Common Accounting Mistakes for Small Businesses by Stella Richard

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Usual mistakes that can be rectified in due course of time, but accounting errors tend to have dire consequences. Not only are small businesses risking the loss of clients and vendors, but they also risk falling in trouble with taxation bodies.

The effective management of monies that come in as income and leave in form of expenses is considered to be the most vital jobs of a small business accountant. It is important to be meticulous with your finance function to make sure that no problems come out of simple accounting errors that can be easily avoidable.

1. Non-Compliance of Accounting Procedures

Irrespective of the size of your business, you are required to follow the accounting norms and procedures that have been set by local and national bodies. Many business owners tend to ignore the significance of accounting policies and procedures within an organization and consequently lose control of the finance function over a period of time.

Make sure that you hire an accountant who is able to help you design and implement policies which simplify all your processes such as bill raising, payments, payroll management and taxes.

1. No IT Integration

While the world is moving to paperless business processes, it is un-progressive for a business owner to continue implementing old techniques in accounting and record keeping. Invest in a robust accounting system which supports your finance department in maintaining up-to-date financial records and make quick and accurate accounting decisions as and when necessary.

4. Outsourcing all your Accounting Functions

Though this may feel like a convenient solution considering the fact that your business isnâ€™t too large, it is easier to control your finances if you have at least one person overlooking this function in-house. Hire a full-time small business accountant who will not only cater to your day-to-day accounting requirements but also follow up with the outsourced team to ensure all major paper work such as filing of tax returns is done efficiently and on time.

5. Hiring the Wrong Experts â€“

A very common mistake made by small business owners is hiring professionals by simply assessing their academic qualifications. The ideal thing to do is to hire accounting experts that have experience and proficiency in your industry specifically, which allows them to play a functional role in financial strategising for your business.

In addition to this, many small business owners tend to ignore the significance of budgeting and recording of accounting information, setting aside petty cash, and maintaining a back-up of accounting information. The size of the business is not the deciding factor of how strong your finance function needs to be. Scaling up your business will be a major problem if your accounts and financial plans are not in place.

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Mackenzie is one such a Small Business Accountant group that holds the team of best Accountants providing you valued services.

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