




# Compliance to guidance: Let the numbers guide you

Susan Watkin



A photograph of two young women with long blonde hair, one in profile and one from behind, talking at night. They are wearing dark jackets with fur-lined hoods. The background is dark with some green foliage and a soft light source.

Take a minute  
to connect with  
your neighbour

#QBConnect | WiFi: QBConnect

# CPD Process

In order to receive CPD credit

- Be sure to sign in or scan your badge for this session
- You must stay in the session for the duration of the training
- This session is eligible for **1 hour of CPD**
- CPE certificates are emailed directly to you within 4 weeks of the conference date to the same email address you used to register

# Today's speaker



Susan Watkin

*Accounting Educator, Advisor, & Strategist*

Watkin Business Advisory & Education

 @WatkinSBS

 @slw\_consulting

A blurred background image of a meeting table. In the upper left, a hand holds a black pen over a white document. In the upper right, a hand with a silver watch and a ring is writing in a spiral notebook. In the lower left, a hand holds a blue ceramic mug. In the lower right, a stack of colorful notebooks (blue, green, orange) is visible, with a tablet resting on top. The overall scene suggests a collaborative business or financial planning session.

**GOALS; PRICING STRATEGIES; FORECASTING;  
TAX PLANNING**

**IT'S TIME TO START ADVISING...  
LET THE NUMBERS GUIDE YOU!**

# What's the big idea?

Whether for yourself OR your clients' business, you need goals!

Think BIG picture: What are the overall goals now and into the future?

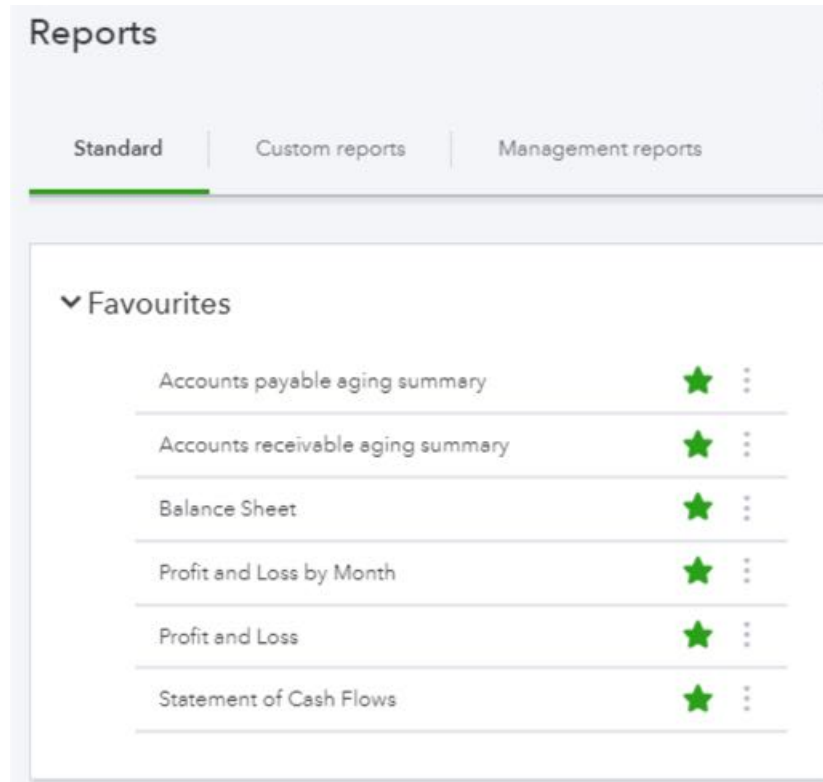
- Profitability: Bigger margins or bottom line
- Cash Flow management: Getting from one period to the next
- Expansion & growth: More employees, bigger location, more product
- Dissolution or sale of the business: Time to move on
- Lower taxes: Who doesn't want this?!

Ongoing communication is key! If you don't communicate, you have no idea where to go next.



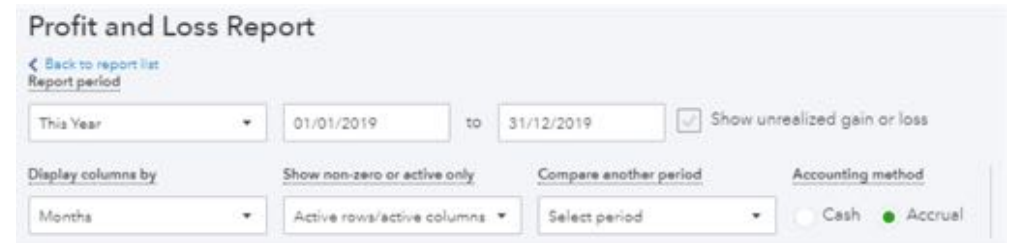
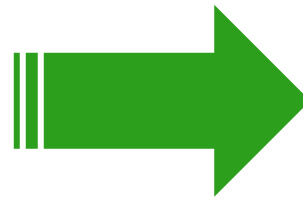
# Where do WE start? The Profit & Loss Statement

One Report to rule them all!



The screenshot shows the 'Reports' section of the QuickBooks interface. It has three tabs: 'Standard', 'Custom reports', and 'Management reports'. The 'Standard' tab is selected. Below the tabs is a 'Favourites' section with a dropdown arrow. It lists six reports, each with a green star icon and a three-dot menu icon:

- Accounts payable aging summary
- Accounts receivable aging summary
- Balance Sheet
- Profit and Loss by Month
- Profit and Loss
- Statement of Cash Flows



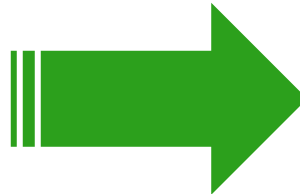
The screenshot shows the 'Profit and Loss Report' configuration screen. It includes a 'Back to report list' link and a 'Report period' section with a dropdown set to 'This Year', date fields for '01/01/2019' and '31/12/2019', and a checked 'Show unrealized gain or loss' checkbox. Below this are four sections: 'Display columns by' (Months), 'Show non-zero or active only' (Active rows/active columns), 'Compare another period' (Select period), and 'Accounting method' (Cash and Accrual, with Accrual selected).

# Where do WE start? The Profit & Loss Statement

One Report to rule them all!

PROFIT  
January - C

	JAN 2019	FEB 2019	MAR 2019	APR 2019	MAY 2019
<b>INCOME</b>					
Billable Expenses Income	11,012.50	6,000.00	1,723.75	4,297.00	
Markup			462.50	1,075.50	
Sales	2,000.00	3,000.00	1,500.00	5,750.00	
Sales of Product Income					
Services					
<b>Total Income</b>	<b>\$13,012.50</b>	<b>\$9,000.00</b>	<b>\$3,686.25</b>	<b>\$11,122.50</b>	<b>\$0.00</b>
<b>COST OF GOODS SOLD</b>					
Cost of Goods Sold					
Cost of Sales - billable expenses	84.99		1,723.75	2,234.50	2,804.00
Inventory Shrinkage					
<b>Total Cost of Goods Sold</b>	<b>\$84.99</b>	<b>\$0.00</b>	<b>\$1,723.75</b>	<b>\$2,234.50</b>	<b>\$2,804.00</b>
<b>GROSS PROFIT</b>	<b>\$12,927.51</b>	<b>\$9,000.00</b>	<b>\$1,962.50</b>	<b>\$8,888.00</b>	<b>\$ -2,804.00</b>
<b>EXPENSES</b>					
Insurance Expense-General Liabil...			750.00		
Interest expense	190.00	95.00	95.00	190.00	95.00
Janitorial Expense					
Rent Expense	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00
Utilities - Electric & Gas	165.84	186.84	214.85	254.71	277.12
Utilities - Water	51.25	68.72	88.72		90.47
Depreciation Expense	33.33	66.66	33.33	33.33	33.33
<b>Total Expenses</b>	<b>\$1,690.42</b>	<b>\$1,667.22</b>	<b>\$2,431.90</b>	<b>\$1,728.04</b>	<b>\$1,745.92</b>
<b>OTHER EXPENSES</b>					
Exchange Gain or Loss		18.36			
<b>Total Other Expenses</b>	<b>\$0.00</b>	<b>\$18.36</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>PROFIT</b>	<b>\$11,237.09</b>	<b>\$7,314.42</b>	<b>\$ -469.40</b>	<b>\$7,159.96</b>	<b>\$ -4,549.92</b>



Profit an  
January - Dec

	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May
<b>INCOME</b>					
Billable Expenses Income	11,012.50	6,000.00	1,723.75	4,297.00	
Markup			462.50	1,075.50	
Sales	2,000.00	3,000.00	1,500.00	5,750.00	
Sales of Product Income					
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<b>GROSS PROFIT</b>	<b>\$12,927.51</b>	<b>\$9,000.00</b>	<b>\$1,962.50</b>	<b>\$ 8,888.00</b>	<b>-\$</b>
<b>EXPENSES</b>					
Insurance Expense-General Liability Insurance			750.00		
Interest expense	190.00	95.00	95.00	190.00	
Janitorial Expense					
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<b>PROFIT</b>	<b>\$11,237.09</b>	<b>\$7,314.42</b>	<b>-\$ 469.40</b>	<b>\$ 7,159.96</b>	<b>-\$</b>

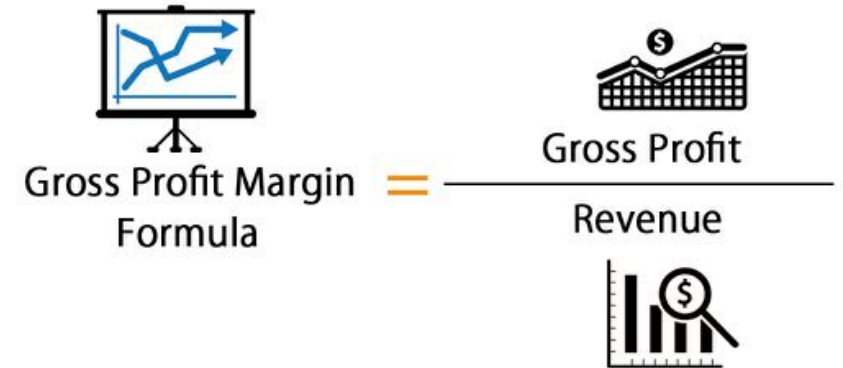


# Show me the money!

Let's get profitable with pricing and spending

If pricing is off or spending is too high, the margins will tell the tale!

- Pricing strategies
- Low or high margins
- Inefficiencies and overspending
- Variable vs. fixed expenses



The diagram illustrates the Gross Profit Margin Formula. On the left, a monitor icon displays a line graph with an upward arrow, labeled "Gross Profit Margin Formula". This is followed by an equals sign. To the right of the equals sign is a horizontal line. Above the line is the text "Gross Profit" and below it is "Revenue". Above "Gross Profit" is a building icon with a dollar sign, and below "Revenue" is a bar chart icon with a dollar sign.

$$\text{Gross Profit Margin Formula} = \frac{\text{Gross Profit}}{\text{Revenue}}$$

What does PROFIT mean to you or your client? That will dictate the direction you take.

# Where's the money flowing?

Forecasting for seasonality and cash flow

Look 3, 6, 9 or even 12 months into the future...what do you see?

- AR Expectations
- Upcoming revenue, seasonality
- Balance Sheet payments
- Planned spending



Cash Flow is KING for a reason. Can obligations be met, like HST payments, that are not on the PnL?

# Time for the tax talk

Tax is not a dirty word; we need to talk about it ALL year

Year-end planning starts at the beginning of the year and continues throughout!

- What matters?
- Plan and prepare, what to watch for
- Balance Sheet secrets
- Anything missing?



Tax Time is ALL the time, even if we're NOT doing the taxes.

# There's Knowledge in those Numbers

Move past the “have-to” of compliance, to the “want-to” of business growth

If you don't understand what is going on in the business, how can you advise on the business?

Think Pro-Active, NOT Re-Active!  
No one wants to know what they should have done, but what they should be doing.





**You might be already thinking about this,  
so now's the time to start doing it!**



# Key takeaways

No time like the present to get started – review and start today with 1 client

## Goals & Priorities

- What is profit to them?
- Short & Long term goals?
- Keep the conversation going all year as things change!

## Review the Numbers

- Profit and Loss, what is it telling us?
- What can last year help us learn?
- Create a forecasting sheet for the next 6 months
- Note key factors to review before tax time

## Relay the Details

- Talk recommendations not just issues
- What can they do today to make a difference?
- Plan for next year



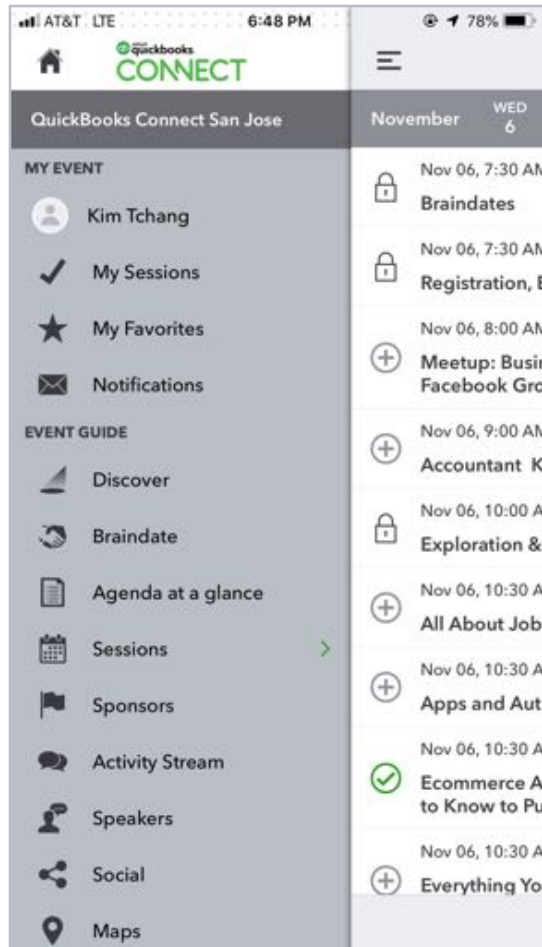


# Questions?

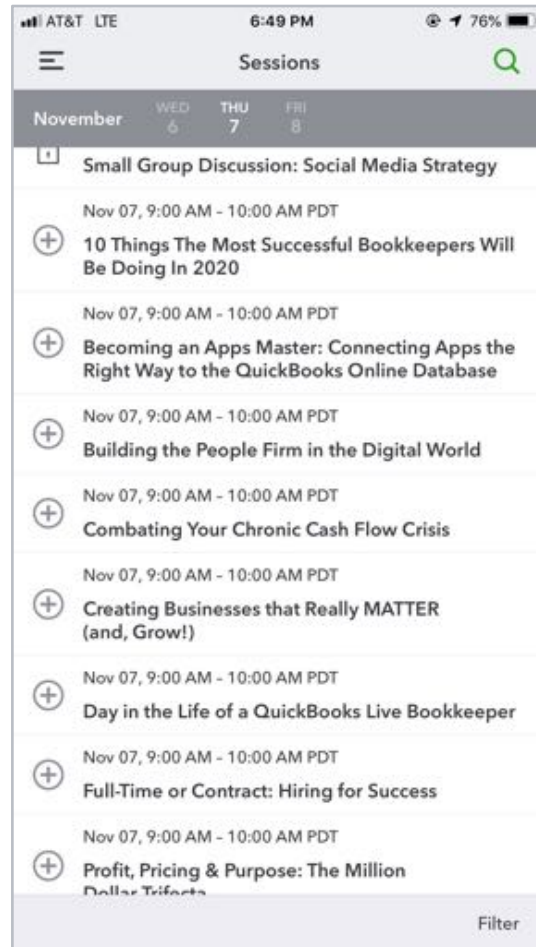
# Rate this Session on the QuickBooks Connect Mobile App

Provide feedback to help us design content for future events

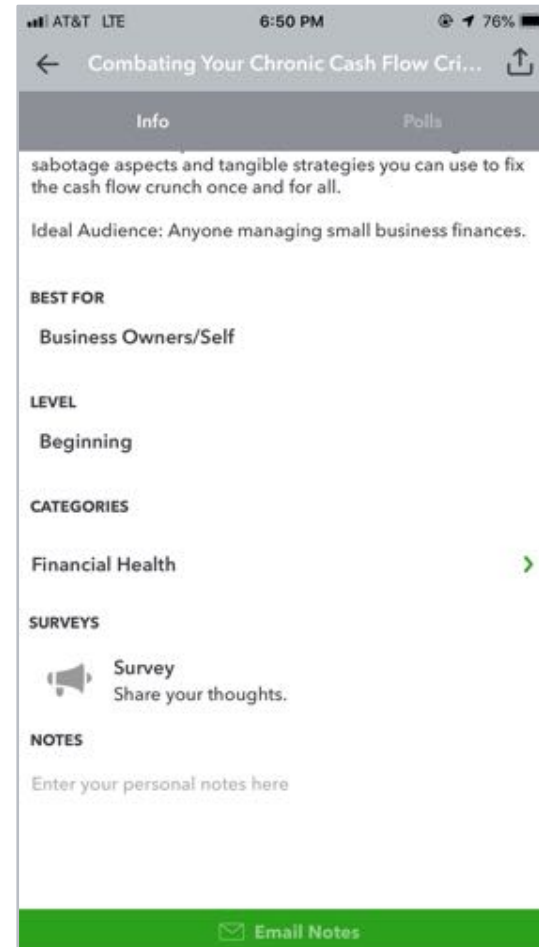
## 1. Select Sessions



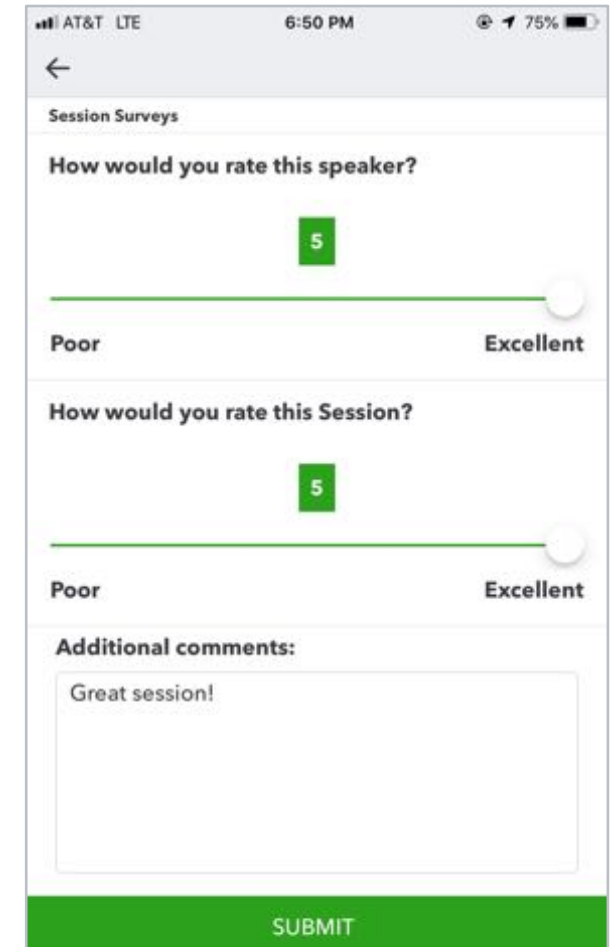
## 2. Select Session Title



## 3. Select Survey



## 3. Add Ratings



# Material Download

1. Find the session on the agenda
2. Select + for more information
3. Download PDF of slides and/or supplemental material

<https://can.quickbooksconnect.com/agenda/>

The screenshot displays the QuickBooks Connect agenda for December 10, 2023. At the top, there are navigation links for 'Why Attend', 'Agenda', 'Speakers', 'Pricing', 'Sponsors', 'Travel', and 'FAQ'. Below this, the date 'December 10' is highlighted, with 'Accountant Day' and 'December 9' also visible. A 'Print Agenda' button is located in the top right corner. A descriptive paragraph follows, stating: 'Attend breakout sessions to learn strategies to grow your business, how to hire and build an ideal culture, tips to improve your financial health and more. Connect with peers and experts for one-on-one learning. More information coming soon.' Below this is a search bar labeled 'Search for sessions'. A 'Filters' section contains buttons for 'Organizational Culture', 'Life & Business Skills', 'Technology Training', 'Business Growth', 'Advisory', and 'Financial Health', along with an 'Expand all +' link. The main agenda list shows sessions from 7:30-9:00 am to 11:00 am-12:00 pm. The 'Creating Your Small Business Culture' session is expanded, showing its description, ideal audience, best for, speakers, location, track, CPD hours, and level. Other sessions listed include 'Registration, Breakfast & Exploration', 'Meetup: New to Networking', 'Morning Keynote', 'Exploration & Connection', 'Meetup: Women in the Workforce', 'Understanding Personalities for Better Communication', and 'How to Use QuickBooks for Your Small Business: Introduction'.

 **CONNECT**

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