

The Dread of Year-End Accounting



We all know that it is approaching: one of the two big times of year that gets accountants, like myself, all warm and fuzzy inside. No, it is not the holiday season. It is the end of year when we get to reconcile your bookkeeping (for better or worse), prepare a financial snapshot for the year end and advise you of strategic financial options.

For many individuals and small businesses, bookkeeping is done irregularly because a financial profile is only needed at certain intervals throughout the year. There is nothing wrong with this particular method although it makes giving purchase advice more difficult and you are more likely to incur debt. As an accounting and financial professional, irregular bookkeeping makes me toss and turn at night. This is because if you do irregular bookkeeping and reconciliations, you are basically guessing your company's position.

How can we improve this?

Well the easy way is just hiring a bookkeeper. The negatives to this is that you either have an outsourced or an in-house accountant that is now a reoccurring cost to the business. This may be the only option depending on your business's needs, but companies like Intuit have created software to assist business owners that is relatively self-updating. Intuit's software including QuickBooks Desktop (the most complex), QuickBooks Online (semi complex), or Mint.com (easiest) all have their positives and negatives but each software appeals to a specific business application niche.

With all of these options, how do I know which is best for my specific business application?

That depends on a couple things. Mainly you have to figure out how much time you want to spend and what resources you want focused on the financials of your business. For example, larger businesses that create products may require a more complex system of accounting (cost accounting) to accommodate their needs whereas an owner/operator may only need to keep track of vendors and customers.

That is all great but what does all of this accounting help me do?

It simply allows a business owner to be able to see and improve the structure of their operations. This visual snapshot, if done properly, can show bottlenecks in the company or show investment opportunities. Doing simple financial updates of a company regularly can deliver information such as unused cash flow (potential investment capital) and growth opportunities (areas that can expand production or service turnaround) as well as effectively assess the company's stability.

Ultimately as a business owner it is your decision to implement an accounting process, but I will leave you with this quote:

"There is always one more thing you can do to increase your odds of success." General Hal Moore

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