

Accountants can help out at various stages during the growth of your business. They can handle much more than just your payroll and tax returns. So when should you consider hiring an accountant for your small business?

Challenges for growing small businesses

There are good reasons for hiring an accountant at different stages of your company's growth. From a business plan to company formation, loan application to tax investigation, an accountant can make life easier for you at each step.

That doesn't mean you always need to employ an accountant full-time or hire one on a retainer basis. Sometimes just a couple of hours of their time will be enough.

Like all small business owners who are looking to save money, you may think you can't afford an accountant. But look at how long it would take you to do certain tasks (such as taxes), and ask yourself, is that a good use of your time?

For example, let's say it takes you 10 hours to do your taxes, and your time is worth £100 an hour. That's a cost of £1000 to do your taxes yourself. And there's always the risk you've made errors – especially if you're multi-tasking like most business owners.

However, if you get an accountant to take care of time-consuming tasks like taxes, it's quite likely they will cost less per hour than you would pay yourself. You'll not only have extra time to free you up to generate revenue, but you'll have peace of mind that an expert is taking care of the details.

So what other moments during the life of a typical small business, might you want to hire an accountant to help you?

You'll need advice when you write a business plan

If you involve an accountant while you're writing your business plan, they will be able to use accounting software to add financial projections and other reports to it. This will help you create a business plan that's realistic, professional and more likely to succeed.

Hiring a professional at this early stage will mean you get the benefit of their financial knowledge and advice right from the start. That could save you time and money compared with hiring one later.

You'll need advice about your company's legal structure

Not all businesses have the same legal structure – there are different types that are determined by a number of factors. Some might be called limited companies, limited liability partnerships or corporations, others could be sole traders or proprietors. These vary from one country to another.

You should carefully consider each type before deciding which one best suits you. For example, you may do business as a sole trader or sole proprietor, working on a self-employed basis and invoicing under your own name. If this is the case, you might be able to offset some of your living expenses against tax.

However, this also means you could be held personally liable for any business-related obligations. If your business fails to pay a supplier, defaults on a debt or loses a lawsuit, the creditor could legally come after your house or other possessions.

With a limited liability company structure, it's different. As the name suggests, the liability of the business is limited to the assets owned by the business, not you personally (though there may be exceptions in some circumstances).

An accountant can explain the legal business structures available and help you choose the one that best suits you.

You'll need an accountant to help with the finances

Small business accounting can quickly become complex if you do it on your own. If you feel you're losing control of who owes you money and how much, an accountant can help you get back on track.

You may also want to measure key business metrics, such as the ratio of salaries and other employee payments to total revenue. An accountant can help here by managing your payroll and producing graphs so you can see how the ratio changes over time.

If your accountant uses cloud-based accounting software, they'll be able to share your business accounts with you quickly and easily. And they can produce tables and charts that will help you understand your company's current financial situation at a glance. This will help you monitor the pulse of your business and keep track of important things like cashflow.

Hire an accountant when you're ready to delegate

As a small business owner, no doubt one of the things you like best is that you have control. You can set your own working hours, craft your business strategy, regulate your workload (at least to some extent) and determine your own finances. And being the master of all of these things is a wonderful and liberating feeling.

But sometimes it can stop you from delegating. Business owners can feel overworked, partly due to a reluctance to allow other people to help out. You might feel that no one can possibly know your business as well as you do, therefore nobody can handle any part of your business as well as you can.

Inability to delegate can mean you're left feeling overworked and stressed. At some point you will have to let go, and learn to trust other people to handle some parts of your business so that you can look after the rest.

Delegating your company's financial affairs is a good start. You need to choose the right accountant and make sure you trust them with your company's financial information. Once you've handed over your company's finances to someone more experienced in accountancy than you are, you will have more time to concentrate on other aspects of your business.

Some of the most successful business owners in the world are experts at delegating work to the right people – so try to learn from them.