income.html>

U.S. Small Business Tax Information

<https://www.usa.gov/business-taxes>

Australian Government Business Taxation

<https://www.business.gov.au/Finance/Taxation>

European Union Business Tax

https://europa.eu/youreurope/business/taxation/business-tax/index_en.htm