

## Simeen Gaidhar-Bhanji, Financial Expert Columnist



Simeen Gaidhar-Bhanji, CA is a Partner of Simeen Bhanji Chartered Accountant that offer a variety of services to corporations and individuals ranging from tax planning and consulting, compilation, reviews and audits of financial statements, corporate and personal tax returns, GST/PST services, and consulting for internal control, financing and tax.

### Accounting for leadership

Oh, right, you think: *Accountants*. They're the ones hunched over calculators, punching in numbers. Not ideas people, by any stretch. No leadership qualities there.

Think again! By virtue of their experience and insights, accountants are natural leaders. For example, your accountant can show you all the financial tools your company needs to succeed. Recognize – no, more than that, maximize – your accountant's leadership qualities. Here are five areas where your accountant can help you make 2010 prosperous.

#### Monthly cash flow projections

Your accountant can lead you through creating a cash flow projection. This is a great chance to review your business results from last year. Take the monthly cash flow, or even earnings, from last year on a monthly basis. Project any growth to sales or variations in expenses that may apply for the current year. Presto! You have just created your monthly cash flow. Simply put, a cash flow can be defined as: cash in from sales, minus cash out for expenses.

Knowing the highs and the lows of each 2009 month allows you to shape your 2010 purchasing decisions more accurately, without putting your business in jeopardy. You'll know where your cash is going and where it's coming from.

#### Budgeting

Let your accountant lead you through the budget process. A budget is an action plan. Companies usually formulate a budget annually, to determine if there are ways to improve their revenues and reduce expenses as compared to the previous year. Via a budget, you can allocate resources and evaluate your company's performance.

While it takes into account cash transactions, a budget process also determines how assets and human-resource hours will be allocated. It can be used to make some instrumental changes to business activities.

#### Record-keeping

"How do I sort through this shoebox of paperwork? Do I really have to keep this stuff for seven years?"

Well, yes, but you might want to ditch the shoebox in favour of a filing cabinet. Accountants can lead you through an inexpensive system of maintaining organized documents and an effortless system of receipt keeping. You save on time, efficiency and accounting fees, and you will have made your records much more presentable should a Canada Revenue Agency auditor ask to see them.

CRA can audit past years, so it's extremely important to keep all your information easily accessible and tidy. Clients who don't keep tidy records always miss something, whether it's an additional write-off, or some extra sales they did not collect on. All such items are important to the survival of a business: they could bring more cash flow in the door, or additional tax savings.

### **Business plans and goals**

Don't delay on formulating a business plan. Let your accountant lead you through one. Whether you have a new or existing business, it's never too late. Creating a business plan forces you to create goals, and then be accountable to reach those goals. Later, you can go back to your original plan and see how far your business has come.

### **Tax planning and strategy**

Hold a tax-brainstorming session with your accountant before any more of 2010 goes by. Your accountant will lead you to a clearer picture of your tax situation. From this session, you'll be able to determine what to keep aside for taxes. Another outcome: you may also be able to structure your business activities or decisions in the best possible way in order to reduce tax.

On the personal side, a brainstorming session with your accountant allows you to decide whether to make RRSP contributions; investments; withdraw RRSPs or funds from investments; strategically position contracts; or even incorporate a company, if you're a sole proprietor.

It is a lot easier to plan out tax savings early and thoughtfully. Whether you are a company or an individual, you will still have to consider the HST and whether to buy before July.

*The above is for informational purposes only, and therefore prior to making any decisions, please contact your accountant for advice.*