



# 5 SIGNS YOU MAY NEED A BOOKKEEPER

REASONS TO HIRE A PROFESSIONAL

MAY 17, 2017

DAVID BOWES MICB PM.DIP  
BOOKSMART ACCOUNTANCY SOLUTIONS  
[info@booksmart.co](mailto:info@booksmart.co)



# Contents

|  |          |
|--|----------|
| <b>Disclaimer .....</b>                                      | <b>2</b> |
| <b>5 Signs you may need to hire a bookkeeper .....</b>       | <b>3</b> |
| <b>Indicators you might need a bookkeeper include: .....</b> | <b>3</b> |
| 1. You are too busy to do your own invoicing .....           | 3        |
| 2. When customers aren't being chased for money .....        | 3        |
| 3. When things become more complex .....                     | 4        |
| 4. If you are really behind in your bookkeeping .....        | 4        |
| 5. If you consistently late filing tax returns.....          | 4        |

# Disclaimer

Information contained in this guide has been obtained from ICB Australia.

Every care has been taken by BookSmart Accountancy Solutions in compilation of the data contained herein and in verification of its accuracy when published, however the content of this guide is subject to change without notice due to factors outside the control of BookSmart Accountancy Solutions, therefore this should only be used as a guide.

## 5 Signs you may need to hire a bookkeeper

Whether you are filing tax returns late or don't have time to chase debts, there are five classic signs you may need to hire a bookkeeper.

One of the most common stories is the small business owner who tries to do the bookkeeping themselves only to end up in a mess when the tax return is due at the last minute. Any of the latest accounting software packages can make this easier, but a bookkeeper can also help.

Most people start a business because they are good at something, whether it's plumbing, photography, designing, etc. – but not because they are good at paperwork.

If you have a simple business, one you operate from your bedroom computer with no employees and very little expenses, then there is no reason why you cannot do your own bookkeeping. A simple accounting package or even Microsoft Excel will help.

However, as a bookkeeper I meet lots of small business people who are brilliant at what they do, they just don't "get" the compliance side of running a business. They still insist on doing it themselves and think they are saving money. That's when the trouble starts. The tax return is due and the paperwork is all over the place, it ends up being filed late and penalties start to add up. It's a false economy.

In reality, these are the people who:

- End up spending more money than they need to with a bookkeeper or accountant because the accounts need to be brought up to date from a mess of paperwork and the tax return is due yesterday
- Risk breaking laws and incurring fines and penalties because they are genuinely unaware of regulations – for example the threshold at which you have to register for VAT
- Lack the integrity within their accounting system because they either haven't had it setup properly or are repeatedly making the same mistakes – meaning their accounting system is not giving them an accurate picture of how their business is really performing

So when exactly does it become worth hiring a bookkeeper? This is different for everyone and every business. The answer is not how much you turnover, but rather it's about your situation, level of financial expertise and the complexity of the business.

## Indicators you might need a bookkeeper include:

### 1. You are too busy to do your own invoicing

We've all heard the mantra "cash is king". The minute you get too busy to send out invoices then cash flow will suffer and there is a risk invoices may be completely missed altogether.

### 2. When customers aren't being chased for money

Another key sign is when your customers aren't paying and you don't have time or you don't want to chase them because you don't want to risk the relationship. Where possible it is a good idea to separate the face of the business with the debt collection – the old good cop / bad cop. It helps keep the client relationship warm and fuzzy yet keeps the cash coming. Most debt collection is done on friendly terms, sometimes the customer/client just needs reminding.

### **3. When things become more complex**

When you hire employees or sub-contractors, you are entering into a whole new world. The regulations increase exponentially as soon as you take on staff. A frequent misconception is that if you only hire contractors rather than employees the rules do not apply, but every situation must be individually assessed. Professional bookkeepers will be up to date with the legislation and can advise you what your legal obligations are.

### **4. If you are really behind in your bookkeeping**

In this case you are potentially missing claiming back VAT or other tax breaks from HMRC. Many people don't realise there are time limits stipulating how long after the event you can actually claim, some don't ever realise what you can claim. Some claims can also be complicated; the Annual Investment Allowance is a prime example of this. As well as missing claims, being behind in your bookkeeping can result in you making decision based on wholly inaccurate figures. In this situation you can't make an educated guess or informed decisions – decisions that the future of your business may depend upon.

### **5. If you consistently late filing tax returns**

HMRC are getting serious about late filings, with fines that increase regularly whether you owe tax or not. If you are consistently late filing your returns, this is a classic sign that you need help. Fines and penalties are not tax deductible, but professional bookkeeping fees are.

So there you have it. Do any of these points sound familiar? I read somewhere that if you do not have anyone to assist you, then you are the assistant. When things start to get busy, you cannot to do all of it yourself. There is nothing wrong with getting help.

If you think you need a bookkeeper to help you control your finances then do not waste time thinking about it, contact me now.

Email: [info@booksmart.co](mailto:info@booksmart.co)

Web: [www.booksmart.co](http://www.booksmart.co)

---

*Taken from an article originally written by Matthew Addison  
Executive Director Institute of Certified Bookkeepers (Australia)*

---