

Financial Statements: More than a document to keep the taxman happy

At tax time most business owners probably spend considerable time preparing information for financial statements to lodge the business's annual Tax Return.

A question we are frequently asked is "Apart from meeting my taxation obligations what use is all this effort to me?"

At Abby Practice we see the financial statements of your business as the window to the business; they allow you to make many important decisions about your business. Common examples are:

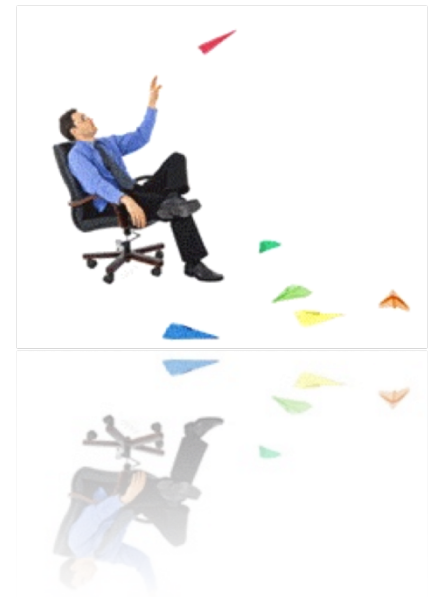
- If you borrow to expand your business your bankers will look at your financial statements as an integral part of their decision making process.
- If you wish to sell your business your financial statements are often used to establish the selling price.
- They also form the basis of making a budget or projection for the future of an enterprise.
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While those examples spring readily to mind, your financial reports can also be helpful to:

- Provide a snapshot of your business at a point in time, confirming that your business is going to plan.
- Give clarity on the cash flow position of your business which will enable you to make those important lifestyle decisions.
- Measure the success or otherwise of management strategies and actions.
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Your business's financial statements are probably your most important management tool. They allow you and others to make appropriate decisions about your business's health and to implement appropriate strategies.

It is vital that the financial statements accurately reflect the state of your business and are not a contorted version to suit a short term aim.



To ensure that you get the most out of your financial statements or for advice on any business or accounting matter call Sid Edwards, Senior Partner, at Abby Practice on 9476 0399 for a free initial discussion.