

ENTREPRENEUR

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Avoid costly accounting mistakes

Ed Charles
Software

THE last things on the mind of a budding entrepreneur are the backroom accounting and record-keeping for tax. But it is worth taking time out from a business to examine the options and avoid expensive mistakes.

Greg Hayes, a partner at accounting firm Hayes Knight says: "With accounting packages you have a layer of costs. You have your initial upfront costs, you have maintenance costs and the internal cost after that.

"Our experience is that the internal cost, the one that is least often measured, is really where the biggest cost is. To go and buy the software and a bit for support in relative terms isn't necessarily huge dollars. It's more the internal costs of what you then do."

Hayes says it is quite common for small businesses to have input errors and to set up the products does

require some expertise with accounts. It can create a huge mess — the cost of the rework can be more than the original cost.

Hayes says: "If you don't have any accounting background, it's unlikely you can pick up an MYOB and produce a perfect set of accounts from scratch. It will happen in isolation but in general it's not the case."

Both the leading makers of accounting software, MYOB and Quicken, and Hayes recommend that first timers get some training.

Any small and medium-sized business with a small number of employees will need to use one of MYOB's or Quicken's Accounting Plus packages. MYOB Accounting Plus costs \$595 and the user will need to take out MYOB cover for \$399. This gives technical support and provides product updates covering taxation, superannuation and other legislative changes throughout the year.

Quicken Accounting Plus costs \$549 (available currently with \$150 cash back) plus \$349 a year for support and updates. Alternatively, an annual subscription to Accounting Plus costs \$249.

Hayes says there is no single correct answer in choosing a package. He says: "I think it is horses for courses. It comes down to your level of technology awareness and accounting fundamentals. I think it comes down to the amount of time you have available."

All accounting software requires setting up the format of the profit and loss and the balance sheet. To get this wrong can amount to a huge waste of time, Hayes-says.

He says the one thing growing businesses will want is to monitor their progress and have some system in place.

But small companies can get by using a bookkeeper who specialises in running these packages, allowing the entrepreneur to concentrate on building the business.