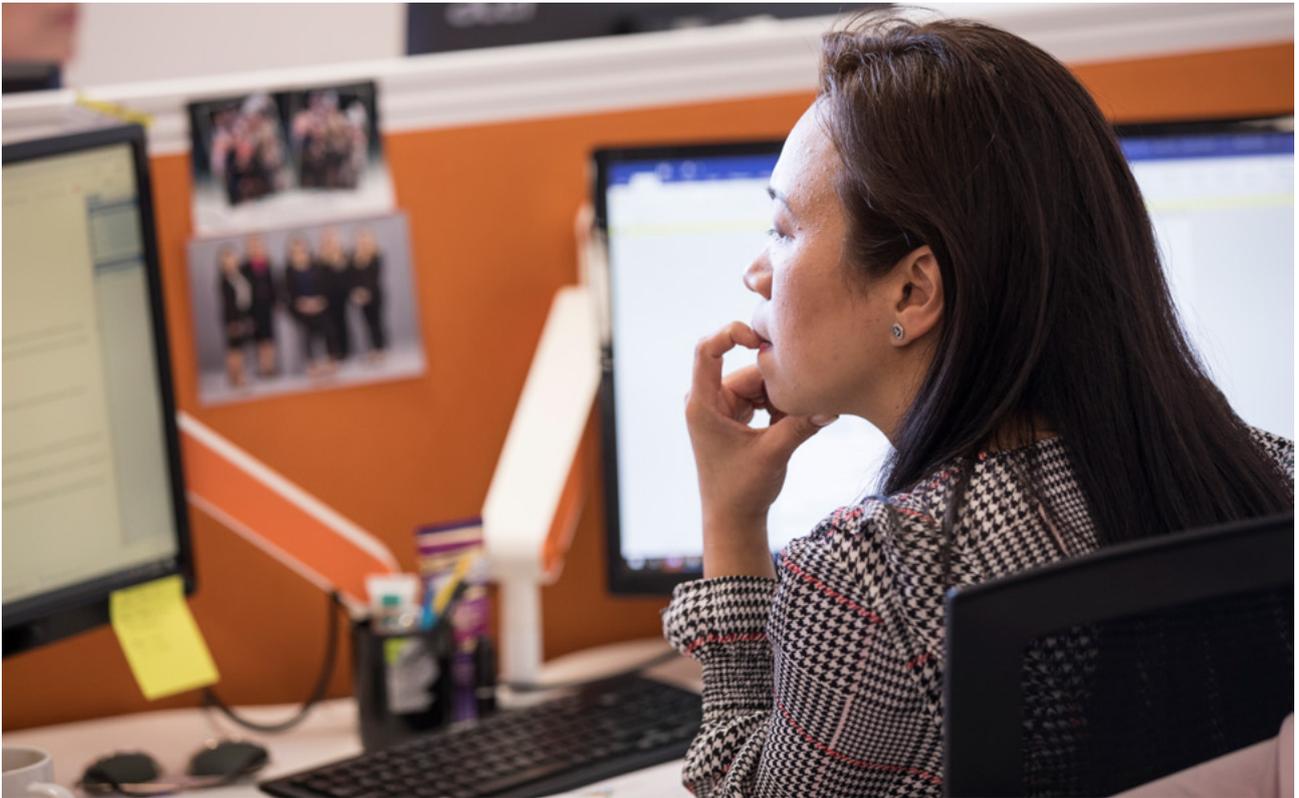


The Real Cost of YOU doing the Bookkeeping

By Karen Kennedy



I know, everyone thinks it sounds like a good idea to do the bookkeeping for your own business. But, you need to really consider just what your time is worth.

But at the heart of any business is often an owner looking around and wondering why they're drowning in so much backend work at the end of the day. Keeping your bookkeeping in-house might seem like a cost-effective, time-saving idea, but really, it costs far more than you think.

You won't save time

How long does it take you to do your books once you find a moment to sit down and do them? We frequently hear owners talk about

setting aside a day, a weekend or even longer to knock out everything outstanding and that's just finding all the paperwork and entering the data!

That doesn't include dealing with your outstanding accounts payable and receivable or checking over your financials to see where you can improve your financial position.

You might miss something

Bookkeeping isn't only putting numbers in a spreadsheet. It's a complex financial tracking system

that accounts for every dollar that flows in and out of your business, categorising each transaction for a clear picture of where your money goes. But to be really effective in your bookkeeping, you need to stay across all the related tax regulations and the specific requirement of your franchise system.

You won't save money

To calculate what it costs you to do the books for your franchise, you need to place a value on your time, as if you are an employee.

The general rule of thumb is \$50 an hour, because that includes pretty much all the benefits you get if you were an employee. So, if it takes you a day to get all your bookkeeping up to date, then that's \$400. Add in a few hours of research to understand the tax considerations of some transactions, and that's another

\$150. If you want to store all your paperwork digitally, that's at least another \$50 (depending on if you scan or snap). Then filing, that's another \$50 or more. Now if you have inventory counts and payroll, assume another couple of hours if you're organised, and double it if you're not.

We're creeping up to the \$900-\$1000 mark. And this could just be one week's worth of bookkeeping! What could you have spent that time doing to improve your franchise?

Let's get the obvious out of the way

Because of my experience with both franchisees and franchisors alike, of course I will say that I'm the most cost-effective method to handle your bookkeeping. This leaves you free to manage and grow your franchise, with access to up-to-date financials as you need. No more chasing debt or managing

your creditors. It's all taken care of.

But, if you're not ready to hand over your books, or like us, you really enjoy it, here are three things I recommend doing to keep your bookkeeping costs to a minimum.

1. Get bookkeeping software

There are many different types of bookkeeping software around, which can make it difficult to know what would suit your franchise. We recommend Xero, because it's easy to set up, easy to use, and as long as you have internet access and a computer, you can use it. It even has a smartphone app so you can send out invoices on the go. Being a cloud-based software, it also means that anyone in your business can access it if they need (providing you have given them access).

2. Snap your paperwork

Eliminate printing (and its





associated costs) and store your paperwork online. It's as easy as taking a photo of the receipt or invoice and saving it to your computer or even a cloud-based storage option. This not only means you're freeing up space in the office, but you can access your paperwork no matter where you are. Even better, there are receipt apps that integrate with Xero, so when you take a picture of your receipt, it's sent straight to Xero for reconciling. It can even extract details from the receipt, so that's even less work for you.

Even the ATO has an app where you can store your expenses.

3. Get an accountant

Like bookkeeping, tax is something else that may seem better to keep in-house. But for any business, and especially for a franchise, it is too easy to make an unintentional mistake. With the ATO paying more attention to incorrect statements and returns, the penalties far outweigh what you're saving by not using an accountant. If you are using a particular



bookkeeping software, make sure your accountant uses it as well.

What's your time really worth?

It's easy to think bookkeeping is one of those tasks to manage

yourself, but it's a complex and time-consuming task for non-bookkeepers. Your time is valuable. Take the time to minimise how long you spend on your books, so then you can focus on where you can make a difference. ■

Karen Kennedy has over 20 years accounting and administrative experience having worked in accounts and admin departments for many and varying business types. Ranging from multinational companies to franchising, real estate, manufacturing and hospitality. She has worked her way through the sector on her way up to Financial Controller and now Founder of Bookit Bookkeeping.

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