

Business bootcamp #5: accounting is your friend

Want to start a business? The internet is full of advice for entrepreneurs, whether that's detailing the lifecycle of a startup, how to raise investment, how to manifest success and which 'meal in a can' is best for those on the go. Here is part 5 of 10 in your business's 10-day bootcamp.

Temps de lecture : minute

5 February 2023

So far in this bootcamp we've ticked off some heavy-hitters: validating your idea; developing your business plan; networking like a pro; and making sure you're conducting business legally. Marking the halfway point in this 10-step programme, today we explore new business accounting's essentials.

Success is driven by good ideas. Equally, solid execution and consistent attention to the details. If your strengths lie only in the former camp then you'll need to pay special heed to this part, not letting your accounting responsibilities pass you by.

Wesley Rashid, CEO & Co-Founder of Accountancy Cloud says that, firstly, startup leaders need to ensure they're keeping accurate records of all income and expenses; this is the critical paper trail.

'It will help you to monitor your cash flow and make sure you're not overspending. It also ensures you're meeting your regulatory duties, such as filing taxes and accounts.'

Secondly, Wesley says, you need to create a budget and stick to it.

‘Maintaining capital efficiency during these tough times is a priority for all startups and will signal to investors how well you can execute your plan.’

Just because you’ve checked off these recommendations on your to-do list doesn’t mean you’re home and dry. Wesley says it’s important you regularly review your financial situation, assessing when and if you need to seek funding.

Don’t worry if this all sounds a bit much because, as a leader, one skill you’ll need to start honing is delegation. Hiring an accountant is the best place to start.

‘An accountant can be essential in helping founders to meet their financial responsibilities,’ Wesley says.

‘They can provide advice on taxation, bookkeeping and other financial matters. They can also help to create budgets and forecast future income and expenditure.’

You may be weary of paying for any professional services in the early days so when should you enlist an accountant?

‘If you’re just starting out, like if you’ve just incorporated, then you may be able to get by without one for a few months. But as your business grows and becomes more complex, an accountant can help you to navigate the financial landscape.

‘At the very least, it’s a good idea to speak to an accountant before making any major financial decisions, such as taking on investment or borrowing money. They can help you to understand the implications of

these decisions and make sure that you're doing what's best for your business.'

The key moments to early-stage startup accounting, according to Wesley Rashid

- Open your bank account: 'I recommend at least one for all your business expenses and one which is a Savings account that you'll use to save money to pay your taxes'
- Register for your taxes online: 'Visit the [HMRC website](#) and ensure you are registered to file your taxes online such as corporation tax, PAYE and VAT'
- Choose your finance stack: 'Choose cloud accounting software that makes finances easy, such as Xero, and for expenses try out Pleo and/or Dext. You can, of course, opt for an all-in-one solution like Accountancy Cloud which incorporates these tools already, and pairs you with an accountant.'
- Get to know your statutory deadlines and submit/pay on time: 'Never miss payroll, and also always stay on the right side of the tax man. Ensure you file your accounts and tax returns online to make life simpler.'

'There are a few key things that separate good startup accounting from bad,' Wesley says.

'Firstly, good accounting is accurate and up-to-date. This means that all income and expenditure is accurately recorded, and any financial statements are prepared using the most recent information.

'Secondly, good accounting is proactive. This means that rather than simply reacting to problems as they arise, good accountants will work with startups to identify potential issues and develop solutions to prevent them from becoming a problem.

'Finally, good accounting is efficient. This means that all financial processes are streamlined and efficient, so that founders can focus on running their business.'

Not following these three key tenets to good accounting can land you in hot water, wasting company time and increasing overheads; owing money you haven't perhaps got in the bank; or even leading to legal difficulties.

Hey! Let's quickly move on from this doom and gloom, though, and look towards growth because, remember, having your accounts and finances in check isn't only an exercise in preventing litigation, it's also an opportunity to make savings and broaden income streams.

Wesley says, 'As you grow your business, you may want to consider interim CFO services to support your funding round, or if you're a startup that's eligible then R&D tax credits can earn you cash or reduce your tax bill.

'Having an accountant that can partner with you on these tasks is a huge bonus and can complement your business.

'Do not wing it and do not try to do everything yourself - it can prove costly.'

Useful links:

- *What should employers know about the end of the tax year? (Maddyness)*
- *Setting up a finance team for success - from a FinTech founder (Maddyness)*
- *How can SMEs learn from one economic downturn to prepare for the next? (Maddyness)*
- *Small Business Accounting 101: How to Set Up and Manage Your Books (Shopify)*

It can get lonely at the top - especially when it's a team of one. Next time, we'll take a look at bringing other people on board.

Can't wait to read on? We've put the whole guide together in one place for you [here](#).

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Read also

[The ten commandments for launching a startup](#)

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