BUSINESS **O**WNERS **A**CCOUNTING **T**IPS

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FINANCIAL STATEMENTS - *WHY BOTHER?*

Recently,

- A client trying to save money requested we stop sending monthly financial reports, saying, "I never use them anyway."
- Another client said, "If I want to know how my company is doing, I can go to the ATM and look at my bank balance."
- And finally, a "good old cowboy" client told me, "I don't like accountants, I don't understand accountants, and if I didn't need a tax return, I wouldn't need your stupid financial statements"!

QUESTION

Is there any reason why you need financial statements?

- If you're a “shoot-from-the-hip, I've got it all in my head, and I‘m pretty good at knowing what to do” type of business person, then, I guess not.
  And oh, by the way, ***good luck!***
- If, on the other hand, you're a person who truly wants to understand, grow, and be a profitable business, then financial statements can do a lot for you.

FINANCIAL STATEMENTS can:

1. Show you the profitability of each of your business lines, not just the bottom line. Believe it or not, most businesses do not know if they are making a profit on each of their business lines.

2. Show you the percent of income that each type of income or type of expense contributes to or deducts from your bottom line. A surprising number of businesses do not know their gross profit margin.

3. Show you your net assets, problem receivables, encroaching liabilities, and working capital. Unfortunately, many businesses are on the edge of going underwater simply because they do not know just how over-extended they really are.

4. Show you where to focus your efforts for profitability and where to cut items that are dragging you down. Many businesses continue on and on doing things that are not to their benefit, generally because they do not know how to interpret their financial information, seemingly without any reason or because “everyone" does it that way.
   I sure would like to meet "everyone" someday!

Managing and growing your business is more than checking your pocket to see if there is money in it. Instead, it is collecting business financial data, analyzing it, and making informed decisions about what you need to, and hopefully, are going to do to enhance your business.

ANSWER

So, is there any reason why you need financial statements? ***In my opinion, yes!***

Call us to discuss how we can be of assistance

If you are a startup, small business, or nonprofit, MyAdvisor LLC is here to help you with bookkeeping, accounting, and tax services at value-priced rates.

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