



Building Cash Cows™
Improving Quality of Life™

The ABA Insider™

Insights for improving profits, cash-flow, and quality of life

June 2008

This email is never sent unsolicited and American Business Advisors keeps all our subscribers' information strictly confidential. You have received this special offer by voluntarily providing your email information to us personally or at our web site.

If you have any questions about our Privacy Policy or this email, feel free to call us directly at 303-335-4218.

Better Financial Statements Increase Your Influence with Bankers

Your financial statements should be an accurate reflection of your company's operating results and net asset position, but they should also help tell a story about how well you are managing your business from a financial perspective. In order to help ensure that your financial statements are telling you what you need to know, here are two key areas where you may be able to improve your financial statements.

Fixed Assets - No item on the balance sheet can become distorted more quickly and materially than fixed assets. It is extremely important for income, banking, and property tax purposes to make sure fixed assets are both current and properly reflect your net income and net asset value. To do so, make sure your CPA is keeping two depreciation schedules, one for financial statement reporting and one for tax reporting so you maximize your equity on the balance sheet at the same time you are maximizing deductions on your tax return.

Lease Expenses - Many companies lease computers, vehicles, copiers, and all other kinds of equipment. An outside advisor can help you determine if a lease should be capitalized or expensed, which makes a big difference in your net income for your financial statement and tax reporting. It can also materially affect your debt-to-equity ratio, which impacts your lending limits.

Working on these areas of your financial statements can help ensure more reliable profit and loss statements, helping you make more informed business decisions and a more reliable balance sheet to reflect the true value of your assets and equity. A good job in reporting these statements will significantly increase your ability to get the funding you need from banks. If you have questions about this, please call us.

The ABA Insider is published by American Business Advisors, Inc. to provide business and personal improvement information and ideas. All material is presented to provide general and broad information only. The information found in this publication does not constitute business, tax, financial, or legal advice and should not be acted upon without seeking the counsel of professional advisor.

American Business Advisors, Inc.

www.ABAdvisors.com

6635 South Dayton Street, Suite 210
Greenwood Village, CO 80111

Phone: 303-335-4218, Fax 303-220-1937, Toll Free: 877-902-3600

© 2003-2008 American Business Advisors, Inc. – All Rights Reserved