

No time to touch the books!

Situation:

An owner of a small service company came to work on the telephone system for Bookkeeping Express. During a discussion with an employee of Bookkeeping Express he acknowledged that he had not done anything with his books, and was unsure of his particular cash situation, other than looking in his checking account. He recognized the need to have accurate numbers for tax purposes and to be able to forecast revenues and expenses, but since doing his own books didn't directly increase his revenues he never placed a high priority on it.

When asked how his taxes had been done, he admitted he probably overpaid, because while he had good numbers for revenues based on bank deposits, he only estimated on his expenses.

Solution:

The owner returned the next day bringing receipts and bank statements in a box and bags. The information was for the current year as well as previous years. When going through the receipts and bank statements it was determined that he had probably overstated his revenues due to showing income for reimbursed expenses, and underestimated his expenses, thereby overpaying his taxes.

After significant cleanup efforts, Bookkeeping Express was able to supply the owner accurate financial statements for the previous year, as well as the current year. When he reviewed the previous year with his accountant it was determined there was enough reduction in taxes to justify amending his previous year's taxes. The tax saving for the previous year and the estimates for the current year allowed the owner to more than recoup the fees charged by Bookkeeping Express for the cleanup.

The company now has monthly financial statements and can review Accounts Receivable as well as Payables to better manage his cash requirements. He was able to lower his quarterly estimated tax requirements and provide his accounts timely reporting at year end for his annual tax filing.

Quote from the owner – *“Doing your own book work doesn't earn you any money so don't do it. Spend your precious time on the important tasks like making money and let Bookkeeping Express handle the boring book work. Believe it or not, they actually enjoy it.”*